



VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LAKEWOOD CENTER TIF DISTRICT FUND

**REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142**

For the Year Ended December 31, 2023



SIKICH.COM

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER TIF DISTRICT FUND
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE.....	1
INDEPENDENT AUDITOR’S REPORT	2-4
FINANCIAL STATEMENTS	
Balance Sheet	5
Statement of Revenues, Expenditures and Changes in Fund Balance	6
Notes to Financial Statements	7-10
SUPPLEMENTARY INFORMATION	
Schedule of Fund Balance by Source.....	11

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

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

SIKICH.COM

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

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

We have examined management's assertion, included in its representation letter dated June 25, 2024 that the Village of Hoffman Estates, Illinois (the Village) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2023. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Village of Hoffman Estates' compliance with the specified requirements.

In our opinion, management's assertion that the Village of Hoffman Estates, Illinois complied with the aforementioned requirements for the year ended December 31, 2023 is fairly stated, in all material respects.

This report is intended solely for the information and use of the President, the Board of Trustees, management of the Village, Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sikich CPA LLC

Naperville, Illinois
June 25, 2024

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying basic financial statements of the Lakewood Center TIF District Fund (the Fund), a special revenue fund of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Lakewood Center TIF District Fund, a special revenue fund of the Village of Hoffman Estates, Illinois, as of December 31, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Lakewood Center TIF District Fund and do not purport to, and do not, present fairly the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information (the information) (schedule of fund balance by source for the Lakewood Center TIF District Fund) is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 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 solely 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 the effectiveness of the Village's 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 the Village's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
June 25, 2024

FINANCIAL STATEMENTS

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LAKEWOOD CENTER TIF DISTRICT FUND

BALANCE SHEET

December 31, 2023

ASSETS	
Cash and Investments	\$ 597,186
Property Tax Receivable	<u>577,437</u>
TOTAL ASSETS	<u>\$ 1,174,623</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	<u>\$ 16,054</u>
Total Liabilities	16,054
DEFERRED INFLOWS OF RESOURCES	
Property Tax	<u>577,437</u>
Total Liabilities and Deferred Inflows of Resources	<u>593,491</u>
FUND BALANCE	
Restricted for Economic Development	<u>581,132</u>
Total Fund Balance	<u>581,132</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,174,623</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LAKEWOOD CENTER TIF DISTRICT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2023

REVENUES

Property Tax	\$ 853,566
Investment Income	<u>22,850</u>
Total Revenues	<u>876,416</u>

EXPENDITURES

Current

General Government	300
Economic Development	<u>6,188,029</u>
Total Expenditures	<u>6,188,329</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES**

(5,311,913)

OTHER FINANCIAL SOURCES (USES)

Notes Issued, At Par	<u>5,435,619</u>
----------------------	------------------

Total Other Sources and Uses	<u>5,435,619</u>
------------------------------	------------------

NET CHANGE IN FUND BALANCE	123,706
----------------------------	---------

FUND BALANCE, JANUARY 1	<u>457,426</u>
-------------------------	----------------

FUND BALANCE, DECEMBER 31	<u><u>\$ 581,132</u></u>
----------------------------------	--------------------------

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LAKEWOOD CENTER TIF DISTRICT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lakewood Center TIF District Fund 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 government units. The financial statements present only the Lakewood Center TIF District Fund and do not present fairly the financial position of the Village and the changes in its financial position. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting Entity

The Lakewood Center TIF District Fund (the Fund) was established to account for transactions related to the Redevelopment Plan and Redevelopment Project within the municipal boundaries established by village ordinance.

Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The Fund is classified as a Governmental Special Revenue Fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is used by governmental funds. The main revenue source included in the fund is incremental revenues from the designated TIF area. Governmental funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Investments

Investments with a maturity date of one year or less when purchased and all non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value.

Property Taxes

Property taxes for 2023 attach as an enforceable lien on January 1, 2023 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, 2024 and August 1, 2024, and are payable in two installments, on or about March 1, 2024 and September 1, 2024. The County collects such taxes and remits them periodically. Since the 2023 levy is intended to finance the 2024 fiscal year, the levy has been recorded as receivable and unavailable revenue. The revenues in the current year financial statements represent the 2022 property tax levy.

Fund Balance

The components of fund balance include the following line item:

Restricted fund balance has externally enforceable limitation 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.

2. CASH AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
NOTES TO BALANCE SHEET (Continued)

2. CASH AND INVESTMENTS (Continued)

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

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 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.

B. Investments

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed currently. The investment policy limits the maximum maturity lengths of most investments to two years.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government.

The Village's Illinois Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village investment policies require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased. Illinois Funds are not subject to custodial credit risk.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
NOTES TO BALANCE SHEET (Continued)

2. CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. The Village's investment policy has the following diversification guidelines: no more than 50% of the Village's investments can be held at any one financial institution, exclusive of bonds, notes debenture or other obligations of the United States Government or its agencies.

SUPPLEMENTARY INFORMATION

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LAKEWOOD CENTER TIF DISTRICT FUND

SCHEDULE OF FUND BALANCE BY SOURCE

For the Year Ended December 31, 2023

BEGINNING BALANCE, JANUARY 1	<u>\$ 457,426</u>
DEPOSITS	
Property Tax	853,566
Investment Income	22,850
Notes Issued, At Par	<u>5,435,619</u>
Total Deposits	<u>6,312,035</u>
Balance Plus Deposits	<u>6,769,461</u>
EXPENDITURES AND TRANSFERS	
General Government	
Other Contractual Services	300
Economic Development	
Other Contractual Services	<u>6,188,029</u>
Total Expenditures and Transfers	<u>6,188,329</u>
ENDING BALANCE, DECEMBER 31	<u><u>\$ 581,132</u></u>
ENDING BALANCE BY SOURCE	
Property Tax	<u>\$ 581,132</u>
Subtotal	581,132
Less Surplus Funds	<u>-</u>
ENDING BALANCE, DECEMBER 31	<u><u>\$ 581,132</u></u>

(See independent auditor's report.)