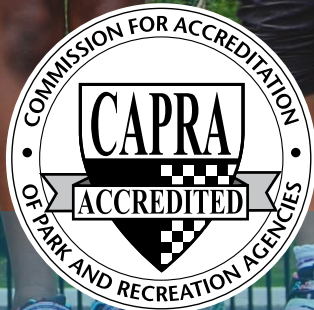




HOFFMAN ESTATES PARK DISTRICT Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2014

Dean Bostrom C.P.R.E., Executive Director — Craig Talsma C.P.A., Deputy Director / Director of Administration & Finance



**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2014

Prepared by

Craig Talsma

Deputy Director/Director of Administration and Finance

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INTRODUCTORY SECTION

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

PRINCIPAL OFFICIALS

December 31, 2014

BOARD OF COMMISSIONERS

Mike Bickham, President	Ron Evans, Vice President
Lili Kilbridge, Treasurer	Patrick McGinn, Assistant Secretary
Keith Evans	Ron Greenberg
Kaz Mohan	

ADMINISTRATION

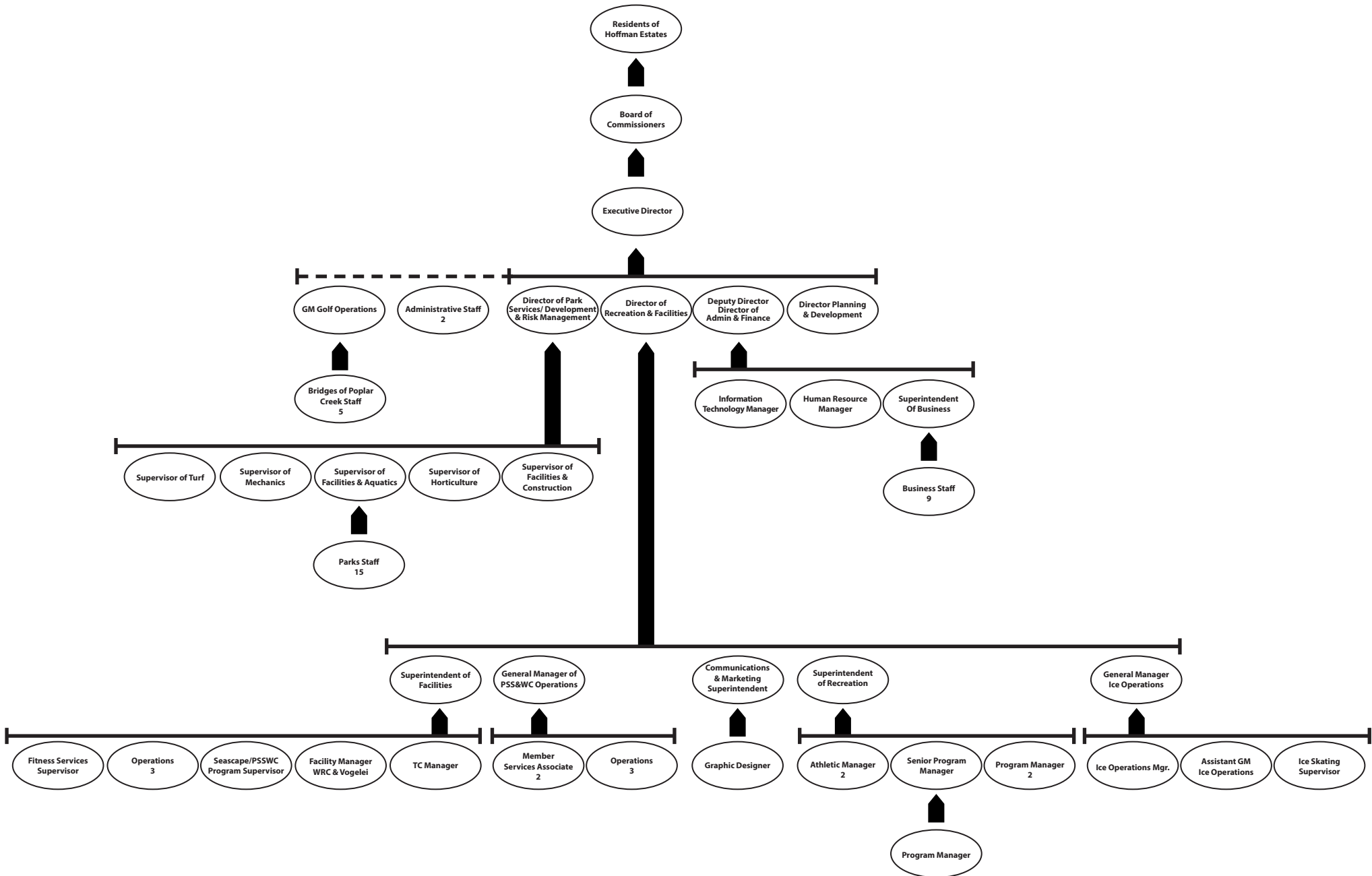
Dean Bostrom	Executive Director
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DEPARTMENT HEADS

Craig Talsma	Deputy Director/ Director of Administration and Finance
John Giacalone	Director of Parks/Risk Management
Gary Buczkowski	Director of Planning and Development
Mike Kies	Director of Recreation and Facilities

BUSINESS STAFF

Lynne Cotshott	Superintendent of Business
Eric Leninger	Human Resources Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Hoffman Estates Park District
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



May 31, 2015

To the Board of Commissioners
The Residents of Hoffman Estates

Presented for your review is the Hoffman Estates Park District (hereinafter “District”) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. Illinois state statute requires that municipal governmental entities publish a complete set of financial statements within six months of the close of the fiscal year. The financial statements must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by independent certified public accountants (CPA). The following financial statements meet this requirement and have been audited by the CPA firm of Sikich, LLP.

Management assumes full responsibility for the completeness and accuracy of the attached reports which represent the overall financial operations and performance of the District. The complete financial framework for which these are presented is established with the utilization of internal controls to accurately prepare and report the financial operations for the District. Our internal control system is designed to ensure the proper safeguarding of the District’s assets within a cost benefit level to ensure that costs for our controls do not exceed the benefit they produce.

Sikich, LLP has given the audited financial statements an unmodified opinion, meaning that the financial statements represent fairly within all material aspects the financial position of the District for the fiscal year ended December 31, 2014. This opinion provides insurance to the user the fairness and accuracy of the financial statements. To also help the user better understand the financial statements and be able to compare them to prior years, the management discussion and analysis (MDA) is prepared by staff and presented immediately following the auditor’s report. The MDA provides an additional overview, insight, and analysis to make the financial statements easier to understand. The financial statements along with this transmittal letter should be read in conjunction with the MDA.

Profile of the District

The Hoffman Estates Park District was created by a voter approved referendum in 1964 and celebrated its 50th anniversary in 2013. The referendum established the District for the sole purpose of providing park and recreation services for the community residents. The District is governed by a seven member board of commissioners that is publicly elected by the District’s residents on staggered four year terms. The Board of Commissioners then elects the officers for President, Vice President, and Treasurer among themselves. The District operates to fulfill its mission of providing first class parks, programs, facilities, and services for our residents and guests in an environmentally and fiscally responsible manner.

Primarily contiguous with the Village of Hoffman Estates, a home rule municipality incorporated in 1959, the District incorporates three main areas due to the division by major highways. These areas are the north, south and west areas of Hoffman Estates located within Cook County. The District serves a population of 51,895 and currently has over 70 parks totaling over 800 acres. The District had over 21,735 participants in our recreational programs in 2014; major programming areas include early childhood, youth and adult athletics, dance, gymnastics, karate and many other programs based heavily upon our operational pillars of fitness, environmental stewardship, and social equity. In addition to the parks and programs, the District has the following major facilities:

Triphahn Center (TC) the home of the District's administrative offices and is the central recreation point for District activities. Located on the south side of Hoffman Estates, it houses a full size gymnasium, fitness center and locker rooms, preschool and early learning center activity rooms, a dance room, multi-purpose areas and the District's "50+ Club" which currently has over 600 members. This is also the practice facility for the Chicago Wolves and as a result of this partnership the current facility was expanded and two professional size ice rinks were added.

Bridges of Poplar Creek Country Club (BPC) is a 150 acre 18 hole par 70 golf course. The clubhouse also serves as a full restaurant and meeting facility, including banquet accommodations for 250+ guests. A recent award winning renovation to the course not only remodeled and revamped the exciting layout of the golf course but also added a beautiful outside gazebo and event area which is a perfect wedding spot for our award winning wedding operation (winner of the "Best of the Knot" for the last four years). In 2014 there were 28,525 rounds of golf played here.

Seascape Family Aquatic Center is located adjacent to the Bridges of Poplar Creek and it includes a large outdoor zero-depth pool with body and raft water slides, a bathhouse with locker rooms, an event area, volleyball courts, and a concession stand. Seascape is open from late May to mid-August. Annual passes for individuals or families are sold here as well as a daily visit option. Seascape is also used extensively in many of our summer camps. Seascape sold 1,415 season passes in 2014 and had 26,202 total visits.

Prairie Stone Sports & Wellness Center (PSSWC), located on the west side of Hoffman Estates is a 100,000 square foot sports and health facility. It includes three gymnasiums, three tennis courts, an indoor zero depth pool and lap pool, public and member locker rooms, a running track, and aerobic and group fitness rooms. Spa services, massages and child care are also available. Monthly membership dues generate the majority of revenue for the facility which had 3,389 members at the end of 2014. This facility saw almost 700,000 visits in 2014. An alternative revenue source and partnership has been established here with Athletico a major provider of physical therapy for medical reasons. Athletico has a full service center located within PSSWC where they lease approximately 200 square feet of space.

Willow Recreation Center is a smaller recreational facility than Triphahn Center located on the north side of Hoffman Estates. It houses a gymnasium as well as a small fitness center and locker rooms, racquetball courts, and preschool and programming rooms. It is also the location of our outdoor skate park and one of two dog parks, Bo's Run, that the District has (the other dog park,

Freedom Run, is located on the west side of Hoffman Estates). The District had 760 annual dog park members at the end of 2014. The Palatine Public Library leases approximately 1,200 sq. ft. within this facility to provide a branch library to our mutual residents.

Vogelei Park, House & Barn is a 10 acre park located at the southeastern entry point to Hoffman Estates. Located here is an historic house and barn both of which are used for rentals. The barn and large park area is also a great spot for many of our summer camps and special events. This historic site housed the District's first administrative offices after it was purchased in 1969. The park area was completely revamped and the historic house refurbished as part of a major renovation in 2010. This site is now used for a variety of summer camps and various rentals.

The annual budget is the funding mechanism to meet our mission by providing and maintaining our parks, programs and facilities. The annual budget is an on-going process by which all management staff continually looks for new and innovative ways of providing services to accompany our core services and facility offerings already in place. The budget starts with each department developing objectives for the upcoming year. These objectives are specific planned actions based on the mission, vision and goals of the District as outlined in our five-year Comprehensive Master Plan (CMP). These objectives provide specific measurable actions to be implemented in the budget year. The budget will be the mechanism to fund all of our objectives in addition to all other services and offerings.

It is the responsibility of each department: *Parks* for Maintenance, *Planning & Development* for park development and accessibility, *Recreation* for programming and *Facilities* for facility usage and memberships (in addition to the specific PSSWC and BPC operations which are budgeted separately) to outline a balanced working budget for their respective areas. Each year's budget is zero based and all items are carefully reviewed. Working closely with the business department an overall budget is developed. The operational budgets also include inter-fund charges for shared costs like athletic field maintenance, office support, insurance, etc., as well as funding for IMRF (our employee pension system) and social security expenses, in addition to certain debt service payments.

The working budget is reviewed by the Deputy Director/Director of Finance whom works with all departments developing an overall District balanced budget utilizing all of the program areas as well as the District's annual tax levy, which is developed to coincide with the budget process. This budget then goes through a rigorous review by the Board of Commissioners and our District's community committees, which include an Administrative and Finance Committee, a Recreation Committee, and a Building and Grounds Committee.

Each separate committee is comprised of a different set of five residents along with two Board members. Each committee then reviews each respective area and each department. Only after all board committees of the District have reached a consensus, is the final document then displayed for public input for 30 days. During that time an additional public meeting is held. Then the working budget is formally approved by the District's Board of Commissioners. This final document is the District's Budget & Appropriation (B&A) Ordinance which puts legal spending limits on each operating fund of the District.

Our District approves the budget every December prior to the start of the fiscal year, even though legally we could wait until 90 days after the budgeted year has started. We prefer to have the B&A Ordinance approved along with our annual tax levy which is required to be approved in December. This allows the District to start each fiscal year with a formally approved budget document.

Budgetary control during the year is maintained through continual review of financial performances and a well-controlled purchasing system requiring approved purchase orders for any expenditures. Monthly financial statements and listings of all expenditures are approved every month by both the Administration & Finance Committee and then by the Board of Commissioners. The budget numbers are an integral part of the financial statements which are eventually audited and comprise part of our Comprehensive Annual Financial Report (CAFR).

Local Economy

The local economy, as well as the state and national economies all are still recovering from the 2008 recession. The most dramatic aspect of this downturn has been the continued decline of real property values, which has finally started to level off this past year. This can be seen by viewing the District's "Assessed and Actual Value of Taxable Property" chart in the statistical section which shows the past ten years of equalized assessed value (EAV) of the District. The district's EAV since 2009 has a continued drop losing more than a third in value (2009-\$1,907,073,711 and 2013-\$1,250,292,037). The 2014 EAV has now appeared to level off with a current value of \$1,262,575,231. The EAV and tax levy years are always one year behind the fiscal year they fund. The 2014 EAV will be used for the 2014 tax levy which will fund the 2015 financial operations.

Many factors equate into this declining EAV, including reassessment creating lower home and commercial values as well as tax objections with the same result. One additional item that has been significantly reduced is new housing. New single family construction for the period from 2004 to 2013 has declined from 218 units with a value of \$30,886,661 in 2004 to only one unit in 2013. This loss of new growth dramatically impacts the District in that this would be additional tax dollars that would be generated above the tax cap limitations placed on us by Illinois law, however 2014 was more promising.

In 2014 two new subdivisions were proposed with very exciting implications for the District. Bradwell Estates, a 17 lot subdivision located in North Hoffman was approved and development started in 2014. This property was originally in the Palatine Park District boundaries but within the Village of Hoffman Estates. Our District, through intergovernmental cooperation, was allowed to annex this property for a fee and has thereby secured future tax dollars from the sub-division.

A similar subdivision also located in the Palatine Park District called Bergmann Pointe will also be annexed by our District in 2015. This property is proposing 81 new single family homes. Even more exciting is an additional ten business developments also slated for 2015. Some of these will coincide due to the new highway interchange located at Barrington and Higgins road. This interchange is a major ingress/egress interchange for most of our District facilities and we welcome the new west bound ramps that will be added.

The lower EAV has a reverse impact on our tax rate and the District continues to see our rate rise from .4971 in 2004 to .6690 in 2013. In 2014 our rate also leveled off (coinciding with the new EAV) to a rate of .6727. Hopefully we have now reached the bottom of the negative EAV impact and based on the fact that recent home sales are trending upward and sale prices are increasing, our hope is that our EAV will soon follow a future upward trend.

Despite the lower EAV, which is the factor with the most direct correlation to our operations, we have seen unemployment rates in Hoffman Estates go from 3.5% in 2007 to a high of 8.8% in 2009 and more recently 7.1% in 2013. The unemployment rate in 2014 for Hoffman Estates finished at 5.2% compared to 8.3% for Illinois overall. We are very excited to see this downward trend and have seen even further decreases during the start of 2015. Hoffman Estates also continues to see a greater household income than our state or county with a median income increasing to just over \$81,000 (up from \$78,000 in 2013). This compares to just over \$53,500 for the rest of Cook County, Illinois.

Overall the local economy appears to be improving with strong home sales and new developments for both residential and businesses. We continue to hope for more new growth in all of these areas which will continue to nudge other Hoffman Estates economic factors positively.

Long Term Financial Planning

Long range financial planning is an integral component to the successful operations of our District. A major component of our planning is our Comprehensive Master Plan. This is a very detailed document that not only analyzes our District's operations but benchmarks us against other similar districts and researches best practices for the different areas of our District. The CMP which is updated every five years also includes a comprehensive community wide survey that allows our residents to anonymously rate all aspects of our District. Our most recent CMP was finalized in 2014.

Our District continues to measure at the highest levels in user responses with our parks and the majority of all of our facilities rated at least 90% or higher as excellent or good. Our staff and programs both came in with 94% of our residents stating that they were somewhat or very satisfied with both. The overall CMP not only measures all of these factors but also includes information related to our long range planning. This includes our Capital Improvement and Replacement Plan (CIRP). This document tracks and predicts all capital expenditures over \$10,000 that are not only anticipated over the next five years but also maintains lists of any and all projects that we anticipate or are considering for the future.

The day to day park district operations are supported by user fees, tax dollars and alternative revenues. The tax dollars are capped each year based on the taxes collected from our annual current levy plus an increase for CPI. This increase was 1.5% for 2014 and will be only .8% for 2015. The very limited increase ensures that we most always operate as efficiently as possible and be conservative in our financial operations. With these tax funds, the District maintains and supports all of our park operations as well as ADA and other specific program areas for seniors and at-risk youth. The majority of our other operations are supported and paid for by user fees. This includes our operations at BPC, PSSWC and the majority of programming, whether early childhood, athletics or ice.

Alternative revenues are a major component of our financial planning and these include revenues from various partnerships like the Chicago Wolves that provide over \$200,000 in rent every year as part of our agreement. We also have partnerships with cellular carriers for cell sites on our properties that generate over \$50,000 per year. Other partnerships are not necessarily dollar based but they do provide for additional programming space like our agreements with the local school districts for additional gym and classroom space which are especially in demand during the summer camp season. We also have an agreement with the Northern Illinois Raptors that house their birds of prey at our Vogelei Park and in turn provide environmental education for our residents with classes and special events.

In 2014 the District erected four large digital marquee signs. These signs promote our programs and in a partnership with the Village of Hoffman Estates they provide community awareness messages such as AMBER alerts. Two of the signs are also allowed to generate additional revenue through the sale of advertising. We hope to generate as much as \$100,000 during 2015.

One of the largest sources of alternative revenue for us is grants. Over the last 30 years the District has received almost \$6 million in grants. Many of the larger grants were Illinois Department of Revenue open space and land acquisition (OSLAD) grants. These grants enabled us to develop our parks and facilities to the level and total acreage we have today. Many other recent smaller grants have come from the Illinois State Parks Energy Efficient Program and State Comptroller's office that has allowed our District to become more environmentally responsible within our parks and facilities. In 2014 we received almost \$30,000 in such grants in addition to over \$240,000 of capital grants and contributions. The \$150,000 of bond rebates from the Federal government for our Build America Bond issue is included in this amount.

The annual budget governs our financial operations each year. Our long range plans allow for the appropriate planning to ensure funding for current and future years of operations. Our District has an established fund balance reserve policy (implemented in 2012) that provides for the careful allocation of District reserves. These reserves help enable the District to overcome any potential cash flow shortfalls should they arise. The reserves are also a mechanism that can be used to help fund future CIRP items.

The District recently finished the third stage of an agency debt reallocation plan that has effectively spread our debt over applicable future years that allow our residents to enjoy the parks and facilities that created the original debt. The final component of this plan was to refund the District's 2004 debt certificates, which were reissued in the form of a 2014 bond in December.

Throughout all of our careful utilization of our bonding authority to maintain the debt repayment plan, the District has continued to maintain a Standard & Poor's bond rating of AA+. This bond rating reflects the careful planning and financial integrity that the District practices every year and was reaffirmed with our most recent bond issue.

Major Initiatives

The District's CMP is a very detailed process to complete this statistical document. Starting in 2013 the District engaged the services of the Public Research Group, LLC to help us in preparation of this new five year document. A major component of this document is the community wide attitude and interest

survey. This was completed in 2013 and measured a variety of data from our residents. The survey focused on measuring the satisfaction that residents have with the District's parks, facilities, programs and services. It asked for information on the importance of different types of programming and prompted residents to provide ideas for new services we could provide. Though the entire CMP which also includes demographics, benchmarking, best practices, strengths, weaknesses, opportunities and threats (SWOT) assessments, and a complete revision of the District's CIRP. During this time the District will also completely reevaluate its mission, vision, and goals.

The District has also formed a separate "Forward Planning Committee" with two board members and seven appointed community representatives on it to fully discuss and evaluate each component of the process as it is completed. The survey was completed in 2013 and the mission, vision, and goals along with the SWOT analysis, benchmarking, and best practices were completed in 2014. The entire document was fully completed in mid-2014. This document helps shape and governs our operations for the next five years. District initiatives, which are annual objectives done by each division as well as for the whole District, will help us achieve our District goals and meet the desired results of the CMP. These are categorized as short (one year), mid (two-three years), or long (four plus years) term initiatives. All of the separate components were combined into the 2014-2018 CMP.

As part of our CIRP, playgrounds are continually planned for renovation and replacement. This is a major focus on the District's mission and we take great pride in each and every playground through careful planning and construction. In 2014, four playgrounds were renovated. Every time a playground is renovated community meetings are held to gather public input on the functionality, usage, and design. Additionally any time a capital project has impact on the usage of our land or facilities we hold public input meetings. Below are some of the major initiative projects for 2014.

Marquees



Triphahn Center



Vogelei Park & Barn



Willow Recreation Center



Bridges of Poplar Creek Country Club

Park Improvements



Cottonwood Park before



Cottonwood park after



Locust Park before



Locust Park after



Poplar Park before



Poplar Park after



Willow Playground before



Willow playground after

Awards and Acknowledgements

The District received its first Government Finance Officers Association of the United States and Canada (GFOA) award of Certificate of Achievement for Excellence in Financial Reporting in 2014 for our 2013 Comprehensive Annual Financial Report (CAFR). This prestigious award is to recognize a government for publishing an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. We believe that our CAFR for 2014 also meets these requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate.

The District was a National Recreation and Park Association (NRPA) Gold Medal finalist in 1989, 1990, 1991, 2007, 2008, and 2009 when it was named the Gold Medal winner for Class IV (population 50,001-100,000). This award recognizes the best overall park and recreation agency in the nation based on the criteria established by the NRPA.

The District received the Illinois Association of Park Districts (IAPD)/Illinois Park & Recreation Association (IPRA) Joint Distinguished Agency Accreditation. This prestigious accreditation was awarded to the District in 1999, 2005, and 2011. We apply for reaccreditation every six years. The District has always received an excellent rating on its score. In 2013, the District also received the IAPD License plate award for promoting youth activities and the license plate program sponsored by IAPD.

Also received from IPRA in 2014 was the Exceptional Workplace Award presented by the Health & Wellness Committee of IPRA. This award signifies a healthy and satisfying work environment based on peer and staff review.

In 2013 the District joined the ranks of the elite park and recreation agencies and departments across the nation by earning accreditation through the Commission for Accreditation of Park and Recreation Agencies (CAPRA) and the NRPA. The District achieved a perfect 144 out of 144 score and at the time of completion became the first Illinois Park District to have won the NRPA Gold Medal, CAPRA/NRPA accreditation and also IAPD/IPRA accreditation.

In 2013 the District received the Illinois Sunshine Award from the Illinois Policy Institute, a nonpartisan and nonprofit research organization that recognizes governments for their transparency. Numerous criteria are measured to ensure complete transparency of the governments operations to the public. Our District scored a 94% which is the highest score ever received by an Illinois Park District. To see some of the information rated by this award, feel free to visit our website heparks.org and click on the transparency/FOIA (Freedom of Information Act) tab. There you will find a complete five year financial history and all related District documents. It also has a quick link to request District FOIA information.

The District is also accredited by the Park District Risk Management Association, which the District is a member for purposes of pooling of insurance for liability, property, and casualty as well as for our employee health insurance. The District was accredited in 2005, 2009, and 2013 (reapplication is accepted every four years) and each time the District has received an exceptional rating and scored in the top one percent (1%) of all park district members in the pool.

In 2014 the District was named the Hoffman Estates Chamber of Commerce Public Sector of the Year as determined by the Hoffman Estates Chamber of Commerce in which the District is an active member. The District was also awarded our annual accreditation from the National Association for the Education of Young Children (NAEYC) for both of our preschool locations (Triphahn Center and Willow Recreation Center). We also received the Four Star Aquatic Safety Award from Starfish Aquatics Institute in recognition of exceptional operational safety standards for lifeguard professionalism and excellence in risk management practices.

The District is fortunate to have a professional and dedicated Board of Commissioners to guide our District, and a terrific administrative and business staff that take pride in performing at the highest levels while maintaining uncompromising integrity and sound financial policies. We sincerely appreciate all of the contributions of the entire business department staff in making this document first class. Finally we wish to thank the staff of Sikich, LLP for the guidance and oversight of our audit process and the final presentation of our CAFR.

Respectfully submitted,

Dean R. Bostrom, CPRE
Executive Director

Craig Talsma, CPA
Deputy Director/
Director of Finance & Administration

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Hoffman Estates Park District
Hoffman Estates, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hoffman Estates Park District (the District), as of and for the year ended December 31, 2014 and the related notes to financial statements, which collectively comprise the District'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. 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 District'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 District'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, each major fund and the aggregate remaining fund information of the Hoffman Estates Park District, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplemental data and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 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. The introductory section, supplemental data and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Naperville, Illinois
April 24, 2015

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**Hoffman Estates Park District
Management's Discussion and Analysis
December 31, 2014**

The management of the Hoffman Estates Park District (the "District") provides the readers of our financial statements the following overview and analysis of the District's financial operations and attached financial statements for the fiscal year ended December 31, 2014. The following discussion is presented to enable the readers to more fully understand the accompanying audited financial statements. The District is responsible for the fair and accurate presentation of all financial information, as well as the internal controls and reporting procedures in creating the financial statements. In management's opinion, the financial statements herewith reflect all material aspects of the District's operations in an accurate, fair and complete manner.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP), and follow the guidelines of the Governmental Accounting Standards Board (GASB). In 2011 the District implemented GASB Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, to provide a greater clarity for the usage of the District's reserves. A major component of this for our District was to ensure that sufficient balances of reserve funds were available to help fund any cash flow requirements the district might have due to delayed tax payments from Cook County. This policy allocates three to four months of our annual expenditure budget to be allocated as reserves assigned for the purpose of meeting cash flows. Additionally this policy allows for additional reserves to be allocated towards capital asset replacements if so directed by our Board during our fiscal budget process. The allocation of the different types of reserves is shown separately in the balance sheet of the financial statements.

The major components of the financial statements are the overall statement of net position and the overall statement of activities. The statement of net position shows the amount that total District assets exceed total liabilities and deferred inflows of resources, which may be considered the current value or net worth for the District. This value does not take into consideration the current fair market value of capital assets or land. Only the historical book value is represented. Therefore the net value represented is only based on the accounting of true book value. Much of the District is composed of land and physical buildings and items that would have a much larger market or replacement value.

The statement of activities reflects the overall operations of the District for the past year, excluding revenues from taxes, interest and miscellaneous items. This demonstrates how effectively the District operates on a business level model. It shows how the District might fair as a business, without the support of the aforementioned auxiliary revenues which are reported "below the line" and separate from the operations.

Reconciliations are provided in the financial statements to reconcile the difference between valuing the District based on net position, and the District's valuation based on fund balance. This reconciliation is provided on page seven of the financial statements. The main reconciliation differences are the capital assets and associated depreciation in the asset side and long-term debt and its associated components (accrued interest, unamortized bond premiums), plus unrealized but potential compensated absences for employees, and any net pension obligation on the liability side. These are all reported on the statement of net position.

Reconciliation is also provided on page ten to reconcile the reporting differences between the governmental activities statement and the governmental funds statement of revenues, expenditures, and changes in fund balance. This now shows the reconciliation effect of capital assets (depreciation) and long-term debt (and associated costs) from a revenue and expense viewpoint instead of a net position viewpoint as in the previous reconciliation.

Overview of the Financial Statements

The financial statements have three major components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Additional required supplementary information includes the schedule of revenues, expenditures and changes in fund balance, budget compared to actual for all of the District's major operating funds; the schedule of funding progress and employer contributions for the Illinois Municipal Retirement Fund (the District's state retirement pension); and notes to required supplementary information.

Also presented are the combining schedule of revenues, expenditures and changes in fund balance for major funds and the statements of revenues, expenditures and changes in fund balance - budget and actual for all of the District's Special Revenue Funds, in addition to other financial schedules. Additional supplemental data includes financial information on the District's Capital Projects Fund and long-term debt requirements.

Also included as part of our Comprehensive Annual Financial Report is a statistical section covering major components of our District's operations. These tables include financial trends, revenue capacity (property tax and levy information) debt capacity (information on the District's outstanding debt) demographic and economic information as well as operating information of the district statistical information regarding the District's property taxes and debt margin is also provided.

The two main components to the government-wide financial statements are: (1) the statement of net position (page 3), and (2) the statement of activities (page 4). As discussed before, these are the two major statements that are analyzed in terms of obtaining a broad overview of the finances, value and annual operations of the District.

Statement of Net Position

The statement of net position is a snapshot as of the end of the fiscal year illustrating the overall value of the District. As previously noted this includes capital assets at book value and not market value. The total net position should be a positive number, and can be equated to the District's total net worth. From year to year, an increase or decrease in the total net position of the District is one factor in determining the total overall financial performance. Please note, however that the net position of the District is after depreciating capital assets. This is not how governmental entities truly value their performance. Overall the total fund balance or available cash for operations and capital improvements is a more useful measure in regards to how the District will continue to operate.

The following chart compares the statement of net position from year-to-year for the District:

Statement of Net Position

	December 31, 2014	December 31, 2013
Assets		
Current Assets	\$ 25,919,997	\$ 25,348,578
Capital Assets	57,563,011	58,254,812
Total Assets	<u>83,483,008</u>	<u>83,603,390</u>
Liabilities		
Current Liabilities	2,634,529	2,224,577
Long-Term Liabilities	69,689,015	68,662,045
Total Liabilities	<u>72,323,544</u>	<u>70,886,622</u>
Deferred Inflows of Resources	<u>8,390,000</u>	<u>8,280,000</u>
Total Liabilities & Deferred Inflows	<u>80,713,544</u>	<u>79,166,622</u>
Net Position		
Invested in Capital Assets, net of related debt	(8,388,077)	(7,252,365)
Restricted	5,315,339	6,282,350
Unrestricted	5,842,202	5,406,783
Total Net Position	<u>\$ 2,769,464</u>	<u>\$ 4,436,768</u>

The largest component of the assets is the capital assets, which are the infrastructure or fixed assets for the District. These include land, buildings, fixtures, and equipment. These items are depreciated over their useful lives, and each year depreciation expense for that year is recorded. The total district wide depreciation on our capital assets equaled \$2,787,820. This more than represents the decrease in the district's net position.

Please see the financial statement footnote #5 for full details on the District's capital assets.

The overall net decrease in capital assets after additions, deletions, and depreciation had a cumulative decrease of (\$691,801) for 2014, compared to (\$1,715,765) during 2013. The total depreciation expense for 2014 was \$2,787,820 as compared to depreciation expense of \$2,629,297 in 2013. This is a decrease to the total assets of the District.

The largest component of the total liabilities is the noncurrent liabilities that reflect the total amount due for principal payments on the District's outstanding debt. Debt, most often created by the issuance of bonds, provides the funding mechanism for capital assets that will have a value to future residents of the community. This bonding process is what allows the district to fund its Capital Improvement and Replacement Plan (CIRP).

Please see the financial statement footnote #7 for full details on the District's long-term debt.

During 2014, the District's long-term debt (amounts due more than one-year out) increased by \$1,026,970 to a total of \$69,689,015. This amount includes potential compensated absences (unpaid vacation or sick time) as well as any net pension obligation (the amount unfunded due to the discounted amortized payment made to IMRF over the actual full liability). The increase in the long term debt is mainly attributable to an increase of \$1,015,000 in bonds. In addition to the long-term portion, the current portion of the district's liabilities increased by \$409,952 to \$2,634,529 for total District liabilities of \$72,323,544 in 2014 compared to \$70,886,622 in 2013. Additional discussion on the District's long-term liabilities is presented later in this document.

Assets

The District's total assets exceeded total liabilities and deferred inflows of resources (net position) by \$2,769,464 in 2014 compared to \$4,436,768 in 2013. On December 31, 2013, the District's assets totaled \$83,483,008 compared to \$83,603,390 at the end of 2013. This decrease of \$120,832 is due to the depreciation expense. The largest portion of the District's assets reflects its investment in capital assets of \$57,563,011 in 2014, compared to \$58,254,812 in 2013. The total value of land, buildings, infrastructure improvements, equipment and vehicles is reported net of the total accumulated depreciation, which includes the total 2014 depreciation expense of \$2,787,820.

It is very important to understand that the District follows the IRS recommended useful lives for depreciation calculations; however the District in all of its practices continues to utilize our buildings, machinery and equipment far past those estimated lives. By using the shorter life for depreciation this in effect causes the District's assets to basically be extensively undervalued. In the past few years even though our operations have far exceeded budget, the overall net position of the District has decreased due to the large amounts of depreciation we must book. As a simple example our facilities depreciated for less than 40 years far out live that time frame. On a smaller scale our District vehicles which are depreciated over just five years are almost always utilized for more than twice that time period.

The District's 2014 year end receivables of \$8,680,832 include the property tax receivable of \$8,429,366 of which \$8,390,000 is for the levy year 2014, which will be collected in fiscal year 2015. The District's year-end receivables in 2013 totaled \$8,495,388. At year-end 2014, the District had total cash and investments on hand of \$17,063,707 compared to \$16,631,983 in 2013 for an increase of \$431,724 in cash balances. The remaining balance of "other" assets in 2014 of \$175,458 is attributable to interest receivables, inventories and prepaid items compared to \$221,237 in 2013. Additional discussion on the District's capital assets is presented later in this document.

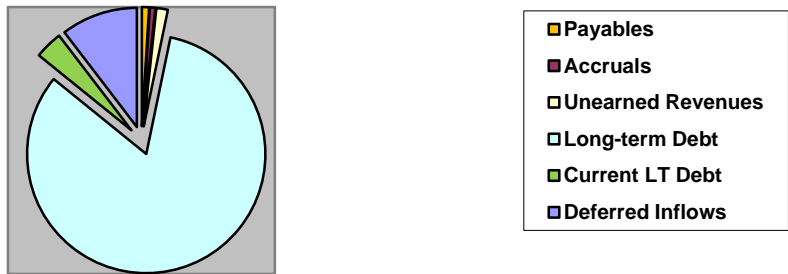
Total 2014 Assets



Liabilities and Deferred Inflows of Resources

The largest component of the District’s liabilities is represented by the total amount of long-term debt issued and outstanding by the District. At year end 2014 this totaled \$66,644,285 (excluding current year bond payable amounts due within one-year of \$3,044,730). This compares to \$64,618,335 in 2013 (and \$4,043,710 of amounts due within one-year). In 2012, GASB 63 renamed certain reporting components. One was the use of the term of “Net Position” instead of “Net Assets” which reflects title only. Another component was the addition of “Deferred Inflows of Resources” which in our case represents the amount of taxes yet to be collected for use in the subsequent year. This had simply been part of the “Deferred Revenue” in past years. The District ended 2014 with total liabilities of \$72,323,544 compared to \$70,886,622 in 2013. The increase is due to small increases in the liability accounts in addition to an increased amount of approximately \$1 million in bond liability issued in 2014. Deferred Inflows of Resources for 2014 totaled \$8,390,000 as compared to 2013 of \$8,280,000. This small increase is due to the increase in the District’s property tax levy.

Total 2014 Liabilities



Statement of Activities

The statement of activities shows the overall expenses and operating revenues for services the District provides on a stand-alone basis from items directly related to the recreation mission of the District. Non-operating revenues for the District which include taxes, investment income and miscellaneous items are shown separately to show how the District operates on a stand-alone basis. The supplemental items (mainly tax dollars) are what allow the District to actually operate and provide many of our non-fee mission based services such as parks. Adding these funding items back in shows the total increase or decrease from operations. This amount is added to the net position at the beginning of the year to provide the net position at the end of the year. A decrease in net assets does not necessarily mean poor performance, as planned usage of cash on hand or fund reserves will also be reflected here as well as the depreciation of capital assets as mentioned earlier.

All of the District’s operations are considered to be governmental activities, which are operations of the District primarily supported by tax revenues. Though the Bridges of Poplar Creek Country Club (hereinafter BPC); the Prairie Stone Sports and Wellness Center (hereinafter PSSWC); and the Triphahn Center Ice Arena, a department of the Recreation Fund; operate in a business-type fashion, these funds have numerous aspects that support the overall recreational component and mission of our District and have an accounting type of a special revenue fund; therefore they are treated for accounting purposes as governmental activities.

The following chart compares the statement of activities from year-to-year for the District:

	December 31, 2014	December 31, 2013
Revenues		
Program Revenues		
Charges for Services	\$ 10,166,116	\$ 10,295,375
Operating Grants	30,851	39,698
Capital Grants	242,556	155,007
General Revenues		
Taxes	8,842,420	8,324,558
Investment Income	125,440	37,799
Other Revenues	36,781	62,783
	19,444,164	18,915,220
Expenses		
General Government		-
Parks and Recreation	17,354,202	16,668,231
Interest	3,757,266	3,531,336
	21,111,468	20,219,567
Change in Net Position	(1,667,304)	(1,304,347)
Beginning Net Position	4,436,768	5,741,115
Ending Net Position	\$ 2,769,464	\$ 4,436,768

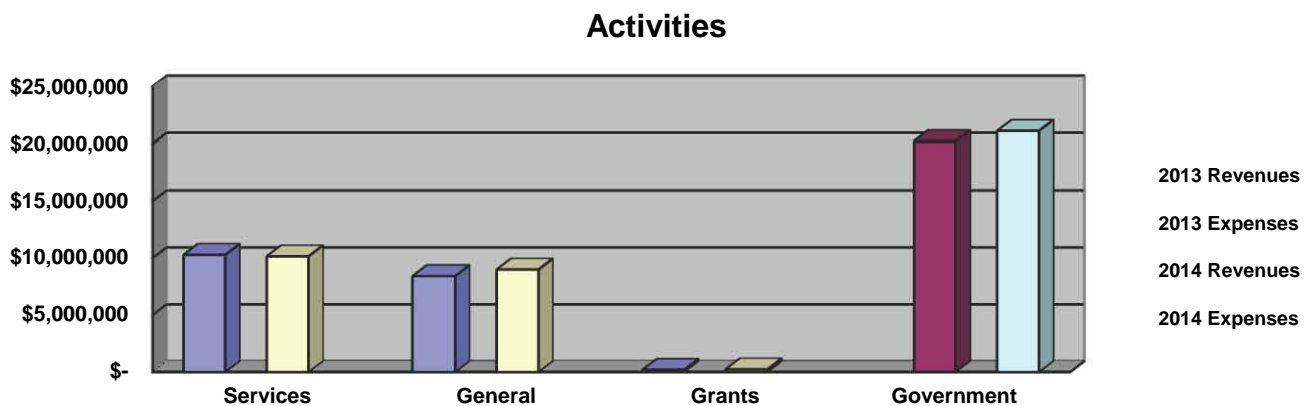
The government-wide operations are reflected in the Statement of Activities, which reports the overall expenses and revenues for the District. The major component of the District's revenues is charges for services. The specialized funds for BPC and PSSWC are similar business-type activities; however, due to the overall recreational nature of their programs and facilities for the community, they are reported as governmental activities. The 2014 governmental activities' charges for services totaled \$10,166,116 compared to the 2013 amount of \$10,295,375. This is very much in-line from year-to-year.

A total of \$273,407 was received in 2014 for grants and contributions, which was an increase from the 2013 amount of \$194,705. In 2014 the District received more green initiative grants in addition to the village grants for the bike trail planned development and developer donations. General revenues of tax dollars, investment earnings and miscellaneous revenues totaled \$9,004,641 in 2014, which was a small increase over the 2013 total of \$8,425,140 due to an increase in property tax and TIF distributions as well as a nice increase in investment income.

In 2014 governmental activities of the District had \$21,111,468 in expenses, which is similar to the \$20,219,567 in expenses in 2013. In 2014, this amount is comprised of \$17,354,202 for general expenses (including depreciation expense of \$2,787,820) and debt interest expense of \$3,757,266. This compares to 2013 amounts of \$16,688,231 for general expenses (including depreciation expense of \$2,629,297), and debt interest expense of \$3,531,336. The increase in expenses from 2013 is pro-rata shared by additional general expenses and increased interest expense.

Based on the Governmental Activities reporting, the District's total expenses fell short of total revenues by \$1,667,304 in 2014, compared to \$1,304,347 in 2013. The overall net deficit is attributable to the non-cash impact of the depreciation expense. There is a wide variety of factors impacting the differences in reporting which are reported on the reconciliation schedule. Again, this type of framework treats certain types of issues especially long term debt and capital assets differently. Strictly speaking it does give a snapshot of the overall activities for the year, however as we operate year to year we have many areas where we plan on spending cash on hand which by itself would have this number potentially appear as a negative. The fact that we are recording over \$2.7 million dollars in depreciation alone shows that if we did not record that on this statement as part of operations, the District would have over a \$1 million surplus.

The following graph compares the District's Statement of Activities from year-to-year:



Fund Financial Statements

The fund financial statements provide reporting for the District's operation at a fund level. A fund is a group of related accounts established for a specific purpose to maintain the control of resources for that purpose. The District utilizes fund accounting that reports operations categorized by each of their purposes. Certain fund's operations are tax supported and others, such as BPC, PSSWC, the Ice Arena Department, and the Capital Projects Fund are not, though they are still reported as government type activities. Infrastructure components of these funds which were funded by bond issues, may receive support in relation to the retirement of long term debt associated with the facility itself due to the overall District wide usage of that facility as a recreational environment benefiting the community. There are three types of funds: governmental, proprietary and fiduciary. All of the District's funds are considered to be governmental.

The governmental activities are categorized into different operating funds or special revenue funds which include major and non-major funds.

The District's major funds include:

1. The General Fund which supports the overall administrative (including information technologies and human resources) and maintenance operations for the District, additionally amounts for insurance and audit expenses are provided for here. Many park districts levy for this type of area as an individual tax levy, however these expenses are paid from the General Fund and therefore not levied separately.
2. The Recreation Fund which supports all general recreation programs for the District and also contains the Communications and Marketing Department, the Willow Recreation Center, the Triphahn Center and Ice Arena, and the Seascape Aquatic Center.
3. The Bridges of Poplar Creek (BPC) Fund which reports the operations of the golf course.
4. The Prairie Stone Sports and Wellness (PSSWC) Fund which reports the operations of the Prairie Stone fitness and recreation center.
5. The Capital Development Fund which provides funding for the District's Capital Asset and Replacement Plan (CIRP).
6. The Debt Service Fund which provides the funding for the majority of the debt (bond and debt certificates) of the District

Non major funds for the District include:

1. The Illinois Municipal Retirement Fund (IMRF) which supports the employer's share of employee's retirement system
2. The Social Security Fund which provides the funding for the employer's share of Social Security and Medicare taxes.
3. The Special Recreation Fund which supports the special recreation and Americans with Disability Act programs and initiatives for the District.
4. The Working Cash Fund which retains the taxes and interest earnings on the amounts collected under this specialized levy.

The funds that currently receive tax support (General, Recreation, IMRF, Debt Service, Special Recreation and Social Security) do this through the annual tax levy. This levy is imposed on all real estate of the district and is limited by law. The limit is based on the overall maximum allowable levy that the District may impose in each fund combined. Prior to 2005 each fund could only levy its own maximum rate. However, those rates are now combined to create an overall maximum rate for the District. The amount of money that this generates for the District can annually increase by the lesser of the preceding year's (levy year) CPI or 5%. The 2014 CPI was 1.5%. This is the factor that is used for additional taxes which will be collected in 2014. This means that except for new growth, which is added to the overall property, equalized assessed value (EAV) that is taxed, the District's property tax revenue can only increase by this amount.

The District's total EAV for the 2013 Levy (collected in 2014) was \$1,262,575,231 which was almost the same as the prior year's EAV of \$1,250,292,037.

Of the previously mentioned tax supported funds, only the Special Recreation Fund and the Debt Service Fund are excluded from the limiting calculation. Prior to 2010 the Debt Service Fund was also excluded from receiving the CPI increase and moreover was limited based on a dollar amount of \$2,735,000 which is the same debt service levy used in 1994. The same law that imposed the limiting calculation also imposed the dollar limitation on the debt levy. This law however was changed, and the District now receives the CPI growth on it as well.

The focus of governmental fund financial statements is narrower than that of the District-wide financial statements. The fund financial statements provide a more detailed look at the different operating components that comprise the government-wide financial statements. The focus at the fund level is more on current operations and short-term results, whereas the government-wide reporting allows for a

greater understanding of the long-term sustainability of the District. It is useful to compare the two types of statements for the statement of net position and the statement of revenues, expenditures and changes in fund balance to see how current operations reflect upon the long-range value of the District. Reconciliations between the governmental funds and the activities are provided on pages 7 & 10.

By analyzing and comparing fund financial statements from year to year, management of the District is better equipped to examine the trends that are impacting the financial operations of the District. This year to year comparison provides for a better ability to plan for future years and the financial sustainability and proper reserves that should be made to provide for positive operating results. Additionally, notes to the financial statements provide additional information that is needed to gain a full understanding of the District's financial operations and the reporting on it.

In 2011, the District finalized its formal procedure for fund balance reserves. Each fund will try and maintain an assigned amount of its unreserved balance for cash flow purposes. This is not as important in the special revenue funds where all available funds are restricted. However, in the General fund an assigned balance of 40% of the annual expenses will be assigned for reserve purposes. In the Recreation, BPC, and PSSWC funds this amount will be 25%. Certain funds may require additional separate reserves, for example, one for operations, one for CIRP, and one for debt service contributions in addition to regular operations requiring potential cash flow reserves. Staff will continue to analyze benchmark levels for operating fund reserves and work to ensure that operations can fund the reserves as well as unreserved fund balances. From 2011 through 2014 the District has managed to reserve assigned portions of our fund balances for the purposes of cash reserves.

Required financial statement supplementary information provides greater detail on the District's financial operations for all of its major governmental funds, as well as the schedule of funding progress for IMRF, which for 2014 was 114% for the required annual contributions. It should be noted that the District did elect a deferral plan in 2008 that lowered our annual contribution and extended that for 20 years. Currently the District does not have a net pension obligation due, which was \$62,912 at the end of 2013. The District is planning on returning to a fully funded annual contribution without the deferral starting in 2016.

Additionally the District has a true unfunded actuarial accrued liability (UAAL) that is the additional amount that the District would need to fund IMRF to be completely funded to pay off the current actuarial calculated pensions for our employees. This amount is relatively large at \$1,226,321 and beginning in 2015 this amount would appear as a District liability on our financial statement. The District plans on paying off this liability in 2015 by declaring our working cash fund balance as surplus and transferring it to the General Fund. In turn this will be transferred to the IMRF fund and along with the current IMRF Fund balance will be utilized to eliminate the UAAL.

The 2014 IMRF employer contribution rate was 9.72%, a decrease from the 2013 contribution rate of 10.25%. The 2014 rate is currently proposed at 9.28% which has decreased slightly.

Beginning in 2011 a second tier was added to all new employees that began enrollment in IMRF starting on or after January 1, 2011. This second tier comprises certain reduced pension benefits than the grandfathered first tier employees. There have been many discussions throughout the state of Illinois for the state to reduce state funded pensions. It should be remembered that though IMRF is a state pension system it is funded by the participants and their employers and not by the state directly. After paying the UAAL off in 2015 it should be realized that the District's IMRF pension obligation will be fully funded. As of year-end 2014 we were 91.35% funded.

The financial analysis of the operations by fund, including a comparison of actual to budget operations, allows for a greater understanding of the overall District operations. The District adheres to fund accounting to ensure and comply with all finance related legal requirements for park districts. The four major operational funds of the District, which represent over 90% of the total revenues (excluding Debt Service and Capital), are General, Recreation, BPC, and PSSWC funds. All of the major funds operated at a surplus after operating transfers except for the \$1 million Recreation Fund transfer of debt payment fund reserves which were transferred to the Capital Fund as part of our bond refunding in 2014. Operationally the fund still operated at a surplus.

The fund financial statements exclude depreciation expense, which is also not a budgeted item. In 2014 all of the separate funds paid for their own share of FICA and IMRF charges which were then reimbursed to them by transfers from those funds where the taxes were levied. These transfers will not be paid back. The audit reflects these inter-fund transfers between funds for FICA and IMRF (and Debt Service transfers where applicable) as a below the line transfer. The District reflects these as either revenues or expenses within these funds (see note 8 on page 30 for detail). Additional interfund transfers are made to cover administrative and maintenance expenses to the General Fund and communication and marketing expenses to the Recreation Fund, as well as transfers to our operating funds for the portion of the Special Recreation Fund tax levy to be utilized for rental payments for our facilities for special recreation related activities and programs.

The General Fund

In 2014, the General Fund's revenues and other financing sources (inter-fund charges and sale of surplus equipment) were budgeted at \$3,168,762, and the Fund's operations exceeded this amount by \$231,547, receiving \$3,400,309. The General Fund's expenditures were budgeted at \$3,153,762, and the Fund had actual expenditures of \$3,138,619. The net surplus was primarily due to additional tax dollars (\$196,263) received as TIF (Tax Increment Financing) payments and intergovernmental grants from the Village of \$30,000. There was also additional Miscellaneous Income of \$33,801 from the sale of surplus assets and the payment from independent hockey leagues for administrative functions performed by the District.

Actual 2014 revenues and other financing sources increased \$232,215 over 2013 revenues. The major factors for additional revenue were \$180,953 attributable to additional tax revenues and \$35,491 from additional investment income. Actual 2014 expenditures increased by \$331,272 over 2013 expenditures. The increase was all attributable to employment costs with full-time wages increasing by approximately \$160,000, due in large part to the hiring of a full-time IT Manager for responsibilities that had been outsourced previously and the additional amount attributable to annual merit increases. Health insurance related costs increased by \$80,000 and unemployment costs increased by over \$100,000. Both of these costs increased mainly due to new legal mandates by having to provide health insurance for all individuals working over 1560 hours (full-time). Also keeping part-time employees under the 1560 hour threshold in order not to qualify for health insurance and thereby limiting additional hours worked which resulted in more unemployment costs since the District self-funds these expenses.

The 2014 net increase of \$261,690 to the General Fund's balance resulted in a year end fund balance of \$2,964,183, of which \$6,445 is Nonspendable for prepaid expenses, \$1,802,258 is assigned for cash reserves and \$1,155,480 is unassigned.

The Recreation Fund

In 2014, the Recreation Fund's revenues and transfers in were 6,299,956. This was an increase from the 2013 amount of \$6,185,675. The most significant changes from 2013 included an increase in property taxes of almost \$60,000, an increase in early childhood revenue of \$70,000 and an increase in ice operations of over \$100,000. There was also a decrease in park and field rentals of \$20,000 and adult and youth athletic programs decreased by \$80,000.

The Recreation Fund's expenditures plus operating transfers out for inter-fund charges totaled \$6,235,782 in 2014 compared to \$6,024,831 in 2013. The largest increase in expenditures was due to increased capital outlay of \$53,084 in 2014 compared to only \$6,736 in 2013. Ice operations were up about \$20,000 which coincided to the increased revenue. The outdoor pool operations at Seascapes saw a dramatic increase which was attributed to a water leak that cost the District an additional \$25,000 in water costs. Administration expenditures increased by \$45,000 due to increased costs for full-time personnel. Additional administrative and maintenance costs paid through inter-fund charges and recorded as a transfer out also increased by \$30,000. In addition to this \$1 million of funds reserved for debt payment on the ice arena debt certificates was freed up and returned to the Capital Fund via a transfer out as part of our bond refunding,

The overall Recreation Fund ended with an operational surplus of \$64,174; this combined with the additional \$1 million capital Fund transfer netted an overall reduction to the fund balance of \$935,826 for 2014. This provided for a year end fund balance of \$2,218,658. Of this amount, \$12,407 is nonspendable for prepaid items and the remaining \$2,206,252 is assigned for cash reserves.

Bridges of Poplar Creek Country Club (BPC)

The BPC had 2014 revenues and operating transfers in totaling \$2,513,516 compared to 2013 totals of \$2,618,887. The food and beverage operations of BPC actually increased by \$70,000; however the golf operations continued to see a decrease of just over \$125,000. Additionally rental revenues now accounted for in food and beverage as well decreased by \$35,000. The lower revenues are attributable to a decline in the overall golf industry and increased competition with strong competitive pricing from other local courses

The expenditures 2014 totaled \$2,507,993 compared to \$2,589,004 (including \$100,000 debt service transfer) in 2013. Capital outlay increased from \$141,077 in 2013 to \$205,979 in 2014. Additionally there was an increase in administration costs of approximately \$60,000 due to the additional staffing of full-time personnel at the course. These increases were offset by decreases in golf operations of almost \$90,000 due to lower revenue associated expenses and savings in food and beverage of an additional \$30,000 due to operational efficiencies. In 2014 there was also a transfer made to the Debt Service Fund of \$100,000 for repayment of the bond issue costs for the BPC renovation in 2012. Unfortunately the operations were not able to cover this budgeted repayment and in 2014 the \$100,000 transfer was not made.

The final surplus for BPC for 2014 totaled \$5,523 which resulted in a year-end fund balance of \$167,134. \$131,137 is non-spendable for prepaid items and inventory. The remaining \$35,997 is assigned for cash reserves.

Prairie Stone Sports & Wellness Center (PSSWC)

The third recreation center for the District houses the District's only indoor swimming pool, as well as basketball courts for the recreational youth programs. It also offers the majority of annual learn to swim programs and tennis programs for the District. The majority of the revenues for this facility are generated from the operation of the health and wellness center located within the facility. In 2014 the total revenues and operational transfers in totaled \$2,967,053 compared to \$3,052,900 in 2013. The reduction in revenues is attributable to lower facility rentals of almost \$45,000 and a decrease in fitness membership and related revenues of approximately \$30,000.

Expenditures in 2014 totaled \$2,378,905 compared to \$2,418,913. The decrease in expenditures was attributable to a reduction in full time staffing costs. Additionally PSSWC made a transfer to the Debt Service Fund of \$550,000 for repayment associated with the original debt for facility construction. These debt certificates were refunded in 2014 and the repayment decreased from the \$612,450 transferred from PSSWC to Debt Service in 2013 to the \$550,000 in 2014.

The 2014 net increase to the PSSWC's fund balance was \$38,148, resulting in a year-end fund balance of \$967,490. Of this amount, \$12,681 is nonspendable due to prepaid items; \$738,962 is assigned for cash reserves; and \$215,847 is unassigned.

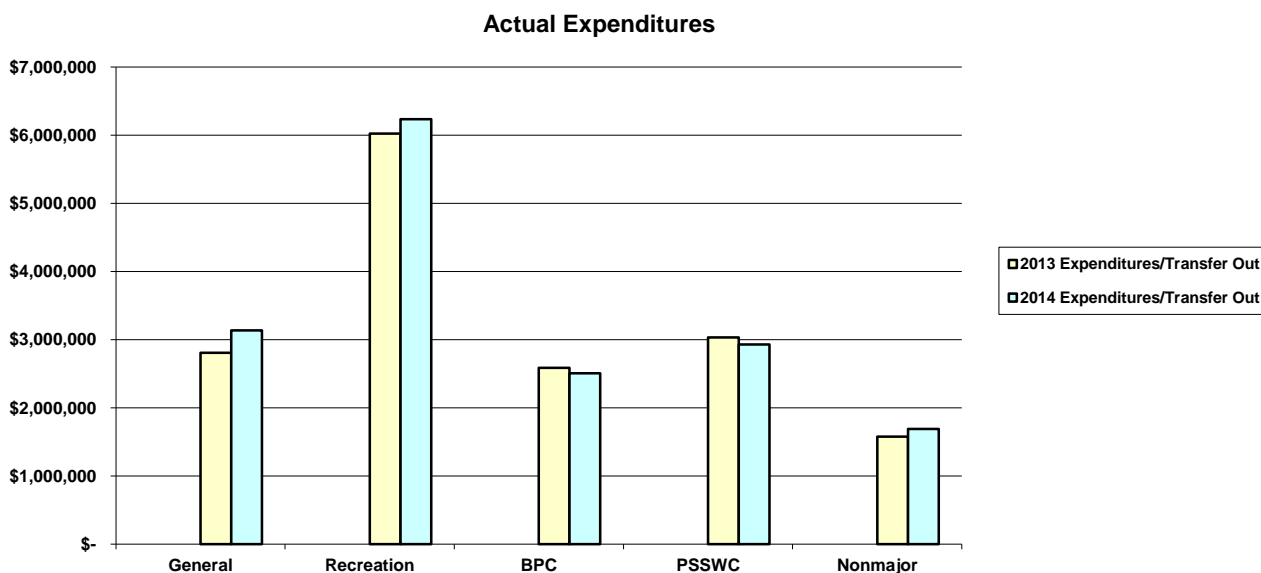
The first class fitness center continues to make strides in building its membership base. There continues to be economic struggles from many of the businesses in the PSSWC development park and as such there is still much open space waiting to be developed; however PSSWC continues to maintain its membership base with only a slight reduction in members in 2014.

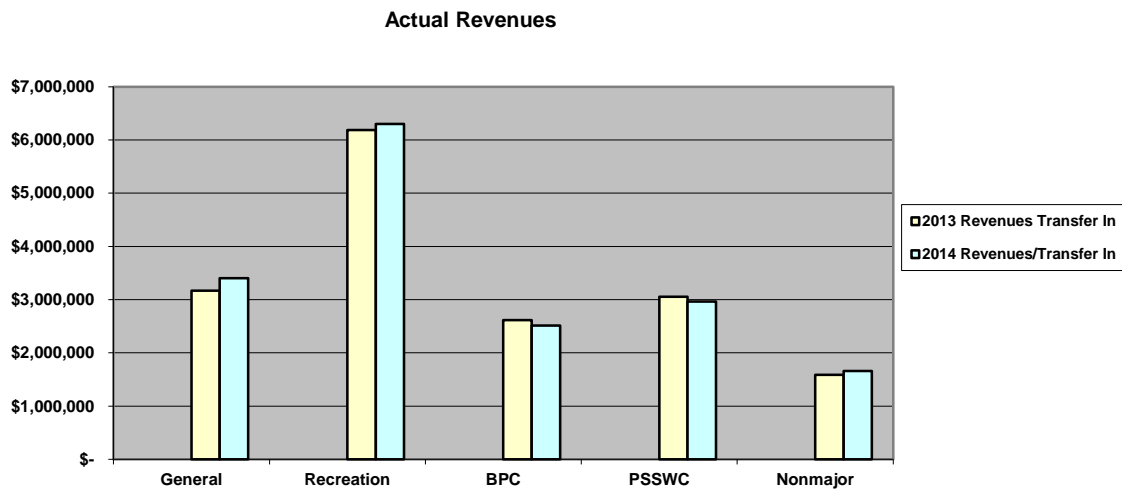
Non-major Funds

The District's nonmajor funds, which are IMRF, Special Recreation, Social Security, and Working Cash, in 2014, had a combined deficit of (\$28,479). In 2013 these funds operated at a total surplus of \$10,364. Total revenues in 2014 were \$1,659,656 compared to \$1,588,094 in 2013. This increase was due to an increase in property tax revenues.

Total 2014 expenditures and operating transfers out for IMRF and Social Security totaled \$1,688,135 compared to \$1,577,730 in 2013. The planned expenditure of cash on hand within the Special Recreation Fund was the major factors for this increase. The surplus from the other funds almost offset this use of over \$100,000 of reserve funds. These non-major fund operations remain in line from year to year. As our EAV increases we will see additional property tax revenues within the Special Recreation Fund which will bolster these operations and limit the use of reserve funds.

The ending combined fund balances for these funds totaled \$1,744,090, of which the reserved fund balances for each fund were: IMRF \$235,584 (increased from 2013 balance of \$204,306); Social Security \$220,473 (increased from 2013 balance of \$167,899; Special Recreation \$209,435 (decreased from 2013 balance of \$327,058); and Working Cash \$1,078,598 (increased from 2013 balance of \$1,073,306). All of the fund balances are reserved in each fund respectively for that specific use.





The Capital Fund

In 2014, the Capital Fund received \$3,119,876 in revenues and other financing sources compared to 2013 receipts of \$2,570,250. The difference was partially due to grants received by the District of \$111,014 where no grant revenue was received in 2013. The additional variance is due to additional transfers in from other funds and between budget and actual was due to additional bond revenues of \$722,102 but was offset by a reduction of transfers in of \$285,274,

The Capital Fund's expenditures for 2014 were \$2,465,354 compared to 2013 expenditures of \$1,271,599. This increase in expenditures was attributable to additional capital projects in 2014. This resulted in a 2014 fund balance of \$3,554,839 all of which is reserved for future capital projects.

During the year, in addition to replacing and purchasing equipment and machinery for a combined total of \$264,096, the District completed the following major additions to capital assets:

- Marquee Signs: the largest capital project the District undertook costing \$1,034,793, constructed four large digital marquee signs for advertising our programs. After obtaining permits from, the state of Illinois, the District will also be able to generate additional revenue from the sale of advertising on two of the signs. This future revenue will help repay the capital fund for the cost of construction.
- Renovation of Willow Recreation Center playground, cost \$66,195
- Renovation of Poplar Park playground, cost \$85,712
- Renovation of Cottonwood Park playground, cost \$57,016
- Renovation of Locust Park playground, cost \$50,610
- District's new VOIP phone system, phase 1, cost \$53,544
- Seal coating and asphalt repairs, cost \$192,276
- Purchase of eight acres of property on west side, cost \$240,760
- BPC 10th Hole renovation, phase 1, cost \$84,466
- Reimbursable grant projects, total \$77,703

Through the year, the capital assets of the District were also reduced by the disposal of machinery and equipment with an original cost of \$655,600 (accumulated depreciation of \$458,655) that was declared surplus property. For 2014, with the above additions and decreases, there was also depreciation expense of \$2,787,820 resulting in a year end capital asset ending balance of \$57,563,011.

Debt Service

In 2014 revenues were \$3,473,143 compared to 2013 revenues of 3,244,463. \$150,000 of this increase was due to reclassifying our Build America Bonds (BAB) rebate as revenue instead of directly offsetting it to the expense item. The remaining amount was attributable to additional taxes received. Additionally, other financing sources provided \$17,908,146 compared to the 2013 amount of \$18,265,531. These amounts represent bonds (and premiums on them) issued during the year plus transfers in from other funds to help pay the debt service on bonds associated with building and improving facilities for their operations. 2014 expenditures for the payment of principal and interest on outstanding bonds and debt totaled \$21,334,392 which was comparable to 2013 expenditures of \$21,996,613.

At the end of 2014, the District had outstanding total long-term bonded debt of \$68,360,000 compared to \$67,345,000 at the end of 2013. This represents the General Obligation bonds of the District \$60,820,000 of these bonds is Alternate Revenue Bonds while \$7,540,000 is Limited Bonds. The limited bonds are measured against our statutory debt limit of 2.875% of our 2014 EAV (\$1,262,575,231) to determine the legal amount of non-alternative revenue source debt we may have. This total is \$36,299,038; that leaves a remaining available legal debt margin of \$28,579,038. Alternate Revenue Source Bonds are not included in the computation of indebtedness for the purpose of the overall 2.875% of EAV debt limit calculation as long as the debt service levy for the bonds is abated annually and not extended. This abatement is done annually by the District.

Back in 2010, the District issued bonds to refund and refinance existing debt, including the 1999 and 2000. The refunding of the 1999 and 2000 bonds in 2012 was part of an entire district refinancing plan which was previously board approved. This continued in 2013 with the refunding of the 2001, 2002, 2008, and 2009 issues. The District took the opportunity to refund our variable interest bonds to fixed rates. The cost savings on the interest for these bonds has generated over \$1 million in savings versus the comparable fixed rate available in the past. However, attractive fixed rate yields and the ability to restructure more equalize repayments over future years afforded the District this refunding opportunity.

The last major component of this restructuring plan was the refunding and restructuring of the 2004 debt certificates which we completed in 2014. The District refunded the 2014 debt certificates and issued the 2015 General Obligation Bond (Alternative Revenue Source) to fund this. The total issuance of \$15,750,000 provided for the refunding of the \$14,470,000 in outstanding debt certificates plus issuance costs and provided additional funding for repayments. At the same time the District issued its annual rollover bond for 2014 which provided \$2 million in capital funding and \$740,000 for debt repayment. The two bonds provided 2014 issuance totals of \$18,490,000 (plus \$161,996 of unamortized premiums). During 2014, in addition to the refunding of the 2004 debt certificates of \$14,740,000 (plus unamortized premiums of \$93,134) the District paid its 2013 rollover bond of \$2,735,000 for a total long-term bond liability reduction of \$17,631,046. In addition to the bond activity our net pension obligation of \$62,912 was eliminated and our compensated absences liability increased \$6,020 to \$204,730.

Looking forward, the last item being considered to completely fund out available dollars for future funding will be the consideration of refunding our 2006 General Obligation Limited Bond. By refunding this bond potentially in 2016 the District hopes to achieve interest rate savings as well as a level repayment plan and available funding for the next 20 years. This will help ensure the availability of our annual capital projects funding thorough our annual roll over bond. The majority of the District annual bond repayment plans that allowed the equalized funding structure for our annual capital improvement plan call for interest payments each year. Principal payments have been at a minimum to allow this greater flexibility. Staggered principal payments begin at low amounts in 2015 and continue to increase upwards over the life of the bonds.

For many years, the District has received an AA- rating on its bond issues. In 2006 this bond rating was raised to AA, based on the integrity and financial strength of the District, as well as the forward thinking financial planning the District has accomplished. This rating from Standard and Poors is an excellent criterion to use in evaluating the current economic strength of the District. This rating did not change in 2009. In 2010 the district went through the rating process with Standard and Poor's in early and was upgraded to an AA+ rating, which despite everything that has happened with Illinois downgrades, the District has still maintained this rating since then, being reissued the AA+ rating in 2014. This is an excellent reflection of the District's financial strength.

Summary and Future Considerations

The overall operations for the District were good in 2014. The District adhered to its budget and finished the year with surpluses in all funds (unless planned otherwise) while maintaining positive fund balances across all funds. The District approved the 2014 operating budget without using any of its reserves except as planned in Debt Service and Special Recreation to utilize the restricted balances that were obtained for these uses. All of the remaining governmental funds have a balanced or surplus budget. A copy of this budget is available for inspection at the District's administrative offices and on our website (heparks.org). In 2014 the District was able to add to our fund reserves in all of our major operating funds and maintain all required balances and current reserves in our special revenue funds.

The District currently updates its five year CIRP plan every year as an important tool to ensure the long range planning for our capital expenditures. This document helps plan for the needed financial outside bond debt issue support the District will need. Additionally, 2014 completed all of the major components of our debt service plan with the 2004 debt certificate refunding.

The Working Cash Fund continues to provide an additional reserve mechanism for the District, ending 2014 with over one million dollars. This fund may no longer be levied for tax dollars; however the monies collected here continued to be invested to earn interest income so the fund balance grows. In 2015 the District will need to report its unfunded actuarial accrued liability (UAAL) for our IMRF pension obligation on our balance sheet. Even though in 2014 we reduced our net pension obligation to zero, the UAAL is currently \$1,226,321. Based on the imputed interest rate on this obligation of 7.5% it behooves the District to utilize the restricted though unencumbered working cash monies to pay this off. This can be done by having the District declare the funds unneeded and by flowing these through the General Fund we can utilize these funds plus available amounts in the IMRF Fund to eliminate our UAAL. This is planned for 2015.

The District has over \$8 million in operating reserve balances to ensure that any negative short-term economic impact will not force the District to utilize short-term debt. Additionally we have over \$7 million in debt service and capital reserves to ensure the integrity of our long range financial plans and CIRP.

A continued emphasis in obtaining additional revenue sources in advertising, donations and sponsorship revenues is generating additional revenues for the District. The District has secured two leases for cell antennas which is providing over \$50,000 in alternative revenue and continues to explore other options in these areas. AN additional site at BPC is being explored for 2015. The District has been working diligently on securing sponsorship and partner agreements and with the additions of the marquee signs we now have another valuable resource for alternative funding. The District continues its partnership with the Chicago Wolves which provides over \$200,000 per year in rental income.

The recreation programs, facilities and ice operations continue to maintain their level of performance. Many areas such as early childhood care, dance, and youth hockey continue to grow. Facility memberships continue to battle other area competition but manage to maintain our membership base. Continued contracts with organizations like Athletico, Sky High Volleyball and GE Corporate have been strong partners to help PSSWC maintain its market share and sustainability. There have been some

declines in program participation and memberships in 2014, though the District is working on new and exciting opportunities, many of which are more strongly demographically based, to ensure that we move towards increasing future revenues. At the same time continued management and evaluation of expenditures for all operations and a study of job responsibilities and work load will help to ensure the most efficient utilization of available funds. Ice operations have continued to grow and the excitement of the Chicago Blackhawks seem to continue to generate interest in our hockey programs. This flourish of revenue for the ice operations allows them to continue to make an annual transfer to debt service to help repay its original facility construction costs.

The BPC continues to battle a strong industry decline which shows limited play and revenue growth but we have been able to also maintain and grow certain market share with increased food and beverage sales and special events and rentals. A new division of responsibilities focusing on our food and beverage operations and allowing for two managers instead of just one in more specialized operational areas should be a benefit in capturing growth at this operation. Though 2014 saw BPC unable to make a contribution towards debt service, we hope this operation will grow in future years to allow that to happen once again.

PSSWC continues to see fierce competition in the health and wellness industry and that has shown some decline in memberships. We have focused on many value added opportunities with ancillary services in programs, lessons, personal training, etc. to help develop a potential future larger market base. PSSWC is now funding a lower annual contribution back to debt service to repay its original construction costs. This lower repayment amount will help the bottom line.

The District finalized its five year Comprehensive Master Plan (CMP) in 2014 and this provides a road map for our operations for the near future. The community wide survey conducted as part of this gained input from our residents to measure not only how we are doing but what we can do to ensure that the District is meeting their needs. One of the number one priorities is to continue to provide for its first class parks, playgrounds and facilities. The District focuses each year on the capital projects we have planned for and every year sees the renovations of our playgrounds, facilities, and infrastructure. 2014 saw renovations of four of our playgrounds.

The tax cap limitation and the continued decrease of the district's EAV is seeing a rise in the property tax rate, despite the fact that the District is limited on receiving any new tax dollars to new growth and the small CPI adjustment. Lowered property tax revenues due to tax objection refunds for prior years and current foreclosures will always be a challenge to maintain our operations at the high standards we do. Careful planning and monitoring of reserves ensures that any unforeseen decrease in tax revenues will not force an immediate impact on the services we provide.

The District will use all means possible to ensure future funding and is closely examining options that pertain to future tax dollars once certain large tax increment financing districts come onto the tax roles. The District's EAV has actually decreased from a high of over \$1.9 billion to \$1.25 billion in 2013. This does not necessarily adversely affect us for the majority of our operations; however it has made our tax rate go from just over \$.40 to now just under \$.67. 2014 saw a stabilization of our EAV with it actually increasing to just over \$1.26 billion. This is a very good sign that our economy may be stabilizing. Even though CPI continues at a small rate providing only 1.5% additional tax dollars in 2014 and a very low .8% scheduled for 2015, the District works frugally to ensure that we maintain our operations efficiently.

In 2014 we had the opportunity to annex property from Palatine Park District that will provide additional property taxes to our District. Another opportunity to acquire even more land from Palatine presented itself late in 2014 and will be finalized in 2015. These opportunities are very important for our District as we are able to grow our community base within our boundaries. The future tax dollars will help us maintain our top level of service for these ne future residents.

The District will continue to fund its CIRP and next year is filled with new and exciting renovations. In addition to the normal machinery and equipment purchased there are planned renovations at Evergreen playground, Valley playground, Willow playground, and Maple playground. This keeps us replacing three to four playground sites per year. We will be doing extensive repairs to existing concrete and asphalt work, especially at Triphahn Center and Willow Recreation Center. The District will also be doing extensive work to our HVAC units at many locations including Triphahn Center. Also at Triphahn Center, office renovations and carpeting will be completed. The second part of the District's VOIP installation will be completed in early 2015. The District has budgeted over \$1.5 million for capital purchases and improvements in 2015.

In addition to capital projects there will be continued new and fresh ideas in the programming areas especially in the District's three pillars like the National Recreation & Park Association that focus on fitness, environment and social equity. We will also continue to utilize grants to help our District go green. 2015 should be an exciting year and hopefully the financial performance will measure up to the excellent 2014 year we had.

Requests for Information

This financial report is designed to provide a general overview of the financial operations of the Hoffman Estates Park District. Questions concerning any of the information in this report or requests for additional information should be sent to:

Craig Talsma, Deputy Director/Director of Administration & Finance
Hoffman Estates Park District
1685 West Higgins Road
Hoffman Estates, Illinois 60169

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 17,063,707
Receivables (net, where applicable, of allowances for uncollectibles)	
Property taxes	8,429,366
Accounts	251,466
Interest	12,788
Prepaid items	83,360
Inventory	79,310
Capital assets not being depreciated	10,832,951
Capital assets being depreciated (net of accumulated depreciation)	46,730,060
Total assets	83,483,008
LIABILITIES	
Accounts payable	781,458
Accrued payroll	329,826
Accrued interest payable	270,533
Deposits	66,076
Unearned revenue	1,186,636
Long-term liabilities	
Due within one year	3,044,730
Due in more than one year	66,644,285
Total liabilities	72,323,544
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	8,390,000
Total liabilities and deferred inflows of resources	80,713,544
NET POSITION	
Net invested in capital assets	(8,388,077)
Restricted for	
Capital projects	21,642
Debt service	3,549,607
Employee retirement	456,057
Special recreation	209,435
Working cash	1,078,598
Unrestricted	5,842,202
TOTAL NET POSITION	\$ 2,769,464

See accompanying notes to financial statements.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Governmental Activities					
Recreation	\$ 17,354,202	\$ 10,166,116	\$ 30,851	\$ 242,556	\$ (6,914,679)
Interest and fiscal charges	3,757,266	-	-	-	(3,757,266)
TOTAL PRIMARY GOVERNMENT	\$ 21,111,468	\$ 10,166,116	\$ 30,851	\$ 242,556	(10,671,945)
			General Revenues		
			Taxes		
			Property taxes	8,164,393	
			TIF distributions	619,029	
			Replacement taxes	58,998	
			Investment income	125,440	
			Miscellaneous	36,781	
			Total	9,004,641	
			CHANGE IN NET POSITION		(1,667,304)
			NET POSITION, JANUARY 1		4,436,768
			NET POSITION, DECEMBER 31		\$ 2,769,464

See accompanying notes to financial statements.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2014

	General	Recreation	Bridges of Poplar Creek Country Club
ASSETS			
Cash and investments	\$ 3,373,089	\$ 3,353,212	\$ 145,923
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,762,483	1,004,710	-
Accounts	73,126	137,667	18,066
Accrued interest	12,744	-	-
Prepaid items	6,445	12,407	51,827
Inventory	-	-	79,310
	\$ 6,227,887	\$ 4,507,996	\$ 295,126
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 338,963	\$ 155,945	\$ 34,383
Accrued payroll	110,009	126,271	32,808
Deposits	10,278	5,584	45,075
Unearned revenue	54,454	1,001,538	15,726
	513,704	1,289,338	127,992
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,750,000	1,000,000	-
	3,263,704	2,289,338	127,992
FUND BALANCES			
Nonspendable			
Prepaid items	6,445	12,407	51,827
Inventory	-	-	79,310
Restricted			
Capital projects	-	-	-
Debt service	-	-	-
Employee retirement	-	-	-
Special recreation	-	-	-
Working cash	-	-	-
Assigned			
Cash reserves	1,802,258	2,206,251	35,997
Recreation	-	-	-
Unassigned			
General fund	1,155,480	-	-
	2,964,183	2,218,658	167,134
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 6,227,887	\$ 4,507,996	\$ 295,126

Prairie Stone Sports and Wellness Center	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,191,544	\$ 3,566,177	\$ 3,681,426	\$ 1,752,336	\$ 17,063,707
-	3,054,779	-	1,607,394	8,429,366
21,107	-	1,500	-	251,466
-	-	-	44	12,788
12,681	-	-	-	83,360
-	-	-	-	79,310
\$ 1,225,332	\$ 6,620,956	\$ 3,682,926	\$ 3,359,774	\$ 25,919,997
\$ 77,047	\$ 31,349	\$ 128,087	\$ 15,684	\$ 781,458
60,738	-	-	-	329,826
5,139	-	-	-	66,076
114,918	-	-	-	1,186,636
257,842	31,349	128,087	15,684	2,363,996
-	3,040,000	-	1,600,000	8,390,000
257,842	3,071,349	128,087	1,615,684	10,753,996
12,681	-	-	-	83,360
-	-	-	-	79,310
-	-	3,554,839	-	3,554,839
-	3,549,607	-	-	3,549,607
-	-	-	456,057	456,057
-	-	-	209,435	209,435
-	-	-	1,078,598	1,078,598
738,962	-	-	-	4,783,468
215,847	-	-	-	215,847
-	-	-	-	1,155,480
967,490	3,549,607	3,554,839	1,744,090	15,166,001
\$ 1,225,332	\$ 6,620,956	\$ 3,682,926	\$ 3,359,774	\$ 25,919,997

See accompanying notes to financial statements.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2014

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 15,166,001
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 governmental funds	57,563,011
Long-term liabilities, including bonds payable and debt certificates, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(68,360,000)
Unamortized premium on bonds is reported as an increase of liabilities on the statement of net position	(1,124,285)
Accrued interest on long-term liabilities is reported as a liability on the statement of net position	(270,533)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	<u>(204,730)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,769,464</u></u>

See accompanying notes to financial statements.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	General	Recreation	Bridges of Poplar Creek Country Club
REVENUES			
Taxes	\$ 2,844,131	\$ 1,050,994	\$ -
Charges for services	55,141	4,841,940	2,402,050
Communications and marketing	-	50,866	-
Water maintenance fees	-	-	11,000
Intergovernmental	29,971	880	-
Investment income	42,098	18,244	2,873
Miscellaneous	22,151	-	-
Total revenues	2,993,492	5,962,924	2,415,923
EXPENDITURES			
Current			
Recreation	3,138,619	5,476,548	2,302,014
Capital outlay	-	53,084	205,979
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	3,138,619	5,529,632	2,507,993
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(145,127)	433,292	(92,070)
OTHER FINANCING SOURCES (USES)			
Bonds issued at par	-	-	-
Premium on bonds issued	-	-	-
Transfers in	382,967	337,032	97,593
Transfers (out)	-	(1,706,150)	-
Sale of capital assets	23,850	-	-
Total other financing sources (uses)	406,817	(1,369,118)	97,593
NET CHANGE IN FUND BALANCES	261,690	(935,826)	5,523
FUND BALANCES, JANUARY 1	2,702,493	3,154,484	161,611
FUND BALANCES, DECEMBER 31	\$ 2,964,183	\$ 2,218,658	\$ 167,134

Prairie Stone Sports and Wellness Center	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,297,563	\$ -	\$ 1,649,731	\$ 8,842,419
2,812,717	-	-	-	10,111,848
-	-	-	-	50,866
-	-	-	-	11,000
-	151,362	89,372	-	271,585
6,440	24,218	21,642	9,925	125,440
-	-	8,855	-	31,006
2,819,157	3,473,143	119,869	1,659,656	19,444,164
2,372,883	-	258,872	468,796	14,017,732
6,022	-	2,206,482	253,844	2,725,411
-	17,475,000	-	-	17,475,000
-	3,859,392	-	-	3,859,392
2,378,905	21,334,392	2,465,354	722,640	38,077,535
440,252	(17,861,249)	(2,345,485)	937,016	(18,633,371)
-	16,490,000	2,000,000	-	18,490,000
-	161,996	-	-	161,996
147,896	1,256,150	1,000,007	-	3,221,645
(550,000)	-	-	(965,495)	(3,221,645)
-	-	-	-	23,850
(402,104)	17,908,146	3,000,007	(965,495)	18,675,846
38,148	46,897	654,522	(28,479)	42,475
929,342	3,502,710	2,900,317	1,772,569	15,123,526
\$ 967,490	\$ 3,549,607	\$ 3,554,839	\$ 1,744,090	\$ 15,166,001

See accompanying notes to financial statements.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 42,475
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized in the statement of activities	2,292,970
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation of capital assets	(2,787,820)
The loss on disposal of capital assets is reported on the statement of activities as an increase of expense	(196,951)
The issuance of long-term debt is reported as an other financing source in the fund level but an increase in liabilities at the government-wide financial statements	
Proceeds from sale of bonds	(18,490,000)
Premium on bonds	(161,996)
The repayment of 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	17,475,000
Amortization of bond premium is not recorded as an expenditure in governmental funds	93,134
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	8,992
The change in compensated absences liability is reported as an expense on the statement of activities	(6,020)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	62,912
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,667,304)</u>

See accompanying notes to financial statements.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hoffman Estates Park District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 District's accounting policies are described below.

a. Financial Reporting Entity

The Hoffman Estates Park District, Cook County, Illinois was incorporated in May 1964, and is duly organized and existing under the provisions of the laws of the State of Illinois, and operates under the provisions of the Park District Code of the State of Illinois, approved July 8, 1947, and laws amendatory thereto. The District is governed by an elected Board of seven Park Commissioners. The District provides services, which include preservation of open space, recreational program activities, development and maintenance of parks and facilities and general administration. As required by GAAP, these financial statements present the District (the primary government). There are no component units that are required to be included in the District's reporting entity because of the significance of their operational or financial relationship with the District.

b. Fund Accounting

The District 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 governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District's funds are classified into the following category: governmental. The District does not report any proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

Governmental funds are used to account for all or most of a government's general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. With the exception of interfund services provided and used, the effect of material interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, program fees and intergovernmental revenues.

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 contributions 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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District, except those accounted for in another fund.

The Recreation Fund, a special revenue fund, is used to account for the proceeds derived from, and the related costs incurred, in connection with the recreational activities offered by the District. Financing is provided from an annual property tax levy restricted by the state for recreation purposes and fees and charges for programs and activities assigned for recreation purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Bridges of Poplar Creek Country Club Fund, a special revenue fund, accounts for the golf course and food and beverage operations at the Bridges of Poplar Creek Country Club.

The Prairie Stone Sports and Wellness Center Fund, a special revenue fund, accounts for the proceeds derived from, and the related costs incurred, in connection with the recreational activities offered at the Prairie Stone Sports and Wellness Center.

The Debt Service Fund accounts for the accumulation of funds that are restricted or assigned for repayment of principal and interest on the District's general obligation debt where repayment is financed by an annual property tax levy or through transfers from other funds.

The Capital Projects Fund accounts for restricted financial resources to be used for the acquisition or construction of major capital facilities. The District has elected to report this fund as a major fund.

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. Revenues are recorded when earned and expenses 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.

Governmental fund financial statements are reported using the 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 become both 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 be used to pay liabilities of the current period. The District recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related liability is incurred. Principal and interest on general long-term debt are recorded as expenditures become due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Those revenues susceptible to accrual (within 60 days) are property taxes, interest revenue and charges for services.

The District reports deferred/unearned/unavailable revenue on its financial statements. Deferred/unearned/unavailable revenues arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned/unavailable revenues also arise when resources are received by the government before it has legal claim to them 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 government has a legal claim to the resources, the liability or deferred inflow of resources for deferred/unearned/unavailable revenue is removed from the financial statements and revenue is recognized.

e. Investments

Investments are reported at fair value. Fair value is based on quoted market prices at December 31, 2014.

f. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased. Such amounts are offset by nonspendable fund balance.

g. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items using the consumption method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., bike trails, paths, roads, bridges 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 District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are reported 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 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. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Construction	7-50
Machinery and equipment	5-20
Vehicles	5-20

i. Compensated Absences

Accumulated unpaid vacation and other employee benefit amounts for governmental funds are accrued in these funds as a current liability to the extent that employees have retired or terminated at year end but have not been paid. A portion of unused illness and injury (sick) leave for employees hired prior to January 1, 2013 is reimbursed upon separation. Vested or accumulated vacation and qualified illness and injury leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Unamortized losses or gains on refundings, bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported as net of the applicable bond premium or discount.

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.

l. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or from enabling legislation adopted by the District. Committed fund balance is constrained by formal actions of the District's Board of Commissioners, which is considered the District's highest level of decision-making authority. Formal action involves ordinances approved by the Board. Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the District's Finance Director through the District's fund balance policy. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the District considers committed funds to be expended first followed by assigned funds and then unassigned funds.

The District has established fund balance policies for their governmental funds. It is the policy of the District that every effort be made to maintain a fund balance reserve of 40% of the estimated annual operating expenditures of the General Fund and 25% in all other funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balance/Net Position (Continued)

The various special revenue funds supported by property taxes are restricted due to the restricted revenue streams of the fund balance. Other funds are restricted due to the nature of the contributions to the fund.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net invested in capital assets represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

m. Interfund Transactions

Interfund 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 reimbursements, are reported as transfers.

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue for property taxes, is reported only in the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or are earned.

2. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Illinois Compiled Statutes (ILCS) and the District's investment policy authorize the District to invest in obligations issued by the United States Government, investments constituting direct obligations of any bank, short-term commercial paper of United States corporations with assets exceeding \$500 million, short-term obligations issued by the Federal National Mortgage Association, shares or other securities issued by savings and loan associations, share accounts of credit unions chartered in the United States with its principal office located in Illinois, securities issued by Illinois Funds, Illinois Park District Liquid Asset Fund (IPDLAF) and other securities as allowed by the Illinois Public Funds Investment Act.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. IPDLAF is an investment pool managed by the Illinois Association of Parks. Both Illinois Funds and the IPDLAF maintain a \$1 share value.

In addition, the Board of Commissioners of the District has adopted an investment policy which provides further restrictions on the investment of district funds. It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District 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 objectives of the policy, in order of priority are: legality, safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral to be held in the name of the District by the District's agent with a market value of at least 110% for all bank balances in excess of federal depository insurance.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

As of December 31, 2014, the District had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Negotiable certificates of deposit	\$ 11,925,000	\$ 5,255,000	\$ 5,445,000	\$ 1,225,000	\$ -
TOTAL	\$ 11,925,000	\$ 5,255,000	\$ 5,445,000	\$ 1,225,000	\$ -

In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities.

In order to limit its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, the District limits its investments to obligations that are guaranteed by the United States Government and commercial paper. The negotiable certificates of deposit are not rated by rating agencies.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the District's investment policy requires 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 in a custodial account with the trust department of an approved financial institution.

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The investment policy does not include any limitations on individual investment types.

3. RECEIVABLES

Property taxes for 2014 attach as an enforceable lien on January 1, 2014 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and issued on or about February 1, 2014 and July 1, 2014 and are payable in two installments, on or about March 1, 2014 and August 1, 2014. The County collects such taxes and remits them periodically. Since the 2014 levy is intended to finance the 2015 fiscal year, the levy has been recorded as a receivable and a deferred inflow of resources.

4. JOINT GOVERNED ORGANIZATION - NORTHWEST SPECIAL RECREATION ASSOCIATION

The District is a member of the Northwest Special Recreation Association (NWSRA), which was organized by 16 area park districts in order to provide special recreation programs to the physically and mentally handicapped within their districts and to share the expenses of such programs on a cooperative basis. Each member district's fiscal year 2014 contribution is based on its pro rata share of 75% of the assessed valuation and 25% of the gross populations. For the year ended December 31, 2014, the District contributed \$304,907 to NWSRA.

NWSRA's Board of Directors consists of one member from each participating district. The Board of Directors is the governing body of NWSRA and is responsible for establishing all major policies and changes therein and for approving all budgets, capital outlay, programming and master plans. The District is not financially accountable for the activities of NWSRA and, accordingly, NWSRA has not been included in the accompanying financial statements.

Complete financial statements for NWSRA can be obtained from NWSRA administrative offices at 3000 Central Road, Rolling Meadows, Illinois.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 10,592,191	\$ 240,760	\$ -	\$ 10,832,951
Total capital assets not being depreciated	10,592,191	240,760	-	10,832,951
Capital assets being depreciated				
Land improvements	19,118,213	225,197	-	19,343,410
Construction	52,161,109	1,525,904	-	53,687,013
Machinery and equipment	8,196,369	232,151	655,606	7,772,914
Vehicles	1,005,123	68,958	-	1,074,081
Total capital assets being depreciated	80,480,814	2,052,210	655,606	81,877,418
Less accumulated depreciation for				
Land improvements	10,999,448	961,393	-	11,960,841
Construction	14,864,545	1,285,907	-	16,150,452
Machinery and equipment	6,187,106	480,230	458,655	6,208,681
Vehicles	767,094	60,290	-	827,384
Total accumulated depreciation	32,818,193	2,787,820	458,655	35,147,358
Total capital assets being depreciated, net	47,662,621	(735,610)	196,951	46,730,060
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 58,254,812	\$ (494,850)	\$ 196,951	\$ 57,563,011

5. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
Recreation	<u>\$ 2,787,820</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,787,820</u></u>

6. RISK MANAGEMENT

The District is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees and natural disasters.

a. Park District Risk Management Agency (PDRMA)

Since 1984, the District has been a member of the Park District Risk Management Agency (PDRMA) Property/Casualty Program, a joint risk management pool of park and forest preserve districts and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials', employment practices liability and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the District.

As a member of PDRMA's Property/Casualty Program, the District is represented on the Property/Casualty Program Council and the Membership Assembly and is entitled to one vote on each. The relationship between the District and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the District's governing body. The District is contractually obligated to make all annual and supplementary contributions to PDRMA, to report claims on a timely basis, cooperate with PDRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by PDRMA.

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

6. RISK MANAGEMENT (Continued)

a. Park District Risk Management Agency (PDRMA) (Continued)

Initial contributions are determined in advance of each membership year based on the individual member's expenditures as defined in the by-laws of PDRMA, assessment factors based on past member experience and the funding needs for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure that adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were members. The District is not aware of any supplemental assessments owed to PDRMA for the past claim year.

The District's payments to PDRMA are displayed on the financial statements as expenditures in the governmental funds.

PDRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. PDRMA also provides its members with risk management services, including the defense of and settlement of claims and establishes reasonable and necessary loss reduction and prevention procedures to be followed by the members.

At December 31, 2013, the most recent information available, the total equity of the PDRMA Property/Casualty Program was \$40,284,346. The District's portion of the overall equity of the pool is 1.834%. The District made payments of \$355,366 to PDRMA Property/Casualty Program during the year ended December 31, 2014.

Since 97% of the PDRMA Property/Casualty Program's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the member balances are adjusted annually as more recent loss information becomes available.

Complete financial statements for the PDRMA can be obtained from the PDRMA's administration offices at 2033 Burlington Avenue, Lisle, Illinois.

b. PDRMA Health Program

Since 1990, the District has participated in the PDRMA Health Program, a health insurance pool of park districts, special recreation associations and public service organizations through which medical, vision, dental, life and prescription drug card coverage are provided in excess of specified limits for the members, acting as a single insurable unit. The pool purchases excess insurance covering single claims over \$225,000. The District's payments to the PDRMA Health Program are displayed on the financial statements as expenditures in the governmental funds.

6. RISK MANAGEMENT (Continued)

b. PDRMA Health Program (Continued)

As a member of PDRMA's Health Program, the District is represented on the Health Program Council as well as the Membership Assembly and is entitled to one vote on each. The relationship between the District and PDRMA is governed by a contract and by-laws that have been adopted by resolution of each member's governing body. Members are contractually obligated to make all monthly payments to the PDRMA Health Program and to fund any deficit of the PDRMA Health Program upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Health Program Council.

The District does not have any control over the activities of PDRMA Health Program beyond its representation on the Board of Directors. The District is not aware of any supplemental contributions owed to PDRMA Health Program at December 31, 2014.

At December 31, 2013, the most recent information available, the total equity of the PDRMA Health Program was \$7,217,255. The District made payments of \$628,586 to PDRMA Health Program during the year ended December 31, 2014.

A large percentage of the PDRMA Health Program's liabilities are reserved for losses and loss adjustment expenses, which are based on an actuarial estimate of the ultimate losses incurred.

Complete financial statements for the PDRMA Health Program can be obtained from the PDRMA's administration offices at 2033 Burlington Avenue, Lisle, Illinois.

7. LONG-TERM DEBT

a. General Obligation Bonds/Debt Certificates

The District issues general obligation bonds and debt certificates to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds and debt certificates are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative
For Discussion Purposes Only

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds/Debt Certificates (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$6,300,000 General Obligation Limited Tax Park Bonds, Series 2006 due in annual installments of \$250,000 to \$1,225,000, plus interest of 4% to 5% through December 1, 2026.	Debt Service	\$ 4,800,000	\$ -	\$ -	\$ 4,800,000	\$ -
\$6,680,000 Taxable General Obligation Park Bonds (Alternate Revenue Source), Series 2010A due in annual installments of \$260,000 to \$515,000 plus interest of 3.8% to 7.4% through December 1, 2040. A portion of the interest is granted back to the District through the Build America Bond program.	Debt Service	6,680,000	-	-	6,680,000	-
\$1,520,000 General Obligation Park Bonds (Alternate Revenue Source), Series 2010B due in annual installments of \$195,000 to \$245,000 plus interest of 3.80% to 5.60% through December 1, 2022.	Debt Service	1,520,000	-	-	1,520,000	-
\$20,500,000 General Obligation Park Bonds (Alternate Revenue Source), Series 2010C due in annual installments of \$635,000 to \$1,590,000 plus interest of 4.00% to 5.35% through December 1, 2040.	Debt Service	20,500,000	-	-	20,500,000	-
\$2,735,000 General Obligation Limited Tax Park Bonds, Series 2013 due on December 1, 2014 plus interest of 1%.	Debt Service	2,735,000	-	2,735,000	-	-

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative
For Discussion Purposes Only

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds/Debt Certificates (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$16,370,000 General Obligation Park Bonds (Alternate Revenue Source), Series 2013A due in annual installments of \$870,000 to \$4,000,000 plus interest of 4.625% to 5.250% through December 1, 2043.	Debt Service	\$ 16,370,000	\$ -	\$ -	\$ 16,370,000	\$ -
\$2,740,000 General Obligation Limited Tax Park Bonds, Series 2014 due on December 1, 2015 plus interest of 2%.	Debt Service	-	2,740,000	-	2,740,000	2,740,000
\$15,750,000 General Obligation Park Bonds (Alternate Revenue Source), Series 2014A due in annual installments of \$100,000 to \$3,350,000 plus interest of 2% to 5% through December 1, 2044.	Debt Service	-	15,750,000	-	15,750,000	100,000
TOTAL		<u>\$ 52,605,000</u>	<u>\$ 18,490,000</u>	<u>\$ 2,735,000</u>	<u>\$ 68,360,000</u>	<u>\$ 2,840,000</u>

The alternate revenue bonds and the interest thereon are limited obligations of the District payable solely from the pledged revenues and pledged taxes. The pledged revenues are both user fees for recreation programs and principal proceeds received by the District from time-to-time from the issuance of annual limited obligation bonds or notes to the fullest extent permitted by law, including Section 6-4 of the Park District Code and such other funds of the District as may be necessary and on hand from time-to-time and lawfully available for such payment. Pledged taxes are ad valorem property taxes upon all taxable property. This pledge will remain until all bonds are retired or mature in 2044 as disclosed above. No principal or interest was due for the current year and total pledged revenues were \$4,887,840.

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative
For Discussion Purposes Only

7. LONG-TERM DEBT (Continued)

b. Debt certificates currently outstanding are as follows:

Issue	Fund Debt Retired by	Balance January 1	Issuances	Retirements	Balance December 31	Current Portion
\$17,500,000 Debt Certificates, Series 2004 due in annual installments of \$310,000 to \$2,670,000, plus interest of 2.5% to 5.0% through December 1, 2023.	Debt Service	\$ 14,740,000	\$ -	\$ 14,740,000	\$ -	\$ -
TOTAL		\$ 14,740,000	\$ -	\$ 14,740,000	\$ -	\$ -

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2015	\$ 2,840,000	\$ 3,275,723
2016	295,000	3,248,250
2017	300,000	3,238,841
2018	305,000	3,227,340
2019	315,000	3,214,342
2020	325,000	3,201,058
2021	1,120,000	3,186,359
2022	1,155,000	3,135,768
2023	1,600,000	3,082,159
2024	2,190,000	3,004,908
2025	2,255,000	2,895,319
2026	2,450,000	2,781,368
2027	1,275,000	2,656,883
2028	1,380,000	2,590,270
2029	1,480,000	2,517,411
2030	1,540,000	2,443,225
2031	1,600,000	2,365,500
2032	1,670,000	2,280,999
2033	2,240,000	2,189,418
2034	2,360,000	2,073,877
2035	2,540,000	1,950,929
2036	3,195,000	1,819,412
2037	3,415,000	1,653,648

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative
For Discussion Purposes Only

7. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2038	\$ 3,655,000	\$ 1,476,628
2039	3,905,000	1,288,364
2040	4,355,000	1,088,322
2041	4,750,000	867,750
2042	5,250,000	634,000
2043	5,250,000	394,000
2044	3,350,000	134,000
TOTAL	\$ 68,360,000	\$ 67,916,071

d. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in long-term liabilities:

	Balance January 1	Additions	Reductions	Balance December 31	Current Portion	Long-Term Portion
GOVERNMENTAL ACTIVITIES						
General obligation bonds	\$ 52,605,000	\$ 18,490,000	\$ 2,735,000	\$ 68,360,000	\$ 2,840,000	\$ 65,520,000
Debt certificates	14,740,000	-	14,740,000	-	-	-
Unamortized premium	1,055,423	161,996	93,134	1,124,285	-	1,124,285
Net pension obligation*	62,912	-	62,912	-	-	-
Compensated absences*	198,710	204,730	198,710	204,730	204,730	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 68,662,045	\$ 18,856,726	\$ 17,829,756	\$ 69,689,015	\$ 3,044,730	\$ 66,644,285

*Primarily liquidated by the General Fund and Recreation Fund.

e. Current Refunding

On December 18, 2014, the District issued \$15,750,000 General Obligation Park Bonds (Alternate Revenue Source), Series 2014A to refund the 2004 Debt Certificates. \$15,123,470 of the proceeds, including reoffering premium, were remitted to the paying agent to currently refund the outstanding balances of the above-mentioned certificates. Through the refunding, the District increased its overall debt service by \$13,593,922 and had an economic gain of \$412,619. All of the defeased certificates were paid by the paying agent as of December 31, 2014.

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative
For Discussion Purposes Only

8. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfers In	Transfers Out
MAJOR GOVERNMENTAL		
General		
Nonmajor governmental	\$ 382,967	\$ -
Total General	<u>382,967</u>	<u>-</u>
Recreation		
Debt Service	-	706,150
Capital Projects	-	1,000,000
Nonmajor governmental	337,032	-
Total Recreation	<u>337,032</u>	<u>1,706,150</u>
Bridges of Poplar Creek Country Club		
Nonmajor governmental	97,593	-
Total Bridges of Poplar Creek Country Club	<u>97,593</u>	<u>-</u>
Prairie Stone Sports and Wellness Center		
Debt Service	-	550,000
Nonmajor governmental	147,896	-
Total Prairie Stone Sports and Wellness Center	<u>147,896</u>	<u>550,000</u>
Debt Service		
Recreation	706,150	-
Bridges of Poplar Creek Country Club	550,000	-
Total Debt Service	<u>1,256,150</u>	<u>-</u>
Capital Projects		
Recreation	1,000,000	-
Nonmajor governmental	7	-
Total Capital Projects	<u>1,000,007</u>	<u>-</u>
NONMAJOR GOVERNMENTAL		
General	-	382,967
Recreation	-	337,032
Bridges of Poplar Creek Country Club	-	97,593
Prairie Stone Sports and Wellness Center	-	147,896
Capital Projects	-	7
Total nonmajor governmental	<u>-</u>	<u>965,495</u>
TOTAL GOVERNMENT	<u>\$ 3,221,645</u>	<u>\$ 3,221,645</u>

8. INTERFUND TRANSFERS (Continued)

The purpose of significant transfers is as follows:

- \$1,256,150 was transferred to the Debt Service Fund from the Recreation Fund and the Bridges of Poplar Creek County Club Fund to fund debt payments. These transfers will not be repaid.
- \$1,000,000 was transferred to the Capital Projects Fund from the Recreation Fund to fund debt payments. This transfer will not be repaid.
- \$965,495 was transferred to the General, Recreation, Bridges of Poplar Creek Country Club, Prairie Stone Sports and Wellness Center and Capital Projects Funds from the IMRF and Social Security Funds to fund employee benefit expenses. These transfers will not be repaid.

9. CONTINGENT LIABILITIES

a. Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 District expects such amounts, if any, to be immaterial.

10. LEASE COMMITMENTS

The District has entered into two operating leases with unrelated parties for equipment used at the Bridges of Poplar Creek Country Club. Both leases have terms of 48 months which expire in 2016. Total equipment rent expenditures for the District was \$131,014 for the year ended December 31, 2014.

Future minimum lease payments are as follows:

2015	\$ 131,014
2016	<u>131,014</u>
TOTAL	<u>\$ 262,028</u>

11. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The required employer rate for calendar year 2014 was 9.72% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

11. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 29 year basis.

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

For Calendar Year	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 453,291	\$ 451,723	99.65%	\$ 65,860
2013	461,885	460,283	99.65%	62,912
2014	451,115	514,027	113.95%	-

The net pension obligation (asset) has been calculated as follows:

Annual required contribution	\$ 449,562
Interest on net pension obligation	5,736
Adjustment to annual required contributions	<u>(4,183)</u>
Annual pension cost	451,115
Contributions made	<u>514,027</u>
Increase (decrease) in net pension obligation	(62,912)
Net pension obligation, beginning of year	<u>62,912</u>
NET PENSION OBLIGATION, END OF YEAR	<u>\$ -</u>

The funded status of the plan as of December 31, 2014, based on actuarial valuations performed as of the same date, is as follows. The actuarial assumptions used to determine the funded status of the plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

11. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

	Illinois Municipal Retirement
Actuarial accrued liability (AAL)	\$ 14,175,928
Actuarial value of plan assets	12,949,607
Unfunded actuarial accrued liability (UAAL)	1,226,321
Funded ratio (actuarial value of plan assets/AAL)	91.35%
Covered payroll (active plan members)	\$ 4,625,128
UAAL as a percentage of covered payroll	26.51%

See the schedules of funding progress and employer contributions in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plan.

12. OTHER POSTEMPLOYMENT BENEFITS

The District has evaluated its potential other postemployment benefits liability. The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statues which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, no former employees have chosen to stay in the District's health insurance plan. Therefore, there has been 0% utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally the District had no former employees for which the District was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the District has not recorded any postemployment benefit liability as of December 31, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 2,625,000	\$ 2,588,870	\$ (36,130)
TIF distributions	-	196,263	\$ 196,263
Replacement taxes	56,000	58,998	2,998
Charges for services	53,516	55,141	1,625
Intergovernmental	-	29,971	29,971
Investment income	40,000	42,098	2,098
Miscellaneous	5,000	22,151	17,151
Total revenues	2,779,516	2,993,492	213,976
EXPENDITURES			
Recreation			
Administration	1,660,512	1,668,312	7,800
Maintenance	1,493,250	1,470,307	(22,943)
Total expenditures	3,153,762	3,138,619	(15,143)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(374,246)	(145,127)	229,119
OTHER FINANCING SOURCES (USES)			
Transfers in	382,046	382,967	921
Sale of capital assets	7,200	23,850	16,650
Total other financing sources (uses)	389,246	406,817	17,571
NET CHANGE IN FUND BALANCE	<u>\$ 15,000</u>	261,690	<u>\$ 246,690</u>
FUND BALANCE, JANUARY 1		<u>2,702,493</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 2,964,183</u></u>	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

**Preliminary and Tentative
For Discussion Purposes Only**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 990,000	\$ 976,933	\$ (13,067)
TIF distributions	-	74,061	74,061
Intergovernmental	-	880	880
Communications and marketing	61,665	50,866	(10,799)
Charges for services			
Rentals	83,350	47,692	(35,658)
Triphahn Center	269,739	266,324	(3,415)
Willow Racquet Club	283,748	277,561	(6,187)
General Leisure Services	466,657	450,646	(16,011)
Senior Programs	80,226	85,348	5,122
Early Childhood	1,453,893	1,513,793	59,900
Adult Athletics	98,660	68,631	(30,029)
Youth Athletics	256,859	195,236	(61,623)
Seascape Aquatic Center	264,215	247,344	(16,871)
Ice Center	1,614,750	1,689,365	74,615
Investment income	-	18,244	18,244
	5,923,762	5,962,924	39,162
EXPENDITURES			
Recreation			
Administration	2,123,402	2,188,011	64,609
Communications and marketing	241,498	200,428	(41,070)
Maintenance	193,750	208,927	15,177
Programs			
Triphahn Center	151,635	149,673	(1,962)
Willow Racquet Club	146,722	127,724	(18,998)
General Leisure Services	340,558	317,319	(23,239)
Senior Programs	65,420	69,182	3,762
Early Childhood	869,934	831,808	(38,126)
Youth Baseball and Softball	27,946	20,365	(7,581)
Adult Athletics	64,490	42,966	(21,524)
Youth Athletics	102,747	84,173	(18,574)
Seascape Aquatic Center	347,592	359,583	11,991
Ice Center	802,478	876,389	73,911
Capital outlay	74,630	53,084	(21,546)
	5,552,802	5,529,632	(23,170)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	370,960	433,292	62,332
OTHER FINANCING SOURCES (USES)			
Transfers in	340,190	337,032	(3,158)
Transfers (out)	(706,150)	(1,706,150)	(1,000,000)
	(365,960)	(1,369,118)	(1,003,158)
NET CHANGE IN FUND BALANCE	\$ 5,000	(935,826)	\$ (940,826)
FUND BALANCE, JANUARY 1		3,154,484	
FUND BALANCE, DECEMBER 31		\$ 2,218,658	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BRIDGES OF POPLAR CREEK COUNTRY CLUB FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges for services			
Golf operations	\$ 1,539,352	\$ 1,285,230	\$ (254,122)
Food and beverage operations	1,061,448	1,066,874	5,426
Rentals	35,300	38,125	2,825
Miscellaneous	10,000	9,380	(620)
Advertising	5,169	2,441	(2,728)
Water maintenance fees	11,000	11,000	-
Investment income	-	2,873	2,873
Total revenues	2,662,269	2,415,923	(246,346)
EXPENDITURES			
Recreation			
Administration	525,498	510,108	(15,390)
Maintenance	671,441	662,285	(9,156)
Golf operations	371,504	327,453	(44,051)
Food and beverage operations	889,759	802,168	(87,591)
Capital outlay	209,483	205,979	(3,504)
Total expenditures	2,667,685	2,507,993	(159,692)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,416)	(92,070)	(86,654)
OTHER FINANCING SOURCES (USES)			
Transfers in	110,416	97,593	(12,823)
Transfers (out)	(100,000)	-	100,000
Total other financing sources (uses)	10,416	97,593	87,177
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	5,523	<u>\$ 523</u>
FUND BALANCE, JANUARY 1		<u>161,611</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 167,134</u>	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PRAIRIE STONE SPORTS AND WELLNESS CENTER FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Charges for services			
Rentals	\$ 178,777	\$ 185,952	\$ 7,175
Fitness	2,577,232	2,413,108	(164,124)
Aquatics	185,800	174,708	(11,092)
Recreation	66,140	38,403	(27,737)
Merchandise sales	1,110	546	(564)
Investment income	-	6,440	6,440
Total revenues	3,009,059	2,819,157	(189,902)
EXPENDITURES			
Recreation			
Administration	1,271,387	1,206,838	(64,549)
Communications and marketing	87,075	72,371	(14,704)
Maintenance	294,596	292,642	(1,954)
Programs			
Fitness	690,313	661,248	(29,065)
Aquatics	46,000	32,227	(13,773)
Recreation	106,147	107,557	1,410
Capital outlay	18,000	6,022	(11,978)
Total expenditures	2,513,518	2,378,905	(134,613)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	495,541	440,252	(55,289)
OTHER FINANCING SOURCES (USES)			
Transfers in	157,534	147,896	(9,638)
Transfers (out)	(643,075)	(550,000)	93,075
Total other financing sources (uses)	(485,541)	(402,104)	83,437
NET CHANGE IN FUND BALANCE	<u>\$ 10,000</u>	38,148	<u>\$ 28,148</u>
FUND BALANCE, JANUARY 1		<u>929,342</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 967,490</u></u>	

(See independent auditor's report.)

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2014

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ 8,052,403	\$ 9,416,470	85.51%	\$ 1,364,067	\$ 3,858,625	35.35%
2010	9,010,184	10,218,602	88.17%	1,208,418	3,968,083	30.45%
2011	9,787,041	11,283,727	86.74%	1,496,686	4,231,898	35.37%
2012	10,435,416	11,700,710	89.19%	1,265,294	4,495,675	28.14%
2013	11,641,559	12,583,928	92.51%	942,369	4,490,568	20.99%
2014	12,949,607	14,175,928	91.35%	1,226,321	4,625,128	26.51%

Schedule of Employer Contributions

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 311,005	\$ 311,005	100.00%
2010	351,969	396,808	88.70%
2011	413,033	440,541	93.76%
2012	451,815	450,485	100.30%
2013	458,708	458,708	100.00%
2014	514,027	449,562	114.34%

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

LEGAL COMPLIANCE AND ACCOUNTABILITY

a. Budgets

The District’s budgetary operations are governed by the appropriation law detailed in the Illinois Park District Code and administered by the Business Manager. Annually, before the end of the first quarter of each year, the District appropriates amounts necessary to defray all necessary expenditures identified in the budget, plus additional specifically identified contingent items. The appropriation law allows for transfers among categories in any fund, not to exceed an aggregate of 10% of the total amount appropriated in such fund, without additional District Board action. After the first six months of any fiscal year, the District Board may, by a two-thirds vote, amend the initially approved appropriation ordinance. Unused appropriations lapse at the end of the year.

Budgetary information for individual funds is prepared on the same basis as the basic financial statements. The budget is prepared in accordance with the Illinois Park District Code and is derived from the combined annual budget and appropriation ordinance of the District. Working budgets are prepared for all governmental fund types. All budgets are prepared based on the annual fiscal year of the District. Budgetary funds are controlled by an integrated budgetary accounting system in accordance, where applicable, with various legal requirements which govern the District.

Expenditures may not legally exceed budgeted appropriations at the fund level.

b. Excess of Actual Expenditures over Budget in Individual Funds

The following individual funds exceeded the budgets/appropriations in the following amounts:

Fund	Actual Expenditures	Final Budget/ Appropriation
Debt Service	\$ 21,334,391	\$ 20,786,157
IMRF	78,029	67,500

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 3,065,000	\$ 3,065,327	\$ 327
TIF distributions	-	232,236	232,236
Intergovernmental	150,000	151,362	1,362
Investment income	1,932	24,218	22,286
Total revenues	3,216,932	3,473,143	256,211
EXPENDITURES			
Debt service			
Principal retirement	17,445,000	17,475,000	30,000
Interest and fiscal charges	3,341,157	3,859,392	518,235
Total expenditures	20,786,157	21,334,392	548,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,569,225)	(17,861,249)	(292,024)
OTHER FINANCING SOURCES (USES)			
Bonds issued at par	17,695,000	16,490,000	(1,205,000)
Premium on bonds issued	-	161,996	161,996
Transfers in	1,449,225	1,256,150	(193,075)
Total other financing sources (uses)	19,144,225	17,908,146	(1,236,079)
NET CHANGE IN FUND BALANCE	<u>\$ 1,575,000</u>	46,897	<u>\$ (1,528,103)</u>
FUND BALANCE, JANUARY 1		<u>3,502,710</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 3,549,607</u></u>	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ -	\$ 89,372	\$ 89,372
Investment income	2,586	21,642	19,056
Miscellaneous	-	8,855	8,855
Total revenues	2,586	119,869	117,283
EXPENDITURES			
Recreation			
Administration	133,884	146,916	13,032
Maintenance	74,112	94,596	20,484
Planning services	23,743	17,360	(6,383)
Capital outlay	2,260,150	2,206,482	(53,668)
Total expenditures	2,491,889	2,465,354	(26,535)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(2,489,303)	(2,345,485)	143,818
OTHER FINANCING SOURCES (USES)			
Bonds issued at par	845,000	2,000,000	1,155,000
Transfers in	1,303	1,000,007	998,704
Total other financing sources (uses)	846,303	3,000,007	2,153,704
NET CHANGE IN FUND BALANCE			
	<u>\$ (1,643,000)</u>	654,522	<u>\$ 2,297,522</u>
FUND BALANCE, JANUARY 1			
		<u>2,900,317</u>	
FUND BALANCE, DECEMBER 31			
		<u>\$ 3,554,839</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Illinois Municipal Retirement Fund - To account for the activities resulting from the District's participation in IMRF. Financing is provided by a restricted annual property tax levy that produces a sufficient amount to pay the District's contributions to IMRF on behalf of the District's employees and can only be used for this purpose.

Social Security Fund - To account for the District's obligation for Social Security and Medicare taxes. Financing is provided by a restricted annual property tax levy, which produces the majority of the District's contribution and can only be used for this purpose.

Special Recreation Fund - To account for the expenditure in connection with the District's participation in the Northwest Special Recreation Association, which provides recreation programs to the handicapped and impaired. Financing is provided from a restricted annual property tax levy, the proceeds of which can only be used for this purpose.

Working Cash Fund - To account for amounts provided by tax levies restricted to providing working capital to other funds.

HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	Special Revenue			Permanent	Total
	IMRF	Social Security	Special Recreation	Working Cash	Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 238,410	\$ 223,298	\$ 212,074	\$ 1,078,554	\$ 1,752,336
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	502,520	552,520	552,354	-	1,607,394
Accrued interest	-	-	-	44	44
TOTAL ASSETS	\$ 740,930	\$ 775,818	\$ 764,428	\$ 1,078,598	\$ 3,359,774
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,346	\$ 5,345	\$ 4,993	\$ -	\$ 15,684
Total liabilities	5,346	5,345	4,993	-	15,684
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	500,000	550,000	550,000	-	1,600,000
Total liabilities and deferred inflows of resources	505,346	555,345	554,993	-	1,615,684
FUND BALANCES					
Restricted					
Employee retirement	235,584	220,473	-	-	456,057
Special recreation	-	-	209,435	-	209,435
Working cash	-	-	-	1,078,598	1,078,598
Total fund balances	235,584	220,473	209,435	1,078,598	1,744,090
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 740,930	\$ 775,818	\$ 764,428	\$ 1,078,598	\$ 3,359,774

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	Special Revenue			Permanent	Total
	IMRF	Social Security	Special Recreation	Working Cash	Nonmajor Governmental Funds
REVENUES					
Taxes					
Property taxes	\$ 522,659	\$ 522,659	\$ 487,944	\$ -	\$ 1,533,262
TIF distributions	39,623	39,623	37,223	-	116,469
Investment income	1,493	1,319	1,821	5,292	9,925
Total revenues	563,775	563,601	526,988	5,292	1,659,656
EXPENDITURES					
Current					
Recreation	78,029	-	390,767	-	468,796
Capital outlay	-	-	253,844	-	253,844
Total expenditures	78,029	-	644,611	-	722,640
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	485,746	563,601	(117,623)	5,292	937,016
OTHER FINANCING SOURCES (USES)					
Transfers (out)	(454,468)	(511,027)	-	-	(965,495)
Total other financing sources (uses)	(454,468)	(511,027)	-	-	(965,495)
NET CHANGE IN FUND BALANCES	31,278	52,574	(117,623)	5,292	(28,479)
FUND BALANCES, JANUARY 1	204,306	167,899	327,058	1,073,306	1,772,569
FUND BALANCES, DECEMBER 31	\$ 235,584	\$ 220,473	\$ 209,435	\$ 1,078,598	\$ 1,744,090

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
IMRF FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 530,000	\$ 522,659	\$ (7,341)
TIF distributions	-	39,623	39,623
Investment income	4,383	1,493	(2,890)
	534,383	563,775	29,392
EXPENDITURES			
Recreation			
Contractual services	67,500	78,029	10,529
	67,500	78,029	10,529
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	466,883	485,746	18,863
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(461,883)	(454,468)	7,415
	(461,883)	(454,468)	7,415
NET CHANGE IN FUND BALANCE	\$ 5,000	31,278	\$ 26,278
FUND BALANCE, JANUARY 1		204,306	
FUND BALANCE, DECEMBER 31		\$ 235,584	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SECURITY FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 530,000	\$ 522,659	\$ (7,341)
TIF distributions	-	39,623	39,623
Investment income	4,606	1,319	(3,287)
Total revenues	534,606	563,601	28,995
EXPENDITURES			
None	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	534,606	563,601	28,995
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(529,606)	(511,027)	18,579
Total other financing sources (uses)	(529,606)	(511,027)	18,579
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	52,574	<u>\$ 47,574</u>
FUND BALANCE, JANUARY 1		<u>167,899</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 220,473</u>	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL RECREATION FUND

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 565,000	\$ 487,944	\$ (77,056)
TIF distributions	-	37,223	37,223
Investment income	360	1,821	1,461
Total revenues	565,360	526,988	(38,372)
EXPENDITURES			
Recreation			
NWSRA special assessment	315,000	304,907	(10,093)
Rental payments	85,860	85,860	-
Capital outlay	324,500	253,844	(70,656)
Total expenditures	725,360	644,611	(80,749)
NET CHANGE IN FUND BALANCE	<u><u>\$ (160,000)</u></u>	(117,623)	<u><u>\$ 42,377</u></u>
FUND BALANCE, JANUARY 1		<u>327,058</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 209,435</u></u>	

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
WORKING CASH FUND**

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ 5,000	\$ 5,292	\$ 292
EXPENDITURES			
None	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	5,292	<u>\$ 292</u>
FUND BALANCE, JANUARY 1		<u>1,073,306</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 1,078,598</u>	

(See independent auditor's report.)

SUPPLEMENTAL DATA

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION LIMITED TAX PARK BONDS, SERIES 2006

December 31, 2014

Date of Issue	December 1, 2006
Authorized Issue	\$6,300,000
Interest Rates	4% to 5%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			June 1	Interest Due On		
	Principal	Interest	Total		Amount	December 1	Amount
2015	\$ -	\$ 240,000	\$ 240,000	2015	\$ 120,000	2015	\$ 120,000
2016	-	240,000	240,000	2016	120,000	2016	120,000
2017	-	240,000	240,000	2017	120,000	2017	120,000
2018	-	240,000	240,000	2018	120,000	2018	120,000
2019	-	240,000	240,000	2019	120,000	2019	120,000
2020	-	240,000	240,000	2020	120,000	2020	120,000
2021	250,000	240,000	490,000	2021	120,000	2021	120,000
2022	250,000	227,500	477,500	2022	113,750	2022	113,750
2023	650,000	215,000	865,000	2023	107,500	2023	107,500
2024	1,200,000	182,500	1,382,500	2024	91,250	2024	91,250
2025	1,225,000	122,500	1,347,500	2025	61,250	2025	61,250
2026	1,225,000	61,250	1,286,250	2026	30,625	2026	30,625
	<u>\$ 4,800,000</u>	<u>\$ 2,488,750</u>	<u>\$ 7,288,750</u>		<u>\$ 1,244,375</u>		<u>\$ 1,244,375</u>

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

LONG-TERM DEBT REQUIREMENTS
TAXABLE GENERAL OBLIGATION PARK BONDS (ALTERNATE REVENUE SOURCE), SERIES 2010A

December 31, 2014

Date of Issue	December 1, 2010
Authorized Issue	\$6,680,000
Interest Rates	3.8% to 7.4% (portion rebated under Build America Bond program)
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due On			
	Principal	Interest	Total	June 1	Amount	December 1	Amount
2015	\$ -	\$ 466,268	\$ 466,268	2015	\$ 233,134	2015	\$ 233,134
2016	-	466,268	466,268	2016	233,134	2016	233,134
2017	-	466,268	466,268	2017	233,134	2017	233,134
2018	-	466,268	466,268	2018	233,134	2018	233,134
2019	-	466,268	466,268	2019	233,134	2019	233,134
2020	-	466,268	466,268	2020	233,134	2020	233,134
2021	-	466,268	466,268	2021	233,134	2021	233,134
2022	-	466,268	466,268	2022	233,134	2022	233,134
2023	260,000	466,268	726,268	2023	233,134	2023	233,134
2024	270,000	451,188	721,188	2024	225,594	2024	225,594
2025	280,000	433,638	713,638	2025	216,819	2025	216,819
2026	290,000	415,438	705,438	2026	207,719	2026	207,719
2027	300,000	396,588	696,588	2027	198,294	2027	198,294
2028	315,000	377,086	692,086	2028	188,543	2028	188,543
2029	325,000	356,612	681,612	2029	178,306	2029	178,306
2030	340,000	335,488	675,488	2030	167,744	2030	167,744
2031	355,000	313,388	668,388	2031	156,694	2031	156,694
2032	370,000	288,006	658,006	2032	144,003	2032	144,003
2033	385,000	261,550	646,550	2033	130,775	2033	130,775
2034	400,000	234,022	634,022	2034	117,011	2034	117,011
2035	415,000	205,422	620,422	2035	102,711	2035	102,711
2036	435,000	175,750	610,750	2036	87,875	2036	87,875
2037	455,000	143,560	598,560	2037	71,780	2037	71,780
2038	475,000	109,890	584,890	2038	54,945	2038	54,945
2039	495,000	74,740	569,740	2039	37,370	2039	37,370
2040	515,000	38,110	553,110	2040	19,055	2040	19,055
	<u>\$ 6,680,000</u>	<u>\$ 8,806,888</u>	<u>\$ 15,486,888</u>		<u>\$ 4,403,444</u>		<u>\$ 4,403,444</u>

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION PARK BONDS (ALTERNATE REVENUE SOURCE), SERIES 2010B

December 31, 2014

Date of Issue December 1, 2010
 Authorized Issue \$1,520,000
 Interest Rates 3.8% to 5.6%
 Interest Dates June 1 and December 1
 Principal Maturity Date December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			June 1	Interest Due On		
	Principal	Interest	Total		Amount	December 1	Amount
2015	\$ -	\$ 74,302	\$ 74,302	2015	\$ 37,151	2015	\$ 37,151
2016	195,000	74,302	269,302	2016	37,151	2016	37,151
2017	200,000	66,892	266,892	2017	33,446	2017	33,446
2018	205,000	58,392	263,392	2018	29,196	2018	29,196
2019	215,000	48,393	263,393	2019	24,197	2019	24,196
2020	225,000	38,110	263,110	2020	19,055	2020	19,055
2021	235,000	26,410	261,410	2021	13,205	2021	13,205
2022	245,000	13,720	258,720	2022	6,860	2022	6,860
	<u>\$ 1,520,000</u>	<u>\$ 400,521</u>	<u>\$ 1,920,521</u>		<u>\$ 200,261</u>		<u>\$ 200,260</u>

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION PARK BONDS (ALTERNATE REVENUE SOURCE), SERIES 2010C

December 31, 2014

Date of Issue	December 1, 2010
Authorized Issue	\$20,500,000
Interest Rates	4.00% to 5.35%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			June 1	Interest Due On		
	Principal	Interest	Total		Amount	December 1	Amount
2015	\$ -	\$ 1,038,880	\$ 1,038,880	2015	\$ 519,440	2015	\$ 519,440
2016	-	1,038,880	1,038,880	2016	519,440	2016	519,440
2017	-	1,038,880	1,038,880	2017	519,440	2017	519,440
2018	-	1,038,880	1,038,880	2018	519,440	2018	519,440
2019	-	1,038,880	1,038,880	2019	519,440	2019	519,440
2020	-	1,038,880	1,038,880	2020	519,440	2020	519,440
2021	635,000	1,038,880	1,673,880	2021	519,440	2021	519,440
2022	660,000	1,013,480	1,673,480	2022	506,740	2022	506,740
2023	690,000	986,090	1,676,090	2023	493,045	2023	493,045
2024	720,000	956,420	1,676,420	2024	478,210	2024	478,210
2025	750,000	924,380	1,674,380	2025	462,190	2025	462,190
2026	785,000	889,880	1,674,880	2026	444,940	2026	444,940
2027	825,000	852,996	1,677,996	2027	426,498	2027	426,498
2028	865,000	813,384	1,678,384	2028	406,692	2028	406,692
2029	905,000	771,000	1,676,000	2029	385,500	2029	385,500
2030	950,000	725,750	1,675,750	2030	362,875	2030	362,875
2031	995,000	678,250	1,673,250	2031	339,125	2031	339,125
2032	1,050,000	627,256	1,677,256	2032	313,628	2032	313,628
2033	1,105,000	572,131	1,677,131	2033	286,066	2033	286,065
2034	1,160,000	514,118	1,674,118	2034	257,059	2034	257,059
2035	1,225,000	451,770	1,676,770	2035	225,885	2035	225,885
2036	1,290,000	385,925	1,675,925	2036	192,963	2036	192,962
2037	1,360,000	316,588	1,676,588	2037	158,294	2037	158,294
2038	1,430,000	243,488	1,673,488	2038	121,744	2038	121,744
2039	1,510,000	166,624	1,676,624	2039	83,312	2039	83,312
2040	1,590,000	85,462	1,675,462	2040	42,731	2040	42,731
	<u>\$ 20,500,000</u>	<u>\$ 19,247,152</u>	<u>\$ 39,747,152</u>		<u>\$ 9,623,577</u>		<u>\$ 9,623,575</u>

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION PARK BONDS (ALTERNATE REVENUE SOURCE), SERIES 2013A

December 31, 2014

Date of Issue	December 2, 2013
Authorized Issue	\$16,370,000
Interest Rates	4.625% to 5.250%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due On		
	Principal	Interest	Total	June 1	December 1	Amount
2015	\$ -	\$ 809,738	\$ 809,738	2015	\$ 404,869	2015 \$ 404,869
2016	-	809,738	809,738	2016	404,869	2016 404,869
2017	-	809,738	809,738	2017	404,869	2017 404,869
2018	-	809,738	809,738	2018	404,869	2018 404,869
2019	-	809,738	809,738	2019	404,869	2019 404,869
2020	-	809,738	809,738	2020	404,869	2020 404,869
2021	-	809,738	809,738	2021	404,869	2021 404,869
2022	-	809,738	809,738	2022	404,869	2022 404,869
2023	-	809,738	809,738	2023	404,869	2023 404,869
2024	-	809,738	809,738	2024	404,869	2024 404,869
2025	-	809,738	809,738	2025	404,869	2025 404,869
2026	-	809,737	809,737	2026	404,869	2026 404,868
2027	-	809,737	809,737	2027	404,869	2027 404,868
2028	-	809,737	809,737	2028	404,869	2028 404,868
2029	-	809,737	809,737	2029	404,869	2029 404,868
2030	-	809,737	809,737	2030	404,869	2030 404,868
2031	-	809,737	809,737	2031	404,869	2031 404,868
2032	-	809,737	809,737	2032	404,869	2032 404,868
2033	-	809,737	809,737	2033	404,869	2033 404,868
2034	-	809,737	809,737	2034	404,869	2034 404,868
2035	-	809,737	809,737	2035	404,869	2035 404,868
2036	870,000	809,737	1,679,737	2036	404,869	2036 404,868
2037	1,000,000	769,500	1,769,500	2037	384,750	2037 384,750
2038	1,000,000	723,250	1,723,250	2038	361,625	2038 361,625
2039	1,000,000	677,000	1,677,000	2039	338,500	2039 338,500
2040	1,000,000	630,750	1,630,750	2040	315,375	2040 315,375
2041	3,500,000	583,750	4,083,750	2041	291,875	2041 291,875
2042	4,000,000	400,000	4,400,000	2042	200,000	2042 200,000
2043	4,000,000	210,000	4,210,000	2043	105,000	2043 105,000
	<u>\$ 16,370,000</u>	<u>\$ 21,808,475</u>	<u>\$ 38,178,475</u>		<u>\$ 10,904,243</u>	<u>\$ 10,904,232</u>

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION LIMITED TAX PARK BONDS, SERIES 2014

December 31, 2014

Date of Issue	December 18, 2014
Authorized Issue	\$2,740,000
Interest Rates	2%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			June 1	Interest Due On		
	Principal	Interest	Total		Amount	December 1	Amount
2015	\$ 2,740,000	\$ 54,800	\$ 2,794,800	2015	\$ 27,400	2015	\$ 27,400
	<u>\$ 2,740,000</u>	<u>\$ 54,800</u>	<u>\$ 2,794,800</u>		<u>\$ 27,400</u>		<u>\$ 27,400</u>

(See independent auditor's report.)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION PARK BONDS (ALTERNATE REVENUE SOURCE), SERIES 2014A

December 31, 2014

Date of Issue	December 18, 2014
Authorized Issue	\$15,750,000
Interest Rates	2% to 5%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due On			
	Principal	Interest	Total	June 1	Amount	December 1	Amount
2015	\$ 100,000	\$ 591,735	\$ 691,735	2015	\$ 281,204	2015	\$ 310,531
2016	100,000	619,062	719,062	2016	309,531	2016	309,531
2017	100,000	617,063	717,063	2017	308,531	2017	308,532
2018	100,000	614,062	714,062	2018	307,031	2018	307,031
2019	100,000	611,063	711,063	2019	305,531	2019	305,532
2020	100,000	608,062	708,062	2020	304,031	2020	304,031
2021	-	605,063	605,063	2021	302,531	2021	302,532
2022	-	605,062	605,062	2022	302,531	2022	302,531
2023	-	605,063	605,063	2023	302,531	2023	302,532
2024	-	605,062	605,062	2024	302,531	2024	302,531
2025	-	605,063	605,063	2025	302,531	2025	302,532
2026	150,000	605,063	755,063	2026	302,531	2026	302,532
2027	150,000	597,562	747,562	2027	298,781	2027	298,781
2028	200,000	590,063	790,063	2028	295,031	2028	295,032
2029	250,000	580,062	830,062	2029	290,031	2029	290,031
2030	250,000	572,250	822,250	2030	286,125	2030	286,125
2031	250,000	564,125	814,125	2031	282,062	2031	282,063
2032	250,000	556,000	806,000	2032	278,000	2032	278,000
2033	750,000	546,000	1,296,000	2033	273,000	2033	273,000
2034	800,000	516,000	1,316,000	2034	258,000	2034	258,000
2035	900,000	484,000	1,384,000	2035	242,000	2035	242,000
2036	600,000	448,000	1,048,000	2036	224,000	2036	224,000
2037	600,000	424,000	1,024,000	2037	212,000	2037	212,000
2038	750,000	400,000	1,150,000	2038	200,000	2038	200,000
2039	900,000	370,000	1,270,000	2039	185,000	2039	185,000
2040	1,250,000	334,000	1,584,000	2040	167,000	2040	167,000
2041	1,250,000	284,000	1,534,000	2041	142,000	2041	142,000
2042	1,250,000	234,000	1,484,000	2042	117,000	2042	117,000
2043	1,250,000	184,000	1,434,000	2043	92,000	2043	92,000
2044	3,350,000	134,000	3,484,000	2044	67,000	2044	67,000
	<u>\$ 15,750,000</u>	<u>\$ 15,109,485</u>	<u>\$ 30,859,485</u>		<u>\$ 7,540,075</u>		<u>\$ 7,569,410</u>

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Hoffman Estates Park District's 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 displays about the District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have been changed over time.	54-61
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	62-67
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	68-73
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	74-75
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	76-78

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 4,347,652	\$ (1,810,712)	\$ 4,420,446	\$ 857,024
Restricted				
Capital projects	3,577,970	3,988,074	785,951	1,162,579
Debt service	1,144,207	5,972,280	1,040,636	2,585,777
Employee retirement	10,922	58,998	109,213	153,358
Special recreation	20,849	212,903	356,667	372,186
Working cash	863,994	914,394	964,393	1,002,393
Unrestricted	870,364	1,255,222	2,471,570	2,524,553
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,835,958	\$ 10,591,159	\$ 10,148,876	\$ 8,657,870

Data Source

Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ (546,526)	\$ (24,339,309)	\$ (4,743,739)	\$ (5,847,563)	\$ (7,252,365)	\$ (8,388,077)
793,300	2,073,021	1,515,393	4,895	7,071	21,642
2,979,089	4,202,759	4,051,148	4,989,329	4,502,710	3,549,607
147,980	152,760	165,192	304,014	372,205	456,057
308,164	483,836	504,840	387,967	327,058	209,435
1,048,690	1,056,714	1,060,857	1,070,224	1,073,306	1,078,598
4,372,407	24,935,392	5,570,440	4,832,249	5,406,783	5,842,202
<u>\$ 9,103,104</u>	<u>\$ 8,565,173</u>	<u>\$ 8,124,131</u>	<u>\$ 5,741,115</u>	<u>\$ 4,436,768</u>	<u>\$ 2,769,464</u>

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008
EXPENSES				
Governmental activities				
Recreation	\$ 13,447,571	\$ 12,805,484	\$ 14,684,043	\$ 15,828,849
Interest and fiscal charges	2,670,348	2,753,561	2,861,566	2,786,369
Total governmental activities expenses	<u>\$ 16,117,919</u>	<u>\$ 15,559,045</u>	<u>\$ 17,545,609</u>	<u>\$ 18,615,218</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services	\$ 8,461,436	\$ 7,667,764	\$ 8,628,541	\$ 8,830,901
Operating grants and contributions	5,446	-	411,416	124,111
Capital grants and contributions	90,225	73,699	-	-
Total governmental activities program revenues	<u>\$ 8,557,107</u>	<u>\$ 7,741,463</u>	<u>\$ 9,039,957</u>	<u>\$ 8,955,012</u>
TOTAL GOVERNMENT NET REVENUE (EXPENSES)	<u>\$ (7,560,812)</u>	<u>\$ (7,817,582)</u>	<u>\$ (8,505,652)</u>	<u>\$ (9,660,206)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 6,360,683	\$ 6,774,014	\$ 7,179,850	\$ 7,467,940
Replacement	51,483	55,261	65,354	64,380
Supplemental TIF	416,776	246,267	-	-
Investment income	180,914	386,996	531,612	244,397
Gain on sale of capital assets	-	-	-	-
Miscellaneous	114,863	110,245	286,553	256,738
Total governmental activities	<u>7,124,719</u>	<u>7,572,783</u>	<u>8,063,369</u>	<u>8,033,455</u>
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<u>\$ (436,093)</u>	<u>\$ (244,799)</u>	<u>\$ (442,283)</u>	<u>\$ (1,626,751)</u>

Data Source

Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ 15,903,691	\$ 16,874,539	\$ 16,544,013	\$ 16,302,374	\$ 16,688,231	\$ 17,354,202
2,633,706	2,649,815	2,900,900	3,039,903	3,531,336	3,757,266
<u>\$ 18,537,397</u>	<u>\$ 19,524,354</u>	<u>\$ 19,444,913</u>	<u>\$ 19,342,277</u>	<u>\$ 20,219,567</u>	<u>\$ 21,111,468</u>
\$ 9,618,670	\$ 9,624,818	\$ 10,623,145	\$ 10,397,240	\$ 10,295,375	\$ 10,166,116
106,416	509,416	14,469	46,818	39,698	30,851
-	-	-	112,500	155,007	242,556
<u>\$ 9,725,086</u>	<u>\$ 10,134,234</u>	<u>\$ 10,637,614</u>	<u>\$ 10,556,558</u>	<u>\$ 10,490,080</u>	<u>\$ 10,439,523</u>
<u>\$ (8,812,311)</u>	<u>\$ (9,390,120)</u>	<u>\$ (8,807,299)</u>	<u>\$ (8,785,719)</u>	<u>\$ (9,729,487)</u>	<u>\$ (10,671,945)</u>
\$ 7,837,689	\$ 7,963,585	\$ 8,103,975	\$ 8,173,119	\$ 8,267,244	\$ 8,164,393
54,313	58,562	51,605	51,700	57,314	58,998
-	-	-	-	-	619,029
169,159	44,068	54,102	48,184	37,799	125,440
-	-	-	-	33,857	-
298,542	785,974	156,575	16,828	28,926	36,781
<u>8,359,703</u>	<u>8,852,189</u>	<u>8,366,257</u>	<u>8,289,831</u>	<u>8,425,140</u>	<u>9,004,641</u>
<u>\$ (452,608)</u>	<u>\$ (537,931)</u>	<u>\$ (441,042)</u>	<u>\$ (495,888)</u>	<u>\$ (1,304,347)</u>	<u>\$ (1,667,304)</u>

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008
GENERAL FUND				
Nonspendable	\$ -	\$ 339	\$ 49,260	\$ 7,972
Assigned	-	-	-	-
Unassigned	634,491	1,054,248	1,475,909	1,810,858
TOTAL GENERAL FUND	\$ 634,491	\$ 1,054,587	\$ 1,525,169	\$ 1,818,830
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable				
Recreation	\$ -	\$ 2,485	\$ -	\$ -
Ice Arena	-	3,311	-	-
Prairie Stone	-	17,978	23,261	14,683
Bridges Poplar Creek	75,642	24,786	27,046	122,402
Restricted				
Recreation	-	-	-	-
Audit	6,904	8,398	8,533	11,936
IMRF	10,922	58,998	109,213	153,358
Debt Service	1,144,207	5,972,280	1,040,636	2,585,777
Special Recreation	20,849	212,903	356,667	372,186
FICA	23,906	95,743	114,080	101,465
Capital Projects	-	-	-	-
Working Cash	863,994	914,394	964,393	1,002,393
Assigned				
Recreation	-	-	-	-
Capital Projects	3,577,970	3,988,074	785,951	1,162,579
Prairie Stone	-	-	-	-
Bridges Poplar Creek	-	-	-	-
Unassigned				
Recreation	91,685	196,489	261,146	470,746
Ice Arena	377,018	290,663	997,217	1,034,088
Prairie Stone	111,002	114,128	55,065	439,770
Bridges Poplar Creek	(71,111)	23,309	70,883	44,697
TOTAL ALL OTHER	6,232,988	11,923,939	4,814,091	7,516,080
TOTAL GOVERNMENTAL FUNDS	\$ 6,867,479	\$ 12,978,526	\$ 6,339,260	\$ 9,334,910

Data Source

Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ 55,532	\$ 4,453	\$ 15,682	\$ 10,118	\$ 21,260	\$ 6,445
-	-	1,561,576	1,785,488	1,755,695	1,802,258
2,037,879	2,150,165	665,307	546,140	925,538	1,155,480
<u>\$ 2,093,411</u>	<u>\$ 2,154,618</u>	<u>\$ 2,242,565</u>	<u>\$ 2,341,746</u>	<u>\$ 2,702,493</u>	<u>\$ 2,964,183</u>
\$ 7,427	\$ 3,537	\$ 7,048	\$ 10,248	\$ 8,551	\$ 12,407
-	-	-	-	-	-
15,090	1,703	15,341	14,158	18,958	12,681
90,000	78,124	121,647	138,703	165,376	131,137
-	1,000,000	1,000,000	1,000,000	1,000,000	-
-	-	-	-	-	-
147,980	152,760	165,192	166,144	204,306	235,584
2,979,089	4,202,759	4,051,148	3,989,329	3,502,710	3,549,607
308,164	483,836	504,840	387,967	327,058	209,435
91,240	104,198	117,133	137,870	167,899	220,473
-	-	-	1,601,666	2,900,317	3,554,839
1,048,690	1,056,714	1,060,857	1,070,224	1,073,306	1,078,598
-	-	1,229,940	1,983,392	2,145,933	2,206,251
793,300	2,073,021	1,515,393	-	-	-
-	-	609,622	893,647	910,384	954,809
-	-	9,730	-	-	35,997
1,625,287	944,472	118,212	-	-	-
-	-	-	-	-	-
795,081	831,682	252,477	-	-	-
(62,573)	265,533	-	(6,975)	(3,765)	-
<u>7,838,775</u>	<u>11,198,339</u>	<u>10,778,580</u>	<u>11,386,373</u>	<u>12,421,033</u>	<u>12,201,818</u>
<u>\$ 9,932,186</u>	<u>\$ 13,352,957</u>	<u>\$ 13,021,145</u>	<u>\$ 13,728,119</u>	<u>\$ 15,123,526</u>	<u>\$ 15,166,001</u>

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008
REVENUES				
Taxes	\$ 6,829,442	\$ 7,076,041	\$ 7,245,204	\$ 7,532,320
Charges for services	9,614,055	9,209,569	8,628,541	8,830,901
Communications and marketing	-	-	-	-
Water maintenance fees	24,000	21,000	11,000	6,000
Intergovernmental	-	-	-	-
Grants and donations	5,446	-	411,416	124,111
Investment income	180,413	386,496	531,612	244,397
Miscellaneous	190,023	124,383	275,553	229,595
Total revenues	16,843,379	16,817,489	17,103,326	16,967,324
EXPENDITURES				
Current				
Recreation	12,499,643	12,657,564	11,990,309	12,458,222
Capital outlay	3,898,302	848,910	2,816,139	836,516
Debt service				
Principal	3,660,000	1,335,000	6,045,000	4,260,000
Interest	2,663,631	2,346,485	2,879,144	2,751,936
Other charges	50,000	97,839	12,000	80,000
Total expenditures	22,771,576	17,285,798	23,742,592	20,386,674
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,928,197)	(468,309)	(6,639,266)	(3,419,350)
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	6,000,000	6,300,000	-	6,415,000
Premium on bonds issued	-	279,356	-	-
Transfers in	100,000	32,500	1,032,496	-
Transfers (out)	(100,000)	(32,500)	(1,032,496)	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	6,000,000	6,579,356	-	6,415,000
NET CHANGE IN FUND BALANCES	\$ 71,803	\$ 6,111,047	\$ (6,639,266)	\$ 2,995,650
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES*	33.51%	22.40%	42.65%	16.14%

Note: The percentage of debt service increased in 2013 due to the 2013A current refunding and the call of over \$15,000,000 in bonds. Also, the 2014 percentage remained at similar levels due to the 2014 current refunding and the call of \$14,740,000 in debt certificates.

Data Source
Audited Financial Statements

	2009	2010	2011	2012	2013	2014
\$	7,892,002	\$ 8,022,147	\$ 8,155,580	\$ 8,224,819	\$ 8,324,557	\$ 8,842,419
	9,618,670	9,624,818	10,623,145	10,336,271	10,236,604	10,111,848
	-	-	-	55,853	63,681	50,866
	11,000	11,000	11,000	11,000	11,000	11,000
	-	-	-	159,318	189,919	271,585
	106,416	509,416	14,469	-	-	-
	169,159	44,068	54,102	48,184	37,799	125,440
	283,713	199,018	149,352	10,944	17,803	31,006
	18,080,960	18,410,467	19,007,648	18,846,389	18,881,363	19,444,164
	13,678,851	13,369,416	14,244,407	13,355,663	13,550,881	14,017,732
	2,080,418	5,972,747	1,539,609	1,362,986	1,415,748	2,725,411
	3,880,000	3,465,000	3,120,000	3,148,000	18,310,000	17,475,000
	2,654,415	2,600,841	2,798,387	2,905,035	3,686,613	3,859,392
	55,000	786,201	30,057	-	-	-
	22,348,684	26,194,205	21,732,460	20,771,684	36,963,242	38,077,535
	(4,267,724)	(7,783,738)	(2,724,812)	(1,925,295)	(18,081,879)	(18,633,371)
	4,865,000	11,204,509	2,393,000	2,500,000	19,105,000	18,490,000
	-	-	-	82,475	338,429	161,996
	-	-	-	2,323,289	2,335,245	3,221,645
	-	-	-	(2,323,289)	(2,335,245)	(3,221,645)
	-	-	-	-	33,857	23,850
	4,865,000	11,204,509	2,393,000	2,582,475	19,477,286	18,675,846
\$	597,276	\$ 3,420,771	\$ (331,812)	\$ 657,180	\$ 1,395,407	\$ 42,475
	17.66%	18.75%	29.31%	31.19%	61.88%	60.35%

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Tax Levy Year	Total Equalized Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value (1)	Tax Rate
2005	\$ 1,452,571,649	\$ 4,357,714,947	33.33%	0.4773
2006	1,507,827,580	4,523,482,740	33.33%	0.4763
2007	1,778,112,879	5,334,338,637	33.33%	0.4196
2008	1,882,548,874	5,647,646,622	33.33%	0.4131
2009	1,907,073,711	5,721,221,133	33.33%	0.4124
2010	1,726,136,225	5,178,408,675	33.33%	0.4646
2011	1,541,658,746	4,624,976,238	33.33%	0.5203
2012	1,415,413,914	4,246,241,742	33.33%	0.5845
2013	1,250,292,037	3,750,876,111	33.33%	0.6690
2014	1,262,575,231	3,787,725,693	33.33%	0.6727

(1) Assessed values set by the County Assessor on an annual basis.

(2) Direct rates are based on Cook County property tax rates.

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

Data Source

Office of the County Clerk

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Valuation
Sears Holding Corporation	\$ 143,540,710	1	10.14%	\$ 270,051,554	1	22.76%
AT&T Lease & SBC Ameritech	114,951,270	2	8.12%	146,241,235	2	12.32%
W 2001 VHE LLC	18,787,252	3	1.33%			
Property Tax Advisors	16,498,370	4	1.17%	38,975,499	3	3.28%
Stonegate Properties	16,035,306	5	1.13%	17,451,501	5	1.47%
Cabelas	15,028,659	6	1.06%			
Town Management Corporation	14,153,654	7	1.00%	23,327,262	4	1.97%
TransAmerica	13,589,123	8	0.96%	13,944,404	7	1.17%
Siemens Medical System	10,184,311	9		10,171,617	8	0.86%
Claire's Boutiques Inc.	9,622,630	10		9,578,791	10	0.81%
Park Place Apartments				14,430,685	6	1.22%
Autumn Chase Apartments				9,962,163	9	0.84%
	<u>\$ 372,391,285</u>		<u>24.91%</u>	<u>\$ 554,134,711</u>		<u>46.69%</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. 2012 is the most recent information available.

Data Source

Office of the County Clerk

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - COOK COUNTY

Last Ten Levy Years

Tax Levy Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
DISTRICT DIRECT RATES										
Corporate	0.0901	0.0990	0.0928	0.1173	0.1166	0.1327	0.1539	0.1842	0.2121	0.2180
Recreation	0.0676	0.0743	0.0696	0.0652	0.0633	0.0699	0.0738	0.0702	0.0801	0.0793
Illinois Municipal Retirement	0.0267	0.0244	0.0190	0.0170	0.0186	0.0233	0.0289	0.0351	0.0428	0.0397
Social Security	0.0300	0.0259	0.0204	0.0227	0.0234	0.0276	0.0321	0.0368	0.0428	0.0436
Special Recreation	0.0377	0.0396	0.0349	0.0383	0.0397	0.0400	0.0400	0.0400	0.0400	0.0397
Audit	0.0010	0.0009	0.0007	-	-	-	-	-	-	-
Liability Insurance	0.0267	0.0244	0.0204	-	-	-	-	-	-	-
Working Cash	-	-	-	-	-	-	-	-	-	-
Debt Service	0.1975	0.1878	0.1618	0.1526	0.1508	0.1711	0.1916	0.2182	0.2512	0.2524
TOTAL DISTRICT DIRECT RATES	0.4773	0.4763	0.4196	0.4131	0.4124	0.4646	0.5203	0.5845	0.6690	0.6727
OVERLAPPING RATES										
Village of Hoffman Estates	0.901	0.910	0.820	0.820	0.888	0.986	1.116	1.224	0.706	(A)
School Districts										
School District #54	3.003	3.104	2.582	2.559	2.592	2.995	3.195	3.578	4.148	
High School District #211	2.191	2.261	1.972	1.927	1.916	2.204	2.482	2.772	3.197	
Community College #512	0.281	0.288	0.260	0.256	0.258	0.295	0.334	0.373	0.444	
Metropolitan Water Reclamation District	0.315	0.284	0.263	0.252	0.261	0.274	0.320	0.370	0.470	
Cook County	0.533	0.500	0.446	0.415	0.394	0.423	0.462	0.536	0.660	
Cook County Forest Preserve District	0.060	0.057	0.053	0.051	0.049	0.051	0.058	0.058	-	
Poplar Creek Library District	-	0.310	0.367	0.357	0.350	0.394	0.449	0.515	-	
All Others	-	-	-	-	-	-	-	-	1.255	
TOTAL OVERLAPPING RATES	7.2840	7.7140	6.7630	6.6370	6.7080	7.6220	8.4160	9.4260	10.8800	
TOTAL AVERAGE HOUSEHOLD	7.7613	8.1903	7.1826	7.0501	7.1204	8.0866	8.9363	10.0105	11.5490	

(A) 2014 Property tax rates were not available at the time of issuance of this report.

Data Source

Office of the Cook County Clerk

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

PROPERTY TAX RATES - ASSESSED VALUATIONS, EXTENSIONS, COLLECTIONS AND TAX RATES

Last Ten Levy Years

Tax Levy Year	2005	2006	2007	2008
ASSESSED VALUATIONS	\$ 1,452,571,649	\$ 1,507,827,580	\$ 1,778,112,879	\$ 1,882,548,874
TAX RATES				
Corporate	0.0901	0.0990	0.0928	0.1173
Recreation	0.0676	0.0743	0.0696	0.0652
Illinois Municipal Retirement	0.0267	0.0244	0.0190	0.0170
Social Security	0.0300	0.0259	0.0204	0.0227
Special Recreation	0.0377	0.0396	0.0349	0.0383
Audit	0.0010	0.0009	0.0007	-
Liability Insurance	0.0267	0.0244	0.0204	-
Working Cash	-	-	-	-
Debt Service	0.1975	0.1878	0.1618	0.1526
TOTAL TAX RATES	0.4773	0.4763	0.4196	0.4131
TAX EXTENSIONS				
Corporate	\$ 1,308,767	\$ 1,493,500	\$ 1,648,000	\$ 2,208,229
Recreation	981,938	1,120,125	1,236,000	1,227,421
Illinois Municipal Retirement	387,836	368,225	337,609	320,033
Social Security	435,771	391,239	361,724	427,338
Special Recreation	546,955	597,000	619,464	720,338
Audit	14,525	13,809	12,058	-
Liability Insurance	387,836	368,225	361,724	-
Working Cash	-	-	-	-
Debt Service	2,868,419	2,831,441	2,873,021	2,872,913
TOTAL TAX EXTENSIONS	\$ 6,932,047	\$ 7,183,564	\$ 7,449,600	\$ 7,776,272
COLLECTIONS	\$ 6,795,910	\$ 7,091,467	\$ 7,258,619	\$ 7,559,051
PERCENTAGE OF EXTENSIONS COLLECTED	98.04%	98.72%	97.44%	97.21%

Data Source

Office of the Cook County Clerk
Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ 1,907,073,711	\$ 1,726,136,225	\$ 1,541,658,746	\$ 1,415,413,914	\$ 1,250,292,037	\$ 1,262,575,231
0.1166	0.1327	0.1539	0.1842	0.2121	0.2180
0.0633	0.0699	0.0738	0.0702	0.0801	0.0793
0.0186	0.0233	0.0289	0.0351	0.0428	0.0397
0.0234	0.0276	0.0321	0.0368	0.0428	0.0436
0.0397	0.0400	0.0400	0.0400	0.0400	0.0397
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
0.1508	0.1711	0.1916	0.2182	0.2512	0.2524
0.4124	0.4646	0.5203	0.5845	0.6690	0.6727
\$ 2,223,647	\$ 2,290,582	\$ 2,373,336	\$ 2,607,867	\$ 2,652,286	\$ 2,752,414
1,207,177	1,206,569	1,137,224	993,474	1,000,863	1,001,222
354,715	402,189	445,001	496,737	535,462	501,242
446,255	476,413	494,445	521,574	535,462	550,482
756,653	690,454	616,663	566,166	500,117	501,024
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,875,893	2,953,543	2,953,543	3,087,781	3,140,274	3,186,540
\$ 7,864,340	\$ 8,019,750	\$ 8,020,212	\$ 8,273,599	\$ 8,364,464	\$ 8,492,924
\$ 7,679,038	\$ 7,919,226	\$ 7,952,752	\$ 8,173,120	\$ 8,267,244	\$ 8,267,244
97.64%	98.75%	99.16%	98.79%	98.84%	97.34%

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Extended Tax Levy	Collected within the Fiscal Year for the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 6,711,223	\$ 6,618,148	98.61%	\$ (109,319)	\$ 6,508,829	96.98%
2005	6,932,047	6,795,910	98.04%	(17,603)	6,778,307	97.78%
2006	7,183,564	6,958,665	96.87%	32,802	6,991,467	97.33%
2007	7,449,600	7,214,862	96.85%	(43,419)	7,171,443	96.27%
2008	7,776,272	7,582,752	97.51%	(10,890)	7,571,862	97.37%
2009	7,864,340	7,735,220	98.36%	(79,907)	7,655,313	97.34%
2010	8,019,750	7,872,225	98.16%	26,791	7,899,016	98.49%
2011	8,020,212	7,952,752	99.16%	15,585	7,968,337	99.35%
2012	8,273,599	8,197,358	99.08%	56,218	8,253,576	99.76%
2013	8,364,464	8,204,934	98.09%	-	8,204,934	98.09%

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

Data Source

Office of the County Clerk
Audited Financial Statements

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				General Obligation Limited Bonds	Total Primary Government	Percentage of EAV	Percentage of Personal Income	Per Capita*
	General Obligation Bonds ARS	Unamortized Premium	Debt Certificates	Installment Contract Payable					
2005	\$ 31,385,000	\$ 577,666	\$ 17,500,000	\$ -	\$ 9,100,000	\$ 58,562,666	4.03%	4.34%	\$ 1,157.98
2006	30,205,000	903,497	17,190,000	-	11,780,000	60,078,497	3.98%	4.45%	1,187.96
2007	31,745,000	903,497	16,875,000	-	8,130,000	57,653,497	3.24%	3.35%	1,140.01
2008	31,555,000	882,354	16,550,000	-	10,800,000	59,787,354	3.18%	3.47%	1,182.20
2009	33,510,000	871,321	16,215,000	-	10,165,000	60,761,321	3.19%	3.53%	1,201.46
2010	61,360,000	859,768	15,865,000	-	10,295,000	88,379,768	5.12%	5.23%	1,703.05
2011	41,400,000	847,878	15,505,000	-	10,293,000	68,045,878	4.41%	4.11%	1,311.22
2012	41,020,000	864,911	15,130,000	-	10,400,000	67,414,911	4.76%	3.86%	1,299.06
2013	45,070,000	1,055,423	14,740,000	-	7,535,000	68,400,423	5.47%	3.94%	1,318.05
2014	60,820,000	1,124,285	-	-	7,540,000	69,484,285	5.50%	3.88%	1,338.94

* See the schedule of Demographic and Economic Information on page 74 for personal income and population data.

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

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				General Obligation Limited Bonds	Plus Unamortized Premium on Bonds	Total Primary Government	Percentage of EAV Actual Taxable Value of Property*	Per Capita
	General Obligation Bonds ARS	Debt Certificates	Installment Contract Payable						
2005	\$ 31,385,000	\$ 17,500,000	\$ -	\$ 9,100,000	\$ 577,666	\$ 58,562,666	1.34%	\$ 1,158	
2006	30,205,000	17,190,000	-	11,780,000	903,497	60,078,497	1.33%	1,187.96	
2007	31,745,000	16,875,000	-	8,130,000	903,497	57,653,497	1.08%	1,140.01	
2008	31,555,000	16,550,000	-	10,800,000	882,354	59,787,354	1.06%	1,182.20	
2009	33,510,000	16,215,000	-	10,165,000	871,321	60,761,321	1.06%	1,201.46	
2010	61,360,000	15,865,000	-	10,295,000	859,768	88,379,768	1.71%	1,703.05	
2011	41,400,000	15,505,000	-	10,293,000	847,878	68,045,878	1.47%	1,311.22	
2012	41,020,000	15,130,000	-	10,400,000	864,911	67,414,911	1.59%	1,299.06	
2013	45,070,000	14,740,000	-	7,535,000	1,055,423	68,400,423	1.82%	1,318.05	
2014	60,820,000	-	-	7,540,000	1,124,285	69,484,285	1.83%	1,338.94	

* See the schedule of Assessed and Estimated Actual Value of Taxable Property on page 62 for property value data.

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

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

December 31, 2014

Governmental Unit	Net Bonded Debt	(1) Percentage of Debt Applicable to District	District's Share of Debt
Hoffman Estates Park District			
Limited Bonds	\$ 7,540,000		
Alternate Revenue Bonds	60,820,000		
Debt Certificates	-		
Unamortized Bond Premium	1,124,285		
Total Direct Debt	69,484,285	100.000%	\$ 69,484,285
Village of Hoffman Estates	102,475,000	83.880%	85,956,030
Village of Schaumburg	287,895,000	1.800%	5,182,110
School Districts			
School District #15	21,983,440	6.900%	1,516,857
High School District #211	24,970,000	12.760%	3,186,172
Unit School District #46	287,505,996	0.110%	316,257
Unit School District #220	75,905,000	8.920%	6,770,726
Unit School District #300	311,555,598	1.300%	4,050,223
Community College #509	193,829,857	1.880%	3,644,001
Community College #512	175,310,000	6.210%	10,886,751
Metropolitan Water Reclamation District	2,458,515,565	1.010%	24,831,007
Cook County	3,572,060,000	0.990%	35,363,394
Cook County Forest Preserve District	124,455,000	0.990%	1,232,105
Total	7,636,460,456		182,935,633
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 7,705,944,741		\$ 252,419,918
Per capita direct and overlapping debt (51,895 population)			\$ 4,864

(1) 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.

Data Source

District Records

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008
EQUALIZED ASSESSED VALUATION	\$ 1,452,571,649	\$ 1,507,827,580	\$ 1,778,112,879	\$ 1,882,548,874
Statutory debt limitation of assessed valuation	2.875% \$ 41,761,435	2.875% \$ 43,350,043	2.875% \$ 51,120,745	2.875% \$ 54,123,280
General Obligation Limited Debt				
General Obligation (Limited) Dated				
December 1, 2002	3,100,000	3,100,000	3,100,000	3,100,000
December 1, 2004	-	-	-	-
December 1, 2005	6,000,000	2,380,000	1,830,000	-
December 1, 2006	-	6,300,000	6,300,000	5,900,000
December 1, 2008	-	-	-	1,800,000
December 1, 2009	-	-	-	-
December 1, 2010	-	-	-	-
December 1, 2011	-	-	-	-
December 1, 2012	-	-	-	-
December 2, 2013	-	-	-	-
December 18, 2014	-	-	-	-
Total General Limited Debt	9,100,000	11,780,000	11,230,000	10,800,000
Debt Certificates				
Certificates Dated				
March 4, 2004	17,500,000	17,190,000	16,875,000	16,550,000
Total Debt Certificates	17,500,000	17,190,000	16,875,000	16,550,000
General Obligation Bonds (Alternate Revenue Source)				
May 1, 1997	1,805,000	1,245,000	645,000	-
May 15, 1998	2,355,000	2,130,000	1,580,000	950,000
May 1, 1999	17,325,000	16,930,000	16,520,000	16,090,000
December 1, 2000	4,800,000	4,800,000	4,800,000	4,800,000
December 1, 2001	5,100,000	5,100,000	5,100,000	5,100,000
December 1, 2008	-	-	-	4,615,000
December 1, 2009	-	-	-	-
December 1, 2010	-	-	-	-
December 1, 2010	-	-	-	-
December 1, 2010	-	-	-	-
December 2, 2013	-	-	-	-
December 18, 2014	-	-	-	-
Total General Obligation Bonds (Alternate Revenue Source)	31,385,000	30,205,000	28,645,000	31,555,000
Total Bonded Debt	57,985,000	59,175,000	56,750,000	58,905,000
LEGAL DEBT MARGIN	\$ 15,161,435	\$ 14,380,043	\$ 23,015,745	\$ 26,773,280

Under Illinois State Statutes general obligation "alternate revenue source" bonds are not regarded or included in any computation of indebtedness for the purposes of the overall 2.875% of EAV debt limit or the nonreferendum 0.575% of EAV limit or the nonreferendum 0.575% of EAV limit so long as the debt service levy for the bonds is abated annually and not extended.

2009	2010	2011	2012	2013	2014
\$ 1,907,073,711	\$ 1,726,136,225	\$ 1,541,658,746	\$ 1,415,413,914	\$ 1,250,292,037	\$ 1,262,575,231
2.875%	2.875%	2.875%	2.875%	2.875%	2.875%
\$ 54,828,369	\$ 49,626,416	\$ 44,322,689	\$ 40,693,150	\$ 35,945,896	\$ 36,299,038
3,100,000	3,100,000	3,100,000	3,100,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,550,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
-	-	-	-	-	-
1,515,000	-	-	-	-	-
-	2,395,000	-	-	-	-
-	-	2,393,000	-	-	-
-	-	-	2,500,000	-	-
-	-	-	-	2,735,000	-
-	-	-	-	-	2,740,000
10,165,000	10,295,000	10,293,000	10,400,000	7,535,000	7,540,000
16,215,000	15,865,000	15,505,000	15,130,000	14,740,000	-
16,215,000	15,865,000	15,505,000	15,130,000	14,740,000	-
-	-	-	-	-	-
-	-	-	-	-	-
15,645,000	15,175,000	-	-	-	-
4,800,000	4,420,000	-	-	-	-
5,100,000	5,100,000	4,735,000	4,355,000	-	-
4,615,000	4,615,000	4,615,000	4,615,000	-	-
3,350,000	3,350,000	3,350,000	3,350,000	-	-
-	6,680,000	6,680,000	6,680,000	6,680,000	6,680,000
-	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000
-	20,500,000	20,500,000	20,500,000	20,500,000	20,500,000
-	-	-	-	16,370,000	16,370,000
-	-	-	-	-	15,750,000
33,510,000	61,360,000	41,400,000	41,020,000	45,070,000	60,820,000
59,890,000	87,520,000	67,198,000	66,550,000	67,345,000	68,360,000
\$ 28,448,369	\$ 23,466,416	\$ 18,524,689	\$ 15,163,150	\$ 13,670,896	\$ 28,759,038

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

PLEGGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Net REC Operations	Net PSSWC Operations	Net Ice Operations	Annual Rollover Bond (Non Ref)	BAB Rebate	Net Available Revenue	Total Alternate Revenue Bonds			Coverage
							Principal	Interest	Payments	
2005	\$ 348,324	\$ 563,916	\$ 102,862	\$ 2,380,000	\$ -	\$ 3,395,102	\$ 1,145,000	\$ 2,240,960	\$ 3,385,960	1.00
2006	24,245	666,020	76,064	1,500,000	-	2,266,329	1,490,000	2,392,557	3,882,557	0.58
2007	316,815	590,144	82,330	-	-	989,289	1,875,000	2,328,523	4,203,523	0.24
2008	441,059	591,079	69,170	1,800,000	-	2,901,308	2,030,000	2,244,733	4,274,733	0.68
2009	405,223	375,718	(214,988)	1,515,000	-	2,080,953	1,730,000	2,429,346	4,159,346	0.50
2010	869,151	528,214	(383,770)	2,395,000	-	3,408,595	1,200,000	2,505,988	3,705,988	0.92
2011	1,017,191	555,499	(212,280)	2,393,000	163,194	3,916,604	725,000	2,870,116	3,595,116	1.09
2012	1,278,940	613,637	163,269	2,500,000	163,194	4,719,040	755,000	2,968,690	3,723,690	1.27
2013	833,369	633,987	129,883	2,735,000	150,220	4,482,459	790,000	2,936,590	3,726,590	1.20
2014	770,324	588,148	5,523	2,740,000	151,362	4,255,357	1,110,000	3,089,200	4,199,200	1.01

Note: Details of the District's outstanding debt can be found in the notes to financial statements.
Net operations equals excess revenues over expenditures net of any bond payments.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2005	50,573	\$ 1,348,731	\$ 26,669	4.5%
2006	50,573	1,348,731	26,669	3.4%
2007	50,573	1,722,719	34,064	3.5%
2008	50,573	1,722,719	34,064	5.5%
2009	50,573	1,722,719	34,064	8.8%
2010	51,895	1,690,895	32,583	8.2%
2011	51,895	1,655,762	31,906	7.9%
2012	51,895	1,746,941	33,663	6.8%
2013	51,895	1,736,199	33,456	7.1%
2014	51,895	1,792,349	34,538	5.2%

Data Source

U.S. Department of Commerce, Bureau of the Census
Illinois Bureau of Employment Security

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2013		2004	
	Rank	% of Total District Population	Rank	% of Total District Population
Sears Holdings	1	11.90%	1	11.90%
St. Alexius Medical Center	2	3.70%	3	3.00%
AT&T	3	2.30%	2	5.30%
GE Capital Services	4	1.50%		
TransAmerica			4	1.60%
Automated Data Processing	5	1.20%	5	1.20%
Siemens Medical Systems	6	1.00%	6	1.10%
Liberty Mutual	7	0.80%		
Village of Hoffman Estates	8	0.70%	8	0.80%
CBI Distributing Corp (Claire's)	9	0.70%	7	0.80%
Leopardo Companies, Inc.	10	0.60%		
Hartford Computer Group, Inc.			9	0.60%
Bosch Rexroth Corporations			10	0.40%

Data Source

Village of Hoffman Estates

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT										
Full-time employees	27	27	25	26	28	28	27	26	28	36
Part-time employees	7	7	7	6	6	6	7	7	7	4
CULTURE AND RECREATION										
Full-time employees	32	32	32	28	31	31	33	39	34	35
Part-time employees	327	342	345	365	359	354	392	416	496	481
Seasonal employees	277	275	243	246	263	258	301	289	220	231
Total full-time employees	59	59	57	54	59	59	60	65	62	71
Total part-time/seasonal employees	611	624	595	617	628	618	700	712	723	716
GRAND TOTAL	670	683	652	671	687	677	760	777	785	787

Data Source

District Records

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

OPERATING INDICATORS

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Recreation										
Number of participants	14,179	15,164	15,387	14,739	17,189	23,653	24,277	24,853	25,479	24,397
Annual Attendance										
Prairie Stone Sports and Wellness Center	155,645	183,077	182,733	199,817	177,760	182,535	232,077	395,763	716,635	696,067
Seascape Family Aquatic Center	24,735	25,399	25,422	20,427	23,732	31,650	33,718	32,150	28,935	26,202
Triphahn Center and Ice Arena	25,935	31,368	31,602	44,009	50,729	44,039	48,947	681,264	707,044	701,670
Willow Recreation Center	10,451	9,889	10,097	9,892	12,136	12,033	103,430	106,324	109,541	107,514
Memberships										
50+ Active Adult	-	-	-	-	-	-	-	380	1,097	618
Bo's Run Dog Park	131	211	207	258	264	442	533	443	371	329
Dog Park Combo (admit to both sites)	-	-	-	-	-	-	-	62	83	80
Freedom Run Dog Park	-	-	-	-	-	-	-	213	338	351
Prairie Stone Sports and Wellness Center	2,906	3,179	3,229	3,097	3,030	3,142	3,409	3,433	3,489	3,389
Seascape Family Aquatic Center	1,280	1,362	1,465	1,242	1,411	1,557	1,831	1,857	1,827	1,415
Triphahn Center and Ice Arena	675	690	700	853	951	976	980	947	924	917
Willow Recreation Center	305	307	303	338	382	380	372	373	378	371
Bridges Poplar Creek Country Club										
Rounds	35,339	34,904	35,356	36,243	36,402	27,364	27,660	34,627	31,147	28,525

Renovation took place at Bridges of Poplar Creek Country Club between August 19th, 2010 and June 9th, 2011, causing shortened seasons for those two years. Door counters were installed between 2011 and 2012 at facilities to better track patrons visiting each site. Reporting resources were increased between 2008 and 2010, enabling more accurate tracking of recreation participants.

Data Source

District Records

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

Preliminary and Tentative
For Discussion Purposes Only

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended December 31	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
RECREATION										
Acreage - Owned	686	718	718	753	795	807	815	829	829	828
Facilities	7	7	7	7	7	7	7	7	7	7
Number of Parks - Owned	51	57	57	59	64	65	69	70	70	71
Natural Areas	6	5	5	5	8	11	13	13	13	13
Pathway Distance	48,597	52,697	52,697	54,061	58,988	58,988	64,187	64,187	64,187	64,187
Retention Ponds/Lakes	14	20	20	22	24	24	25	25	25	25
Amenities										
Ball diamonds	28	27	27	27	27	27	29	29	29	28
Basketball courts	15	12	13	13	12	12	13	13	13	13
Cricket Fields	-	-	-	-	-	-	1	1	1	1
Disc Golf Courses	-	-	-	-	1	1	1	1	1	1
Dog Parks	-	1	1	1	1	1	1	2	2	2
Fishing Areas	2	2	2	3	3	3	15	15	15	15
Football Fields	5	1	1	1	1	1	1	1	1	1
Indoor Ice Arenas	2	2	2	2	2	2	2	2	2	2
Outdoor Ice Skating	6	7	-	-	-	-	-	-	-	-
Playgrounds	35	39	39	41	44	44	44	44	44	45
Shelter Areas	18	19	19	20	25	25	25	25	25	19
Skate Parks	1	1	1	1	1	1	1	3	3	3
Sled Hills	2	3	3	3	2	2	1	1	1	2
Soccer Fields	20	13	13	12	12	12	14	14	14	18
Splash Pads	-	-	-	-	-	-	3	4	4	4
Tennis Courts	17	17	17	17	17	17	17	17	17	17
Volleyball Courts	6	4	4	4	4	4	4	5	5	5

Data Source

District Records

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

**AUDITOR'S COMMUNICATION TO THE
BOARD OF COMMISSIONERS**

For the Year Ended
December 31, 2014

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
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Preliminary and Tentative
For Discussion Purposes Only

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April 24, 2015

Members of the Board of Commissioners
Hoffman Estates Park District
1685 West Higgins Road
Hoffman Estates, Illinois 60169

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by auditing standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on January 16, 2015.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the Hoffman Estates Park District, are enclosed within this document.

This information is intended solely for the use of the Board of Commissioners and management of the Hoffman Estates Park District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Sikich LLP
By: Brian D. LeFevre, CPA
Partner

April 24, 2015

Members of the Board of Commissioners
Hoffman Estates Park District
1685 West Higgins Road
Hoffman Estates, Illinois 60169

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hoffman Estates Park District for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 19, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hoffman Estates Park District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures during our audit.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole as presented on the separate schedule except for entries AJE01-AJE04.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 24, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary financial information, which accompanies the basic financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the supplemental data and introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Members of the Board of Commissioners and management of Hoffman Estates Park District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Sikich LLP
By: Brian D. LeFevre, CPA
Partner

Hoffman Estates Park District

Year End: December 31, 2014

Adjusting Journal Entries

Date: 1/1/2014 To 12/31/2014

Preliminary and Tentative
For Discussion Purposes Only

Number	Date	Name	Account No	Debit	Credit
AJE01	12/31/2014	SERIES 2001 GO ALT REV BONDS	80-02-10-2010 80-G	4,355,000.00	
AJE01	12/31/2014	SERIES 2002 GO ALT REV BONDS	80-02-10-2020 80-G	3,100,000.00	
AJE01	12/31/2014	SERIES 2008 GO ALT REV BONDS	80-02-10-2080 80-G	4,615,000.00	
AJE01	12/31/2014	SERIES 2009 GO ALT REV BONDS	80-02-10-2090 80-G	3,350,000.00	
AJE01	12/31/2014	SERIES 2012 GO ALT REV BONDS	80-02-10-2120 80-G	2,500,000.00	
AJE01	12/31/2014	SERIES 2001 GO ALT PAYMENT	80-02-11-2010 80-G	4,355,000.00	
AJE01	12/31/2014	SERIES 2002 GO ALT PAYMENT	80-02-11-2020 80-G	3,100,000.00	
AJE01	12/31/2014	SERIES 2008 GO ALT PAYMENT	80-02-11-2080 80-G	4,615,000.00	
AJE01	12/31/2014	SERIES 2009 GO ALT PAYMENT	80-02-11-2090 80-G	3,350,000.00	
AJE01	12/31/2014	SERIES 2012 GO ALT PAYMENT	80-02-11-2120 80-G	2,500,000.00	
AJE01	12/31/2014	SERIES 2013 GO ALT PAYMENT	80-02-11-2130 80-G		-5,470,000.00
AJE01	12/31/2014	SERIES 2013A GO ALT PAYMENT	80-02-11-2135 80-G		-32,740,000.00
AJE01	12/31/2014	SERIES 2004 DEBT CERTIFICATES	80-02-20-2000 80-G	15,130,000.00	
AJE01	12/31/2014	SERIES 2004 DEBT CERTIFICATES	80-02-20-2000 80-G		-14,740,000.00
AJE01	12/31/2014	SERIES 2004 DEBT CERT PAYMENT	80-02-21-2000 80-G	390,000.00	
AJE01	12/31/2014	CHANGE NET PENSION OBLIGATION	80-02-31-2000 80-G		-2,948.00
AJE01	12/31/2014	BOND PROCEEDS AT PAR	80-02-39-4000 80-G		-19,105,000.00
AJE01	12/31/2014	PREMIUM ON BOND PROCEEDS	80-02-39-4100 80-G		-338,429.00
AJE01	12/31/2014	COMPENSATED ABS CONTRA EXP	80-02-41-2000 80-G	1,425.00	
AJE01	12/31/2014	FUND BALANCE	80-03-30-3000 80-G	21,034,952.00	

To correct current year adjustment of the GLTDAG

AJE02	12/31/2014	SERIES 2014 GO BONDS	80-02-10-2130 80-G		-2,740,000.00
AJE02	12/31/2014	SERIES 2014A GO ALT REV BONDS	80-02-10-2131 80-G		-15,750,000.00
AJE02	12/31/2014	SERIES 2013 GO ALT PAYMENT	80-02-11-2130 80-G	2,735,000.00	
AJE02	12/31/2014	UNAMORTIZED BOND PREMIUM	80-02-15-2000 80-G		-161,996.00
AJE02	12/31/2014	UNAMORTIZED BOND PREMIUM	80-02-15-2000 80-G	93,134.00	
AJE02	12/31/2014	SERIES 2004 DEBT CERTIFICATES	80-02-20-2000 80-G	14,740,000.00	
AJE02	12/31/2014	NET PENSION OBLIGATION	80-02-30-2000 80-G	62,912.00	
AJE02	12/31/2014	CHANGE IN NET PENSION OBLIGATION	80-02-30-5000 80-G		-62,912.00
AJE02	12/31/2014	BOND PROCEEDS AT PAR	80-02-39-4000 80-G	18,490,000.00	
AJE02	12/31/2014	PREMIUM ON BOND PROCEEDS	80-02-39-4100 80-G	161,996.00	
AJE02	12/31/2014	BONDS PAYABLE ACCRUED INTEREST	80-02-50-2000 80-G	8,992.00	
AJE02	12/31/2014	PRINCIPAL PAYMENTS CONTRA EXP	80-02-60-5000 80-G		-2,735,000.00
AJE02	12/31/2014	PRINCIPAL PAYMENTS CONTRA EXP	80-02-60-5000 80-G		-14,740,000.00
AJE02	12/31/2014	INTEREST/AMORTIZATION	80-02-61-5000 80-G		-93,134.00
AJE02	12/31/2014	INTEREST/AMORTIZATION	80-02-61-5000 80-G		-8,992.00

To adjust GLTDAG for principal payments, new bonds, and adjustments to accrued interest, unamortized bond premium, and net pension obligation

AJE03	12/31/2014	PROPERTY TAXES RECEIVABLE	01-01-05-1010 01-GF	100,000.00	
AJE03	12/31/2014	DEFERRED PROPERTY TAXES	01-02-22-2010 01-GF		-100,000.00
AJE03	12/31/2014	PROPERTY TAXES RECEIVABLE	07-01-05-1010 07-IF		-35,000.00
AJE03	12/31/2014	DEFERRED PROPERTY TAXES	07-02-22-2010 07-IF	35,000.00	
AJE03	12/31/2014	PROPERTY TAXES RECEIVABLE	08-01-05-1010 08-DSF	50,000.00	
AJE03	12/31/2014	DEFERRED PROPERTY TAXES	08-02-22-2010 08-DSF		-50,000.00
AJE03	12/31/2014	PROPERTY TAXES RECEIVABLE	09-01-05-1010 09-SRF		-20,000.00
AJE03	12/31/2014	DEFERRED PROPERTY TAXES	09-02-22-2010 09-SRF	20,000.00	
AJE03	12/31/2014	PROPERTY TAXES RECEIVABLE	10-01-05-1010 10-SSF	15,000.00	
AJE03	12/31/2014	DEFERRED PROPERTY TAXES	10-02-22-2010 10-SSF		-15,000.00

To correct the receivables and deferred revenues related to property taxes.

Number	Date	Name	Account No	Debit	Credit
AJE04	12/31/2014	INTERFUND - GENERAL	08-01-04-1001 08-DSF		-80,500.00
AJE04	12/31/2014	2014 LIMITED BOND PROCEEDS	08-43-39-4000 08-DSF	80,500.00	
AJE04	12/31/2014	INTERFUND - GENERAL	12-01-04-1001 12-CPF	80,500.00	
AJE04	12/31/2014	ANNUAL BOND PROCEEDS	12-10-41-4000 12-CPF		-80,500.00
To reclassify a portion of the 2014 bond proceeds to the capital projects fund					
AJE05	12/31/2014	GRANT REIMBURSEMENT	01-10-39-4000 01-GF		-17,412.19
AJE05	12/31/2014	CONTRACTED SERVICES	01-10-73-5000 01-GF	17,412.19	
To book the grant revenue and expenditures related to the removal of an underground storage tank at Poplar Creek Country Club					
AJE06	12/31/2014	MACHINERY/EQUIPMENT	90-01-08-1000 90-G	19,995.00	
AJE06	12/31/2014	MACHINERY/EQUIPMENT AD	90-01-08-1100 90-G		-1,333.00
AJE06	12/31/2014	MACHINERY/EQUIPMENT DEP RE EXP	90-10-18-5200 90-G	1,333.00	
AJE06	12/31/2014	MACHINERY/EQUIPMENT CONTRA EXP	90-10-18-5300 90-G		-19,995.00
To post current year capital asset additions and the related depreciation expense and accumulated depreciation					
AJE07	12/31/2014	MORGAN STANLEY ACCRUED INT	13-01-03-1200 13-WCF		-3,790.93
AJE07	12/31/2014	INTERST INCOME	13-10-36-4000 13-WCF	3,790.93	
To remove PY accrued interest					

HOFFMAN ESTATES PARK DISTRICT

(CLIENT)

GENERAL

(OPINION UNIT)

For the Year Ended 12/31/2014

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
Prior Year Mark-to-Market Adjustment Not Made	PY		-	(6,596.99)	6,596.99
Mark-to-Market Adjustment Not Made	C.4	(8,279.98)	-	-	8,279.98
Totals		\$ (8,279.98)	\$ -	\$ (6,596.99)	\$ 14,876.97

HOFFMAN ESTATES PARK DISTRICT

Recreation Fund

(CLIENT)

(OPINION UNIT)

For the Year Ended 12/31/2014

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
Prior Year Mark-to-Market Adjustment Not Made	PY	-	-	20,401.21	(20,401.21)
Mark-to-Market Adjustment Not Made	C.4	(8,231.19)	-	-	8,231.19
Totals		\$ (8,231.19)	\$ -	\$ 20,401.21	\$ (12,170.02)

HOFFMAN ESTATES PARK DISTRICT

(CLIENT)

Capital Projects Fund

(OPINION UNIT)

For the Year Ended 12/31/2014

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
Prior Year Mark-to-Market Adjustment Not Made	PY	-	-	14,169.79	(14,169.79)
Mark-to-Market Adjustment Not Made	C.4	(8,839.26)	-	-	8,839.26
Totals		\$ (8,839.26)	\$ -	\$ 14,169.79	\$ (5,330.53)

HOFFMAN ESTATES PARK DISTRICT

(CLIENT)

Prairie Stone

(OPINION UNIT)

For the Year Ended 12/31/2014

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
Prior Year Mark-to-Market Adjustment Not Made	PY	-	-	5,588.38	(5,588.38)
Mark-to-Market Adjustment Not Made	C.4	(2,924.91)	-	-	2,924.91
Totals		\$ <u>(2,924.91)</u>	\$ <u>-</u>	\$ <u>5,588.38</u>	\$ <u>(2,663.47)</u>

HOFFMAN ESTATES PARK DISTRICT

(CLIENT)

(OPINION UNIT)

For the Year Ended 12/31/2014

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
Prior year prepaid Billy Casper management expenses based on amount in bank accounts maintained by Billy Casper	PY	-	-	2,384.00	(2,384.00)
Totals		\$ -	\$ -	\$ 2,384.00	\$ (2,384.00)

HOFFMAN ESTATES PARK DISTRICT
(CLIENT)

For the Year Ended 12/31/2014

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
Prior Year Mark-to-Market Adjustment Not Made	PY	-	-	(17,810.07)	17,810.07
Mark-to-Market Adjustment Not Made	C.4	(8,951.56)	-	-	8,951.56
Totals		\$ (8,951.56)	\$ -	\$ (17,810.07)	\$ 26,761.63

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

MANAGEMENT LETTER

December 31, 2014

Members of the Board of Commissioners
Hoffman Estates Park District, Illinois

Ladies and Gentlemen,

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hoffman Estates Park District, Illinois (the District) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. This letter does not affect our report dated April 24, 2015 on the basic financial statements of the Hoffman Estates Park District.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

This communication is intended solely for the information and use of the Board of Commissioners and management of the Hoffman Estates Park District and is not intended to be, and should not be, used by anyone other than these specified parties.

Naperville, Illinois
April 24, 2015

DEFICIENCIES

1. Internal Controls over Golf Inventory

During our review of the District's internal controls, we noted that there is a segregation of duties issue related to golf course inventory. Currently, one person is able to perform all of the duties associated with inventory at the golf course, including receiving inventory as well entering quantities into the system and changing inventory costs. This presents the opportunity for fraud to occur. In order to mitigate this risk, we recommend that the District have at least one other person involved in the inventory process at all times.

2. Mark-to-Market Accounting on Certificates of Deposit

During our testing of investments at year end, we noted that the District's certificates of deposit (CDs) with maturities greater than one year from the date of purchase were not marked to market in accordance with generally accepted accounting principles per GASB Statement No. 31. The adjustment to market value was immaterial this year and was posted to the passed adjustments schedule. We understand this adjustment has historically not been recorded by the District as the District holds all CD's to maturity. We recommend that management continue to monitor these market value adjustments each year.

3. Credit Card Support

During our testing of credit card expenditures, we noted that adequate supporting documentation was not present in the District's files for five of the ten items selected for review. We recommend that the District review its procedures used in regards to credit card expenditure tracking in order to ensure that adequate documentation is received for each purchase made with the credit cards.

4. Grant Revenue

During our testing of grant revenue, it was noted that a payment of monies was made directly to one of the District's vendors by the Illinois Environmental Protection Agency in the amount of \$17,412.19. The revenue and expenditures related to this payment were not recorded in the District's ledger. Additionally, the agreement was signed by the Golf Course Director, not by the Executive Director or Finance Director. A journal entry was proposed, which management accepted, to record the revenue and expenditures on the District's ledger. We recommend that any similar contracts be signed by the Executive Director and/or Finance Director and receive approval from the District's Board.

OTHER COMMENTS

1. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the District in the future.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, 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

OTHER COMMENTS (Continued)

1. Future Accounting Pronouncements (Continued)

arrangements that meet certain criteria. Statement No. 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). Statement No. 68 is applicable for the fiscal year ending December 31, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, this requires that the government recognize its contribution as a deferred outflow of resources. Statement No. 71 is to be implemented simultaneously with GASB Statement No. 68.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is applicable for the fiscal year ending December 31, 2016.

We will advise the District of any progress made by GASB in developing this and other future pronouncements that may have an impact on the financial position and changes in financial position of the District.

APPENDIX A
STATUS OF COMMENTS FROM DECEMBER 31, 2013

DEFICIENCY

Payments Based on Price Quotes

During our testing of accounts payable and expenditures, we noted that one of the payments in our testing sample was paid based upon a price quote rather than an invoice. This payment was for the Ice Arena Dehumidifier. In addition, we also noted that many of the payments that were part of our testing sample were paid based upon copies of original documentation (i.e., faxes, photocopies, etc.). We recommend that management institute a procedure that specifically calls for payments to be made based upon invoices.

Status - Comment implemented as of December 31, 2014.

Sikich Snapshot

Preliminary and Tentative
For Discussion Purposes Only

Organization

Sikich is a dynamic professional services firm specializing in accounting, technology, investment banking and advisory services. Founded in 1982, we are now one of the country's Top 35 largest CPA firms and among the top 1 percent of all enterprise resource planning solution partners in the world.

Industries

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

- › Agriculture
- › Construction & Real Estate
- › Government
- › Manufacturing & Distribution
- › Not-for-Profit
- › Oilfield Services

Statistics

2014 Revenues	\$106.5M
Total Partners	92
Total Employees	573
Total Personnel	665

Personnel count as of February 17, 2015

Sikich Total Revenues



Awards

- › *Accounting Today* Top 100 Firms: ranked 34th nationally, 2014
- › *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2014
- › *Inc. Magazine's* Inc. 500|5000: ranked 4,627th fastest-growing private company nationally, 2013
- › *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 32nd nationally, 2014
- › Microsoft Dynamics Inner Circle and President's Club, 2014
- › *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 12th, 2014
- › Best Places to Work in Indiana, 2014
- › Best Places to Work in Illinois, 2014
- › *Accounting Today* Top 100 Value Added Reseller: ranked 9th, 2014
- › Bob Scott's Top 100 Value Added Reseller, 2014
- › *Bob Scott's Insights* Value Added Reseller Stars, 2014
- › *Crain's Chicago Business* Fast Fifty: ranked 49th, 2013
- › Alfred P. Sloan Award for Excellence in Workplace Effectiveness & Flexibility, 2013
- › *Daily Herald Business Ledger* Book of Lists: ranked 5th, "Accounting Firms;" Chicago Western Suburbs, 2013
- › *Springfield Business Journal* Book of Lists: ranked 1st, "Accounting Firms;" Springfield, Illinois, 2013
- › *Chicago Tribune's* Chicago's Top Workplaces, 2013
- › *Crain's Chicago Business* Top 25 Firms: ranked 11th in Chicagoland, 2013

SERVICES

- › Accounting & Assurance
- › Business Valuation
- › Dispute Advisory
- › ERP & CRM Software
- › Executive Search & Staffing
- › Human Resources Consulting
- › Insurance Services
- › Investment Banking & Corporate Finance
- › IT Services
- › Marketing & Public Relations
- › Retirement Planning
- › Supply Chain
- › Tax Planning
- › Wealth Management



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Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2011, Sikich LLP received its 8th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.



Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- ▶ Microsoft Small Business Specialist
- ▶ MCP (Microsoft Certified Professional)
- ▶ MCSE (Microsoft Certified System Engineer)
- ▶ CCNA (Cisco Certified Network Associate)
- ▶ CCDA (Certified Cisco Design Associate)
- ▶ CCEA (Citrix Certified Enterprise Administrator)
- ▶ MRMS (Microsoft Retail Management Systems)
- ▶ CISA (Certified Information Systems Auditor)
- ▶ CNE (Certified Novell Engineer)
- ▶ MS CSM (Microsoft Customer Service Manager)
- ▶ MS CAE (Microsoft Certified Account Executive)
- ▶ MCDBA (Microsoft Certified Database Admin.)



Sikich is proud to be part of the Leading Edge Alliance

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

**International Accounting Bulletin, 2011*



Sikich is proud to be part of PrimeGlobal

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.

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