

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS
BARRINGTON/HIGGINS TIF DISTRICT FUND**

**ANNUAL BALANCE SHEET AND
REPORT ON COMPLIANCE**

Year Ended December 31, 2013

BARRINGTON/HIGGINS TIF DISTRICT FUND

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying balance sheet of the Barrington/Higgins TIF District of the Village of Hoffman Estates, Illinois ("Village") as of December 31, 2013, and the related notes to the financial statement, which collectively comprise the Barrington/Higgins TIF District's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Barrington/Higgins TIF District of the Village of Hoffman Estates, Illinois, as of December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Barrington/Higgins TIF District and does not purport to, and does not, present fairly the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2013, 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. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the Barrington/Higgins TIF District of the Village of Hoffman Estates, Illinois's financial statement. The accompanying schedule of changes in assets and liabilities and schedule of changes in assets and liabilities by source is presented for purposes of additional analysis and is not a required part of the financial statement.

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

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
June 17, 2014

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
BARRINGTON/HIGGINS TIF DISTRICT FUND
BALANCE SHEET
December 31, 2013

ASSETS

Cash and Investments \$ 422,440

TOTAL ASSETS \$ 422,440

LIABILITIES

Due to Other Entities \$ 422,440

TOTAL LIABILITIES \$ 422,440

See accompanying notes to balance sheet.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
BARRINGTON/HIGGINS TIF DISTRICT FUND
NOTES TO BALANCE SHEET
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The balance sheet of the Barrington/Higgins TIF District Fund of the Village of Hoffman Estates, Illinois (District) has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The financial statement presents only the Barrington/Higgins TIF District and does not present fairly the financial position of the Village. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting Entity: The Barrington/Higgins TIF District Fund is presented as an agency fund in the Village's financial statements.

Fund Accounting: Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Village uses an agency fund to report on its changes in assets and liabilities. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the Village holds for others in an agency capacity.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Agency funds use the accrual basis of accounting but have no measurement focus.

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.

NOTE 2 – CASH AND INVESTMENTS

Deposits: At year end, the carrying amount and bank balance of the Village's deposit was \$0.

Investments: 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.

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. The Village was fully collateralized as of December 31, 2013.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 BARRINGTON/HIGGINS TIF DISTRICT FUND
 NOTES TO BALANCE SHEET
 December 31, 2013

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2013:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 422,440	\$ 422,440	\$ -	\$ -	\$ -

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. Illinois Funds are not subject to custodial credit risk.

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

Concentration of Credit Risk - The Village's investment policy has the following diversification guidelines: no more than 50% of the Village's investments can be held at any one financial institution, exclusive of bonds, notes debenture or other obligations of the United States or its agencies. The Village had greater than 5% of its overall portfolio invested in Illinois Funds at year end.

The following is reconciliation between the notes and the balance sheet:

Cash and Investment Note	
Village's Investments	\$ <u>422,440</u>
Total Cash and Investments per Note	\$ <u>422,440</u>
Balance Sheet	
Balance Sheet - Cash and Investments	\$ <u>422,440</u>
Total Cash and Investments per Balance Sheet	\$ <u>422,440</u>

SUPPLEMENTARY DATA

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 BARRINGTON/HIGGINS TIF DISTRICT FUND
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended December 31, 2013

	Balances			Balances
	<u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31</u>
ASSETS				
Cash and Investments	\$ 404,120	\$ 1,273,496	\$ 1,255,176	\$ 422,440
TOTAL ASSETS	<u>\$ 404,120</u>	<u>\$ 1,273,496</u>	<u>\$ 1,255,176</u>	<u>\$ 422,440</u>
LIABILITIES				
Due to Primary Government	\$ 81	\$ 2,844	\$ 2,925	\$ -
Due to Other Entities	<u>404,039</u>	<u>647,963</u>	<u>629,562</u>	<u>422,440</u>
TOTAL LIABILITIES	<u>\$ 404,120</u>	<u>\$ 650,807</u>	<u>\$ 632,487</u>	<u>\$ 422,440</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 BARRINGTON/HIGGINS TIF DISTRICT FUND
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES BY SOURCE
 Year Ended December 31, 2013

Beginning Balance January 1, 2013	\$	404,120
Deposits		
Property Taxes		642,918
Miscellaneous Income		749
Investment Income		187
Total Deposits		643,854
Balance Plus Deposits		1,047,974
Expenditures		
Economic Development		
Interest – Development Note		221,414
Surplus Distribution		404,120
Total Expenditures		625,534
Ending Balance December 31, 2013	\$	422,440
Ending Balance by Source		
Property Taxes	\$	422,391
Investment Income		49
Ending Balance December 31, 2012	\$	422,440

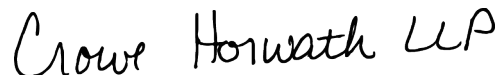
INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Village of Hoffman Estates, Illinois', (Village's) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended December 31, 2013 for the Barrington/Higgins TIF District. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on 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 and accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Village's compliance with specified requirements.

In our opinion, the Village complied in all material respects, with the aforementioned requirements for the year ended December 31, 2013.



Crowe Horwath LLP

Oak Brook, Illinois
June 17, 2014