

AGENDA
SPECIAL FINANCE COMMITTEE
Village of Hoffman Estates
June 14, 2010

Immediately following Transportation & Road Improvement

Location: Village Board Room

Members: Karen Mills, Chairperson
Jacquelyn Green, Vice Chairperson
Anna Newell, Trustee
Cary Collins, Trustee
Ray Kincaid, Trustee
Gary Pilafas, Trustee
William McLeod, Mayor

I. Roll Call

II. Approval of Minutes – None

NEW BUSINESS

1. To request acceptance of the Comprehensive Annual Financial Report for the year ended December 31, 2009.

III. Adjournment

COMMITTEE AGENDA ITEM VILLAGE OF HOFFMAN ESTATES

SUBJECT: 2009 Comprehensive Annual Financial Report
MEETING DATE: June 14, 2010
COMMITTEE: Finance
FROM: Michael DuCharme, Director of Finance

PURPOSE: To present the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. The report is included herewith.

BACKGROUND: Each year the Village retains a CPA firm to perform an audit of the Village's annual financial statements. This year, the firm of Crowe Horwath LLP performed the audit.

DISCUSSION: Crowe Horwath has given the 2009 Comprehensive Annual Financial Report (CAFR) their "unqualified opinion." This means that the financial statements are fairly presented and are prepared in accordance with generally accepted accounting principles.

A detailed summary of the Village's financial condition can be found in the Management's Discussion and Analysis (MD&A), which can be found within the attached CAFR, right after the General Purpose External Financial Statements tab.

In the case of the Village of Hoffman Estates (excluding EDA TIF activity), assets exceeded liabilities by \$184,024,466 as of December 31, 2009 compared to \$104,313,794 as of December 31, 2008. The Village's overall financial condition has improved over the last year, primarily due to the recognition of the Sears Centre assets (almost \$84 million in land, the building, and equipment) to offset the liability that was already recorded in the Village's financial statements. The *statement of net assets* (page 3 of the CAFR) presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

Related specifically to the General Fund, the fund balance decreased by \$1,770,409 during the current fiscal year as was expected due to the planned draw down of fund balance as a result of the budget reduction plan and the shortfall in the state income tax that was addressed during the final budget amendment for 2009. At the end of 2009, unreserved fund balance of the General Fund was \$9,886,577, while total fund balance equaled \$11,069,343. The Village's current fund balance 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. Unreserved fund balance as of December 31, 2009 represents 21.5 percent of the total budgeted General Fund expenditures.

RECOMMENDATION: Request acceptance of the Comprehensive Annual Financial Report for the year ended December 31, 2009.

ATTACHMENT (2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT)