

# VILLAGE OF HANOVER PARK, ILLINOIS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2016

**VILLAGE OF HANOVER PARK, ILLINOIS**

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FINANCIAL REPORT**

For the Year Ended  
December 31, 2016

Prepared by Department of Finance

Remy Navarrete  
Director of Finance

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Hanover Park including:

- List of Principal Officials
- Organizational Chart
- Certificate of Achievement for Excellence in Financial Reporting
- Letter of Transmittal

**VILLAGE OF HANOVER PARK, ILLINOIS**

**PRINCIPAL OFFICIALS**

December 31, 2016

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**LEGISLATIVE**

**VILLAGE BOARD OF TRUSTEES**

Rodney S. Craig, President

William Cannon

Jon Kunkel

James Kemper

Rick Roberts

Herb Porter

Sharmin Shahjahan

Eira Corral Sepulveda, Clerk

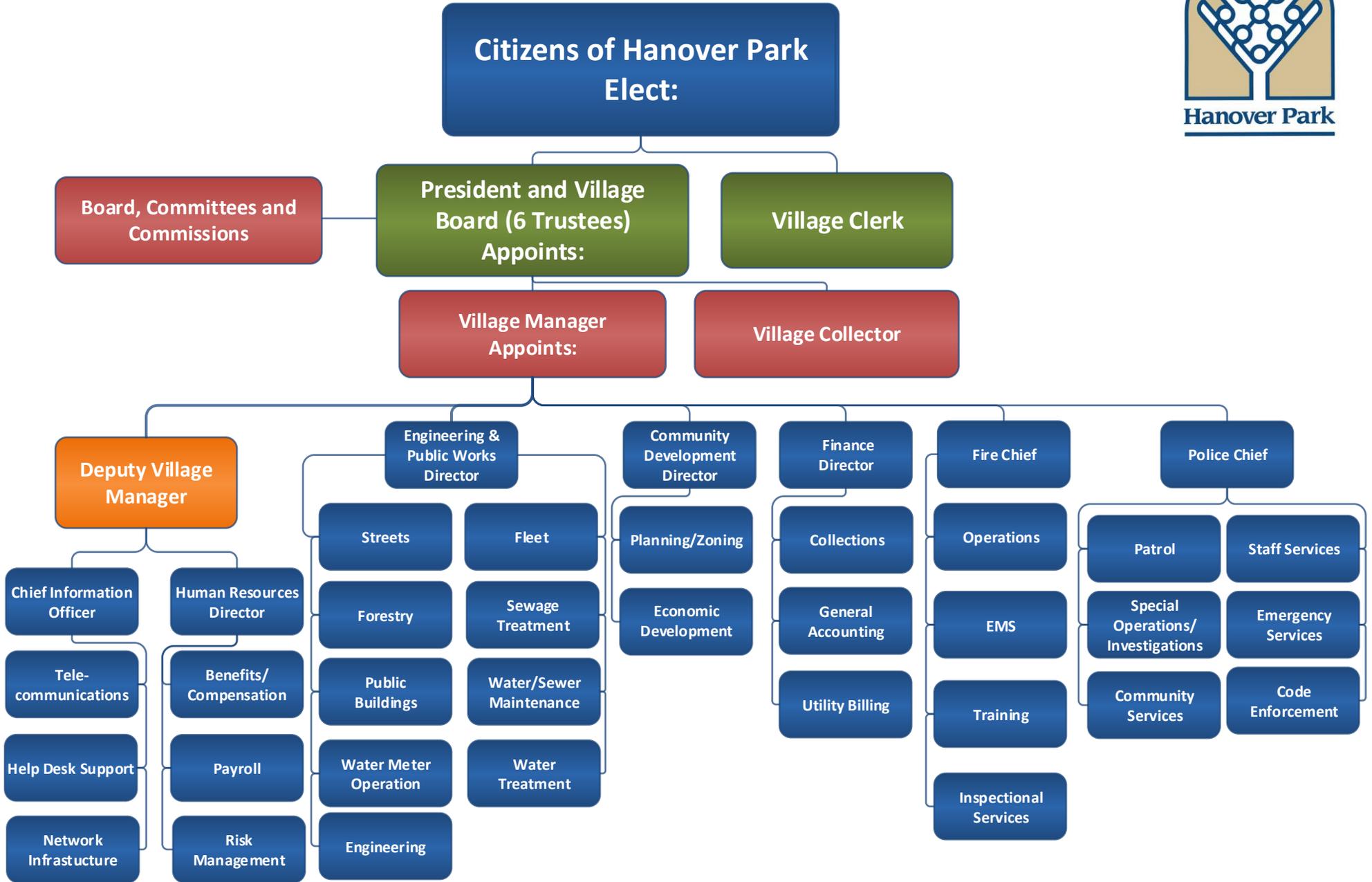
**ADMINISTRATIVE**

Juliana Maller, Manager

**FINANCE DEPARTMENT**

Remy Navarrete  
Director of Finance

# Village of Hanover Park – Table of Organization





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Village of Hanover Park  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO



## Village of Hanover Park Administration

Municipal Building  
2121 Lake Street  
Hanover Park, IL 60133-4398

630-823-5600  
FAX 630-823-5786  
[www.hpil.org](http://www.hpil.org)

**PRESIDENT**  
RODNEY S. CRAIG

**VILLAGE CLERK**  
EIRA CORRAL SEPÚLVEDA

**TRUSTEES**  
JAMES KEMPER  
JON KUNKEL  
HERB PORTER  
BOB PRIGGE  
RICK ROBERTS  
SHARMIN SHAHJAHAN

**VILLAGE MANAGER**  
JULIANA A. MALLER

June 26, 2017

The Citizens of the Village of Hanover Park,  
Village President Rodney Craig, and Board of Trustees  
and Other Interested Parties  
Village of Hanover Park, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Village of Hanover Park for the fiscal year ending December 31, 2016 is hereby submitted. State law requires an annual audit for local governments. The audit must be conducted in accordance with generally accepted auditing standards (GAAS), include all of the accounts and funds of the Village, and be completed within six months after the end of the fiscal year. The Village is required to issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP). This report presents a comprehensive picture of the Village's financial activities and has been published to fulfill the requirement for the fiscal year ending December 31, 2016.

The financial report consists of management's representations concerning the finances of the Village of Hanover Park. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Village of Hanover Park's financial statements in accordance with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the Village's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The Village's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Hanover Park are free from material misstatement. The independent auditor issued an unmodified ("clean") opinion on the Village's financial statements for the year ending December 31, 2016. The independent auditor's report is located in the beginning of the financial section of this report. The

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

### **Profile of the Village of Hanover Park**

The Village of Hanover Park was incorporated in 1958 and operates under the Counsel-Manager form of government. The Village is a home-rule community as defined by the Illinois State Constitution. The Village is a residential community, with 99.36 miles of streets, located approximately 30 miles northwest of downtown Chicago and encompasses an area of approximately 7 square miles, with 2.75 square miles within Cook County and 4.25 miles within DuPage County. The Village's population, per the 2010 census, is 37,973.

Policy-making and legislative authority are vested with the Village Board, which consists of the Village President and six Trustees. This governing body is responsible for, among other things, passing ordinances and resolutions, adopting the annual budget, appointing committees, and appointing the Village Manager. The Village Manager is responsible for implementing the policies and ordinances of the Village, for overseeing the day-to-day operations of the Village, and for appointing the Village's department heads. The Village Board is elected on a nonpartisan, at-large basis. Village Trustees are elected to four-year staggered terms. The Village President is also elected to a four-year term.

The Village of Hanover Park provides a full range of services, including police and fire protection, construction and maintenance of highways, streets, sidewalks, and other infrastructure, Village planning and zoning, and general administrative services. The Village also operates water and sewer utilities and a municipal commuter parking lot. In December 2011, the Village purchased the Hanover Square Shopping Center along Barrington Road. A management company specializing in shopping centers was hired by the Village to run operations on behalf of the Village. Monthly meetings between the management company and the Village are held to report financial statements as well as receive updates on the center. In September 2015, the Village entered into a joint venture with a developer to renovate and operate the Hanover Square Shopping Center. Pursuant to the agreement the Village sold the property to the newly established corporation, Hanover Square, LLC, and acquired a 90% ownership interest in the corporation. During the year, the Village became 100% owner of Hanover Square which was previously recorded as a 90% interest in joint venture. As a result, Hanover Square is presented as a component unit of the Village as of January 1, 2016. On January 1, 2013, the Village entered a 39-year lease for the Metropolitan Water Reclamation District (MWRD) land also located along Barrington Road. The lease was entered to provide youth programming and visual improvements for the site.

The annual budget serves as the foundation for the Village's financial planning and control. All departments annually submit their budget requests for the upcoming fiscal year to the Budget Team. The Village Manager and staff review these budget requests and develop a

budget to match anticipated revenues. The Village Manager's proposed budget is presented to the Village Board in a series of workshops.

On October 3, 2013, the Village board approved the conversion of the Village's fiscal year. The May 1 to April 30 Fiscal Year was changed to a calendar year, beginning with the Calendar Year 2015 Budget. As part of the conversion, the Village created an eight month stub-year budget named Fiscal Year 2014B beginning on May 1, 2014 and commencing on December 31, 2014. The Village Board is required to hold a public hearing on the proposed budget, and a final budget going forward must be adopted by the Village Board by December 31<sup>st</sup> of each fiscal year. The legal level of budgetary control is at the fund level.

The Village Manager is authorized to make budget transfers within any fund. Additions and transfers between funds require Village Board approval. Original and final amended budget-to-actual comparisons are provided for each individual governmental fund for which an annual budget has been adopted. The general and major special revenue fund comparisons are included in the required supplementary information. Other governmental fund comparisons are presented in the Non-major Governmental Funds subsection of this report.

There were 196 full-time positions and 41 part-time positions, excluding seasonal workers, in the Fiscal Year 2016 annual budget. There are six different labor unions that represent sworn police officers and sergeants, civilian police employees, firefighters, paid on-call firefighters, and Public Works employees.

### **Local Economy**

Over 400 businesses are located in the Village of Hanover Park. There are more than 4,000,000 square feet of business park development located in three industrial areas within the Village and 23 shopping centers ranging in size from 6,000 to 200,000 square feet. Several food establishments are located within the Village including family friendly, ethnic, and fast food restaurants.

Promotion of the Church Street Station mixed use development continued. In 2014, all of the 126 townhomes were completed. Two of the commercial lots were sold, including one commercial building. The new owner is promoting vacant spaces for lease.

In 2014 the opening and remodeling of Harbor Freight took place. Though it did not open until the very end of Fiscal Year 2014, it still shows the Village signs of new business growth in town. Extensive changes in visual improvements to the site were completed, creating a more positive look. Both the visual look and increase in Sales Tax revenue have been seen beginning with Fiscal Year 2014B and continued in FY2015.

Over the past several years, the United States economic recovery has been slow but steady. The Village has seen its revenue base also improve at a very slow pace.

The comparison of the following key revenues for General Fund operating account as follows:

- **Property Taxes** – the Village has collected \$11,842,674 or 102.06% of the budgeted amount. This is an increase from last year’s actual amount of \$11,527,518 or 2.73%. The Village collected the first and second installment of the 2015 tax levy as well, prior to 2015 taxes (Cook and DuPage).
- **Telecommunication Tax** –the Village has collected \$690,765 or 106.55% of the budgeted amount. This is a decrease from last year’s actual amount of \$754,969 or 8.50%. The account continues to decrease due to consumers changing to data plans for cell phone services that are not taxable.
- **Electric Tax** –the Village has collected \$1,012,647 or 142.63% of the budgeted amount. This is a decrease from last year’s actual amount of \$1,017,092 or 0.44%. Taxes are generated based on actual usage and largely dependent on fluctuation in temperatures and population.
- **Natural Gas Tax** –the Village has collected \$192,588 or 84.05% of the budgeted amount. This is a decrease from last year’s actual amount of \$215,496 or 10.63%. Like Electric Tax, taxes are generated based on actual usage and largely dependent on fluctuation in temperature season.
- **Basic Sales Tax** – the Village has collected \$5,911,386 or 98.52% of the budgeted amount. This is an increase from last year’s actual amount of \$5,641,105 or 4.79%. This revenue is based on the dollar amount of purchased tangible merchandise within the Village.
- **Municipal Automobile Renting Tax** – the Village has collected \$13,908 or 115.90% of the budgeted amount. This is a decrease from last year’s actual amount of \$15,456 or 10.02%. This revenue is based on the dollar amount of taxes on the rental price of automobiles rented under lease terms of one year or less.
- **Home Rule Sales Tax** – the Village has collected \$3,851,280 or 114.11% of the budgeted amount. This is an increase from last year’s actual amount of \$3,689,384 or 4.39%. This tax is not assessed on food, prescription medication, and registered/titled property purchases (i.e. vehicle). It is often less than the local share of the basic sales tax.
- **Hotel and Motel Tax** - the Village has collected \$44,881 or 99.74% of the budgeted amount. This is a decrease from last year’s actual amount of \$45,939 or 2.30%. This revenue is based on the dollar amount of taxes upon the use and privilege of renting and leasing or subletting of rooms in the hotel or motel at a rate of 3% of the gross receipts.

- **Use Tax** – the Village has collected \$922,304 or 138.28% of the budgeted amount. This is an increase from last year’s actual amount of \$844,592 or 9.20%. This tax is based on purchases made outside one’s state of residence on taxable items that will be used, stored or consumed in one’s state of residence and on which no tax was collected in the state of purchase.
- **Food and Beverage Tax** – the Village has collected \$1,160,415 or 101.79% of the budgeted amount, an increase from last year actual amount of \$1,134,073 or 2.32%. This is an imposed tax of 3% upon the purchase of alcoholic liquor, food and beverage at any retail food facility within the Village.
- **State Income Tax** – the Village has collected \$3,696,445 or 98.57% of the budgeted amount. This is a decrease from last year’s actual amount of \$4,040,449 or 8.51%. The Village receives a portion of State Income Tax receipts on a per-capita basis (population).
- **Real Estate Transfer Tax** –the Village has collected \$711,026 or 268.31% of the budgeted amount. This is an increase from last year’s actual amount of \$368,563 or 92.92%. The increase was due to three commercial building transfers of ownership. This is an imposed tax of \$1.50 for each \$500 on the transfer of title to real estate property located in the Village, as evidenced by the recordation of a deed.
- **Licenses** –the Village collected \$303,694 or 83.00% of the budgeted amount. This is a decrease from last year’s actual amount of \$333,029 or 8.81%. The decrease was due to low Business, Liquor, Rental Licenses (for FY2017) renewal payment received in FY2016 that were adjusted and recorded in the proper Fiscal Year 2017.
- **Permits** –the Village collected \$281,695 or 70.25% of the budgeted amount. This is a decrease from last year’s actual amount of \$335,517 or 16.04%. The decrease was due to 900 Irving Park Road budgeted in FY2016 anticipated start of construction.
- **Fees** –the Village collected \$1,868,807 or 102.84% of the budgeted amount. This is an increase from last year’s actual amount of \$1,758,982 or 6.24%. The solid waste, cable franchise fees and ambulance fees exceeded budgeted amount even though Impound fees did not meet the budgeted amount of \$456,500 or 79.39%.
- **Personal Property Tax** - the Village collected \$86,782 or 93.82% of the budgeted amount. This is a slight decrease from last year’s actual amount of \$86,945 or 0.19% due to Illinois Department of Revenue distribution formula error in calculating the PPRT. This error was discovered in the first quarter of FY2016 after the budget passage.
- **Fines** –the Village collected \$690,933 or 131.48% of the budgeted amount. This is an increase from last year’s actual \$638,500 or 8.21%. The increase was due at the start of adjudication hearing process for Ordinance violation on May 2016.

- **Investment Income** - the Village collected \$68,859 or 133.27% of the budgeted amount. This is an increase from last year's actual amount \$54,136 or 27.20%. The increase was due to maturity of CD's and new banking services with a good return of investment package.
- **Miscellaneous Revenue** - the Village collected \$940,732 or 112.17% of the budgeted amount. This is an increase from last year's actual amount of \$620,937 or 51.50%. The increase was the result of rental income that exceeded the budgeted amount due to the payment of AT&T, and the reimbursement checks from our risk management company from 2015 to present.

The Village's equalized assessed valuation increased by \$60.03 million, or 11.42%, from \$525.8 million in the 2015 levy year to \$585.8 million in the 2016 levy year. This increase is primarily due to property assessments increase and new construction within the Village. The Property values were reassessed in both Cook and DuPage counties in 2016.

<u>Levy Year</u>	<u>Equalized Assessed Valuation</u>	<u>Increase in Equalized Assessed Valuation</u>	<u>Percent Increase (Decrease)</u>
2007	\$746,188,021	\$58,241,577	8.47%
2008	\$789,204,793	\$43,016,772	5.76%
2009	\$810,756,275	\$21,551,482	2.73%
2010	\$743,653,328	(\$67,102,947)	▼ (8.28%)
2011	\$695,936,302	(\$47,717,026)	▼ (6.42%)
2012	\$626,685,617	(\$69,250,685)	▼ (9.95%)
2013	\$542,401,799	(\$84,283,818)	▼ (13.45%)
2014	\$533,303,999	(\$9,097,800)	▼ (1.68%)
2015	\$525,854,318	(\$7,449,681)	▼ (1.40%)
2016	\$585,885,950	\$60,031,632	11.42%

### Long-Term Financial Planning and Relevant Financial Policies

The unrestricted, unassigned fund balance of the General Fund continues to exceed 25.0% of the subsequent year's budgeted expenditures. This policy was established by the Village Board to provide financing for unanticipated expenditures and accommodate shortfalls in revenues. The unrestricted fund balance has increased to \$3,106,321. The increase was primarily due to revenues coming in at \$1.75 million higher than the projected budget and combined with a decrease in expenditures. The Village management has been diligently monitoring expenses to ensure that the Village remains stable but still providing core services in the most responsible way possible.

<u>Fiscal Year Ended</u>	<u>Unrestricted / Unassigned Fund Balance</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Percent</u>
30-Apr-08	\$7,849,607	\$24,336,641	32.25%
30-Apr-09	\$7,920,285	\$24,275,288	32.63%
30-Apr-10	\$7,492,166	\$23,554,950	31.80%
30-Apr-11	\$7,831,351	\$25,498,295	30.71%
30-Apr-12	\$7,773,523	\$27,776,277	27.99%
30-Apr-13	\$8,473,882	\$29,754,222	28.45%
30-Apr-14	\$11,611,884	\$29,754,222	39.03%*
31-Dec-14B	\$14,180,226	\$31,687,433	44.75%
31-Dec-15	\$16,326,081	\$32,199,242	50.70%
31-Dec-16	\$19,432,402	\$32,836,381**	59.18%

\*Fund balance percent is calculated based on Fiscal Year 2014 budgeted expenditures due to the fiscal year conversion. The Fiscal Year 2014B budgeted expenditures are significantly lower due to a shortened eight-month stub year. \*\*The \$32,836,381 is the adopted budget of General Fund for FY2017.

The Village has a “pay-as-you-go” philosophy in financing capital projects. The use of the General Capital Projects Fund, Central Equipment Fund and IT Replacement Fund has assisted the Village in the planned replacement of capital assets. Monies are set aside in these funds annually to cover the cost of planned capital purchases and improvements.

The Village prepares a five-year Capital Improvement Program (CIP) that is incorporated into the annual budget each year. The CIP is a multi-year planning instrument used to identify needed capital projects for improvements to Village buildings, equipment and infrastructure and capital equipment purchases, and to coordinate the financing and timing of these improvements. For the Fiscal Year 2016 Budget, the Village enhanced the CIP and included all five years in the budget document. Going forward, each year the CIP will be updated to incorporate new capital projects, changing goals and priorities, and additional funding sources.

### **Major Initiatives**

The Village of Hanover Park continues to manage its fiscal operations well and operate cost effectively in Fiscal Year 2016. The Village, with its budgeted full-time staffing of 196, serves its citizens with 5.1 full-time employees per 1,000 in population. Implementation of the Village’s Strategic Plan during the fiscal year 2016 reflects the Village's continued commitment to its citizens that the Village is a desirable place to live, work, and transact business and includes:

- On January 1, 2013, the Village entered into a 39 year lease for the MWRD land located on the Hanover Park Water Reclamation District Plant off of Barrington Road for public and recreational use. This lease was entered to ensure that affordable youth programming will continue to be provided as well as to allow for visual improvements to the site. During Fiscal Year 2014B the Village worked with the local baseball and football teams to establish user agreements and to make improvements to the site. The Board determined that they would like to use revenue from video gaming to fund site improvements. Staff also began discussions with a potential new user for the vacant rear portion of the property. The Village continues to use video gaming fees and taxes for maintenance and improvement of this facility.
- As part of the goal to improve the Village's appearance, the Village purchased the Hanover Square Shopping Center in Fiscal Year 2012. Since then, major improvements have taken place including the purchase and demolition of the vacant 'old Shires' building at 6794 Barrington, demolition of the 'old hot dog stand' at 6784 Barrington Road, and construction of a new monument sign to promote the center and tenants. In Fiscal Year 2014B, a large buildout was performed for the over 10,000 square foot Education and Work Center (Harper College, Elgin Community College & WorkNet). Additionally, over 2,300 square feet of roofing was replaced at the center. Following issuance of an RFP, the Village entered into negotiations with a developer for sale and redevelopment of the center. The developer's proposal includes installation of a new façade, buildout of over 24,000 square feet for a new tenant, new parking lot, lighting, and landscaping, and buildout of additional tenant spaces. Following approval of an RDA and operating agreement for a public-private partnership with the developer, construction began in Fiscal Year 2015. Hanover Square LLC entered into a construction contract, as part of which the façade of the entire shopping center has been renovated. Additionally, the parking lot has been repaved, a 25,000 square feet space has been built out for a new tenant - Gymkhana, lighting and landscape improvements are in process, and several building maintenance issues have been addressed. In September 2015, the Village entered into a joint venture with a developer to renovate and operate the Hanover Square Shopping Center. Pursuant to the agreement the Village sold the property to the newly established corporation, Hanover Square, LLC, and retained a 90% ownership interest in the corporation. During the year, the Village became 100% owner of Hanover Square which was previously recorded as a 90% interest in joint venture. As a result, Hanover Square is presented as a component unit of the Village as of January 1, 2016.
- Received notice in 2016 that \$240,000 in Community Development Block Grant funds will be awarded to the Village to reconstruct Greenbrook Court.
- Church Street Station Shopping Center located on Lake Street is now 100% fully leased, this is the first time in the shopping center's history that all units are occupied with active businesses.
- Vacant building at 1900 Army Trail Rd. was approved for a new medical use. Construction is under way for remodeling.

- A few restaurants either opened or expanded within the Village during 2016 including: Olde Salem Café, Bosnian Halal, and McDonald's on Lake Street (building expansion). Checker's Restaurant signed a lease for the former White Castle restaurant at 7460 Barrington Road and Tap House Grill signed a lease for the former Baker Square building at 7600 Barrington Road.
- Aman Living, LLC, developer of the senior housing project at 900 Irving Park Road closed on the former Menard's property and held a ground-breaking ceremony. The development will include 55 townhomes, 80 condominiums, 68 assisted living units, 12 memory care units, a 10,000 sq. ft. club house and a one acre commercial site for future commercial retail/restaurant
- The Village of Hanover Park worked with the Hanover Park Chamber of Commerce to join forces with the Bartlett Chamber of Commerce to form the Bartlett Area Chamber of Commerce. Several events have been held in Hanover Park to promote area businesses and enhance networking opportunities.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hanover Park for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2015. This was the 26<sup>th</sup> consecutive fiscal year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the Village must publish an easily-readable and efficiently-organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village also received the GFOA's Award for Distinguished Budget Presentation for its Fiscal Year 2016 budget document. This was also the 24<sup>th</sup> consecutive year the Village received this award. In order to qualify for the Distinguished Budget Presentation Award, the Village's document was judged to be proficient in several categories, including a policy document, a financial plan, an operational guide, and a communication tool.

The preparation of this CAFR on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Department. I express my sincere appreciation to each member of the Finance Department for their contributions made in the timely preparation of this document.

In addition, appreciation is expressed to the Village President, the Village Board of Trustees and Village staff for their assistance in planning and conducting the fiscal affairs of the Village in a responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Juliana Maller". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Juliana Maller  
Village Manager

## **FINANCIAL SECTION**

This section includes:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

**INDEPENDENT AUDITOR'S REPORT**



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

The Honorable President  
Members of the Board of Trustees  
Village of Hanover Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Hanover Park, Illinois (the Village) as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Hanover Park, Illinois, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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 other required supplementary information listed in the table of contents 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 Matters*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund 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 basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

*Sikich LLP*

Naperville, Illinois

July 28, 2017

Except for the discretely presented component unit, Hanover Square, whose opinion date is August 11, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Village of Hanover Park (the Village) Management's Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the subsequent years' challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently-known facts, please read it in conjunction with the Transmittal Letter and the Village's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Village exceeded its liabilities and deferred inflows on December 31, 2016 by \$77,841,946 (net position). The unrestricted net position has a negative balance of \$5,573,552 due to the Implementation of GASB Statement No. 68. This 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 cost of pension benefits.
- The Village's Net Position as of January 1<sup>st</sup> was RESTATED, total adjustment of \$912,825 called "Change in accounting principle" and "Prior period adjustment" with the new net position January 1<sup>st</sup> of \$74,416,222, compared to \$75,329,047 Net Position, before the restatement. The reason for the "Change in accounting principle", was the timing of IMRF providing the GASB Statement No.68 report to the Village. Therefore, the Village made an adjustment to rollback net pension liability, deferred outflows at December 31, 2015 to December 31, 2014. Another reason, during the year, the Village became 100% owner of Hanover Square which was previously recorded as a 90% interest in joint venture. As a result, Hanover Square is presented as a component unit of the Village as of January 1, 2016. For the "Prior period adjustment", to adjust for over/under billing of water revenue from prior years, and the implementation of the new capital asset software module that resulted in numerous corrections to prior years in capital assets please see Note 15 and 16 in the notes to financial statements for more details on the restatement.
- During the year, government-wide revenues before transfers for the governmental and business-type activities totaled \$52,282,921, while expenses totaled \$48,857,197, resulting in the increase in net position of \$3,425,724.
- The Village's combined governmental funds ending fund balance increased by \$3,805,829 to \$27,742,623 as of December 31, 2016.
- At the end of the current period, unrestricted (unassigned) fund balance of the General Fund was \$19,432,402 or 59.18% of General Fund Fiscal Year 2017 annualized budgeted expenditures and other financing uses totaling \$32,836,381.
- The Village's total long-term debt, including pension obligation (GASB 68) and compensated absences liability, decreased by \$202,636 to \$66,858,531 compared to FY2015 report.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-Wide Financial Statements**

The Government-Wide Financial Statements are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government.

The Statement of Net Position presents information on all the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be like bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving.

The Statement of Activities presents information showing how the Village's net position changed during the most recent period and is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the Village's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the Village's basic services, including police, fire, public works, highways and streets, community development, and general government. Property taxes, shared state sales taxes, local utility taxes, shared state income taxes, home rule sales taxes, and food and beverage taxes finance most of these activities. The business-type activities reflect private sector-type operations (Water and Sewer Fund, the Municipal Railroad Parking Lot Fund), where the fee for service typically covers all or most of the cost of operation, including depreciation. The government-wide financial statements can be found on pages 4-7 of the report.

The Village includes one separate legal entity in its report. The Hanover Square LLC is presented as a discretely presented component unit. Although legally separate, this “component unit” is important because the Village is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

### **Fund Financial Statements**

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

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village maintains 15 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Motor Fuel Tax and Tax Increment Financing #3, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The Village adopts an annual budget for each governmental fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8-11 of this report.

### **Proprietary Funds**

The Village maintains two distinct types of proprietary funds. Enterprise Funds are used to report the same functions presented in business-type activities in the Government-Wide Financial Statements. The Village uses enterprise funds to account for its Waterworks and Sewerage, and Municipal Railroad Parking Lot activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for its vehicle replacement and information technology program.

Internal Service Funds predominantly serve governmental rather than business-type functions and are included with governmental activities in the Government-Wide Financial Statements.

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Water and Sewer Fund is considered a major fund of the Village and is presented in separate column in the Fund Financial Statements. The Municipal Railroad Parking Lot Fund is the Village's non-major enterprise fund. The Internal Service Fund is shown as a single presentation in the Proprietary Fund Financial Statements. Individual fund data for the Municipal Railroad Parking Lot and the Internal Service Fund is presented elsewhere in the report. The basic proprietary fund financial statements can be found on pages 12-15 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The Fiduciary Funds include the Police Pension Fund and Firefighter Pension Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 16-17 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 18-73 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

#### **Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

- 1) *Net Results of Activities* – which will impact (increase/decrease) current assets and unrestricted net position.
- 2) *Borrowing for Capital* – which will increase current assets and long-term debt outstanding.
- 3) *Spending Borrowed Proceeds on New Capital* – which will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related net debt, which will not change the investment in capital assets, net of related debt total.

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

- 4) *Spending Nonborrowed Current Assets on New Capital* – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase investment in capital assets, net of related debt.
- 5) *Principal Payment on Debt* – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase investment in capital assets, net of related debt.
- 6) *Reduction of Capital Assets through Depreciation* – which will reduce capital assets and reduce investment in capital assets, net of related debt.

The following table show the statement of net position of the Village of Hanover Park, December 31, 2016 compared to December 31, 2015:

<b>Village of Hanover Park</b>						
<b>Statement of Net Position as of December 31, 2016</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$ 51,175,579	\$ 50,196,435	\$ 12,668,352	\$ 11,617,403	\$ 63,843,931	\$ 61,813,838
Capital Assets	70,138,014	69,016,537	23,962,571	24,381,980	94,100,585	93,398,517
<b>Total Assets</b>	<b>121,313,593</b>	<b>119,212,972</b>	<b>36,630,923</b>	<b>35,999,383</b>	<b>157,944,516</b>	<b>155,212,355</b>
<b>Deferred Outflows</b>						
Pension Obligation	7,720,176	6,457,311	1,298,699	983,008	9,018,875	7,440,319
<b>Total Assets and Deferred Outflows of Resources</b>	<b>129,033,769</b>	<b>125,670,283</b>	<b>37,929,622</b>	<b>36,982,391</b>	<b>166,963,391</b>	<b>162,652,674</b>
<b>Liabilities</b>						
Current Liabilities	4,660,700	4,076,131	2,327,693	1,283,280	6,988,393	5,359,411
Long-Term Liabilities	63,682,001	63,548,119	3,176,530	3,513,048	66,858,531	67,061,167
<b>Total Liabilities</b>	<b>68,342,701</b>	<b>67,624,250</b>	<b>5,504,223</b>	<b>4,796,328</b>	<b>73,846,924</b>	<b>72,420,578</b>
<b>Deferred Inflows</b>						
Unavailable Property Taxes	13,653,062	13,733,100	-	-	13,653,062	13,733,100
Unavailable Pension items	1,621,459	1,169,949	-	-	1,621,459	1,169,949
<b>Total Liabilities and Deferred Inflows</b>	<b>83,617,222</b>	<b>82,527,299</b>	<b>5,504,223</b>	<b>4,796,328</b>	<b>89,121,445</b>	<b>87,323,627</b>
<b>Net Position</b>						
Net Investment in						
Capital Assets	52,470,477	50,362,373	23,578,647	23,651,515	76,049,124	74,013,888
Restricted	7,366,374	6,932,172	-	-	7,366,374	6,932,172
Unrestricted	(14,420,304)	(14,151,561)	8,846,752	8,534,548	(5,573,552)	(5,617,013)
<b>Total Net Position</b>	<b>\$ 45,416,547</b>	<b>\$ 43,142,984</b>	<b>\$ 32,425,399</b>	<b>\$ 32,186,063</b>	<b>\$ 77,841,946</b>	<b>\$ 75,329,047</b>

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

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As noted earlier, the Statement of Net Position serves as a useful indicator of a government's financial position. The Village's assets exceeded its liabilities by \$77,841,946 as of December 31, 2016. The largest portion of the Village's net position reflects its investment in capital assets of \$76,049,124 or 97.70%. This includes land, buildings, infrastructure, and equipment less any related debt. Also used are debts to acquire those assets that are still outstanding and the implementation of GASB No. 68 to record the net pension liability (line item adjustment "Change in accounting principle"). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position of \$7,366,374 or 9.46% represents resources that are subject to external restrictions on how they may be used. The negative balance of unrestricted net position \$5,573,552 or 7.16% are due to implementation of GASB No. 68 recording of net pension obligation (such as Police, Fire and IMRF pension).

The net position of governmental activities totaled \$45,416,547, an increase of 5.27% from Fiscal Year 2015 after the "change in Accounting Principle Adjustment" and "Prior Period Adjustment" (net pension Restated from \$43,142,984 to \$42,287,076).

The net position of business-type activities totaled \$32,425,399, an increase of 0.74% from Fiscal Year 2015 after the "change in Accounting Principle and Prior Period Adjustment" (net pension Restated from \$32,186,063 to \$32,129,146).

The unrestricted net position of \$8,846,752 within the Business-Type Activities will be used to finance the continuing operation of its water and sewer utility as well as its commuter parking programs. For more detailed information see the Statement of Net Position on pages 4-5.

## **Changes in Net Position**

### **Normal Impacts**

There are eight basic (normal) impacts on revenues and expenses as reflected below:

#### *Revenues:*

- 1) *Economic Condition* – which can reflect a declining, stable, or growing economic environment and has a substantial impact on state income, sales, and utility tax revenue as well as public spending habits for building permits, elective user fees, and levels of consumption.
- 2) *Increase/Decrease in Village-Approved Rates* – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes, water, sewer, impact fees, building fees, home rule sales tax, etc.).

(See independent auditor's report)

- 3) *Changing Patterns in Intergovernmental and Grant Revenue (both Recurring and Nonrecurring)* – certain recurring revenues (state-shared revenues, etc.) may experience significant changes periodically, while nonrecurring (or one-time) grants are less predictable and often distorting due to their impact on year-to-year comparisons.
- 4) *Market Impacts on Investment Income* – the Village's investment policy is managed using a similar average maturity to most governments. Market conditions may cause investment income.

*Expenses:*

- 5) *Introduction of New Programs* – within the functional expense categories (general government, public works, public safety, etc.), individual programs may be added or deleted to meet changing community needs.
- 6) *Change in Authorized Personnel* – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Personnel costs (salary and related benefits).
- 7) *Salary Increases (Annual Adjustment and Merit)* – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.
- 8) *Inflation* – while overall inflation appears to be reasonable modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

Following is a table that summarizes the changes in net position of the Village of Hanover Park as of December 31, 2016 compared to December 31, 2015:

<u>Village of Hanover Park</u>						
<u>Changes in Net Position as of December 31, 2016</u>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues and Net Transfers						
Program Revenues						
Charges for Services	\$ 3,653,920	\$ 3,376,574	\$ 11,059,133	\$ 11,782,430	\$ 14,713,053	\$ 15,159,004
Operating Grants	1,267,251	1,600,902	-	-	1,267,251	1,600,902
Capital Grants	255,138	258,796	-	-	255,138	258,796
General Revenues						
Property Taxes	15,837,755	15,426,633	-	-	15,837,755	15,426,633
Sales & Local Use Tax	10,684,970	10,175,081			10,684,970	10,175,081
Utility Taxes	1,896,000	1,987,557			1,896,000	1,987,557
Other Taxes	2,197,600	1,806,307	-	-	2,197,600	1,806,307
Intergovernmental	3,696,445	4,040,449	-	-	3,696,445	4,040,449
Other Revenue	372,115	(1,510,267)	1,362,594	1,546,620	1,734,709	36,353
<b>Total Revenues</b>	<b>39,861,194</b>	<b>37,162,032</b>	<b>12,421,727</b>	<b>13,329,050</b>	<b>52,282,921</b>	<b>50,491,082</b>
Expenses						
General Government	5,009,322	4,114,698	-	-	5,009,322	4,114,698
Public Works	5,182,283	3,706,168	-	-	5,182,283	3,706,168
Public Safety	20,981,314	19,447,414	-	-	20,981,314	19,447,414
Community Development	4,005,981	4,022,556	-	-	4,005,981	4,022,556
Highways and Streets	703,424	1,917,673	-	-	703,424	1,917,673
Interest	925,399	646,489	-	-	925,399	646,489
Water and Sewer	-	-	11,669,151	11,338,126	11,669,151	11,338,126
Commuter Parking Lot	-	-	380,323	373,475	380,323	373,475
Hanover Square	-	-	-	593,909	-	593,909
<b>Total Expenses</b>	<b>36,807,723</b>	<b>33,854,998</b>	<b>12,049,474</b>	<b>12,305,510</b>	<b>48,857,197</b>	<b>46,160,508</b>
Change in Net Position before Transfers	3,053,471	3,307,034	372,253	1,023,540	3,425,724	4,330,574
Net Transfers	76,000	4,404,281	(76,000)	(4,404,281)	-	-
Change in Net Position Net Position, January 1	3,129,471	7,711,315	296,253	(3,380,741)	3,425,724	4,330,574
Net Position, January 1	43,142,984	71,590,683	32,186,063	37,054,375	75,329,047	108,645,058
Prior Period Adjustment	(380,610)	-	(968,376)	-	(1,348,986)	-
Change in Accounting Principle	(475,298)	(36,159,014)	911,459	(1,487,571)	436,161	(37,646,585)
Net Position, January 1 RESTATED	42,287,076	35,431,669	32,129,146	35,566,804	74,416,222	70,998,473
Net Position, December 31	\$ 45,416,547	\$ 43,142,984	\$ 32,425,399	\$ 32,186,063	\$ 77,841,946	\$ 75,329,047

(See independent auditor's report)  
MD & A 8

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

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Net position of the Village's governmental activities increased by 5.27%, or \$2,273,563 (\$45,416,547 in 2016 compared to \$43,142,984 in 2015). Net position of business-type activities increased by 0.74%, or \$239,336 (\$32,425,399 in 2016 compared to \$32,186,063 in 2015). Key elements contributing to this net change are as follows:

***Change in Accounting Principle***

In 2016, the Village decided to report information from the December 31, 2015 actuarial valuation from IMRF to continue its dedication to timely financial reporting.

During the year, the Village became 100% owner of Hanover Square which was previously recorded as a 90% interest in joint venture. As a result, Hanover Square is presented as a component unit of the Village as of January 1, 2016. Net position of governmental activities has been restated to remove the investment in joint venture in the amount of \$2,309,189

See Note 15 in the notes to financial statements for more details on the restatement.

***Prior Period Adjustment***

Net position of the governmental activities has been restated to adjust for the Village implementing the Asset Management of the Village ERP software that resulted in numerous corrections to prior year errors in capital assets, accumulation depreciation record, and threshold amendments in the amount of \$380,610.

See Note 16 in the notes to financial statements for more details on the restatement.

**Governmental Activities**

***Revenues***

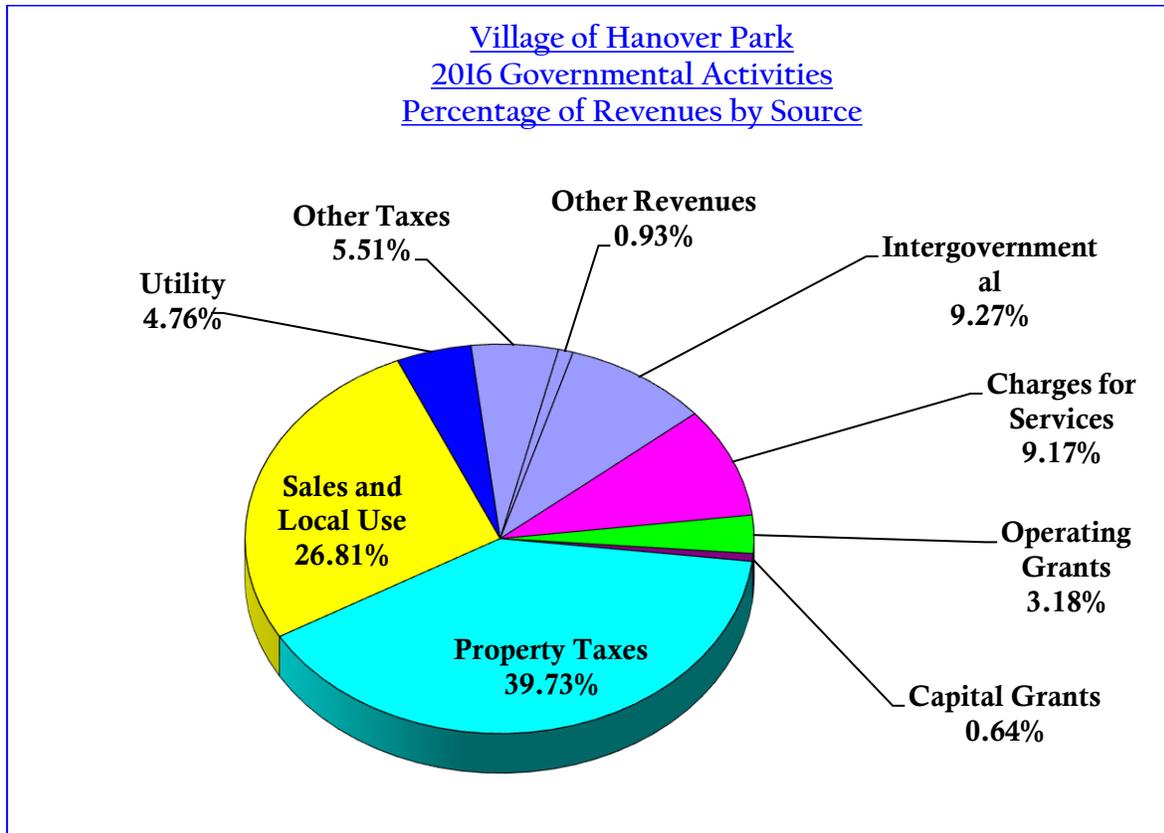
Revenues for governmental activities totaled \$39,861,194 and \$37,162,032 for 31<sup>st</sup> December 2016 and 31<sup>st</sup> December 2015 respectively. This is an increase of \$2,699,162. Some key changes during the year for the governmental activity revenues are described below:

- Charges for services revenues increased by \$277,346 compared to prior year, due to ambulance fees and rental income. In January 2016, the Village amended the ordinance to increase the fees for cost recovery for medical services.
- Property taxes revenues increased by \$411,122 compared to prior year, due to debt obligation bond schedule levied and Special Service Area to fund the trash and snow removal expenses.
- Sales and Local Use Tax increased by \$509,889 compared to prior year, due to a general increase in retail sales and sales generated by new retailers located in the Village.
- Utility Taxes decreased by \$91,557 compared to prior year, due to continuously declining revenue of Telecommunication tax due to consumers changing to data plan for cell phone services which are not taxable.

(See independent auditor's report)

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
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- Other Taxes increased by \$391,293 compared to prior year, due to Real Estate Transfer Stamp of three (3) commercial building transfers of ownership.
- Intergovernmental revenues decrease by \$344,004 compared to prior year, due to Illinois Department of Revenue (IDOR) new financial accounting system and associated procedural changes that are occurring within IDOR in allocating State Income taxes.



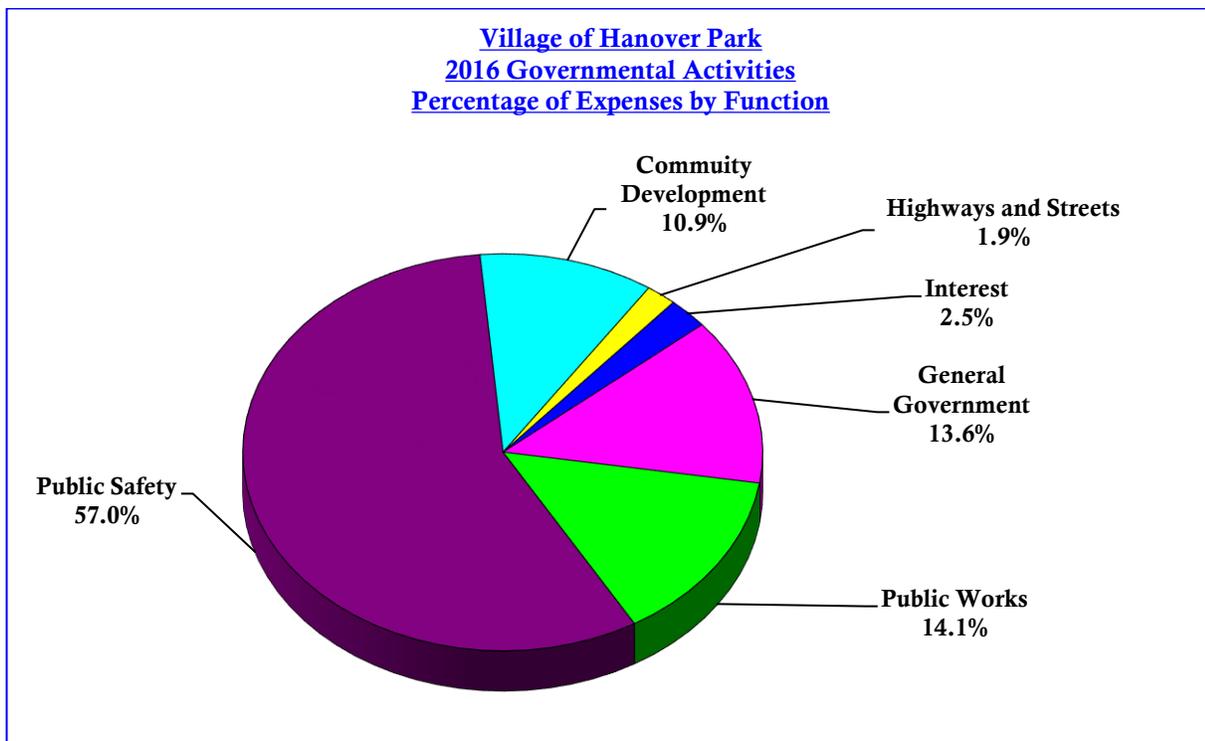
Village of Hanover Park  
Changes in Select Governmental Activities Revenues

	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2015	2016		
Property Tax	\$ 15,426,633	\$ 15,837,755	\$ 411,122	2.67%
Sales and Use Tax	10,175,081	10,684,970	509,889	5.01%
State Income Tax	4,040,449	3,696,445	(344,004)	-8.51%
Utility Taxes	1,987,557	1,896,000	(91,557)	-4.61%
Other Taxes	1,806,307	2,197,600	391,293	21.66%
Intergovernmental	4,040,449	3,696,445	(344,004)	-8.51%

**Village of Hanover Park, Illinois  
Management's Discussion and Analysis  
December 31, 2016**

***Expenses***

For the year ended December 31, 2016, governmental expenses totaled \$36,807,723, an increase of \$2,952,725, or 8.72% from the 2015 expenses of \$33,854,998. The increase is due to continued increase in pension contribution, personal cost and the scheduled purchase of a fire ladder truck. Village management is closely monitoring expenditures to make sure we are within budget.



**Village of Hanover Park  
Changes in Select Governmental Activities Expenditures**

	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2015	2016		
General Government	\$ 4,114,698	\$ 5,009,322	\$ 894,624	21.74%
Public Works	3,706,168	5,182,283	1,476,115	39.83%
Public Safety	19,447,414	20,981,314	1,533,900	7.89%
Community Development	4,022,556	4,005,981	(16,575)	-0.41%
Highways and Streets	1,917,673	703,424	(1,214,249)	-63.32%
Interest	646,489	925,399	278,910	43.14%
<b>Total Expenditures</b>	<b>\$33,854,998</b>	<b>\$36,807,723</b>	<b>\$ 2,952,725</b>	<b>8.72%</b>

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
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**Business-Type Activities**

Business-type activities posted total revenues of \$12,421,727, while the cost of all business-type activities totaled \$12,049,474. This results in a surplus of \$372,253 prior to net transfers out of \$76,000. In 2015, revenues of \$13,329,050 exceeded expenses of \$12,305,510, resulting in a surplus of \$1,023,540 prior to net transfer out of \$4,404,281.

***Change in Accounting Principle***

In 2016, the Village decided to report information from the December 31, 2015 actuarial valuation from IMRF to continue its dedication to timely financial reporting.

***Prior Period Adjustment***

Net position of business type-activities has been restated to adjust for over/under billing of water revenue from prior years in the amount of \$968,376.

See Note 15 and 16 in the notes to financial statements for more details on the restatement.

***Revenues***

For the fiscal year ended December 31, 2016, revenues for the business-type activities totaled \$12,421,727. This is a decrease of \$907,323, or 6.81% due to closing of Hanover Square Fund in September 2015.

Operating revenues for water sales collected in FY2016 were \$7,347,938 compared to FY2015 of \$7,467,200. Sewer Service revenues were \$2,585,999 compared to \$2,716,760 for FY2015. The Village continued the treatment of leachate from an IEPA regulated landfill that closed in 1999. The landfill is adjacent to our wastewater treatment plant. For FY2016 revenue from this source were \$356,863 compared to FY2015 of \$300,765. The decrease is due to water billing error that resulting in refunds and Accounts receivable to customers for over-billed and under-billed water and sewer charges.

Operating revenues for the Municipal Railroad Parking Lot Fund collected in FY2016 were \$443,695 compared to FY2015 of \$389,405. The fund continues to show signs of increased commuter utilization of the train as a primary mode of transportation.

<u>Village of Hanover Park</u>				
<u>Business-Type Activities Operating Revenues</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2015	2016		
Waterworks & Sewerage	\$ 10,749,484	\$ 10,615,438	\$ (134,046)	-1.25%
Municipal Railroad Parking Lot	389,405	443,695	54,290	13.94%
Hanover Square	643,541	-	(643,541)	-100.00%
Total Business-Type Activities	\$ 11,782,430	\$ 11,059,133	\$ (723,297)	-6.14%

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

***Expenses***

Expenses for the year ended December 31, 2016 totaled \$12,049,474, a decrease of \$256,036, or 2.08% over the FY2015 expenses of \$12,305,510. The decrease is due to closing of the Hanover Square Fund in September 2015, the scheduled increase of the cost of water wholesale, and the need for infrastructure maintenance and replacement of water mains, sewer lines and municipal commuter lot parking resurfacing.

<u>Village of Hanover Park</u>				
<u>Business-Type Activities Operating Expenditures</u>				
	FISCAL YEAR		Increase	% Increase
	2015	2016	(Decrease)	(Decrease)
Waterworks & Sewerage	\$ 11,338,126	\$ 11,669,151	\$ 331,025	2.92%
Municipal Railroad Parking Lot	373,475	380,323	6,848	1.83%
Hanover Square	593,909	-	(593,909)	-100.00%
Total Business-Type Activities	\$ 12,305,510	\$ 12,049,474	\$ (256,036)	-2.08%

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

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

**Governmental Funds**

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's governmental funds reported combining ending fund balances of \$27,742,623, which is \$3,805,829, or 15.90%, higher than last year's total of \$23,936,794. Of the \$27,742,623 total, \$19,069,200, or approximately 68.74%, of the fund balance constitutes unassigned fund balance.

***General Fund:*** The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The total fund balance in the General Fund increased \$3,193,561 to \$19,814,061, of which \$19,432,402 is the unrestricted amount. The increase is due primarily to higher than expected sales-related taxes offset by lower than expected expenditures, due to the Village management's approach to closely supervising expenses in response to projected decrease in several revenue sources and the uncertainty of State of Illinois budget crisis. Village Board policy requires that the General Fund unrestricted fund balance be maintained at a minimum of 25% of the General Fund total budgeted annual expenditures to provide financing for unanticipated expenditures and revenue shortfalls. The difference between the restricted amount and the unrestricted amount is available for use as determined by the Village Board. Below is a chart showing a history of the General Fund unrestricted/unassigned fund balance.

Village of Hanover Park, Illinois  
Management's Discussion and Analysis  
December 31, 2016

General Fund  
Comparison of the Results of Operations and the  
Unrestricted / Unassigned Fund Balance Calendar Year 2014B - 2015

	<u>2014B</u>	<u>2015</u>	<u>2016*</u>
Revenues and Transfers	\$22,687,944	\$33,126,657	\$34,291,821
Expenditures and Transfers	20,812,684	31,242,849	31,098,260
Results of Operations	<u>1,875,260</u>	<u>1,883,808</u>	<u>3,193,561</u>
Fund Balance - Beginning	\$12,861,432	\$14,736,692	\$16,620,500
Fund Balance - Ending	<u>\$14,736,692</u>	<u>\$16,620,500</u>	<u>\$19,814,061</u>
Reserved/Nonspendable and Restricted	556,466	294,419	381,659
Unrestricted/Unassigned	<u>14,180,226</u>	<u>16,326,081</u>	<u>19,432,402</u>
Total Fund Balance	<u>\$14,736,692</u>	<u>\$16,620,500</u>	<u>\$19,814,061</u>
Unrestricted/Unassigned Fund Balance as a Percentage of Budgeted Expenditures*	44.75%	50.70%	59.18%

\*2016 Unrestricted/Unassigned Fund Balance % of budget expenditures for FY2017 of \$32,836,381

***Other Major Funds***

***Motor Fuel Fund:*** the state motor fuel tax is based on the consumption of motor fuel. The State of Illinois distributes the monies to local taxing districts based on a statutory formula. Motor Fuel Fund reported a decrease in fund balance for the year of \$716,984. The decrease is due to project carry-over from FY2015 that was halted due to uncertainty of State of Illinois budget impasse.

***Tax Increment Financing # 3:*** is used to account for the incremental property tax revenue that is generated through the growth of the assessed valuation of the defined TIF#3 area which includes The Church Street Station (Townhouses and Commercial), The Animal Care Building, The Claremont (Nursing Facility) and the Hanover Square shopping center. At December 31, 2016, the Tax Increment Financing # 3 reported revenues more than expenditures by \$1,280,259.

**Proprietary Funds**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water and Sewer as major proprietary fund. The Village reports one non-major proprietary fund, the municipal railroad parking lot fund. Also, the Water and Sewer Fund accounts for all the operations of the municipal water and sewerage system. The Village sells water to all residential municipal customer of Hanover Park (Cook and DuPage counties) at a rate of \$9.35 per 1,000 gallons and a sewer rate of \$2.07 per 1,000 gallons for cook county residents and a \$5.57 per 1,000 gallons for DuPage county residents. The rates are intended to finance the operations of the water and sewer system, including labor cost, supplies, repair and replacement and required infrastructure maintenance.

(See independent auditor's report)

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

Village of Hanover Park  
Waterworks and Sewerage Fund Revenues

	FISCAL YEAR		Increase	% Increase
	2015	2016	(Decrease)	(Decrease)
Water Sales	\$ 7,467,200	\$ 7,347,938	\$ (119,262)	-1.60%
Sewer Sales	2,716,760	2,585,999	(130,761)	-4.81%
Leachate Treatment	300,765	356,863	56,098	18.65%
Interest	(20,114)	(15,290)	4,824	-23.98%
Other Revenues	1,811,340	1,686,866	(124,474)	-6.87%
<b>Total</b>	<b>\$ 12,275,951</b>	<b>\$ 11,962,376</b>	<b>\$ (313,575)</b>	<b>-2.55%</b>

The Municipal Railroad Parking Lot Fund actual revenues exceeded actual expenditures in Fiscal Year 2016. Total operating revenues were \$443,695 versus \$380,323 in operating expenditures. The overall net position in this fund on December 31, 2016 increased \$63,738 from the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During 2016, the Village Board approved one budget amendment to increase Miscellaneous expenses for a one-time payment of Village portion of Tax Increment Financing # 2 liability and was funded through available fund balance.

General Fund actual revenues (including other financing sources) for the year totaled \$34,291,821 compared to budgeted revenues of \$32,537,744, a surplus of \$1,754,077. This is due to property tax, sales and home rule tax, local use tax, real estate transfer tax, utility taxes (Telecommunication, natural and Electric) and Prepared food tax over budget by \$1,658,563. Property tax revenues were \$238,783 more than the budgeted amount due to some prior year tax levies receipts received in FY2016. Municipal, Home Rule, Auto Rental Sales and Local Use Tax revenues were \$644,878 more than the budgeted amount, indication that local economy is improving. As another economic related indicator, Real Estate Transfer Tax revenues were \$446,026 over the budgeted amount due to three (3) commercial building change of ownership. Ambulance fees revenue were \$166,265 more than budgeted amount. The Village amended the municipal code to increase the fees effective FY2016. Income Tax revenues were \$53,555 less than the budgeted amount. This likely reflects the calculation processing of the State rather than a reflection of the state economy which generally is improving.

The General Fund actual expenditures (including other financing uses) for the year of \$31,098,260 were \$1,063,798 lower than final budgeted expenditures of \$32,162,058. Expenditures within the General Fund were \$953,892 or 3.09% less than the final budgeted amount. Throughout the period, the revenues are examined to see where they are trending at. Revenues were initially trending more than previous year FY2015. The Village continues to be fiscally responsible by constantly monitoring revenues and expenses for all Departments/Divisions within the General Fund. Open positions were left intentionally unfilled for a period and contractual services and capital projects were delayed unless necessary. Towards the end of the period, when revenues began trending higher than the budgeted amount, staff remained fiscally responsible thereby causing a significant increase in the Village's General Fund unassigned fund balance.

(See independent auditor's report)

**Village of Hanover Park, Illinois  
Management's Discussion and Analysis  
December 31, 2016**

Village of Hanover Park  
General Fund Budgetary Highlights

	2016 Original Budget	2016 Final Budget	Actual	
			2016	2015
Revenues	\$32,537,744	\$32,537,744	\$34,291,821	\$33,126,657
Expenditures	30,821,846	30,854,756	29,900,864	29,637,047
Excess of Revenues over Expenditures	1,715,898	1,682,988	4,390,957	3,489,610
Other Financing Sources (Uses)	(1,307,302)	(1,307,302)	(1,197,396)	(1,605,802)
Net Change in Fund Balance	\$408,596	\$375,686	\$3,193,561	\$1,883,808

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2016 was \$94,100,585 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvement other than buildings, machinery, equipment, and vehicles, water and sewer underground system improvements, and other infrastructure improvements

This year's major additions included:

	<u>Additions</u>
Construction in progress	\$ 1,322,710
Buildings	268,807
Machinery, equipment and vehicles	1,228,628
Improvement other than Buildings	447,741
Infrastructures	1,298,461
Underground systems	225,949
Total	<u>\$ 4,792,296</u>

**Village of Hanover Park, Illinois**  
**Management's Discussion and Analysis**  
**December 31, 2016**

<b>Village of Hanover Park Capital Assets (Net of Depreciation)</b>						
	Governmental Activities		Business-Type Activities		Primary Government Total	
	2016	2015	2016	2015	2016	2015
Land	\$28,874,251	\$28,874,251	\$ 2,254,634	\$ 2,254,633	\$31,128,885	\$ 31,128,884
Construction in progress	1,322,710	235,534	-	-	1,322,710	235,534
Buildings	22,023,766	22,535,554	6,022,902	6,262,201	28,046,668	28,797,755
Machinery, Equipment and Vehicles	6,309,746	6,300,496	1,075,365	1,254,607	7,385,111	7,555,103
Improvement other than Buildings	1,690,030	1,830,942	5,445,460	5,367,226	7,135,490	7,198,168
Infrastructure	9,917,511	9,239,760	-	-	9,917,511	9,239,760
Underground systems	-	-	9,164,210	9,243,313	9,164,210	9,243,313
<b>Total</b>	<b>\$70,138,014</b>	<b>\$69,016,537</b>	<b>\$ 23,962,571</b>	<b>\$24,381,980</b>	<b>\$94,100,585</b>	<b>\$ 93,398,517</b>

Additional information on the Village's capital assets can be found in Note 5 on pages 31-33 of this report.

**Long-Term Debt**

The Village currently has three general obligation bond series and two Illinois EPA loan series outstanding. The Village's total outstanding debt, excluding the net pension obligation and compensated absences liability, decreased by \$1,331,541 or 6.86% compared to the prior fiscal year. The key factor in this decrease was due to scheduled principal payments. No additional debt was incurred during Fiscal Year 2016.

The Village, under its home rule authority, does not have a legal debt limit. The Village has a bond rating of AA from Standard & Poor which was last affirmed in October 2011. Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 34-38.

<b>Village of Hanover Park Outstanding Debt General Obligation Bonds, Revenue Bonds, Loans, and Notes</b>						
	Governmental Activities		Business-Type Activities		Primary Government Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$17,685,000	\$18,670,000	\$ -	\$ -	\$17,685,000	\$ 18,670,000
IEPA	-	-	383,924	730,465	383,924	730,465
<b>Total</b>	<b>\$17,685,000</b>	<b>\$18,670,000</b>	<b>\$ 383,924</b>	<b>\$ 730,465</b>	<b>\$18,068,924</b>	<b>\$ 19,400,465</b>

### **ECONOMIC FACTORS AND FUTURE PROSPECTS**

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2017 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. The current economic conditions continue to show moderate growth in some areas while also gaining stability in areas such as permit fee revenue. Recent trending has shown moderate growth with general and home rule sales tax over the last few years with the growth trend expected to continue.

The Village passed a balanced budget for FY2017 with zero percent (0.00%) 2016 tax levy increase and avoids any new or increased General Fund fees. The Village continue to provide an excellent level of service, promoting modern technology when appropriate and consistently taking advantage of grant funding opportunities.

The Village goals remained to minimize the financial burden on Hanover Park taxpayer, to continue identifying cost cutting strategies and opportunities, responsibly utilize Village reserves when necessary, and proactively structure the Village in a way that will maximize the level of service that can be provided with the current level of resources.

### **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or to request additional financial information should be directed to the Finance Director of The Village of Hanover Park at 2121 Lake Street, Hanover Park, Illinois 60133.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds
  - Fiduciary Funds

In addition, the notes to financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit Hanover Square
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,235,498	\$ 10,694,242	\$ 41,929,740	\$ 214,449
Receivables (net of allowances for uncollectibles)				
Property taxes	13,653,062	-	13,653,062	-
Accounts	449,938	1,413,125	1,863,063	-
Accrued interest	63,674	8,054	71,728	-
Other	-	533,105	533,105	201,843
Prepaid expenses	10,384	9,926	20,310	40,119
Inventory	15,154	-	15,154	-
Due from other governments	5,705,020	-	5,705,020	-
Interfund balances	(9,900)	9,900	-	-
Net Pension Asset	52,749	-	52,749	-
Capital assets				
Nondepreciable	30,432,495	2,254,634	32,687,129	6,390,449
Depreciable (net of accumulated depreciation)	39,705,519	21,707,937	61,413,456	(134,129)
<b>Total assets</b>	<b>121,313,593</b>	<b>36,630,923</b>	<b>157,944,516</b>	<b>6,712,731</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension items - IMRF and SLEP	2,651,267	1,298,699	3,949,966	-
Pension items - Police Pension	3,333,284	-	3,333,284	-
Pension items - Firefighters' Pension	1,735,625	-	1,735,625	-
<b>Total deferred outflows of resources</b>	<b>7,720,176</b>	<b>1,298,699</b>	<b>9,018,875</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>129,033,769</b>	<b>37,929,622</b>	<b>166,963,391</b>	<b>6,712,731.00</b>
<b>LIABILITIES</b>				
Accounts payable	1,564,280	2,156,671	3,720,951	312,197
Accrued payroll	381,220	67,430	448,650	-
Accrued interest	74,953	1,122	76,075	-
Deposits	-	13,600	13,600	-
Unearned revenue	239,571	87,870	327,441	-
Due to other governments	89,641	-	89,641	-
Other payables	2,311,035	1,000	2,312,035	-
Long-term liabilities				
Due within one year	1,088,630	237,301	1,325,931	3,772,733
Due in more than one year	62,593,371	2,939,229	65,532,600	-
<b>Total liabilities</b>	<b>68,342,701</b>	<b>5,504,223</b>	<b>73,846,924</b>	<b>4,084,930</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property taxes	13,653,062	-	13,653,062	-
Pension Items - Police Pension	1,213,719	-	1,213,719	-
Pension Items - Firefighters' Pension	407,740	-	407,740	-
<b>Total deferred inflows of resources</b>	<b>15,274,521</b>	<b>-</b>	<b>15,274,521</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>83,617,222</b>	<b>5,504,223</b>	<b>89,121,445</b>	<b>4,084,930</b>

(This statement is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2016

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit Hanover Square</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 52,470,477	\$ 23,578,647	\$ 76,049,124	\$ -
Restricted for				
Public safety	359,263	-	359,263	-
Highways and streets	2,153,035	-	2,153,035	-
Debt service	272,209	-	272,209	-
Community development	4,434,791	-	4,434,791	-
Special service areas	147,076	-	147,076	-
Unrestricted	(14,420,304)	8,846,752	(5,573,552)	2,627,801
<b>TOTAL NET POSITION</b>	<b>\$ 45,416,547</b>	<b>\$ 32,425,399</b>	<b>\$ 77,841,946</b>	<b>\$ 2,627,801</b>

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 5,009,322	\$ 1,315,662	\$ 10,360	\$ -
Community development	4,005,981	11,794	-	-
Public safety	20,981,314	2,043,407	25,666	-
Public works	5,182,283	283,057	45,493	253,038
Highways and streets	703,424	-	1,185,732	2,100
Interest	925,399	-	-	-
Total governmental activities	36,807,723	3,653,920	1,267,251	255,138
Business-Type Activities				
Water and sewer	11,669,151	10,615,438	-	-
Parking	380,323	443,695	-	-
Hanover Square	-	-	-	-
Total business-type activities	12,049,474	11,059,133	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 48,857,197</b>	<b>\$ 14,713,053</b>	<b>\$ 1,267,251</b>	<b>\$ 255,138</b>
Component unit:				
Hanover Square	\$ 750,317	\$ 1,011,272	\$ -	\$ -

	<b>Net (Expense) Revenue and Change in Net Position</b>			<b>Component Unit Hanover Square</b>
	<b>Primary Government</b>		<b>Total</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>		
	\$ (3,683,300)	\$ -	\$ (3,683,300)	\$ -
	(3,994,187)	-	(3,994,187)	-
	(18,912,241)	-	(18,912,241)	-
	(4,600,695)	-	(4,600,695)	-
	484,408	-	484,408	-
	(925,399)	-	(925,399)	-
	(31,631,414)	-	(31,631,414)	-
	-	(1,053,713)	(1,053,713)	-
	-	63,372	63,372	-
	-	-	-	-
	-	(990,341)	(990,341)	-
	(31,631,414)	(990,341)	(32,621,755)	-
	-	-	-	260,955
<b>General Revenues</b>				
<b>Taxes</b>				
Property	15,837,755	-	15,837,755	-
Replacement	87,160	-	87,160	-
Sales and local use	10,684,970	-	10,684,970	-
Utility	1,896,000	-	1,896,000	-
Hotel/motel	44,881	-	44,881	-
Food and beverage	1,160,415	-	1,160,415	-
Real estate transfer	711,026	-	711,026	-
Other taxes	194,118	-	194,118	-
Intergovernmental	3,696,445	-	3,696,445	-
Investment income	89,607	12,081	101,688	-
Miscellaneous	282,508	1,350,513	1,633,021	-
Transfers in (out)	76,000	(76,000)	-	-
<b>Total</b>	<b>34,760,885</b>	<b>1,286,594</b>	<b>36,047,479</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>3,129,471</b>	<b>296,253</b>	<b>3,425,724</b>	<b>260,955</b>
<b>NET POSITION, JANUARY 1</b>	<b>43,142,984</b>	<b>32,186,063</b>	<b>75,329,047</b>	<b>-</b>
Prior period adjustment	(380,610)	(968,376)	(1,348,986)	(198,920)
Change in accounting principle	(2,309,189)	-	(2,309,189)	2,565,766
Change in accounting principle	1,833,891	911,459	2,745,350	-
<b>NET POSITION, JANUARY 1, RESTATED</b>	<b>42,287,076</b>	<b>32,129,146</b>	<b>74,416,222</b>	<b>2,366,846</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 45,416,547</b>	<b>\$ 32,425,399</b>	<b>\$ 77,841,946</b>	<b>\$ 2,627,801</b>

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2016

	General	Motor Fuel Tax	Tax Increment Financing #3	Nonmajor Governmental	Total Governmental
<b>ASSETS</b>					
Cash and investments	\$ 16,723,434	\$ 587,855	\$ 5,076,575	\$ 4,013,634	\$ 26,401,498
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	11,634,443	-	-	2,018,619	13,653,062
Accounts	348,350	1,050	-	100,538	449,938
Accrued interest	42,888	3,054	-	200	46,142
Prepaid items	10,384	-	-	-	10,384
Inventory	15,154	-	-	-	15,154
Due from other governments	5,614,938	90,082	-	-	5,705,020
Due from other funds	83,518	-	-	-	83,518
Advances to other funds	356,121	-	-	-	356,121
<b>TOTAL ASSETS</b>	<b>\$ 34,829,230</b>	<b>\$ 682,041</b>	<b>\$ 5,076,575</b>	<b>\$ 6,132,991</b>	<b>\$ 46,720,837</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 544,188	\$ 165,729	\$ 77,992	\$ 527,274	\$ 1,315,183
Accrued payroll	381,220	-	-	-	381,220
Unearned revenue	109,571	-	-	130,000	239,571
Due to other governments	89,641	-	-	-	89,641
Other payables	1,707,243	-	563,792	40,000	2,311,035
Due to other funds	9,900	-	-	83,518	93,418
Advances from other funds	-	-	-	356,121	356,121
Total liabilities	2,841,763	165,729	641,784	1,136,913	4,786,189
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	11,634,443	-	-	2,018,619	13,653,062
Unavailable dividends	538,963	-	-	-	538,963
Total deferred inflows of resources	12,173,406	-	-	2,018,619	14,192,025
Total liabilities and deferred inflows of resources	15,015,169	165,729	641,784	3,155,532	18,978,214
<b>FUND BALANCES</b>					
Nonspendable					
Inventory	15,154	-	-	-	15,154
Prepaid items	10,384	-	-	-	10,384
Advances to other funds	356,121	-	-	-	356,121
Restricted					
Public safety	-	-	-	359,263	359,263
Highways and streets	-	516,312	-	1,636,723	2,153,035
Debt service	-	-	-	272,209	272,209
Community development	-	-	4,434,791	-	4,434,791
Special service areas	-	-	-	147,076	147,076
Unrestricted					
Assigned					
Capital improvements	-	-	-	925,390	925,390
Unassigned (deficit)	19,432,402	-	-	(363,202)	19,069,200
Total fund balances	19,814,061	516,312	4,434,791	2,977,459	27,742,623
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 34,829,230</b>	<b>\$ 682,041</b>	<b>\$ 5,076,575</b>	<b>\$ 6,132,991</b>	<b>\$ 46,720,837</b>

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2016

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 27,742,623
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	70,138,014
Less amount reported in internal service funds below	(4,913,675)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(17,685,000)
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position	17,463
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(74,953)
Compensated absences are not due and payable in the current period and, therefore, are not reported in governmental funds	(1,172,601)
Net pension asset for the is shown as an asset on the statement of net position Sheriff's Law Enforcement Personnel Fund	52,749
Net pension liability for the is shown as a liability on the statement of net position Illinois Municipal Retirement Fund and	(5,140,177)
Police Pension	(25,268,664)
Firefighters' Pension	(12,752,687)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows of resources on the statement of net position Illinois Municipal Retirement Fund	2,651,267
Police Pension	2,119,565
Firefighters' Pension	1,327,885
Net other postemployment benefits obligations is not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,680,335)
Certain revenues are deferred at the fund level on the modified accrual basis of accounting but not at the entity-wide level	538,963
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>9,516,110</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 45,416,547</u></u>

See accompanying notes to financial statements.

**VILLAGE OF HANOVER PARK, ILLINOIS**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

For the Year Ended December 31, 2016

	<b>General</b>	<b>Motor Fuel Tax</b>	<b>Tax Increment Financing #3</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental</b>
<b>REVENUES</b>					
Taxes	\$ 26,353,874	\$ -	\$ 1,790,831	\$ 2,384,459	\$ 30,529,164
Licenses and permits	1,153,407	-	-	15,000	1,168,407
Charges for services	1,719,499	-	-	-	1,719,499
Fines and forfeits	690,933	-	-	75,182	766,115
Intergovernmental	3,816,224	968,917	-	279,778	5,064,919
Investment income	68,859	1,974	12,239	6,535	89,607
Miscellaneous	489,025	-	-	34,458	523,483
<b>Total revenues</b>	<b>34,291,821</b>	<b>970,891</b>	<b>1,803,070</b>	<b>2,795,412</b>	<b>39,861,194</b>
<b>EXPENDITURES</b>					
Current					
General government	3,671,745	-	-	-	3,671,745
Community development	2,803,281	-	518,706	252,092	3,574,079
Public safety	19,551,407	-	-	-	19,551,407
Public works	3,874,431	-	-	-	3,874,431
Highways and streets	-	604,921	-	123,153	728,074
Capital outlay	-	1,082,954	4,105	1,730,171	2,817,230
Debt service					
Principal retirement	-	-	-	985,000	985,000
Interest	-	-	-	927,445	927,445
Fiscal charges	-	-	-	1,954	1,954
<b>Total expenditures</b>	<b>29,900,864</b>	<b>1,687,875</b>	<b>522,811</b>	<b>4,019,815</b>	<b>36,131,365</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,390,957</b>	<b>(716,984)</b>	<b>1,280,259</b>	<b>(1,224,403)</b>	<b>3,729,829</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	1,273,396	1,273,396
Transfers (out)	(1,197,396)	-	-	-	(1,197,396)
<b>Total other financing sources (uses)</b>	<b>(1,197,396)</b>	<b>-</b>	<b>-</b>	<b>1,273,396</b>	<b>76,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,193,561</b>	<b>(716,984)</b>	<b>1,280,259</b>	<b>48,993</b>	<b>3,805,829</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>16,620,500</b>	<b>1,233,296</b>	<b>3,154,532</b>	<b>2,928,466</b>	<b>23,936,794</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 19,814,061</b>	<b>\$ 516,312</b>	<b>\$ 4,434,791</b>	<b>\$ 2,977,459</b>	<b>\$ 27,742,623</b>

See accompanying notes to financial statements.

**VILLAGE OF HANOVER PARK, ILLINOIS**

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, 2016

<b>NET CHANGE IN FUND BALANCES -</b>	
<b>TOTAL GOVERNMENTAL FUNDS</b>	\$ 3,805,829
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	3,925,253
The gain (loss) on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(25,503)
Certain revenues are deferred in governmental funds but not in governmental activities	127,987
The repayment of the principal portion 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	985,000
The decrease in accrued interest payable is shown as a reduction to expense on the statement of activities	2,373
Some expenses in the statement of activities (e.g., depreciation and amortization) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(4,897,152)
Amortization	1,627
Less amount reported in internal service funds below	708,847
The increase in the compensated absences liability is an expense on the statement of activities	181,082
The change in net other postemployment benefits obligations are reported only in the statement of activities	(158,423)
The change in the net pension liability is reported only in the statement of activities	
Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel Fund	(1,240,321)
Police Pension	(784,080)
Firefighters' Pension	(306,339)
The change in deferred inflows and outflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel Fund	41,614
Police Pension	307,836
Firefighters' Pension	(131,665)
The change in net position of certain activities of internal service funds is in governmental funds	585,506
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 3,129,471</b>

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

December 31, 2016

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Nonmajor Enterprise	Total	Internal Service
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 10,264,319	\$ 429,923	\$ 10,694,242	\$ 4,834,000
Receivables				
Accounts	1,413,125	-	1,413,125	-
Accrued interest	8,054	-	8,054	17,532
Other	510,912	22,193	533,105	-
Prepaid expenses	9,926	-	9,926	-
Due from other funds	9,900	-	9,900	-
<b>Total current assets</b>	<b>12,216,236</b>	<b>452,116</b>	<b>12,668,352</b>	<b>4,851,532</b>
<b>NONCURRENT ASSETS</b>				
Capital assets				
Nondepreciable	937,117	1,317,517	2,254,634	-
Depreciable, net of accumulated depreciation	20,700,111	1,007,826	21,707,937	4,913,675
<b>Total noncurrent assets</b>	<b>21,637,228</b>	<b>2,325,343</b>	<b>23,962,571</b>	<b>4,913,675</b>
<b>Total assets</b>	<b>33,853,464</b>	<b>2,777,459</b>	<b>36,630,923</b>	<b>9,765,207</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension items - IMRF	1,230,484	68,215	1,298,699	-
<b>Total deferred outflows of resources</b>	<b>1,230,484</b>	<b>68,215</b>	<b>1,298,699</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>35,083,948</b>	<b>2,845,674</b>	<b>37,929,622</b>	<b>9,765,207</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	2,117,655	39,016	2,156,671	249,097
Accrued payroll	63,860	3,570	67,430	-
Accrued interest	1,122	-	1,122	-
Deposits	13,600	-	13,600	-
Unearned revenue	-	87,870	87,870	-
Notes payable - EPA	232,911	-	232,911	-
Other payables	-	1,000	1,000	-
Compensated absences payable	4,390	-	4,390	-
<b>Total current liabilities</b>	<b>2,433,538</b>	<b>131,456</b>	<b>2,564,994</b>	<b>249,097</b>
<b>LONG-TERM LIABILITIES</b>				
Compensated absences	83,408	-	83,408	-
Notes payable - EPA	151,013	-	151,013	-
Net pension liability	2,420,524	134,188	2,554,712	-
Net other postemployment benefit obligation	150,096	-	150,096	-
<b>Total long-term liabilities</b>	<b>2,805,041</b>	<b>134,188</b>	<b>2,939,229</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,238,579</b>	<b>265,644</b>	<b>5,504,223</b>	<b>249,097</b>
<b>NET POSITION</b>				
Net investment in capital assets	21,253,304	2,325,343	23,578,647	4,913,675
Unrestricted	8,592,065	254,687	8,846,752	4,602,435
<b>TOTAL NET POSITION</b>	<b>\$ 29,845,369</b>	<b>\$ 2,580,030</b>	<b>\$ 32,425,399</b>	<b>\$ 9,516,110</b>

See accompanying notes to financial statements.

**VILLAGE OF HANOVER PARK, ILLINOIS**

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Year Ended December 31, 2016

	Business-Type Activities			Governmental
	Waterworks	Nonmajor	Total	Activities
	and Sewerage	Enterprise		Internal
			Total	Service
<b>OPERATING REVENUES</b>				
Charges for services	\$ 10,615,438	\$ 443,695	\$ 11,059,133	\$ 1,459,776
Total operating revenues	10,615,438	443,695	11,059,133	1,459,776
<b>OPERATING EXPENSES</b>				
Administration	2,120,375	-	2,120,375	-
Operations	8,600,462	318,372	8,918,834	236,622
Depreciation and amortization	933,024	61,951	994,975	708,847
Total operating expenses	11,653,861	380,323	12,034,184	945,469
OPERATING INCOME (LOSS)	(1,038,423)	63,372	(975,051)	514,307
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest expense	(15,290)	-	(15,290)	-
Investment income	11,715	366	12,081	17,575
Infrastructure surcharge	1,350,513	-	1,350,513	-
Gain on disposal of capital assets	-	-	-	53,625
Total non-operating revenues (expenses)	1,346,938	366	1,347,304	71,200
NET INCOME BEFORE TRANSFERS	308,515	63,738	372,253	585,507
<b>TRANSFERS</b>				
Transfer (out)	(76,000)	-	(76,000)	-
Total transfers	(76,000)	-	(76,000)	-
CHANGE IN NET POSITION	232,515	63,738	296,253	585,507
NET POSITION, JANUARY 1	29,717,647	2,468,416	32,186,063	8,930,603
Prior period adjustments	(968,376)	-	(968,376)	-
Change in accounting principle	863,583	47,876	911,459	-
NET POSITION, JANUARY 1, RESTATED	29,612,854	2,516,292	32,129,146	8,930,603
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 29,845,369</b>	<b>\$ 2,580,030</b>	<b>\$ 32,425,399</b>	<b>\$ 9,516,110</b>

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

	Business-Type Activities			Governmental
	Waterworks	Nonmajor	Total	Internal
	and Sewerage	Enterprise		Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 12,973,841	\$ 436,244	\$ 13,410,085	\$ -
Receipts from interfund services	-	-	-	1,459,776
Payments to suppliers	(6,297,905)	(135,906)	(6,433,811)	(246,508)
Payments to employees	(2,944,782)	(157,819)	(3,102,601)	-
Net cash from operating activities	3,731,154	142,519	3,873,673	1,213,268
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund loans	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(76,000)	-	(76,000)	-
Net cash from noncapital financing activities	(76,000)	-	(76,000)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(396,410)	(182,944)	(579,354)	(2,499,490)
Proceeds from sale of capital assets	-	-	-	53,625
Principal paid on EPA loans	(346,541)	-	(346,541)	-
Interest paid on EPA loans	(17,487)	-	(17,487)	-
Net cash from capital and related financing activities	(760,438)	(182,944)	(943,382)	(2,445,865)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	5,098	366	5,464	7,471
Net cash from investing activities	5,098	366	5,464	7,471
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,899,814	(40,059)	2,859,755	(1,225,126)
CASH AND CASH EQUIVALENTS, JANUARY 1	7,364,505	469,982	7,834,487	6,059,126
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 10,264,319</b>	<b>\$ 429,923</b>	<b>\$ 10,694,242</b>	<b>\$ 4,834,000</b>

(This statement is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2016

	Business-Type Activities			Governmental
	Waterworks	Nonmajor	Total	Internal
	and Sewerage	Enterprise		Service
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (1,038,423)	\$ 63,372	\$ (975,051)	\$ 514,307
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	933,024	61,951	994,975	708,847
Other non-operating revenues	1,350,513	-	1,350,513	-
Changes in assets and liabilities				
Receivables	867,068	(3,711)	863,357	-
Prepaid expenses	(6,411)	-	(6,411)	-
Due to other funds	(9,900)	-	(9,900)	-
Pension items - IMRF	(19,595)	(1,086)	(20,681)	-
Accounts payable	1,036,445	(4,127)	1,032,318	(9,886)
Accrued payroll	22,365	1,240	23,605	-
Contractors deposits	1,975	-	1,975	-
Deferred revenue	-	(7,500)	(7,500)	-
Compensated absences	(4,129)	-	(4,129)	-
Net pension liability	584,070	32,380	616,450	-
Net other postemployment benefit obligation	14,152	-	14,152	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 3,731,154</b>	<b>\$ 142,519</b>	<b>\$ 3,873,673</b>	<b>\$ 1,213,268</b>

See accompanying notes to financial statements.

**VILLAGE OF HANOVER PARK, ILLINOIS**

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET POSITION**

December 31, 2016

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	<b><u>Pension Trust</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,010,071
Investments	
U.S. Government and U.S. agency obligations	17,505,134
Money market mutual funds	135,941
Mutual funds	28,261,474
Illinois Metropolitan Investment Fund	35
Receivables	
Accrued interest	97,519
Prepaid items	<u>4,241</u>
 Total assets	 <u>47,014,415</u>
<b>LIABILITIES</b>	
Accounts payable	<u>15,381</u>
 Total liabilities	 <u>15,381</u>
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>	  <u><u>\$ 46,999,034</u></u>

See accompanying notes to financial statements.

**VILLAGE OF HANOVER PARK, ILLINOIS**

**PENSION TRUST FUNDS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

For the Year Ended December 31, 2016

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**ADDITIONS**

Contributions

Employer contributions	\$ 3,374,416
Employee contributions	813,630

Total contributions	<u>4,188,046</u>
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Investment income

Net appreciation in fair value of investments	3,500,595
Interest	<u>158,935</u>

Total investment income	3,659,530
Less investment expense	<u>(84,203)</u>

Net investment income	<u>3,575,327</u>
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Total additions	<u>7,763,373</u>
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**DEDUCTIONS**

Benefits and refunds	3,322,446
Administrative expenses	<u>65,253</u>

Total deductions	<u>3,387,699</u>
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NET INCREASE	4,375,674
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**NET POSITION RESTRICTED  
FOR PENSIONS**

January 1	<u>42,623,360</u>
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December 31	<u><u>\$ 46,999,034</u></u>
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See accompanying notes to financial statements.

# VILLAGE OF HANOVER PARK, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Hanover Park, Illinois (the Village) 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 Village's accounting policies are described below.

#### a. Reporting Entity

The Village was incorporated in 1958. The Village is a municipal corporation governed by an elected seven-member board. The Village operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, health, social and cultural services, water and sanitation, public improvements, planning and zoning and general administrative services. As required by GAAP, these financial statements present the Village (the primary government) and its component units.

The Village's financial statements include two pension trust funds:

#### Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

The Village's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one pension beneficiary elected by the membership and two firefighter employees elected by the membership constitute the pension board. The Village and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it was part of the primary government because its sole purpose is to finance and administer the pensions of the Village's firefighters and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

Hanover Square

In 2015, the Village entered into a joint venture with a developer to renovate and operate the Hanover Square Shopping Center. Pursuant to the agreement the Village sold the property to the newly established corporation, Hanover Square, LLC (the LLC), and acquired a 90% ownership interest in the corporation. The Village recorded this as a joint venture in the governmental activities. During 2016, the developer defaulted on its obligations and the remaining 10% reverted to the Village. The LLC is operated by a separate board appointed by the Village. The Village can impose its will on the LLC as the Village board approves the LLC's annual budget. As a component unit, the LLC's financial statements have been presented as a discrete column in the government-wide financial statements. The information presented is for the fiscal year ended December 31, 2016. Separately issued financial statements of the LLC may be obtained from the Village Clerk's office. Upon dissolution of the corporation, the proceeds of the sale of the property will revert to the Tax Increment Financing (TIF) #3 Fund. Separately audited financial statements are available at the Village Hall.

b. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental funds are used to account for all or most of the Village’s general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects 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 all activities of the general government not accounted for in some other fund.

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

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

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The Village reports the following major governmental funds:

The General Fund accounts for the resources traditionally associated with the Village's operations that are not accounted for in another fund.

The Motor Fuel Tax Fund accounts for the revenues restricted for the operation and maintenance of street and storm sewer programs and capital projects authorized by the Illinois Department of Transportation. Financing is provided by the Village's share of state gasoline taxes. The Village has elected to report this fund as major.

The Tax Increment Financing #3 Fund is used to account for the restricted financing of improvements in the Village Center Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes.

The Village reports the following major proprietary funds:

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

Additionally, the Village reports the following internal service fund:

Internal service funds account for the Village's equipment replacement program.

The Village reports the following fiduciary funds:

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year they are received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

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 Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

The Village recognizes property taxes when they become both measurable and available in the period intended to finance, generally within 60 days of year end. Sales taxes, telecommunications taxes and use taxes use a 90-day period and income taxes use a 120-day period. Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability/deferred inflow is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. 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.

f. Interfund Receivables/Payables

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

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Interfund Receivables/Payables (Continued)

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

g. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventory in governmental funds are accounted for using the consumption method.

h. Prepaid Items/Expenses

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

i. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure has been reported retroactively. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	10-20
Buildings	20-50
Equipment	3-20
Infrastructure	25-75

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Compensated Absences

Vested or accumulated vacation leave and compensatory time off that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements and the remainder is reported in governmental activities.

Accumulated unpaid vacation, sick pay and other employee benefit amounts for proprietary funds are recorded on the accrual basis in those funds.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

l. Fund Equity/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. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Village Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's Director of Finance through the Village's fund balance policy. Any residual fund balance of the General Fund or any deficit fund balance is reported as unassigned.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

l. Fund Equity/Net Position (Continued)

The Village's flow of funds policy 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 Village considers committed funds to be expended first followed by assigned and then unassigned funds. For net position, restricted funds are spent first then unrestricted funds.

The Village has established a fund balance policy for the General Fund. It is the Village's policy that the General Fund's combined assigned and unassigned fund balance should be maintained at a minimum of 25% of the General Fund total budgeted annual expenditures to provide financing for unanticipated expenditures and revenue shortfalls.

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

None of the restricted net position or restricted fund balance results from enabling legislation adopted by the Village.

m. Interfund Transactions

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

All other interfund transactions, except interfund services and 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.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

o. 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, deferred outflows, liabilities and deferred inflows 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.

**2. LEGAL COMPLIANCE AND ACCOUNTABILITY**

Deficit Fund Balances

The Special Service Area #6, Tax Increment Financing #4, Tax Increment Financing #5 and GO Bond 2010A Funds reported deficit fund balances of \$189,876, \$25,210, \$68,617 and \$79,499, respectively. These deficits are expected to be funded by future tax levies.

**3. DEPOSITS AND INVESTMENTS**

The Village and pension funds categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The investments are governed by the investment policy adopted by the Village Board of Trustees.

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

Illinois Funds is an investment pool which was created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value and the IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**3. DEPOSITS AND INVESTMENTS (Continued)**

The Police Pension Fund and Firefighters' Pension Fund can invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts, mutual funds and equity securities.

It is the policy of the Village 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 Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Village Deposits with Financial Institutions

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

b. Village Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Metropolitan Investment Fund	\$ 102,710	\$ -	\$ 102,710	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 102,710</b>	<b>\$ -</b>	<b>\$ 102,710</b>	<b>\$ -</b>	<b>\$ -</b>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment states the investment portfolio shall be structured 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 investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools and limiting the maximum maturity. The Village will not directly invest in securities maturing more than five years from the date of purchase unless matched to a specific cash flow. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**3. DEPOSITS AND INVESTMENTS (Continued)**

b. Village Investments (Continued)

The Village has the following recurring fair value measurements as of December 31, 2016: The IMET 1 to 3 Year fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 2 input).

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and the other securities noted above. IMET and Illinois Funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village'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 by a third party acting as the Village's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Village's name. Illinois Funds and the money market mutual fund are not subject to custodial credit risk.

Concentration of credit risk - The Village's investment policy limits investments to the amount of the portfolio that can be invested in any one investment vehicle as follows.

Diversification by Instrument	Percent of Portfolio
U.S. Treasury obligations (bills, notes and bonds)	100%
U.S. Government agency securities and instrumentalities of government sponsored corporations	50%
Bankers acceptances (BAs)	25%
Repurchase agreements (REPOs) (monies in the public funds or other money market funds are not to be included in this limitation)	25%
Certificates of deposit (CDs) commercial banks/savings and loans	100%
Certificates of deposit (CDs) credit unions	100%
Illinois Public Funds (or similar types of investments/money market pools)	50%
Commercial paper (CP)	10%

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**3. DEPOSITS AND INVESTMENTS (Continued)**

b. Village Investments (Continued)

Diversification by Financial Institution

Bankers acceptances (BAs) - no more than 25% of the total portfolio with any one institution.

Repurchase agreements (REPOs) - no more than 25% of the total portfolio with any one institution.

Certificates of deposit (CDs) - Commercial banks, savings and loan association, credit unions - no more than 50% of the total portfolio with any one institution.

Local government investment pool - Illinois Public Funds or similar type of investment/money market pools - no more than 50%.

**4. RECEIVABLES - TAXES**

Property taxes for 2015 attached as an enforceable lien on January 1, 2015, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by DuPage County and issued on or about April 1, 2016 and are payable in two installments, on or about June 1, 2016 and September 1, 2016. Tax bills are prepared by Cook County and issued on or about February 1, 2016 and July 1, 2016 and are payable March 1, 2016 and August 1, 2016. The counties collect such taxes and remit them periodically.

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has been recorded as a receivable and unavailable/deferred revenue as of December 31, 2016 as the tax has been levied by the Village and is intended to fund the 2017 fiscal year.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balances January 1 Restated	Increases	Decreases	Transfers	Ending Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets not being depreciated					
Land	\$ 3,781,687	\$ -	\$ -	\$ -	\$ 3,781,687
Permanent easements	33,873	-	-	-	33,873
Right of way	25,058,691	-	-	-	25,058,691
Construction in progress	235,534	1,322,710	235,534	-	1,322,710
Total capital assets not being depreciated	29,109,785	1,322,710	235,534	-	30,196,961
Capital assets being depreciated					
Buildings	29,300,807	268,807	-	-	29,569,614
Machinery, equipment and vehicles	12,885,581	1,203,080	808,257	-	13,280,404
Improvements other than buildings	2,785,260	123,673	-	-	2,908,933
Infrastructure	33,788,953	1,298,461	57,469	-	35,029,945
Total capital assets being depreciated	78,760,601	2,894,021	865,726	-	80,788,896
Less accumulated depreciation for					
Buildings	6,674,718	772,252	-	98,878	7,545,848
Machinery, equipment and vehicles	7,027,862	1,085,447	782,754	(359,897)	6,970,658
Improvements other than buildings	982,114	236,789	-	-	1,218,903
Infrastructure	24,549,765	620,138	57,469	-	25,112,434
Total accumulated depreciation	39,234,459	2,714,626	840,223	(261,019)	40,847,843
Total capital assets being depreciated, net	39,526,142	179,395	25,503	261,019	39,941,053
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>CAPITAL ASSETS, NET</b>	<b>\$ 68,635,927</b>	<b>\$ 1,502,105</b>	<b>\$ 261,037</b>	<b>\$ 261,019</b>	<b>\$ 70,138,014</b>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 1,411,199
Community development	-
Public safety	452,766
Public works	850,661
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,714,626</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. CAPITAL ASSETS (Continued)**

	Beginning Balances January 1,	Increases	Decreases	Ending Balances December 31
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,254,634	\$ -	\$ -	\$ 2,254,634
Total capital assets not being depreciated	2,254,634	-	-	2,254,634
Capital assets being depreciated				
Buildings and structures	12,629,264	-	-	12,629,264
Machinery, equipment and vehicles	3,697,880	25,548	35,869	3,687,559
Underground systems	15,284,653	225,949	-	15,510,602
Improvements other than buildings	9,633,627	324,068	-	9,957,695
Total capital assets being depreciated	41,245,424	575,565	35,869	41,785,120
Less accumulated depreciation for				
Building and structures	6,356,078	250,284	-	6,606,362
Machinery and equipment	2,455,324	192,739	35,869	2,612,194
Underground systems	6,040,274	306,118	-	6,346,392
Improvements other than buildings	4,266,401	245,834	-	4,512,235
Total accumulated depreciation	19,118,077	994,975	35,869	20,077,183
Total capital assets being depreciated, net	22,127,347	(419,410)	-	21,707,937
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 24,381,981</b>	<b>\$ (419,410)</b>	<b>\$ -</b>	<b>\$ 23,962,571</b>

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

<b>BUSINESS-TYPE ACTIVITIES</b>	
Waterworks and sewerage	\$ 933,024
Municipal railroad parking lot	61,951
<b>TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 994,975</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. CAPITAL ASSETS (Continued)**

	Beginning Balances January 1,	Increases	Decreases	Ending Balances December 31
<b>COMPONENT UNIT - HANOVER SQUARE</b>				
Capital assets not being depreciated				
Land	\$ 1,017,088	\$ -	\$ -	\$ 1,017,088
Construction in progress	1,799,964	2,033,366	3,833,330	-
Total capital assets not being depreciated	2,817,052	2,033,366	3,833,330	1,017,088
Capital assets being depreciated				
Buildings and improvements	1,342,912	4,030,449	-	5,373,361
Total capital assets being depreciated	1,342,912	4,030,449	-	5,373,361
Less accumulated depreciation for				
Buildings and improvements	17,820	116,309	-	134,129
Total accumulated depreciation	17,820	116,309	-	134,129
Total capital assets being depreciated, net	1,325,092	3,914,140	-	5,239,232
<b>COMPONENT UNIT - HANOVER SQUARE CAPITAL ASSETS, NET</b>	<b>\$ 4,142,144</b>	<b>\$ 5,947,506</b>	<b>\$ 3,833,330</b>	<b>\$ 6,256,320</b>

**6. RISK MANAGEMENT**

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

a. Intergovernmental Personnel Benefit Cooperative

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by its members to their officers and employees, and to the officers and employees of certain other governmental, quasi governmental and nonprofit public service entities. The Village's payments to IPBC are displayed on the financial statements as expenses in the appropriate funds.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are three officers, a Benefit Administrator and a Treasurer. The Village does not exercise any control over activities of IPBC beyond its representation on the Board of Directors.

**6. RISK MANAGEMENT (Continued)**

b. Intergovernmental Risk Management Agency

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is a public entity risk pool whose members are Illinois municipalities. IRMA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials liability claims of its member municipalities. The Village's payments to IRMA are displayed on the financial statements as expenses in the appropriate funds.

Risk of loss is transferred, except that each member assumes the first \$2,500 of each occurrence, and IRMA has self-insurance retentions at various amounts above that level.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Risk Manager and a Treasurer. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined in advance of each membership year based on the individual member's eligible revenue as defined in the by-laws of IRMA, and assessment factors based on past member experience and the funding need for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. The Village had no liabilities to IRMA as of December 31, 2016.

**7. LONG-TERM DEBT**

a. General Obligation Bonds

The Village issues general obligation bonds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. LONG-TERM DEBT (Continued)**

a. General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

	Fund Debt Retired by	Balances January 1	Additions	Reductions and Defeasance	Balances December 31	Current Portion
\$10,000,000 General Obligation Bond Series of 2010, due in annual installments of \$280,000 to \$1,255,000, plus interest ranging from 1.78% to 6.00% through December 1, 2029.	Debt Service	\$ 8,850,000	\$ -	\$ 305,000	\$ 8,545,000	\$ 310,000
\$5,000,000 General Obligation Bond Series of 2010A, due in annual installments of \$50,000 to \$1,500,000, plus interest ranging from 2.15% to 5.50% through December 1, 2030.	Debt Service	4,700,000	-	175,000	4,525,000	200,000
\$7,030,000 General Obligation Refunding Bond Series of 2011, due in annual installments of \$450,000 to \$645,000, plus interest ranging from 2.00% to 3.25% through December 1, 2024.	Debt Service	5,120,000	-	505,000	4,615,000	520,000
<b>TOTAL</b>		<u>\$ 18,670,000</u>	<u>\$ -</u>	<u>\$ 985,000</u>	<u>\$ 17,685,000</u>	<u>\$ 1,030,000</u>

b. Illinois Environmental Protection Agency Loans

The Village, through the Illinois Environmental Protection Agency (EPA), received a low interest loan for the construction of a sewerage treatment facility. The loan is payable in semiannual installments of principal and interest of \$123,245. In addition, during fiscal year 1999, the Village received an additional low interest loan from the EPA for additional work on the sewerage treatment facility. This loan is payable in semiannual installments of principal and interest of \$58,769. EPA loans currently outstanding are as follows:

	Fund Debt Retired by	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
1997 EPA Loan I	Waterworks and Sewerage	\$ 359,567	\$ -	\$ 238,032	\$ 121,535	\$ 121,535
2000 EPA Loan II	Waterworks and Sewerage	370,898	-	108,509	262,389	111,376
<b>TOTAL</b>		<u>\$ 730,465</u>	<u>\$ -</u>	<u>\$ 346,541</u>	<u>\$ 383,924</u>	<u>\$ 232,911</u>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. LONG-TERM DEBT (Continued)**

c. Notes Payable

The Hanover Square has a nonrevolving line of credit note payable with a financial institution that allows for borrowings up to \$3,723,943 to be used exclusively for the construction costs related to the redevelopment of the buildings. The note matures on August 5, 2017. However, should the project meet certain financial and nonfinancial criteria at the maturity date, the maturity date will extend to August 5, 2024. The note is guaranteed by the Village. The note calls for monthly interest-only payments, with the interest rate at Hanover Square's option of LIBOR plus 2.75% or 4%. At December 31, 2016, the outstanding balance was \$3,723,943.

The Hanover Square also has another nonrevolving line of credit note payable with a financial institution that allows for borrowings up to \$825,674 to be used exclusively for the construction costs related to the redevelopment of the buildings. As work is completed on the project and approved by an outside third party, funds are released to pay the contractor. The note matures on August 5, 2017. However, should the project meet certain financial and nonfinancial criteria at the maturity date, the maturity date will extend to August 5, 2024. The note is personally guaranteed by the Village of Hanover Park. The note calls for monthly interest-only payments, with the interest rate at Hanover Square's option of LIBOR plus 2.75% or 4%. At December 31, 2016, the outstanding balance was \$48,790.

d. Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending December 31,	Governmental Activities		Business-Type Activities	
	General Obligation Bonds		EPA Loans	
	Principal	Interest	Principal	Interest
2017	\$ 1,030,000	\$ 884,930	\$ 232,911	\$ 7,872
2018	1,050,000	852,955	114,319	3,219
2019	1,070,000	818,218	36,694	482
2020	1,095,000	779,516	-	-
2021	1,120,000	735,760	-	-
2022	1,145,000	688,998	-	-
2023	1,180,000	640,668	-	-
2024	1,235,000	591,048	-	-
2025	1,345,000	536,313	-	-
2026	1,405,000	459,915	-	-
2027	1,445,000	377,630	-	-
2028	1,510,000	292,480	-	-
2029	1,555,000	201,300	-	-
2030	1,500,000	105,000	-	-
<b>TOTAL</b>	<b>\$ 17,685,000</b>	<b>\$ 7,964,731</b>	<b>\$ 383,924</b>	<b>\$ 11,573</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. LONG-TERM DEBT (Continued)**

e. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in liabilities reported:

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds payable	\$ 18,670,000	\$ -	\$ 985,000	\$ 17,685,000	\$ 1,030,000
Add unamortized bond premium	66,070	-	7,341	58,729	-
Less unamortized bond discount	(81,906)	-	(5,714)	(76,192)	-
Compensated absences*	1,353,683	89,654	270,736	1,172,601	58,630
Net pension liability - IMRF*	3,899,856	1,240,321	-	5,140,177	-
Net pension liability - Firefighters' Pension*	12,446,348	306,339	-	12,752,687	-
Net pension liability - Police Pension*	24,484,584	784,080	-	25,268,664	-
Net other postemployment benefit obligation*	1,521,912	158,423	-	1,680,335	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 62,360,547</b>	<b>\$ 2,578,817</b>	<b>\$ 1,257,363</b>	<b>\$ 63,682,001</b>	<b>\$ 1,088,630</b>

\* The compensated absences, net pension liability and net other postemployment benefit obligation have typically been liquidated by the General Fund.

	Balances January 1 Restated	Additions	Reductions	Balances December 31	Current Portion
<b>BUSINESS-TYPE ACTIVITIES</b>					
EPA loans	\$ 730,465	\$ -	\$ 346,541	\$ 383,924	\$ 232,911
Compensated absences	91,927	467	4,596	87,798	4,390
Net pension liability	1,938,263	616,449	-	2,554,712	-
Net other postemployment benefit obligation	135,944	14,152	-	150,096	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 2,896,599</b>	<b>\$ 631,068</b>	<b>\$ 351,137</b>	<b>\$ 3,176,530</b>	<b>\$ 237,301</b>

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>COMPONENT UNIT - HANOVER SQUARE</b>					
Wintrust line of credit	\$ 1,797,970	\$ -	\$ 1,925,973	\$ 3,723,943	\$ 3,723,943
Wintrust construction line of credit	-	-	48,790	48,790	48,790
<b>TOTAL COMPONENT UNIT - HANOVER SQUARE</b>	<b>\$ 2,896,599</b>	<b>\$ -</b>	<b>\$ 1,974,763</b>	<b>\$ 3,772,733</b>	<b>\$ 3,772,733</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**7. LONG-TERM DEBT (Continued)**

e. Legal Debt Margin

The Village is a home rule municipality.

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

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

To date the General Assembly has set no limits for home rule municipalities.

f. Conduit Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial facilities deemed to be in the public interest and to provide financing for low interest mortgages to qualified applicants. The bonds are secured solely by the property or mortgages financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2016, there was one IDRBB outstanding with outstanding principal of \$65,000.

**8. INDIVIDUAL FUND DISCLOSURES**

Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 356,121
<b>TOTAL</b>		<b>\$ 356,121</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**8. INDIVIDUAL FUND DISCLOSURES (Continued)**

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

- \$356,121 advance from the General Fund to the Special Service Area #6, TIF #4 Fund and TIF #5 Fund to cover eligible nonbuilding improvements such as road and lot paving.

Individual fund transfers are as follows:

Transfers In	Transfers Out	Amount
Nonmajor governmental	General	\$ 1,273,396
Internal service	General	104,000
Internal service	Waterworks and Sewerage	<u>196,000</u>
<b>TOTAL</b>		<b><u>\$ 1,573,396</u></b>

Interfund transfers during the year ended December 31, 2016 consisted of the following:

- \$1,377,396 and \$196,000 transferred from the General Fund and Waterworks and Sewerage Fund, respectively, to the General Capital Projects Fund and Internal Service Fund to cover project expenditures and to start the IT Equipment Replacement Fund.

Due from/to other funds at December 31, 2016 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 83,518
Waterworks and Sewerage	General	<u>9,900</u>
<b>TOTAL</b>		<b><u>\$ 93,418</u></b>

The purpose of the significant due to/from other funds is as follows:

- \$83,518 due from the nonmajor governmental funds to the General Corporate Fund is for amount due for repayment of debt. This amount will be paid within one year.
- \$9,900 due from the General Corporate Fund to the Waterworks and Sewerage Fund is for an overhead sewer payment. This amount will be paid within one year.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. COMMITMENTS**

Northwest Suburban Municipal Joint Action Water Agency

The Village has committed to purchase water from the Northwest Suburban Municipal Joint Action Water Agency (JAWA). The Village expects to pay the following minimum amounts:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 869,744
2018	869,938
2019	869,862
2020	869,839
2021	<u>870,188</u>
 TOTAL	 <u>\$ 4,349,571</u>

This amount has been estimated based upon the Village's current water consumption figures and current water costs. In future years, the annual cost will be subject to change.

**10. CONTINGENT LIABILITIES**

a. Litigation

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

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 costs which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

c. Northwest Suburban Municipal Joint Action Water Agency

The Village's water purchase contract with JAWA provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

**10. CONTINGENT LIABILITIES (Continued)**

d. Economic Incentive Agreements

The Village has entered into economic development agreements with companies to provide sales tax rebates as allowed under state statute. As of December 31, 2016, three agreements have been in effect for businesses that have opened. The agreements require the Village to rebate to the companies different amounts of additional sales tax generated by the facilities. For one agreement, there is no maximum remaining amount of rebates specified in the agreement, although the term of the agreement is through fiscal year 2019. For the second agreement, a maximum of \$2,500,000 is to be paid or until 20 years elapses, whichever occurs first. For the third agreement, a maximum of \$750,000 is to be paid or until 20 years elapses, whichever occurs first. The amount paid/accrued for the fiscal period ended December 31, 2016 was \$2,436,103. The total expenditures incurred to date in rebates for the currently effective agreements as of December 31, 2016 is \$16,309,958.

The Village has entered into an economic development agreement with one company to provide property tax rebates as allowed under state statute. The agreement requires the Village to rebate 50% of annual TIF increment property taxes up to a maximum of \$2,000,000 beyond a threshold of \$250,000. The total expenditures incurred under this agreement is \$464,115 as of December 31, 2016.

The Village issued a note receivable to a local business for \$700,000 in September 2009, bearing 0% interest. The payments are satisfied by and are contingent on the generation of incremental property taxes; therefore, no receivable has been recorded by the Village as of December 31, 2016. The Village and the business will share the incremented property taxes 50/50 until the \$700,000 is reached.

**11. JOINT VENTURES**

Northwest Suburban Municipal Joint Action Water Agency

Description of Joint Venture

The Village is a member of JAWA which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers. The seven members of JAWA and their percentage shares as of December 31, 2016 are as follows:

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**11. JOINT VENTURES (Continued)**

Northwest Suburban Municipal Joint Action Water Agency (Continued)

Description of Joint Venture (Continued)

	<u>Percent Share</u>
Village of Elk Grove Village	16.01%
Village of Hanover Park	11.05%
Village of Hoffman Estates	16.64%
Village of Mount Prospect	11.56%
City of Rolling Meadows	8.36%
Village of Schaumburg	26.06%
Village of Streamwood	<u>10.32%</u>
<b>TOTAL</b>	<u><u>100.00%</u></u>

These percentage shares are based upon formulae contained in the water supply agreement and are subject to change in future years based upon consumption by the municipalities.

The members form a contiguous geographic service area which is located 15 to 30 miles northwest of downtown Chicago. Under the Agency Agreement, additional members may join JAWA upon the approval of each member.

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

Complete financial statements can be obtained from the Northwest Suburban Municipal Joint Action Water Agency, 903 Brantwood Avenue, Elk Grove Village, Illinois 60007.

Revenues of the system consist of: (a) all receipts derived from Water Supply Agreements or any other contract for the supply of water; (b) all income derived from the investment of monies; and (c) all income, fees, water service charges and all rates, rents and receipts derived by JAWA from the ownership and operation of the system and the sale of water. JAWA covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**11. JOINT VENTURES (Continued)**

Northwest Suburban Municipal Joint Action Water Agency (Continued)

Description of Joint Venture (Continued)

JAWA has entered into Water Supply Agreements with the seven-member municipalities for a term of 40 years, extending to December 31, 2022. The agreements are irrevocable and may not be terminated or amended except as provided in the General Resolution. Each member is obligated, on a “take or pay” basis, to purchase or in any event to pay for a minimum annual quantity of water.

JAWA has entered into an agreement with the City of Chicago (the City) under which the City has agreed to sell quantities of lake water sufficient to supply the projected water needs of JAWA through the year 2020.

The obligation of the Village to make all payments as required by this agreement is unconditional and irrevocable, without regard to performance or nonperformance by JAWA of its obligations under this agreement.

The payments required to be made by the Village under this agreement shall be required to be made solely from revenues to be derived by the Village from the operation of the Waterworks and Sewerage System. Members are not prohibited by the agreement from using other available funds to make payments under the agreement. This agreement shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

The obligation of the Village to make payments required by this agreement from revenues of the Waterworks and Sewerage System shall be payable from the operation and maintenance account of the Waterworks and Sewerage Fund.

In accordance with the joint venture agreement, the Village remitted \$3,436,232 to JAWA for the year ended December 31, 2016. All payments were paid from the Waterworks and Sewerage Fund.

**12. DEFINED BENEFIT PENSION PLANS**

The Village contributes to four defined benefit pension plans, Illinois Municipal Retirement Fund (IMRF) and Sheriff’s Law Enforcement Personnel (SLEP), agent multiple-employer public employee retirement systems; the Police Pension Plan which is a single-employer pension plan and the Firefighters’ Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel

a. Plan Membership

At December 31, 2015, IMRF and SLEP membership consisted of:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Inactive employees or their beneficiaries currently receiving benefits	109	2
Inactive employees entitled to but not yet receiving benefits	67	-
Active employees	95	-
	<hr/>	<hr/>
TOTAL	271	2
	<hr/> <hr/>	<hr/> <hr/>

b. Benefits Provided

Illinois Municipal Retirement Fund

All employees (other than those covered by SLEP) 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. 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.

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

b. Benefits Provided (Continued)

Sherriff's Law Enforcement Personnel

SLEP provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, having accumulated at least 20 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their final rate of earnings, for each year of credited service up to 32 years or 80% of their final rate of earnings. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies.

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 50 (reduced benefits) or after age 55 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their final rate of earnings, for each year of credited service up to 30 years of service to a maximum of 75%.

SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 6.5% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute.

c. Contributions

The Village is required to contribute the remaining amounts necessary to fund IMRF and SLEP as specified by statute. The employer contribution for 2016 and 2015 was 14.96% and 13.58%, respectively of covered payroll for IMRF and 0.00% for SLEP.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

d. Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Actuarial valuation date	December 31, 2015	December 31, 2015
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	2.75%	2.75%
Salary increases	3.75% to 14.50%	3.75% to 14.50%
Interest rate	7.50%	7.50%
Cost of living adjustments	3.00%	3.00%
Asset valuation method	Market value	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

e. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for SLEP and 7.46% for IMRF. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, SLEP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for SLEP. Based on those assumptions, the IMRF's fiduciary net position was projected to not be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was blended with the AA rated GO Bond index at December 31, 2015 of 3.57% to arrive at the 7.46% discount rates used to determine the total pension liability.

f. Changes in the Net Pension Liability

Illinois Municipal Retirement Fund

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 45,310,614	\$ 40,829,994	\$ 4,480,620
Changes for the period			
Service cost	650,191	-	650,191
Interest	3,333,582	-	3,333,582
Difference between expected and actual experience	856,622	-	856,622
Changes in assumptions	111,824	-	111,824
Employer contributions	-	888,579	(888,579)
Employee contributions	-	316,164	(316,164)
Net investment income	-	201,816	(201,816)
Benefit payments and refunds	(2,138,221)	(2,138,221)	-
Administrative expense	-	-	-
Other (net transfer)	-	331,390	(331,390)
Net changes	2,813,998	(400,272)	3,214,270
BALANCES AT DECEMBER 31, 2015	\$ 48,124,612	\$ 40,429,722	\$ 7,694,890

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

f. Changes in the Net Pension Liability (Continued)

Sheriff's Law Enforcement Personnel Fund

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 616,265	\$ 694,930	\$ (78,665)
Changes for the period			
Service cost	-	-	-
Interest	44,500	-	44,500
Difference between expected and actual experience	4,854	-	4,854
Changes in assumptions	-	-	-
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	3,360	(3,360)
Benefit payments and refunds	(45,853)	(45,853)	-
Administrative expense	-	-	-
Other (net transfer)	-	20,078	(20,078)
Net changes	3,501	(22,415)	25,916
BALANCES AT DECEMBER 31, 2015	\$ 619,766	\$ 672,515	\$ (52,749)

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2015, is 7.46%. The discount rate used in the prior actuarial valuation, dated December 31, 2014, was 7.48%.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

- g. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Illinois Municipal Retirement Fund

For the year ended December 31, 2016, the Village recognized pension expense of \$1,141,992. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 610,837	\$ -
Changes in assumption	79,739	-
Net difference between projected and actual earnings on pension plan investments	2,270,284	-
Contributions subsequent to measurement date	950,875	-
<b>TOTAL</b>	<b>\$ 3,911,735</b>	<b>\$ -</b>

\$950,875 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. The remaining amounts reported as deferred outflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2017	\$ 845,444
2018	845,444
2019	702,398
2020	567,574
2021	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 2,960,860</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

- g. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Sheriff's Law Enforcement Personnel Fund

For the year ended December 31, 2016, the Village recognized pension expense of \$(12,318). At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to SLEP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	38,234	-
<b>TOTAL</b>	<b>\$ 38,234</b>	<b>\$ -</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to SLEP will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2017	\$ 9,559
2018	9,559
2019	9,559
2020	9,557
2021	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 38,234</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel (Continued)

h. Discount Rate Sensitivity

Illinois Municipal Retirement Fund

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.46% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.46%) or 1 percentage point higher (8.46%) than the current rate:

	1% Decrease (6.46%)	Current Discount Rate (7.46%)	1% Increase (8.46%)
Net pension liability	\$ 13,771,685	\$ 7,694,890	\$ 2,669,074

Sheriff's Law Enforcement Personnel Fund

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the pension liability (asset) of the Village calculated using the discount rate of 7.5% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	\$ 12,803	\$ (52,749)	\$ (108,174)

Police Pension Plan

a. Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

a. Plan Descriptions (Continued)

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

b. Plan Membership

At December 31, 2016, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>59</u>
 TOTAL	 <u><u>98</u></u>

c. Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

c. Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

d. Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% the past service cost for the Police Pension Plan. For the year ended December 31, 2016, the Village's contribution was 41.89% of covered payroll and was based on 100% funding levels to be 100% funded by 2033.

e. Investment Policy

ILCS limits the Police Pension Fund (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as the Village plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds and equity securities. During the year ended December 31, 2016, no changes to the investment policy were approved by the Board of Trustees.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

e. Investment Policy (Continued)

The Fund's investment manager establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
T Bill	1.00%	0.50%
Short Gov/Credit	5.00%	2.00%
Int Gov/Credit	0.00%	2.50%
Intermediate Govt	40.00%	2.00%
Large	5.00%	4.50%
Large Value	5.00%	5.00%
Mid Value	6.00%	5.00%
Small	7.00%	6.00%
Small Value	7.00%	7.00%
International Developed	4.00%	4.50%
International Value	5.00%	7.00%
International Small	5.00%	8.00%
Emerging Markets	7.00%	8.00%
REIT	3.00%	4.00%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

f. Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds and matrix pricing for insurance contracts.

g. Investment Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

h. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

i. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities and money market mutual funds as of December 31, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 6,745,497	\$ 677,694	\$ 5,069,418	\$ 998,385	\$ -
U.S. agency obligations	4,585,922	126,468	2,248,949	1,926,307	284,198
<b>TOTAL</b>	<b>\$ 11,331,419</b>	<b>\$ 804,162</b>	<b>\$ 7,318,367</b>	<b>\$ 2,924,692</b>	<b>\$ 284,198</b>

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Fund.

The Fund has the following recurring fair value measurements as of December 31, 2016. The U.S. Treasury obligations, mutual funds and money market mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations are valued using quoted matrix pricing models (Level 2 inputs).

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

j. Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations are either not rated or rated from AA+ to AAA.

k. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund'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 by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds are not subject to custodial credit risk.

l. Concentrations

There were no investments (other than United States Government guaranteed obligations and mutual funds) in any one organization that represent 5% or more of plan net position for the Police Pension Plan.

m. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

n. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 51,620,589	\$ 27,136,005	\$ 24,484,584
Changes for the period			
Service cost	957,853	-	957,853
Interest	3,535,205	-	3,535,205
Difference between expected and actual experience	493,707	-	493,707
Changes in assumptions	697,595	-	697,595
Employer contributions	-	2,153,658	(2,153,658)
Employee contributions	-	508,475	(508,475)
Other contributions	-	11,811	(11,811)
Net investment income	-	2,266,438	(2,266,438)
Benefit payments and refunds	(2,235,335)	(2,235,335)	-
Administrative expense	-	(40,102)	40,102
Net changes	3,449,025	2,664,945	784,080
BALANCES AT December 31, 2016	\$ 55,069,614	\$ 29,800,950	\$ 25,268,664

There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.78%. The Projected Individual Salary Increases changed from 4.00% to 10.54% to 4.00% to 9.35%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully-generational basis.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

o. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Discount Rate used for the Total Pension Liability	7.00%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.78%
Projected Individual Salary Increases	4.00% to 9.35%
Projected Increase in Total Payroll	3.75%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%
Asset valuation method	Market

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

p. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 33,688,509	\$ 25,268,664	\$ 18,469,538

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Police Pension Plan (Continued)

- q. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2016, the Village recognized police pension expense of \$2,629,902. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 438,234	\$ 931,343
Changes in assumption	1,451,994	-
Net difference between projected and actual earnings on pension plan investments	1,443,056	282,376
<b>TOTAL</b>	<b>\$ 3,333,284</b>	<b>\$ 1,213,719</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2017	\$ 530,496
2018	530,496
2019	530,492
2020	49,476
2021	120,070
Thereafter	358,535
<b>TOTAL</b>	<b>\$ 2,119,565</b>

Firefighter's Pension Plan

- a. Plan Administration

Firefighter's sworn personnel are covered by the Firefighter's Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Firefighter's Pension Plan as a pension trust fund.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan

a. Plan Administration (Continued)

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter's employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

b. Plan Membership

At December 31, 2016, the Firefighter's Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	36
 TOTAL	 63

c. Benefits Provided

The Firefighter's Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a firefighter's officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter's officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

c. Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter's officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighter's officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55).

The monthly benefit of a Tier 2 firefighter's officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter's officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

d. Contributions

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Firefighter's Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% the past service cost for the Firefighter's Pension Plan. For the year ended December 31, 2016, the Village's contribution was 39.18% of covered payroll and was based on 100% funding levels to be 100% funded by 2033.

e. Investment Policy

ILCS limits the Firefighter's Pension Fund (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as Village plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds and equity securities.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

e. Investment Policy (Continued)

During the year ended December 31, 2016, no changes to the investment policy were approved by the Board of Trustees.

The Fund's investment manager establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
T Bill	1.00%	0.50%
Short Gov/Credit	5.00%	2.00%
Int Gov/Credit	0.00%	2.50%
Intermediate Govt	40.00%	2.00%
Large	5.00%	4.50%
Large Value	5.00%	5.00%
Mid Value	6.00%	5.00%
Small	7.00%	6.00%
Small Value	7.00%	7.00%
International Developed	4.00%	4.50%
International Value	5.00%	7.00%
International Small	5.00%	8.00%
Emerging Markets	7.00%	8.00%
REIT	3.00%	4.00%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

f. Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds and matrix pricing for contract values for insurance contracts.

g. Investment Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, 8.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

h. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

i. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities and money market mutual funds as of December 31, 2016

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 4,795,018	\$ 410,435	\$ 3,811,107	\$ 573,476	\$ -
U.S. agency obligations	1,378,697	-	249,419	806,867	322,411
<b>TOTAL</b>	<b>\$ 6,173,715</b>	<b>\$ 410,435</b>	<b>\$ 4,060,526</b>	<b>\$ 1,380,343</b>	<b>\$ 322,411</b>

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Fund.

The Fund has the following recurring fair value measurements as of December 31, 2016. The U.S. Treasury obligations, mutual funds and money market mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations are valued using quoted matrix pricing models (Level 2 inputs).

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

j. Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations are either not rated or rated AAA.

k. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund'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 by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds are not subject to custodial credit risk.

l. Concentrations

There were no investments (other than United States Government guaranteed obligations and mutual funds) in any one organization that represent 5% or more of plan net position for the Firefighter's Pension Plan.

m. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

n. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 27,933,703	\$ 15,487,355	\$ 12,446,348
Changes for the period			
Service cost	789,376	-	789,376
Interest	1,917,310	-	1,917,310
Difference between expected and actual experience	558,032	-	558,032
Changes in assumptions	(160,539)	-	(160,539)
Employer contributions	-	1,220,758	(1,220,758)
Employee contributions	-	293,235	(293,235)
Other contributions	-	109	(109)
Net investment income	-	1,308,890	(1,308,890)
Benefit payments and refunds	(1,087,111)	(1,087,111)	-
Administrative expense	-	(25,152)	25,152
Net changes	2,017,068	1,710,729	306,339
BALANCES AT DECEMBER 31, 2016	\$ 29,950,771	\$ 17,198,084	\$ 12,752,687

There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.78%. The Projected Individual Salary Increases changed from 4.00% to 18.84% to 4.00% to 19.34%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully-generational basis.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

o. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date December 31, 2016

Actuarial cost method Entry-age normal

Assumptions

Discount Rate used for the Total Pension Liability	7.00%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20-Year Tax-Exempt G.O. Bond Rate	3.78%
Projected Individual Salary Increases	4.00% to 19.34%
Projected Increase in Total Payroll	3.75%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%

Asset valuation method Market

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

p. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 17,383,879	\$ 12,752,687	\$ 9,008,281

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Firefighter's Pension Plan (Continued)

- q. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2016, the Village recognized firefighter's pension expense of \$1,658,763. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the firefighter's pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 500,621	\$ 95,150
Changes in assumption	404,737	144,022
Net difference between projected and actual earnings on pension plan investments	830,267	168,568
<b>TOTAL</b>	<b>\$ 1,735,625</b>	<b>\$ 407,740</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighter's pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2017	\$ 318,448
2018	318,448
2019	318,444
2020	41,691
2021	83,833
Thereafter	247,021
<b>TOTAL</b>	<b>\$ 1,327,885</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**13. PENSION TRUST FUNDS**

Fiduciary Funds Summary Financial Information

The following is summary financial information for the Police Pension Plan and the Firefighters' Pension Plan.

a. Schedule of Net Position

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 619,235	\$ 390,836	\$ 1,010,071
Investments			
U.S. Government and U.S. agency obligations	11,331,419	6,173,715	17,505,134
Money market mutual funds	67,881	68,060	135,941
Mutual funds	17,727,109	10,534,365	28,261,474
Illinois Metropolitan Investment Fund	10	25	35
Receivables			
Accrued interest	59,994	37,525	97,519
Prepaid items	3,667	574	4,241
	<hr/>	<hr/>	<hr/>
Total assets	29,809,315	17,205,100	47,014,415
<b>LIABILITIES</b>			
Accounts payable	8,365	7,016	15,381
	<hr/>	<hr/>	<hr/>
Total liabilities	8,365	7,016	15,381
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>	<b>\$ 29,800,950</b>	<b>\$ 17,198,084</b>	<b>\$ 46,999,034</b>

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**13. PENSION TRUST FUNDS (Continued)**

Fiduciary Funds Summary Financial Information (Continued)

b. Changes in Plan Net Position

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,153,658	\$ 1,220,758	\$ 3,374,416
Participants	520,286	293,344	813,630
Total contributions	2,673,944	1,514,102	4,188,046
Investment income			
Net appreciation in fair value of investments	2,221,576	1,279,019	3,500,595
Interest earned	98,012	60,923	158,935
Less investment expense	(53,151)	(31,052)	(84,203)
Net investment income	2,266,437	1,308,890	3,575,327
Total additions	4,940,381	2,822,992	7,763,373
<b>DEDUCTIONS</b>			
Pension benefits and refunds	2,235,335	1,087,111	3,322,446
Administrative expenses	40,101	25,152	65,253
Total deductions	2,275,436	1,112,263	3,387,699
<b>NET INCREASE</b>	2,664,945	1,710,729	4,375,674
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
January 1	27,136,005	15,487,355	42,623,360
December 31	\$ 29,800,950	\$ 17,198,084	\$ 46,999,034

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**14. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

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

b. Benefits Provided

The Village provides pre- and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's four retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At December 31, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	35
Terminated employees entitled to benefits but not yet receiving them	-
Active employees - vested	23
Active employees - nonvested	140
	<hr/>
TOTAL	198
	<hr/>
Participating employers	1
	<hr/>

d. Funding Policy

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

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2016 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 313,674	\$ 222,393	70.90%	\$ 1,522,522
2015	489,559	354,225	72.36%	1,657,859
2016	511,669	339,094	66.27%	1,830,431

The net OPEB obligation as of December 31, 2016 was calculated as follows:

Annual required contribution	\$ 500,617
Interest on net OPEB obligation	66,314
Adjustment to annual required contribution	<u>(55,262)</u>
Annual OPEB cost	511,669
Contributions made	<u>(339,094)</u>
Increase in net OPEB obligation	172,575
Net OPEB obligation, beginning of year	<u>1,657,859</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<u><u>\$ 1,830,431</u></u>

Funded Status and Funding Progress: The funded status of the Plan as of December 31, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 8,763,468
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,763,468
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 14,421,659
UAAL as a percentage of covered payroll	60.77%

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

**14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

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

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

In the December 30, 2016 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4%, projected salary increases of 4% and an initial healthcare cost trend rate of 8% with an ultimate healthcare inflation rate of 6%. Both rates include a 3% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016 was 30 years.

**15. CHANGE IN ACCOUNTING PRINCIPLE**

In 2015, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*.

The new standards require the Village to recognize a net pension liability, deferred inflows of resources and deferred outflows of resources in its government-wide financial statements for its pension plan.

In 2016, the Village made a determination to report information from the December 31, 2015 actuarial valuation from IMRF in order to continue its dedication to timely financial reporting. Therefore, the related amounts were restated for the prior year to reflect the net pension liability and deferred outflows of resources from December 31, 2014.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**15. CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

The beginning net position reported in the government-wide financial statements has been restated as follows:

	<u>Governmental Activities</u>
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	\$ 43,142,984
To rollback net pension liability and deferred outflows at December 31, 2015 to IMRF December 31, 2014 measurement date	1,240,321
To record contributions subsequent to the measurement date at December 31, 2015	<u>593,570</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 44,976,875</u>
	<u>Business-Type Activities</u>
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	\$ 32,186,063
To rollback net pension liability and deferred outflows at December 31, 2015 to IMRF December 31, 2014 measurement date	616,450
To record contributions subsequent to the measurement date at December 31, 2015	<u>295,009</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 33,097,522</u>

During the year, the Village became 100% owner of Hanover Square which was previously recorded as a 90% interest in joint venture. As a result, Hanover Square is presented as a component unit of the Village as of January 1, 2016. Net position of governmental activities has been restated to remove the investment in joint venture in the amount of \$(2,309,189). Net position of the component unit (Hanover Square) has been restated in the amount of \$2,565,766 to record the beginning net position as of January 1, 2016.

**16. PRIOR PERIOD ADJUSTMENT**

Net position of business type-activities has been restated to adjust for over/under billing of water revenue from prior years in the amount of \$(968,376).

Net position of the Component Unit - Hanover Square has been restated to adjust for real estate taxes that were not properly accrued in the prior year in the amount of \$(198,920).

Net position of governmental activities has been restated to adjust for the Village implementing a new capital asset software module that resulted in numerous corrections to prior year errors in capital assets, accumulation depreciation record, and threshold amendments in the amount of \$(380,610).

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund
- Budgetary Comparison Schedule - Motor Fuel Tax Fund
- Budgetary Comparison Schedule - Tax Increment Financing #3 Fund
- Schedule of Funding Progress and Employer Contributions
  - Other Postemployment Benefits Plan
- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
  - Sheriff's Law Enforcement Information
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
  - Illinois Municipal Retirement Fund
  - Sheriff's Law Enforcement Information
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Investment Returns
  - Police Pension Fund
  - Firefighters' Pension Fund

**VILLAGE OF HANOVER PARK, ILLINOIS**

GENERAL FUND

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

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 24,695,311	\$ 24,695,311	\$ 26,353,874
Licenses and permits	1,292,111	1,292,111	1,153,407
Charges for services	1,566,950	1,566,950	1,719,499
Fines and forfeits	525,500	525,500	690,933
Intergovernmental	4,149,131	4,149,131	3,816,224
Investment income	51,670	51,670	68,859
Miscellaneous	257,071	257,071	489,025
	<hr/>	<hr/>	<hr/>
Total revenues	32,537,744	32,537,744	34,291,821
<b>EXPENDITURES</b>			
Current			
General government	3,912,710	3,945,620	3,671,745
Community development	2,757,348	2,757,348	2,803,281
Public safety	19,817,460	19,817,460	19,551,407
Public works	4,334,328	4,334,328	3,874,431
	<hr/>	<hr/>	<hr/>
Total expenditures	30,821,846	30,854,756	29,900,864
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<hr/>	<hr/>	<hr/>
	1,715,898	1,682,988	4,390,957
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	70,094	70,094	-
Transfers (out)	(1,377,396)	(1,377,396)	(1,197,396)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,307,302)	(1,307,302)	(1,197,396)
<b>NET CHANGE IN FUND BALANCES</b>			
	<hr/>	<hr/>	<hr/>
	\$ 408,596	\$ 375,686	3,193,561
<b>FUND BALANCE, JANUARY 1</b>			
			<hr/>
			16,620,500
<b>FUND BALANCE, DECEMBER 31</b>			
			<hr/> <hr/>
			\$ 19,814,061

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

MOTOR FUEL TAX FUND

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

For the Year Ended December 31, 2016

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Allotments earned	\$ 915,908	\$ 915,908	\$ 966,817
Reimbursements	700	700	2,100
Investment income	2,650	2,650	1,974
	<hr/>		
Total revenues	919,258	919,258	970,891
	<hr/>		
<b>EXPENDITURES</b>			
Current			
Highways and streets			
Commodities	232,500	232,500	143,473
Contractual services	432,628	432,628	461,448
Capital outlay	1,088,000	1,164,239	1,082,954
	<hr/>		
Total expenditures	1,753,128	1,829,367	1,687,875
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (833,870)</u>	<u>\$ (910,109)</u>	(716,984)
FUND BALANCE, JANUARY 1			<u>1,233,296</u>
FUND BALANCE, DECEMBER 31			<u>\$ 516,312</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**TAX INCREMENT FINANCING #3 FUND**

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

For the Year Ended December 31, 2016

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 1,662,940	\$ 1,662,940	\$ 1,790,831
Investment income	1,000	1,000	12,239
Total revenues	<u>1,663,940</u>	<u>1,663,940</u>	<u>1,803,070</u>
<b>EXPENDITURES</b>			
Current			
Community development			
Contractual services	680,000	680,000	518,706
Capital outlay	<u>650,000</u>	<u>650,000</u>	<u>4,105</u>
Total expenditures	<u>1,330,000</u>	<u>1,330,000</u>	<u>522,811</u>
NET CHANGE IN FUND BALANCE	<u>\$ 333,940</u>	<u>\$ 333,940</u>	1,280,259
FUND BALANCE, JANUARY 1			<u>3,154,532</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 4,434,791</u></u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2016

Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$ -	\$ 5,484,303	0.00%	\$ 5,484,303	\$ 14,706,941	37.29%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2014*	-	7,825,927	0.00%	7,825,927	13,399,250	58.41%
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	8,763,468	0.00%	8,763,468	14,421,659	60.77%

Schedule of Employer Contributions

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2012	\$ 147,577	\$ 211,303	69.84%
2013	159,043	211,303	75.27%
2014	159,043	327,475	48.57%
2014*	222,393	307,314	72.37%
2015	354,225	479,409	73.89%
2016	339,094	500,617	67.74%

\* The Village changed to a December 31 year end for the fiscal year ended December 31, 2014.

N/A - an actuarial valuation was not performed.

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Two Fiscal Years

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<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$ 888,579	\$ 950,875
Contributions in relation to the actuarially determined contribution	<u>888,579</u>	<u>950,875</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,998,378	\$ 6,543,294
Contributions as a percentage of covered-employee payroll	14.81%	14.53%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 4.40% to 16.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**SHERIFF'S LAW ENFORCEMENT PERSONNEL FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Two Fiscal Years

<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**POLICE PENSION FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
Last Ten Fiscal Years

<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014*</b>	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$ 892,877	\$ 959,382	\$ 1,047,722	\$ 1,302,480	\$ 1,562,318	\$ 1,657,706	\$ 1,729,683	\$ 1,275,435	\$ 2,078,956	\$ 2,153,658
Contribution in relation to the actuarially determined contribution	892,877	987,368	1,047,722	1,302,480	1,562,318	1,657,706	1,729,683	1,275,435	2,078,956	2,153,658
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ (27,986)</b>	<b>\$ -</b>							
Covered-employee payroll	\$ 3,566,235	\$ 3,782,571	\$ 4,351,415	\$ 4,664,877	\$ 4,760,070	\$ 4,761,260	\$ 4,930,629	\$ 5,101,739	\$ 5,020,825	\$ 5,140,730
Contributions as a percentage of covered-employee payroll	25%	26%	24%	28%	33%	35%	35%	25%	41%	42%

\* The Village changed to a December 31 year end for the fiscal year ended December 31, 2014.

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 20 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.25% annually, projected salary increase assumption of 5.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**FIREFIGHTERS' PENSION FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
Last Ten Fiscal Years

<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014*</b>	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$ 374,835	\$ 471,152	\$ 574,010	\$ 698,763	\$ 805,643	\$ 815,297	\$ 915,601	\$ 714,491	\$ 1,164,625	\$ 1,220,758
Contribution in relation to the actuarially determined contribution	374,835	471,152	574,010	698,763	805,643	815,297	915,601	714,491	1,164,625	1,220,758
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,254,020	\$ 2,402,710	\$ 2,637,743	\$ 2,666,892	\$ 2,672,762	\$ 2,828,141	\$ 2,980,239	\$ 2,980,239	\$ 2,965,597	\$ 3,115,991
Contributions as a percentage of covered-employee payroll	17%	20%	22%	26%	30%	29%	31%	24%	39%	39%

\* The Village changed to a December 31 year end for the fiscal year ended December 31, 2014.

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 20 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.25% annually, projected salary increase assumption of 5.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS

Last Two Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2014*</b>	<b>2015*</b>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 719,917	\$ 650,191
Interest	3,079,014	3,333,582
Changes of benefit terms	-	-
Differences between expected and actual experience	76,300	856,622
Changes of assumptions	1,548,180	111,824
Benefit payments, including refunds of member contributions	(1,722,335)	(2,138,221)
Net change in total pension liability	3,701,076	2,813,998
Total pension liability - beginning	41,609,538	45,310,614
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 45,310,614</b>	<b>\$ 48,124,612</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 889,907	\$ 888,579
Contributions - member	283,210	316,164
Net investment income	2,352,058	201,816
Benefit payments, including refunds of member contributions	(1,722,335)	(2,138,221)
Administrative expense	194,216	331,390
Net change in plan fiduciary net position	1,997,056	(400,272)
Plan fiduciary net position - beginning	38,832,938	40,829,994
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 40,829,994</b>	<b>\$ 40,429,722</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ 4,480,620</b>	<b>\$ 7,694,890</b>
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.11%	84.01%
Covered-employee payroll	\$ 5,998,378	\$ 6,543,294
Employer's net pension liability as a percentage of covered-employee payroll	74.70%	117.60%

**Measurement Date December 31, 2015** - There was a change with respect to actuarial assumptions related to the assumed rate on the discount rate. The rate was changed to 7.46%.

**Measurement Date December 31, 2014** - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

\* The Village has elected to report information as of the measurement date of December 31 of the prior fiscal year.

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**SHERIFF'S LAW ENFORCEMENT PERSONNEL FUND**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S**  
**NET PENSION LIABILITY AND RELATED RATIOS**

Last Two Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2014*</b>	<b>2015*</b>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ -	\$ -
Interest	43,096	44,500
Changes of benefit terms	-	-
Differences between expected and actual experience	2,204	4,854
Changes of assumptions	18,072	-
Benefit payments, including refunds of member contributions	(43,449)	(45,853)
Net change in total pension liability	19,923	3,501
Total pension liability - beginning	596,342	616,265
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 616,265</b>	<b>\$ 619,766</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ -	\$ -
Contributions - member	-	-
Net investment income	41,034	3,360
Benefit payments, including refunds of member contributions	(43,449)	(45,853)
Administrative expense	2,936	20,078
Net change in plan fiduciary net position	521	(22,415)
Plan fiduciary net position - beginning	694,409	694,930
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 694,930</b>	<b>\$ 672,515</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ (78,665)</b>	<b>\$ (52,749)</b>
Plan fiduciary net position as a percentage of the total pension liability	112.8%	108.5%
Covered-employee payroll	\$ -	\$ -
Employer's net pension liability as a percentage of covered-employee payroll	0.0%	0.0%

**Measurement Date December 31, 2015** - There was no change with respect to actuarial assumptions.

**Measurement Date December 31, 2014** - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

\* The Village has elected to report information as of the measurement date of December 31 of the prior fiscal year.

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS

Last Three Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 826,153	\$ 933,500	\$ 957,853
Interest	2,120,601	3,388,095	3,535,205
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(74,557)	(1,191,861)	493,707
Changes of assumptions	884,268	1,065,729	697,595
Benefit payments, including refunds of member contributions	1,164,414	(1,952,464)	(2,235,335)
Net change in total pension liability	4,920,879	2,242,999	3,449,025
Total pension liability - beginning	44,456,711	49,377,590	51,620,589
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 49,377,590</b>	<b>\$ 51,620,589</b>	<b>\$ 55,069,614</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 1,275,435	\$ 2,078,956	\$ 2,153,658
Contributions - member	323,746	510,565	508,475
Contributions - other			11,811
Net investment income	415,166	(492,361)	2,266,438
Benefit payments, including refunds of member contributions	(1,164,414)	(1,952,464)	(2,235,335)
Administrative expense	(50,938)	(29,889)	(40,102)
Net change in plan fiduciary net position	798,995	114,807	2,664,945
Plan fiduciary net position - beginning	26,222,203	27,021,198	27,136,005
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 27,021,198</b>	<b>\$ 27,136,005</b>	<b>\$ 29,800,950</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 22,356,392</b>	<b>\$ 24,484,584</b>	<b>\$ 25,268,664</b>
Plan fiduciary net position as a percentage of the total pension liability	54.72%	52.57%	54.12%
Covered-employee payroll	\$ 5,101,739	\$ 5,020,825	\$ 5,140,730
Employer's net pension liability as a percentage of covered-employee payroll	438.21%	487.66%	491.54%

**Year Ended December 31, 2016** - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.78%. The Projected Individual Salary Increases changed from 4.00% to 10.54% to 4.00% to 9.35%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully-generational basis.

**Year Ended December 31, 2015** - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.57%. Additionally, the discount rate used in the determination of the total pension liability was changed from 7.25% to 7.00%. Certain demographic assumptions were also changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

**Year Ended December 31, 2014** - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.48%. Certain demographic assumptions were also changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 534,054	\$ 697,712	\$ 789,376
Interest	1,153,817	1,787,834	1,917,310
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(123,447)	(121,544)	558,032
Changes of assumptions	(297,826)	517,009	(160,539)
Benefit payments, including refunds of member contributions	593,064	(975,580)	(1,087,111)
Net change in total pension liability	1,859,662	1,905,431	2,017,068
Total pension liability - beginning	24,168,610	26,028,272	27,933,703
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>\$ 26,028,272</u>	<u>\$ 27,933,703</u>	<u>\$ 29,950,771</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 714,492	\$ 1,164,625	\$ 1,220,758
Contributions - member	184,034	293,937	293,235
Contributions - other			109
Net investment income	237,412	(295,023)	1,308,890
Benefit payments, including refunds of member contributions	(593,064)	(975,580)	(1,087,111)
Administrative expense	(33,424)	(25,611)	(25,152)
Net change in plan fiduciary net position	509,450	162,348	1,710,729
Plan fiduciary net position - beginning	14,815,557	15,325,007	15,487,355
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>\$ 15,325,007</u>	<u>\$ 15,487,355</u>	<u>\$ 17,198,084</u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u>\$ 10,703,265</u>	<u>\$ 12,446,348</u>	<u>\$ 12,752,687</u>
Plan fiduciary net position as a percentage of the total pension liability	58.88%	55.44%	57.42%
Covered-employee payroll	\$ 2,980,239	\$ 2,965,597	\$ 3,115,991
Employer's net pension liability as a percentage of covered-employee payroll	359.14%	419.69%	409.27%

**Year Ended December 31, 2016** - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.78%. The Projected Individual Salary Increases changed from 4.00% to 18.84% to 4.00% to 19.34%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully-generational basis.

**Year Ended December 31, 2015** - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.57%. Additionally, the discount rate used in the determination of the total pension liability was changed from 7.25% to 7.00%. Certain demographic assumptions were also changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

**Year Ended December 31, 2014** - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.48%. Certain demographic assumptions were also changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**POLICE PENSION FUND**

**SCHEDULE OF INVESTMENT RETURNS**

December 31, 2016

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<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Annual money-weighted rate of return, net of investment expense	2.15%	(1.71%)	8.38%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**FIREFIGHTERS' PENSION FUND**

**SCHEDULE OF INVESTMENT RETURNS**

December 31, 2016

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<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Annual money-weighted rate of return, net of investment expense	2.25%	(1.76%)	8.44%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available

(See independent auditor's report.)

## VILLAGE OF HANOVER PARK, ILLINOIS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

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#### **BUDGETS**

All departments of the Village submit budget requests to the Village Manager in September of each year so that a budget may be prepared. The budget is prepared by fund, and includes information on the past year, current year estimates and requested budget for the next fiscal year, covering a period from January 1<sup>st</sup> to December 31<sup>st</sup>.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may adjust proposed budgeted amounts. The final budget must be approved by December 31 through passage of an ordinance.

Management is authorized to transfer budgeted amounts within any fund without the approval of the governing body. The budget may be amended by the governing body. Expenditures may not legally exceed the budget at the fund level, the Village's legal level of budgetary control.

The budget is adopted on the modified accrual basis of accounting and the current financial resources measurement focus, consistent with GAAP. Annual budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service and Pension Trust Funds. Budgetary comparisons are reflected in the Village's financial report for all governmental funds.

There were no funds that had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

These financial statements and schedules are not required by the GASB, nor a part of the basic financial statements, but are presented for the purpose of additional analysis.

## **MAJOR GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund - This fund is used to account for resources traditionally associated with the Village's operations that are not accounted for in another fund.

### **SPECIAL REVENUE FUND**

Motor Fuel Tax Fund - This fund is used to account for the revenues restricted for the operation and maintenance of street and storm water programs and capital projects authorized by the Illinois Department of Transportation. Financing is provided by the Village's share of the state gasoline taxes. The schedule of revenues, expenditures and changes in fund balance for this fund is located in the required supplementary information section of this report.

Tax Increment Financing #3 Fund - This fund is used to account for the restricted financing of improvements in the Village Center Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes.

**VILLAGE OF HANOVER PARK, ILLINOIS**

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>TAXES</b>			
Property tax	\$ 11,603,891	\$ 11,603,891	\$ 11,842,674
Municipal sales tax	6,000,000	6,000,000	5,911,386
Home rule sales tax	3,375,000	3,375,000	3,851,280
Real estate transfer tax	265,000	265,000	711,026
Use tax	667,000	667,000	922,304
Utility tax - simplified telephone	648,275	648,275	690,765
Utility tax - natural gas	229,145	229,145	192,588
Utility tax - electric	710,000	710,000	1,012,647
Prepared food tax	1,140,000	1,140,000	1,160,415
Auto rental tax	12,000	12,000	13,908
Hotel/motel tax	45,000	45,000	44,881
<b>Total taxes</b>	<b>24,695,311</b>	<b>24,695,311</b>	<b>26,353,874</b>
<b>LICENSES AND PERMITS</b>			
Licenses			
Business	89,000	89,000	69,504
Liquor	63,175	63,175	5,637
Contractor	50,000	50,000	48,200
Vendor/solicitor	2,000	2,000	-
Animal	550	550	690
Penalties on licenses	2,000	2,000	100
Multi-family	91,350	91,350	80,813
Single family	67,800	67,800	98,750
Land use development	-	-	5,025
Cable franchise fee	405,000	405,000	421,570
Solid waste franchise fee	120,236	120,236	141,423
Permits			
Building	400,000	400,000	281,032
Sign	1,000	1,000	663
<b>Total licenses and permits</b>	<b>1,292,111</b>	<b>1,292,111</b>	<b>1,153,407</b>
<b>CHARGES FOR SERVICES</b>			
Printed materials	3,000	3,000	7,981
Ambulance fees	640,000	640,000	806,265
Plan review - community development	60,000	60,000	11,794
Building re-inspection fees	1,800	1,800	1,362
Vehicle impoundment fees	575,000	575,000	456,500
CPR fees	2,500	2,500	2,399
ADT administrative fee	6,200	6,200	6,013
Public safety application fee	3,000	3,000	4,760
Child safety seat installation	100	100	105

(This schedule is continued on the following page.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CHARGES FOR SERVICES (Continued)</b>			
Inspection fee - miscellaneous	\$ 350	\$ 350	\$ 100
Highlighter advertising	-	-	950
Rental income	275,000	275,000	418,710
Fire training course	-	-	2,560
	<hr/>		
Total charges for services	1,566,950	1,566,950	1,719,499
<hr/>			
<b>FINES AND FORFEITS</b>			
Traffic fines - DuPage	32,000	32,000	47,363
Traffic fines - Cook	100,000	100,000	90,345
Ordinance violations	270,000	270,000	391,977
Police false alarm fines	4,500	4,500	7,450
Fire false alarm fines	3,000	3,000	4,625
Red light camera fines	115,000	115,000	147,863
Kennel fees	1,000	1,000	1,310
	<hr/>		
Total fines and forfeits	525,500	525,500	690,933
<hr/>			
<b>INTERGOVERNMENTAL</b>			
State income tax	3,750,000	3,750,000	3,696,445
Replacement taxes	92,500	92,500	86,782
Reimbursement - DuPage County	11,000	11,000	10,360
Reimbursement - ILEAS	2,000	2,000	928
Reimbursement - ILEOT Boards	8,000	8,000	-
Reimbursement - police services	4,000	4,000	1,700
Reimbursement - insurance reserve refund	266,631	266,631	-
Reimbursement - fire services	15,000	15,000	20,009
	<hr/>		
Total intergovernmental	4,149,131	4,149,131	3,816,224
<hr/>			
<b>INVESTMENT INCOME</b>	51,670	51,670	68,859
<hr/>			
<b>MISCELLANEOUS</b>			
Reimbursement - miscellaneous	25,000	25,000	216,131
Hazardous materials	-	-	3,956
Corporate partnership program	1,000	1,000	500
Central equipment funding - Water and Sewer	149,567	149,567	149,567
Miscellaneous income	81,504	81,504	118,871
	<hr/>		
Total miscellaneous	257,071	257,071	489,025
<hr/>			
<b>TOTAL REVENUES</b>	<b>\$ 32,537,744</b>	<b>\$ 32,537,744</b>	<b>\$ 34,291,821</b>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>GENERAL GOVERNMENT</b>			
President and board of trustees			
Personal services	\$ 38,754	\$ 38,754	\$ 39,180
Commodities	44,674	44,674	56,144
Contractual services	29,790	29,790	24,237
Total president and board of trustees	<u>113,218</u>	<u>113,218</u>	<u>119,561</u>
Village clerk			
Personal services	81,055	81,055	73,397
Commodities	2,490	2,490	1,788
Contractual services	26,175	26,175	15,864
Total village clerk	<u>109,720</u>	<u>109,720</u>	<u>91,049</u>
Village collector			
Personal services	78,883	78,883	85,706
Total village collector	<u>78,883</u>	<u>78,883</u>	<u>85,706</u>
Environmental committee			
Commodities	1,925	1,925	127
Contractual services	3,450	3,450	112
Total environmental committee	<u>5,375</u>	<u>5,375</u>	<u>239</u>
Cultural inclusion and diversity committee			
Commodities	700	700	527
Contractual services	3,248	3,248	2,636
Total cultural inclusion and diversity committee	<u>3,948</u>	<u>3,948</u>	<u>3,163</u>
Sister City committee			
Commodities	900	900	849
Contractual services	5,600	5,600	6,115
Total sister city committee	<u>6,500</u>	<u>6,500</u>	<u>6,964</u>
Citizens corp council committee			
Commodities	2,100	2,100	222
Contractual services	200	200	-
Total citizens corp council committee	<u>2,300</u>	<u>2,300</u>	<u>222</u>

(This schedule is continued on the following pages.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT (Continued)</b>			
Veterans committee			
Commodities	\$ 400	\$ 400	\$ 159
Contractual services	1,551	1,551	542
Total veterans committee	1,951	1,951	701
Development commission			
Commodities	550	550	-
Contractual services	950	950	75
Total development commission	1,500	1,500	75
CONNECT committee			
Commodities	750	750	1,235
Contractual services	5,100	5,100	2,615
Total CONNECT committee	5,850	5,850	3,850
Village manager			
Personal services	458,919	458,919	392,079
Commodities	3,125	3,125	4,053
Contractual services	37,070	37,070	30,338
Total village manager	499,114	499,114	426,470
Human resources			
Personal services	324,912	324,912	247,169
Commodities	37,764	37,764	31,977
Contractual services	102,608	102,608	96,879
Total human resources	465,284	465,284	376,025
Special events			
Contractual services	12,525	12,525	12,025
Total special events	12,525	12,525	12,025
Information technology			
Personal services	279,451	279,451	274,257
Commodities	74,845	74,845	70,598
Contractual services	515,144	515,144	669,932
Total information technology	869,440	869,440	1,014,787

(This schedule is continued on the following pages.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT (Continued)</b>			
Finance department administration			
Personal services	\$ 172,564	\$ 172,564	\$ 144,114
Commodities	1,715	1,715	1,608
Contractual services	23,339	23,339	22,119
Total finance department administration	197,618	197,618	167,841
Collections			
Personal services	130,457	130,457	145,300
Commodities	7,400	7,400	7,411
Contractual services	9,585	9,585	10,689
Total collections	147,442	147,442	163,400
General accounting			
Personal services	136,537	136,537	141,080
Commodities	1,740	1,740	1,686
Contractual services	57,189	90,099	86,295
Total general accounting	195,466	228,376	229,061
General administrative services			
Personal services	330,292	330,292	107,071
Contractual services	866,284	866,284	863,535
Total general administrative services	1,196,576	1,196,576	970,606
Total general government	3,912,710	3,945,620	3,671,745
<b>PUBLIC WORKS</b>			
Administration			
Personal services	146,325	146,325	153,452
Commodities	3,680	3,680	3,507
Contractual services	9,170	9,170	8,757
Total administration	159,175	159,175	165,716
Streets			
Personal services	1,021,044	1,021,044	992,593
Commodities	110,495	110,495	112,398
Contractual services	378,453	378,453	343,772
Total streets	1,509,992	1,509,992	1,448,763

(This schedule is continued on the following pages.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual
<b>PUBLIC WORKS (Continued)</b>			
Forestry			
Personal services	\$ 244,015	\$ 244,015	\$ 197,636
Commodities	14,200	14,200	18,474
Contractual services	352,267	352,267	279,125
Total forestry	610,482	610,482	495,235
Building			
Personal services	297,052	297,052	270,683
Commodities	107,900	107,900	97,525
Contractual services	226,297	226,297	222,789
Total building	631,249	631,249	590,997
Fleet services administration			
Personal services	442,393	442,393	421,626
Commodities	491,395	491,395	307,432
Contractual services	93,400	93,400	122,440
Total fleet services administration	1,027,188	1,027,188	851,498
Department of engineering			
Personal services	344,372	344,372	270,265
Commodities	2,990	2,990	2,227
Contractual services	48,880	48,880	49,730
Total department of engineering	396,242	396,242	322,222
Total public works	4,334,328	4,334,328	3,874,431
<b>PUBLIC SAFETY</b>			
Fire department			
Administration			
Personal services	579,387	579,387	625,088
Commodities	9,128	9,128	6,593
Contractual services	15,141	15,141	17,613
Total administration	603,656	603,656	649,294

(This schedule is continued on the following pages.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual
<b>PUBLIC SAFETY (Continued)</b>			
Fire department (Continued)			
Fire suppression			
Personal services	\$ 5,067,605	\$ 5,067,605	\$ 5,226,502
Commodities	53,400	53,400	53,267
Contractual services	498,731	498,731	480,487
Total fire suppression	5,619,736	5,619,736	5,760,256
Inspections			
Personal services	641,364	641,364	574,766
Commodities	9,080	9,080	6,462
Contractual services	29,550	29,550	23,559
Total inspections	679,994	679,994	604,787
Emergency transport			
Personal services	39,911	39,911	42,518
Commodities	1,500	1,500	586
Total emergency transport	41,411	41,411	43,104
Total fire department	6,944,797	6,944,797	7,057,441
Police department			
Administration			
Personal services	811,107	811,107	869,219
Commodities	8,561	8,561	9,475
Contractual services	24,207	24,207	24,174
Total administration	843,875	843,875	902,868
Patrol division			
Personal services	7,647,243	7,647,243	7,221,850
Commodities	62,155	62,155	56,884
Contractual services	273,001	273,001	256,550
Total patrol division	7,982,399	7,982,399	7,535,284
Investigations			
Personal services	1,533,981	1,533,981	1,721,591
Commodities	28,995	28,995	26,611
Contractual services	62,210	62,210	59,814
Total investigations	1,625,186	1,625,186	1,808,016

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>PUBLIC SAFETY (Continued)</b>			
Police department (Department)			
Community services			
Personal services	\$ 97,048	\$ 97,048	\$ 92,810
Commodities	395	395	60
Contractual services	3,960	3,960	3,093
Total community services	<u>101,403</u>	<u>101,403</u>	<u>95,963</u>
Staff services			
Personal services	970,205	970,205	945,742
Commodities	44,950	44,950	56,215
Contractual services	713,531	713,531	681,918
Total staff services	<u>1,728,686</u>	<u>1,728,686</u>	<u>1,683,875</u>
Code enforcement			
Personal services	533,645	533,645	416,975
Commodities	5,160	5,160	7,092
Contractual services	37,880	37,880	32,048
Total code enforcement	<u>576,685</u>	<u>576,685</u>	<u>456,115</u>
Total police department	<u>12,858,234</u>	<u>12,858,234</u>	<u>12,482,121</u>
Emergency services			
Commodities	7,659	7,659	7,055
Contractual services	6,770	6,770	4,790
Total emergency services	<u>14,429</u>	<u>14,429</u>	<u>11,845</u>
Total public safety	<u>19,817,460</u>	<u>19,817,460</u>	<u>19,551,407</u>
<b>COMMUNITY DEVELOPMENT</b>			
Economic development			
Personal services	335,184	335,184	313,989
Commodities	4,610	4,610	3,448
Contractual services	2,417,554	2,417,554	2,485,844
Total economic development	<u>2,757,348</u>	<u>2,757,348</u>	<u>2,803,281</u>
Total community development	<u>2,757,348</u>	<u>2,757,348</u>	<u>2,803,281</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 30,821,846</u></u>	<u><u>\$ 30,854,756</u></u>	<u><u>\$ 29,900,864</u></u>

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Road and Bridge Fund - This fund is used to account for the revenues restricted for the operation and maintenance of the Village's roads and bridges. Financing provided by the Village's annual property tax levy and contributions from other government agencies.

MWRD Fields Fund - This fund is used to account for the revenues restricted for the maintenance and improvement of the MWRD fields. Financing provided by video gaming tax and permit revenues.

State Restricted Fund - This fund is used to account for revenues restricted by state statute for general law enforcement purposes. Financing provided by various state asset seizure funds.

Federal Restricted Fund - This fund is used to account for revenues restricted by federal statute for general law enforcement purposes. Financing provided by DEA seized funds.

Foreign Fire Insurance Tax Fund - This fund is used to account for revenues restricted for fire department purposes. Financing provided by foreign fire insurance tax proceeds.

Tax Increment Financing #4 Fund - This fund is used to account for the restricted financing of improvements in the redevelopment district located at Barrington and Irving Park Roads. Revenues include incremental property taxes from the TIF district.

Tax Increment Financing #5 Fund - This fund is used to account for the restricted financing of improvements in the redevelopment district located at Irving Park Road East. Financing is provided by incremental revenues from real property taxes.

## **NONMAJOR GOVERNMENTAL FUNDS (Continued)**

### **SPECIAL REVENUE FUNDS (Continued)**

Special Service Area #3 Fund - This fund is used to account for the restricted financing of public improvements and scavenger and snow removal services for multi-family housing units located on Astor Avenue. Funding is provided by taxes to be levied upon the taxable property in that area of the Village designated as the "Village of Hanover Park Special Service Area Number Three."

Special Service Area #4 Fund - This fund is used to account for the restricted financing of public improvements and scavenger service and snow removal services for multi-family housing units located on Mark Thomas and Leslie Lanes. Funding is provided by taxes to be levied upon property in that area of the Village designated as the "Village of Hanover Park Special Service Area Number Four."

Special Service Area #5 Fund - This fund is used to account for the restricted financing of public improvements and scavenger services for multi-family housing units located in the Tanglewood development. Funding is provided by taxes to be levied upon taxable property in that area of the Village designated as the "Village of Hanover Park Special Service Area Number Five."

### **DEBT SERVICE FUNDS**

General Obligation Bond Series of 2010 Fund - This fund is used to accumulate monies restricted for the payment of the \$10,000,000 General Obligation Bond Series of 2010 until maturity in 2029. These bonds were issued to finance the construction of a new police facility.

General Obligation Bond Series of 2010A Fund - This fund is used to accumulate monies restricted for the payment of the \$5,000,000 General Obligation Bond Series of 2010A until maturity in 2030. These bonds were issued to finance the construction of a new police facility.

General Obligation Bond Series of 2011 Fund - This fund is used to accumulate monies restricted for the payment of the \$7,000,000 General Obligation Bond Series of 2004 and the subsequent refunding of those bonds with the \$7,030,000 General Obligation Refunding Bond Series of 2011. These bonds were issued to finance the construction of a new headquarters fire station. Financing is provided by an annual property tax levy. The debt payments have been structured so that they are lower in the earlier years, while the 2001 and 2002 issues are outstanding.

## **NONMAJOR GOVERNMENTAL FUNDS (Continued)**

### **CAPITAL PROJECTS FUNDS**

Special Service Area #6 Fund - This fund accounts for the restricted financing of public improvements and eventually scavenger services, for the Hanover Square multi-family housing units. Initial funding was provided by an advance from the General Fund. Resources include special service area property taxes.

General Capital Projects Fund - This fund is used to account for the purchase of land, machinery, office equipment and furniture and for various capital improvements. Resources are assigned and provided from transfers from other funds.

VILLAGE OF HANOVER PARK, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

December 31, 2016

	Special Revenue			
	Road and Bridge	MWRD Fields	State Restricted	Federal Restricted
<b>ASSETS</b>				
Cash and investments	\$ 1,120,556	\$ 730,452	\$ 298,443	\$ 3,348
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	-	-	-
Accounts	-	12,105	-	-
Accrued interest	-	200	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,120,556</b>	<b>\$ 742,757</b>	<b>\$ 298,443</b>	<b>\$ 3,348</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 73,306	\$ 23,284	\$ 1,550	\$ -
Other payables	-	-	-	-
Unearned revenue	130,000	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	203,306	23,284	1,550	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	203,306	23,284	1,550	-
<b>FUND BALANCES</b>				
Restricted				
Public safety	-	-	296,893	3,348
Highways and streets	917,250	719,473	-	-
Debt service	-	-	-	-
Special service areas	-	-	-	-
Unrestricted				
Assigned				
Capital improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	917,250	719,473	296,893	3,348
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,120,556</b>	<b>\$ 742,757</b>	<b>\$ 298,443</b>	<b>\$ 3,348</b>

Special Revenue						Debt Service
Foreign Fire Insurance Tax	Tax Increment Financing #4	Tax Increment Financing #5	Special Service Area #3	Special Service Area #4	Special Service Area #5	General Obligation Bond Series of 2010
\$ 62,839	\$ -	\$ 25,182	\$ 44,631	\$ 60,745	\$ 48,320	\$ 154,271
-	-	-	15,720	18,540	156,986	651,122
-	87,508	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 62,839</u>	<u>\$ 87,508</u>	<u>\$ 25,182</u>	<u>\$ 60,351</u>	<u>\$ 79,285</u>	<u>\$ 205,306</u>	<u>\$ 805,393</u>
\$ 3,817	\$ -	\$ 21,684	\$ 3,688	\$ 2,932	\$ -	\$ -
-	-	40,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	112,718	32,115	-	-	-	-
<u>3,817</u>	<u>112,718</u>	<u>93,799</u>	<u>3,688</u>	<u>2,932</u>	<u>-</u>	<u>-</u>
-	-	-	15,720	18,540	156,986	651,122
-	-	-	15,720	18,540	156,986	651,122
<u>3,817</u>	<u>112,718</u>	<u>93,799</u>	<u>19,408</u>	<u>21,472</u>	<u>156,986</u>	<u>651,122</u>
59,022	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	154,271
-	-	-	40,943	57,813	48,320	-
-	-	-	-	-	-	-
-	(25,210)	(68,617)	-	-	-	-
<u>59,022</u>	<u>(25,210)</u>	<u>(68,617)</u>	<u>40,943</u>	<u>57,813</u>	<u>48,320</u>	<u>154,271</u>
<u>\$ 62,839</u>	<u>\$ 87,508</u>	<u>\$ 25,182</u>	<u>\$ 60,351</u>	<u>\$ 79,285</u>	<u>\$ 205,306</u>	<u>\$ 805,393</u>

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (Continued)

December 31, 2016

	Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	General Obligation Bond Series of 2010A	General Obligation Bond Series of 2011	Special Service Area #6	General Capital Projects	
<b>ASSETS</b>					
Cash and investments	\$ 4,019	\$ 117,938	\$ 21,412	\$ 1,321,478	\$ 4,013,634
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	454,438	646,713	75,100	-	2,018,619
Accounts	-	-	-	925	100,538
Accrued interest	-	-	-	-	200
<b>TOTAL ASSETS</b>	<b>\$ 458,457</b>	<b>\$ 764,651</b>	<b>\$ 96,512</b>	<b>\$ 1,322,403</b>	<b>\$ 6,132,991</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 397,013	\$ 527,274
Other payables	-	-	-	-	40,000
Unearned revenue	-	-	-	-	130,000
Due to other funds	83,518	-	-	-	83,518
Advances from other funds	-	-	211,288	-	356,121
Total liabilities	83,518	-	211,288	397,013	1,136,913
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	454,438	646,713	75,100	-	2,018,619
Total deferred inflows of resources	454,438	646,713	75,100	-	2,018,619
Total liabilities and deferred inflows of resources	537,956	646,713	286,388	397,013	3,155,532
<b>FUND BALANCES</b>					
Restricted					
Public safety	-	-	-	-	359,263
Highways and streets	-	-	-	-	1,636,723
Debt service	-	117,938	-	-	272,209
Special service areas	-	-	-	-	147,076
Unrestricted					
Assigned					
Capital improvements	-	-	-	925,390	925,390
Unassigned (deficit)	(79,499)	-	(189,876)	-	(363,202)
Total fund balances (deficit)	(79,499)	117,938	(189,876)	925,390	2,977,459
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 458,457</b>	<b>\$ 764,651</b>	<b>\$ 96,512</b>	<b>\$ 1,322,403</b>	<b>\$ 6,132,991</b>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2016

	<b>Special Revenue</b>			
	<b>Road and Bridge</b>	<b>MWRD Fields</b>	<b>State Restricted</b>	<b>Federal Restricted</b>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 111,415	\$ -	\$ -	\$ -
Video gaming tax	-	140,601	-	-
Foreign fire insurance tax	-	-	-	-
Intergovernmental				
Personal property replacement taxes	378	-	-	-
Grants	-	-	-	-
Other intergovernmental	-	-	-	1,869
Licenses and permits	-	15,000	-	-
Fines and forfeits	-	-	75,182	-
Investment income	2,311	1,770	341	-
Miscellaneous	-	-	-	-
Total revenues	<u>114,104</u>	<u>157,371</u>	<u>75,523</u>	<u>1,869</u>
<b>EXPENDITURES</b>				
Current				
Community development	-	-	37,075	-
Highways and streets	123,153	-	-	-
Capital outlay	-	88,835	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>123,153</u>	<u>88,835</u>	<u>37,075</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,049)</u>	<u>68,536</u>	<u>38,448</u>	<u>1,869</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(9,049)</u>	<u>68,536</u>	<u>38,448</u>	<u>1,869</u>
FUND BALANCES (DEFICIT), JANUARY 1	<u>926,299</u>	<u>650,937</u>	<u>258,445</u>	<u>1,479</u>
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>	<u><u>\$ 917,250</u></u>	<u><u>\$ 719,473</u></u>	<u><u>\$ 296,893</u></u>	<u><u>\$ 3,348</u></u>

Special Revenue						Debt Service
Foreign Fire Insurance Tax	Tax Increment Financing #4	Tax Increment Financing #5	Special Service Area #3	Special Service Area #4	Special Service Area #5	General Obligation Bond Series of 2010
\$ -	\$ -	\$ 4,860	\$ 15,284	\$ 20,108	\$ 153,815	\$ 719,849
-	-	-	-	-	-	-
39,609	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	158,193
-	-	-	-	-	-	-
-	-	6	92	137	846	92
-	-	21,000	-	-	-	-
39,609	-	25,866	15,376	20,245	154,661	878,134
-	536	65,229	16,466	25,060	107,726	-
-	-	-	-	-	-	-
25,268	-	-	-	144	383,580	-
-	-	-	-	-	-	305,000
-	-	-	-	-	-	485,218
-	-	-	-	-	-	1,152
25,268	536	65,229	16,466	25,204	491,306	791,370
14,341	(536)	(39,363)	(1,090)	(4,959)	(336,645)	86,764
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,341	(536)	(39,363)	(1,090)	(4,959)	(336,645)	86,764
44,681	(24,674)	(29,254)	42,033	62,772	384,965	67,507
\$ 59,022	\$ (25,210)	\$ (68,617)	\$ 40,943	\$ 57,813	\$ 48,320	\$ 154,271

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (Continued)

For the Year Ended December 31, 2016

	Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	General Obligation Bond Series of 2010A	General Obligation Bond Series of 2011	Special Service Area #6	General Capital Projects	
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 445,030	\$ 655,237	\$ 78,651	\$ -	\$ 2,204,249
Video gaming tax	-	-	-	-	140,601
Foreign fire insurance tax	-	-	-	-	39,609
Intergovernmental					
Personal property replacement taxes	-	-	-	-	378
Grants	-	-	-	24,493	24,493
Other intergovernmental	94,845	-	-	-	254,907
Licenses and permits	-	-	-	-	15,000
Fines and forfeits	-	-	-	-	75,182
Investment income	57	90	7	786	6,535
Miscellaneous	-	-	-	13,458	34,458
Total revenues	539,932	655,327	78,658	38,737	2,795,412
<b>EXPENDITURES</b>					
Current					
Community development	-	-	-	-	252,092
Highways and streets	-	-	-	-	123,153
Capital outlay	-	-	-	1,232,344	1,730,171
Debt service					
Principal retirement	175,000	505,000	-	-	985,000
Interest	290,913	136,813	14,501	-	927,445
Fiscal charges	-	802	-	-	1,954
Total expenditures	465,913	642,615	14,501	1,232,344	4,019,815
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	74,019	12,712	64,157	(1,193,607)	(1,224,403)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	1,273,396	1,273,396
Total other financing sources (uses)	-	-	-	1,273,396	1,273,396
NET CHANGE IN FUND BALANCES	74,019	12,712	64,157	79,789	48,993
FUND BALANCES (DEFICIT), JANUARY 1	(153,518)	105,226	(254,033)	845,601	2,928,466
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>	<b>\$ (79,499)</b>	<b>\$ 117,938</b>	<b>\$ (189,876)</b>	<b>\$ 925,390</b>	<b>\$ 2,977,459</b>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

ROAD AND BRIDGE FUND

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 122,000	\$ 122,000	\$ 111,415
Intergovernmental			
Personal property replacement taxes	2,000	2,000	378
Investment income	150	150	2,311
Total revenues	<u>124,150</u>	<u>124,150</u>	<u>114,104</u>
<b>EXPENDITURES</b>			
Current			
Highways and streets	<u>388,000</u>	<u>388,000</u>	<u>123,153</u>
Total expenditures	<u>388,000</u>	<u>388,000</u>	<u>123,153</u>
NET CHANGE IN FUND BALANCE	<u>\$ (263,850)</u>	<u>\$ (263,850)</u>	(9,049)
FUND BALANCE, JANUARY 1			<u>926,299</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 917,250</u></u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

MWRD FIELDS FUND

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Video gaming	\$ 109,385	\$ 109,385	\$ 140,601
Licenses and permits	12,500	12,500	15,000
Investment income	100	100	1,770
	<hr/>	<hr/>	<hr/>
Total revenues	121,985	121,985	157,371
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Capital outlay	321,985	321,985	88,835
	<hr/>	<hr/>	<hr/>
Total expenditures	321,985	321,985	88,835
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	68,536
FUND BALANCE, JANUARY 1			<hr/> 650,937
<b>FUND BALANCE, DECEMBER 31</b>			<hr/> <u>\$ 719,473</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

STATE RESTRICTED FUND

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

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Fines and forfeits			
DUI fines	\$ 20,000	\$ 20,000	\$ 32,184
Traffic court supervision	12,300	12,300	15,215
Violent Offender Registration Fee	-	-	50
Drug forfeiture	3,000	3,000	26,978
Fees	300	300	755
Investment income	50	50	341
	<u>35,650</u>	<u>35,650</u>	<u>75,523</u>
<b>EXPENDITURES</b>			
Current			
Contractual services	<u>39,800</u>	<u>39,800</u>	<u>37,075</u>
	<u>39,800</u>	<u>39,800</u>	<u>37,075</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,150)</u>	<u>\$ (4,150)</u>	38,448
FUND BALANCE, JANUARY 1			<u>258,445</u>
FUND BALANCE, DECEMBER 31			<u>\$ 296,893</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**FEDERAL RESTRICTED FUND**

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental	\$ 1,869	\$ 1,869	\$ 1,869
Total revenues	1,869	1,869	1,869
<b>EXPENDITURES</b>			
None	-	-	-
Total expenditures	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,869</u>	<u>\$ 1,869</u>	1,869
<b>FUND BALANCE, JANUARY 1</b>			<u>1,479</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 3,348</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**FOREIGN FIRE INSURANCE TAX FUND**

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Foreign fire insurance tax	\$ -	\$ -	\$ 39,609
Total revenues	-	-	39,609
<b>EXPENDITURES</b>			
Commodities	20,500	29,500	25,268
Total expenditures	20,500	29,500	25,268
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (20,500)</u>	<u>\$ (29,500)</u>	14,341
<b>FUND BALANCE, JANUARY 1</b>			<u>44,681</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 59,022</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**TAX INCREMENT FINANCING #4 FUND**

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

For the Year Ended December 31, 2016

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
None	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
Community development			
Contractual services	<u>100,000</u>	<u>100,000</u>	<u>536</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>536</u>
NET CHANGE IN FUND BALANCE	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	(536)
FUND BALANCE (DEFICIT), JANUARY 1			<u>(24,674)</u>
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>			<u><u>\$ (25,210)</u></u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**TAX INCREMENT FINANCING #5 FUND**

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 6,600	\$ 6,600	\$ 4,860
Investment income	-	-	6
Miscellaneous	-	-	21,000
			<hr/>
Total revenues	6,600	6,600	25,866
			<hr/>
<b>EXPENDITURES</b>			
Current			
Community development			
Contractual services	40,000	70,000	65,229
			<hr/>
Total expenditures	40,000	70,000	65,229
			<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (33,400)</u>	<u>\$ (63,400)</u>	(39,363)
FUND BALANCE (DEFICIT), JANUARY 1			<u>(29,254)</u>
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>			<u><u>\$ (68,617)</u></u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**SPECIAL SERVICE AREA #3 FUND**

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 15,262	\$ 15,262	\$ 15,284
Investment income	75	75	92
Total revenues	<u>15,337</u>	<u>15,337</u>	<u>15,376</u>
<b>EXPENDITURES</b>			
Community development			
Contractual services			
Equipment rentals	<u>18,690</u>	<u>18,690</u>	<u>16,466</u>
Total expenditures	<u>18,690</u>	<u>18,690</u>	<u>16,466</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,353)</u>	<u>\$ (3,353)</u>	(1,090)
FUND BALANCE, JANUARY 1			<u>42,033</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 40,943</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

SPECIAL SERVICE AREA #4 FUND

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 18,000	\$ 18,000	\$ 20,108
Investment income	125	125	137
Total revenues	<u>18,125</u>	<u>18,125</u>	<u>20,245</u>
<b>EXPENDITURES</b>			
Community development			
Contractual services	29,800	29,800	25,060
Capital outlay	-	-	144
Total expenditures	<u>29,800</u>	<u>29,800</u>	<u>25,204</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,675)</u>	<u>\$ (11,675)</u>	(4,959)
FUND BALANCE, JANUARY 1			<u>62,772</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 57,813</u></u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

SPECIAL SERVICE AREA #5 FUND

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 235,029	\$ 235,029	\$ 153,815
Investment income	100	100	846
	<hr/>	<hr/>	<hr/>
Total revenues	235,129	235,129	154,661
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
Community development			
Contractual services	104,983	104,983	107,726
Capital outlay	330,146	390,146	383,580
	<hr/>	<hr/>	<hr/>
Total expenditures	435,129	495,129	491,306
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (200,000)</u>	<u>\$ (260,000)</u>	(336,645)
FUND BALANCE, JANUARY 1			<hr/> 384,965
<b>FUND BALANCE, DECEMBER 31</b>			<hr/> <b>\$ 48,320</b> <hr/>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**GENERAL OBLIGATION BOND SERIES OF 2010 FUND**

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 705,100	\$ 705,100	\$ 719,849
Intergovernmental	85,118	85,118	158,193
Investment income	100	100	92
	<hr/>	<hr/>	<hr/>
Total revenues	790,318	790,318	878,134
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Debt service			
Principal	305,000	305,000	305,000
Interest	485,218	485,218	485,218
Fiscal charge	1,053	1,500	1,152
	<hr/>	<hr/>	<hr/>
Total expenditures	791,271	791,718	791,370
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (953)	\$ (1,400)	86,764
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1			67,507
			<hr/>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 154,271</b>
			<hr/> <hr/>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL OBLIGATION BOND SERIES OF 2010A FUND

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 435,912	\$ 435,912	\$ 445,030
Intergovernmental	30,000	30,000	94,845
Investment income	50	50	57
	<hr/>		
Total revenues	465,962	465,962	539,932
	<hr/>		
<b>EXPENDITURES</b>			
Debt service			
Principal	175,000	175,000	175,000
Interest	290,912	290,912	290,913
Fiscal charge	1,053	1,053	-
	<hr/>		
Total expenditures	466,965	466,965	465,913
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (1,003)</u>	<u>\$ (1,003)</u>	74,019
FUND BALANCE (DEFICIT), JANUARY 1			<u>(153,518)</u>
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>			<u><b>\$ (79,499)</b></u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**GENERAL OBLIGATION BOND SERIES OF 2011 FUND**

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

For the Year Ended December 31, 2016

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 641,812	\$ 641,812	\$ 655,237
Investment income	100	100	90
	<hr/>	<hr/>	<hr/>
Total revenues	641,912	641,912	655,327
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Debt service			
Principal	505,000	505,000	505,000
Interest	136,812	136,812	136,813
Fiscal charge	803	803	802
	<hr/>	<hr/>	<hr/>
Total expenditures	642,615	642,615	642,615
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (703)</u>	<u>\$ (703)</u>	12,712
FUND BALANCE, JANUARY 1			<hr/> 105,226
<b>FUND BALANCE, DECEMBER 31</b>			<hr/> <b>\$ 117,938</b>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

SPECIAL SERVICE AREA #6 FUND

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

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 78,094	\$ 78,094	\$ 78,651
Investment income	50	50	7
	<hr/>		
Total revenues	78,144	78,144	78,658
	<hr/>		
<b>EXPENDITURES</b>			
Community development			
Contractual services	8,000	8,000	-
Debt service			
Interest	14,501	14,501	14,501
	<hr/>		
Total expenditures	22,501	22,501	14,501
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	55,643	55,643	64,157
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(55,593)	(55,593)	-
	<hr/>		
Total other financing sources (uses)	(55,593)	(55,593)	-
	<hr/>		
NET CHANGE IN FUND BALANCE	\$ 50	\$ 50	64,157
	<hr/>		
FUND BALANCE (DEFICIT), JANUARY 1			(254,033)
	<hr/>		
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>			<b>\$ (189,876)</b>
	<hr/>		

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**GENERAL CAPITAL PROJECTS FUND**

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

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 786
Grants	-	-	24,493
Miscellaneous	-	-	13,458
Total revenues	-	-	38,737
<b>EXPENDITURES</b>			
Capital outlay			
Buildings	460,000	460,000	440,007
Other improvements	456,000	456,000	476,370
Office equipment	240,000	240,000	161,948
Other equipment	142,396	142,396	154,019
Total expenditures	1,298,396	1,298,396	1,232,344
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,298,396)	(1,298,396)	(1,193,607)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,273,396	1,273,396	1,273,396
Total other financing sources (uses)	1,273,396	1,273,396	1,273,396
NET CHANGE IN FUND BALANCE	\$ (25,000)	\$ (25,000)	79,789
FUND BALANCE, JANUARY 1			845,601
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 925,390</b>

(See independent auditor's report.)

## **PROPRIETARY FUNDS**

## **ENTERPRISE FUNDS**

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

**Municipal Railroad Parking Lot Fund:** The Municipal Railroad Parking Lot Fund is used to account for the provision of parking services to the residents of the Village and surrounding communities. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, maintenance, financing and collections.

VILLAGE OF HANOVER PARK, ILLINOIS

WATERWORKS AND SEWERAGE FUND

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Year December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Water sales	\$ 7,274,207	\$ 7,274,207	\$ 7,347,938
Sewer service	2,729,307	2,729,307	2,585,999
Water penalties	199,540	199,540	307,501
Water tap-on fees	30,851	30,851	-
Meter sales	3,350	3,350	7,935
Miscellaneous	315,000	315,000	366,065
Total operating revenues	10,552,255	10,552,255	10,615,438
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Administration			
Personal services	1,484,121	1,484,121	1,502,849
Commodities	51,285	51,285	5,506
Contractual services	746,107	746,107	612,020
Operations - water			
Personal services	841,194	841,194	1,002,589
Commodities	106,084	106,084	125,672
Contractual services	4,336,939	4,336,939	5,143,770
Capital outlay	461,000	461,000	426,703
Operations - sewer			
Personal services	907,896	907,896	1,036,207
Commodities	104,642	104,642	93,810
Contractual services	900,658	900,658	813,324
Capital outlay	1,262,000	1,262,000	351,009
Debt service			
Principal	345,136	345,136	346,541
Total operating expenses excluding depreciation	11,547,062	11,547,062	11,460,000
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(994,807)	(994,807)	(844,562)
Depreciation	657,636	657,636	933,024
OPERATING INCOME (LOSS)	(1,652,443)	(1,652,443)	(1,777,586)

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

WATERWORKS AND SEWERAGE FUND

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 7,000	\$ 7,000	\$ 11,715
Infrastructure surcharge	1,585,670	1,585,670	1,350,513
Interest expense	(18,892)	(18,892)	(15,290)
Total non-operating revenues (expenses)	<u>1,573,778</u>	<u>1,573,778</u>	<u>1,346,938</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(78,665)</u>	<u>(78,665)</u>	<u>(430,648)</u>
<b>TRANSFERS</b>			
Transfers (out)	<u>(196,000)</u>	<u>(196,000)</u>	<u>(76,000)</u>
Total transfers	<u>(196,000)</u>	<u>(196,000)</u>	<u>(76,000)</u>
NET INCOME (LOSS) - BUDGET BASIS	<u>(274,665)</u>	<u>(274,665)</u>	<u>(506,648)</u>
<b>ADJUSTMENT TO GAAP BASIS</b>			
Assets capitalized	-	-	392,622
Principal paid	-	-	346,541
Total adjustments to GAAP basis	<u>-</u>	<u>-</u>	<u>739,163</u>
CHANGE IN NET POSITION	<u>\$ (274,665)</u>	<u>\$ (274,665)</u>	232,515
NET POSITION, JANUARY 1			29,717,647
Prior period adjustment			(968,376)
Change in accounting principle			<u>863,583</u>
NET POSITION, JANUARY 1, RESTATED			<u>29,612,854</u>
<b>NET POSITION, DECEMBER 31</b>			<u>\$ 29,845,369</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

MUNICIPAL RAILROAD PARKING LOT FUND

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>			
Charges for services			
Parking fees	\$ 372,789	\$ 372,789	\$ 393,745
Other	2,997	2,997	49,950
	<hr/>		
Total operating revenues	375,786	375,786	443,695
	<hr/>		
<b>OPERATING EXPENSES</b>			
Operations			
Personal services	153,595	153,595	190,353
Commodities	9,944	9,944	4,706
Contractual services	96,975	96,975	82,426
Capital outlay	225,000	225,000	40,887
Depreciation	37,500	37,500	61,951
	<hr/>		
Total operating expenses	523,014	523,014	380,323
	<hr/>		
OPERATING INCOME (LOSS)	(147,228)	(147,228)	63,372
	<hr/>		
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	100	100	366
	<hr/>		
Total non-operating revenues (expenses)	100	100	366
	<hr/>		
CHANGE IN NET POSITION	\$ (147,128)	\$ (147,128)	63,738
	<hr/>		
NET POSITION, JANUARY 1			2,468,416
Change in accounting principle			47,876
			<hr/>
NET POSITION, JANUARY 1, RESTATED			2,516,292
			<hr/>
<b>NET POSITION, DECEMBER 31</b>			<u>\$ 2,580,030</u>

(See independent auditor's report.)

## **INTERNAL SERVICE FUND**

Central Equipment Fund - This fund is used to account for the purchase of vehicles and equipment for various departments throughout the Village. Financing is provided by transfers from the various village funds. This fund is reported as a governmental activity.

IT Equipment Replacement Fund - This fund is used to account for the purchase of computer equipment for departments throughout the Village. Financing is provided by transfers from the various village funds. This fund is reported as a governmental activity.

VILLAGE OF HANOVER PARK, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

December 31, 2016

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	<b>Central Equipment</b>	<b>IT Equipment Replacement</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 4,297,921	\$ 536,079	\$ 4,834,000
Receivables			
Accrued interest	17,532	-	17,532
Total current assets	4,315,453	536,079	4,851,532
<b>CAPITAL ASSETS</b>			
Depreciable, net of accumulated depreciation	4,913,675	-	4,913,675
Net capital assets	4,913,675	-	4,913,675
Total assets	9,229,128	536,079	9,765,207
<b>CURRENT LIABILITIES</b>			
Accounts payable	188,357	60,740	249,097
Total current liabilities	188,357	60,740	249,097
<b>LONG-TERM LIABILITIES</b>			
None	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	188,357	60,740	249,097
<b>NET POSITION</b>			
Invested in capital assets	4,913,675	-	4,913,675
Unrestricted	4,127,096	475,339	4,602,435
<b>TOTAL NET POSITION</b>	<b>\$ 9,040,771</b>	<b>\$ 475,339</b>	<b>\$ 9,516,110</b>

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(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

For the Year Ended December 31, 2016

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	<b>Central Equipment</b>	<b>IT Equipment Replacement</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,159,776	\$ 300,000	\$ 1,459,776
Total operating revenues	<u>1,159,776</u>	<u>300,000</u>	<u>1,459,776</u>
<b>OPERATING EXPENSES</b>			
Depreciation	708,847	-	708,847
Capital outlay	111,961	124,661	236,622
Total operating expenses	<u>820,808</u>	<u>124,661</u>	<u>945,469</u>
OPERATING INCOME (LOSS)	<u>338,968</u>	<u>175,339</u>	<u>514,307</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	17,575	-	17,575
Gain on disposal of capital assets	53,625	-	53,625
Total non-operating revenues (expenses)	<u>71,200</u>	<u>-</u>	<u>71,200</u>
CHANGE IN NET POSITION	410,168	175,339	585,507
NET POSITION, JANUARY 1	<u>8,630,603</u>	<u>300,000</u>	<u>8,930,603</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 9,040,771</u>	<u>\$ 475,339</u>	<u>\$ 9,516,110</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

	<b>Central Equipment</b>	<b>IT Equipment Replacement</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services	\$ 1,159,776	\$ 300,000	\$ 1,459,776
Payments to suppliers	(182,587)	(63,921)	(246,508)
Net cash from operating activities	977,189	236,079	1,213,268
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
None	-	-	-
Net cash from noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	(2,499,490)	-	(2,499,490)
Proceeds from sale of capital assets	53,625	-	53,625
Net cash from capital and related financing activities	(2,445,865)	-	(2,445,865)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	7,471	-	7,471
Net cash from investing activities	7,471	-	7,471
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,461,205)	236,079	(1,225,126)
CASH AND CASH EQUIVALENTS, JANUARY 1	5,759,126	300,000	6,059,126
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 4,297,921</b>	<b>\$ 536,079</b>	<b>\$ 4,834,000</b>

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2016

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	<b>Central Equipment</b>	<b>IT Equipment Replacement</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 338,968	\$ 175,339	\$ 514,307
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	708,847	-	708,847
Increase (decrease) in Accounts Payable	(70,626)	60,740	(9,886)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 977,189</u>	<u>\$ 236,079</u>	<u>\$ 1,213,268</u>
<b>CASH AND INVESTMENTS</b>			
Cash and cash equivalents	<u>\$ 4,297,921</u>	<u>\$ 536,079</u>	<u>\$ 4,834,000</u>
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 4,297,921</u>	<u>\$ 536,079</u>	<u>\$ 4,834,000</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

CENTRAL EQUIPMENT FUND

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Interfund services	\$ 1,132,138	\$ 1,132,138	\$ 1,159,776
Total operating revenues	1,132,138	1,132,138	1,159,776
<b>OPERATING EXPENSES</b>			
Capital outlay	2,014,000	2,907,000	2,611,451
Total operating expenses	2,014,000	2,907,000	2,611,451
OPERATING INCOME	(881,862)	(1,774,862)	(1,451,675)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	10,000	10,000	17,575
Gain on disposal of capital assets	-	-	53,625
Total non-operating revenues (expenses)	10,000	10,000	71,200
NET INCOME - BUDGET BASIS	(871,862)	(1,764,862)	(1,380,475)
<b>ADJUSTMENT TO GAAP BASIS</b>			
Assets capitalized	-	-	2,499,490
Depreciation	-	-	(708,847)
Total adjustments to GAAP basis	-	-	1,790,643
CHANGE IN NET POSITION	\$ (871,862)	\$ (1,764,862)	410,168
NET POSITION, JANUARY 1			8,630,603
NET POSITION, DECEMBER 31			\$ 9,040,771

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**IT EQUIPMENT REPLACEMENT FUND**

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

For the Year Ended December 31, 2016

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Charges for services	\$ 300,000	\$ 300,000	\$ 300,000
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>135,000</u>	<u>135,000</u>	<u>124,661</u>
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>124,661</u>
NET CHANGE IN FUND BALANCE	<u>\$ 165,000</u>	<u>\$ 165,000</u>	175,339
FUND BALANCE, JANUARY 1			<u>300,000</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 475,339</u></u>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

VILLAGE OF HANOVER PARK, ILLINOIS

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET POSITION

December 31, 2016

	<u>Pension Trust</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 619,235	\$ 390,836	\$ 1,010,071
Investments			
U.S. Government and U.S. agency obligations	11,331,419	6,173,715	17,505,134
Money market mutual funds	67,881	68,060	135,941
Mutual funds	17,727,109	10,534,365	28,261,474
Illinois Metropolitan Investment Fund	10	25	35
Receivables			
Accrued interest	59,994	37,525	97,519
Prepaid items	3,667	574	4,241
	<hr/>		
Total assets	29,809,315	17,205,100	47,014,415
<hr/>			
<b>LIABILITIES</b>			
Accounts payable	8,365	7,016	15,381
	<hr/>		
Total liabilities	8,365	7,016	15,381
<hr/>			
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 29,800,950</b>	<b>\$ 17,198,084</b>	<b>\$ 46,999,034</b>
	<hr/> <hr/>		

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN NET POSITION

For the Year Ended December 31, 2016

	<u>Pension Trust</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
<b>ADDITIONS</b>			
Contributions			
Employer contributions	\$ 2,153,658	\$ 1,220,758	\$ 3,374,416
Employee contributions	520,286	293,344	813,630
Total contributions	<u>2,673,944</u>	<u>1,514,102</u>	<u>4,188,046</u>
Investment income			
Net appreciation in fair value of investments	2,221,576	1,279,019	3,500,595
Interest	98,012	60,923	158,935
Total investment income	<u>2,319,588</u>	<u>1,339,942</u>	<u>3,659,530</u>
Less investment expense	<u>(53,151)</u>	<u>(31,052)</u>	<u>(84,203)</u>
Net investment income	<u>2,266,437</u>	<u>1,308,890</u>	<u>3,575,327</u>
Total additions	<u>4,940,381</u>	<u>2,822,992</u>	<u>7,763,373</u>
<b>DEDUCTIONS</b>			
Benefits and refunds	2,235,335	1,087,111	3,322,446
Administrative expenses	40,101	25,152	65,253
Total deductions	<u>2,275,436</u>	<u>1,112,263</u>	<u>3,387,699</u>
NET INCREASE	2,664,945	1,710,729	4,375,674
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
January 1	<u>27,136,005</u>	<u>15,487,355</u>	<u>42,623,360</u>
December 31	<u>\$ 29,800,950</u>	<u>\$ 17,198,084</u>	<u>\$ 46,999,034</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**POLICE PENSION FUND**

**SCHEDULE OF CHANGES IN NET POSITION - BUDGET AND ACTUAL**

For Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>ADDITIONS</b>			
Contributions			
Employer contributions	\$ 2,153,655	\$ 2,153,655	\$ 2,153,658
Employee contributions	520,000	520,000	520,286
Total contributions	<u>2,673,655</u>	<u>2,673,655</u>	<u>2,673,944</u>
Investment income			
Net appreciation in fair value of investments	500,000	500,000	2,221,576
Interest	600,000	600,000	98,012
Total investment income	1,100,000	1,100,000	2,319,588
Less investment expense	(54,000)	(54,000)	(53,151)
Net investment income	<u>1,046,000</u>	<u>1,046,000</u>	<u>2,266,437</u>
Total additions	<u>3,719,655</u>	<u>3,719,655</u>	<u>4,940,381</u>
<b>DEDUCTIONS</b>			
Benefits and refunds	1,996,990	2,306,990	2,235,335
Administrative expenses	43,650	49,650	40,101
Total deductions	<u>2,040,640</u>	<u>2,356,640</u>	<u>2,275,436</u>
NET INCREASE	<u>\$ 1,679,015</u>	<u>\$ 1,363,015</u>	2,664,945
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
January 1			<u>27,136,005</u>
December 31			<u>\$ 29,800,950</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**FIREFIGHTERS' PENSION FUND**

**SCHEDULE OF CHANGES IN NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>ADDITIONS</b>			
Contributions			
Employer contributions	\$ 1,220,757	\$ 1,220,757	\$ 1,220,758
Employee contributions	296,838	296,838	293,344
	<hr/>	<hr/>	<hr/>
Total contributions	1,517,595	1,517,595	1,514,102
	<hr/>	<hr/>	<hr/>
Investment income			
Net appreciation in fair value of investments	160,000	160,000	1,279,019
Interest	175,000	175,000	60,923
	<hr/>	<hr/>	<hr/>
Total investment income	335,000	335,000	1,339,942
Less investment expense	(34,000)	(34,000)	(31,052)
	<hr/>	<hr/>	<hr/>
Net investment income	301,000	301,000	1,308,890
	<hr/>	<hr/>	<hr/>
Total additions	1,818,595	1,818,595	2,822,992
	<hr/>	<hr/>	<hr/>
<b>DEDUCTIONS</b>			
Benefits and refunds	996,972	1,111,972	1,087,111
Administrative expenses	39,300	39,300	25,152
	<hr/>	<hr/>	<hr/>
Total deductions	1,036,272	1,151,272	1,112,263
	<hr/>	<hr/>	<hr/>
NET INCREASE	<u>\$ 782,323</u>	<u>\$ 667,323</u>	1,710,729
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
January 1			<hr/> 15,487,355
December 31			<hr/> <u>\$ 17,198,084</u>

(See independent auditor's report.)

**OTHER SUPPLEMENTAL INFORMATION**

**VILLAGE OF HANOVER PARK, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2010**

December 31, 2016

Date of Issue	April 18, 2010
Date of Maturity	December 1, 2029
Authorized Issue	\$ 10,000,000
Denomination of Bonds	\$ 5,000
Interest Rates	1.78% to 6.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 1	Amount	December 1	Amount
2016	\$ 310,000	\$ 473,780	\$ 783,780	2017	\$ 236,890	2017	\$ 236,890
2017	315,000	460,604	775,604	2018	230,302	2018	230,302
2018	325,000	446,903	771,903	2019	223,451	2019	223,452
2019	330,000	431,628	761,628	2020	215,814	2020	215,814
2020	340,000	413,808	753,808	2021	206,904	2021	206,904
2021	345,000	395,448	740,448	2022	197,724	2022	197,724
2022	355,000	376,818	731,818	2023	188,409	2023	188,409
2023	365,000	357,648	722,648	2024	178,824	2024	178,824
2024	1,095,000	337,938	1,432,938	2025	168,969	2025	168,969
2025	1,130,000	277,164	1,407,164	2026	138,582	2026	138,582
2026	1,170,000	212,755	1,382,755	2027	106,378	2027	106,377
2027	1,210,000	145,480	1,355,480	2028	72,740	2028	72,740
2028	1,255,000	75,300	1,330,300	2029	37,650	2029	37,650
	<u>\$ 8,545,000</u>	<u>\$ 4,405,274</u>	<u>\$ 12,950,274</u>		<u>\$ 2,202,637</u>		<u>\$ 2,202,637</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2010A**

December 31, 2016

Date of Issue	November 18, 2010
Date of Maturity	December 1, 2030
Authorized Issue	\$ 5,000,000
Denomination of Bonds	\$ 5,000
Interest Rates	2.15% to 5.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 1	Amount	December 1	Amount
2016	\$ 200,000	\$ 284,438	\$ 484,438	2017	\$ 142,219	2017	\$ 142,219
2017	200,000	276,038	476,038	2018	138,019	2018	138,019
2018	200,000	267,038	467,038	2019	133,519	2019	133,519
2019	200,000	257,238	457,238	2020	128,619	2020	128,619
2020	200,000	246,838	446,838	2021	123,419	2021	123,419
2021	200,000	235,838	435,838	2022	117,919	2022	117,919
2022	200,000	224,138	424,138	2023	112,069	2023	112,069
2023	225,000	212,438	437,438	2024	106,219	2024	106,219
2024	250,000	198,375	448,375	2025	99,187	2025	99,188
2025	275,000	182,750	457,750	2026	91,375	2026	91,375
2026	275,000	164,875	439,875	2027	82,437	2027	82,438
2027	300,000	147,000	447,000	2028	73,500	2028	73,500
2028	300,000	126,000	426,000	2029	63,000	2029	63,000
2029	1,500,000	105,000	1,605,000	2030	52,500	2030	52,500
	<u>\$ 4,525,000</u>	<u>\$ 2,928,004</u>	<u>\$ 7,453,004</u>		<u>\$ 1,464,001</u>		<u>\$ 1,464,003</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2011**

December 31, 2016

Date of Issue	November 1, 2011
Date of Maturity	December 1, 2024
Authorized Issue	\$ 7,030,000
Denomination of Bonds	\$ 5,000
Interest Rates	2.00% to 3.25%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon Trust Company, Chicago, IL

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 1	Amount	December 1	Amount
2016	\$ 520,000	\$ 126,712	\$ 646,712	2017	\$ 63,356	2017	\$ 63,356
2017	535,000	116,312	651,312	2018	58,156	2018	58,156
2018	545,000	104,277	649,277	2019	52,138	2019	52,139
2019	565,000	90,650	655,650	2020	45,325	2020	45,325
2020	580,000	75,114	655,114	2021	37,557	2021	37,557
2021	600,000	57,712	657,712	2022	28,856	2022	28,856
2022	625,000	39,712	664,712	2023	19,856	2023	19,856
2023	645,000	20,962	665,962	2024	10,481	2024	10,481
	<u>\$ 4,615,000</u>	<u>\$ 631,451</u>	<u>\$ 5,246,451</u>		<u>\$ 315,725</u>		<u>\$ 315,726</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
1997 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY LOAN**

December 31, 2016

Date of Issue	April 9, 1997
Date of Maturity	April 9, 2017
Authorized Issue	\$ 3,750,000
Interest Rates	2.815%
Interest Dates	April 9 and October 9
Principal Maturity Date	April 9 and October 9
Payable at	Illinois Environmental Protection Agency

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due on</b>			
				<b>April 9</b>	<b>Amount</b>	<b>October 9</b>	<b>Amount</b>
2017	\$ 121,535	\$ 1,710	\$ 123,245	2017	\$ 1,710	2016	\$ -
	<u>\$ 121,535</u>	<u>\$ 1,710</u>	<u>\$ 123,245</u>		<u>\$ 1,710</u>		<u>\$ -</u>

(See independent auditor's report.)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
2000 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY LOAN**

December 31, 2016

Date of Issue	April 12, 2000
Date of Maturity	July 1, 2019
Authorized Issue	\$ 1,784,916
Interest Rates	2.625%
Interest Dates	July 1 and January 1
Principal Maturity Date	July 1 and January 1
Payable at	Illinois Environmental Protection Agency

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due on</b>			
				<b>July 1</b>	<b>Amount</b>	<b>January 1</b>	<b>Amount</b>
2017	\$ 111,376	\$ 6,162	\$ 117,538	2017	\$ 3,444	2017	\$ 2,718
2018	114,319	3,219	117,538	2018	1,982	2018	1,237
2019	36,694	482	37,176	2019	482	2019	-
	<u>\$ 262,389</u>	<u>\$ 9,863</u>	<u>\$ 272,252</u>		<u>\$ 5,908</u>		<u>\$ 3,955</u>

(See independent auditor's report.)

## STATISTICAL SECTION (Unaudited)

This part of the Village of Hanover Park'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 Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	136-145
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	146-155
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	156-159
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	160-161
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	162-165

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

**VILLAGE OF HANOVER PARK, ILLINOIS**

**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 44,085,337	\$ 45,392,922	\$ 44,420,879	\$ 44,389,269
Restricted	9,146,860	8,570,110	7,078,776	13,664,072
Unrestricted	12,336,999	14,230,151	18,596,124	13,059,714
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 65,569,196</b>	<b>\$ 68,193,183</b>	<b>\$ 70,095,779</b>	<b>\$ 71,113,055</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 22,593,334	\$ 23,024,852	\$ 23,062,850	\$ 23,554,396
Restricted	-	-	-	-
Unrestricted	8,033,586	7,287,097	6,988,149	6,239,034
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 30,626,920</b>	<b>\$ 30,311,949</b>	<b>\$ 30,050,999</b>	<b>\$ 29,793,430</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 68,417,774	\$ 67,483,729	\$ 67,943,665	\$ 67,943,665
Restricted	8,570,110	7,078,776	13,664,072	13,664,072
Unrestricted	21,517,248	25,584,273	19,298,748	19,298,748
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 98,505,132</b>	<b>\$ 100,146,778</b>	<b>\$ 100,906,485</b>	<b>\$ 100,906,485</b>

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

\*\* The Village implemented GASB 68 for year ended December 31, 2015

Data Source

Audited Financial Statements

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014*</b>	<b>2015**</b>	<b>2016</b>
\$	45,248,341	\$ 48,546,851	\$ 48,743,363	\$ 49,462,602	\$ 50,362,373	\$ 52,470,477
	5,048,350	4,829,701	5,294,935	4,835,944	6,932,172	7,366,374
	15,514,984	11,779,582	14,654,715	17,292,137	(14,151,561)	(14,420,304)
\$	65,811,675	\$ 65,156,134	\$ 68,693,013	\$ 71,590,683	\$ 43,142,984	\$ 45,416,547
\$	26,694,874	\$ 27,371,016	\$ 26,941,735	\$ 28,088,831	\$ 23,651,515	\$ 23,578,647
	13,644.0	-	-	-	-	-
	6,277,037	7,296,568	8,581,691	8,965,544	8,534,548	8,846,752
\$	32,985,555	\$ 34,667,584	\$ 35,523,426	\$ 37,054,375	\$ 32,186,063	\$ 32,425,399
\$	75,917,867	\$ 75,917,867	\$ 75,685,098	\$ 77,551,433	\$ 74,013,888	\$ 76,049,124
	4,829,701	4,829,701	5,294,935	4,835,944	6,932,172	7,366,374
	19,076,150	19,076,150	23,236,406	26,257,681	(5,617,013)	(5,573,552)
\$	99,823,718	\$ 99,823,718	\$ 104,216,439	\$ 108,645,058	\$ 75,329,047	\$ 77,841,946

**VILLAGE OF HANOVER PARK, ILLINOIS**

CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 3,170,869	\$ 3,673,924	\$ 3,208,066	\$ 4,618,393
Public works	4,053,485	3,644,764	4,718,013	1,085,698
Public safety	13,823,930	15,252,239	15,805,836	17,146,057
Community development	3,957,924	1,432,745	1,608,453	5,160,147
Highways and streets	2,200,904	2,412,849	2,019,122	1,582,651
Interest	690,844	570,923	517,780	906,055
Total governmental activities expenses	27,897,956	26,987,444	27,877,270	30,499,001
Business-type activities				
Water and sewer	7,367,849	7,667,569	7,847,111	8,044,254
Parking	353,128	348,435	329,761	336,895
Hanover Square	-	-	-	-
Total business-type activities expenses	7,720,977	8,016,004	8,176,872	8,381,149
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 35,618,933</b>	<b>\$ 35,003,448</b>	<b>\$ 36,054,142</b>	<b>\$ 38,880,150</b>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 836,179	\$ 837,821	\$ 909,723	\$ 1,085,427
Public safety	1,386,053	1,661,190	1,607,603	1,732,022
Community development	243,066	134,915	331,637	15,800
Public works	-	-	-	171,931
Operating grants and contributions	1,230,772	1,121,001	1,032,614	1,546,945
Capital grants and contributions	1,438,909	-	-	543,452
Total governmental activities program revenues	5,134,979	3,754,927	3,881,577	5,095,577
Business-type activities				
Charges for services				
Water and sewer	7,242,681	7,191,418	7,588,046	7,965,071
Parking	291,960	296,545	272,798	292,286
Hanover Square	-	-	-	-
Capital grants and contributions	827,377	-	-	-
Total business-type activities program revenues	8,362,018	7,487,963	7,860,844	8,257,357
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 13,496,997</b>	<b>\$ 11,242,890</b>	<b>\$ 11,742,421</b>	<b>\$ 13,352,934</b>

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014*</b>	<b>2015**</b>	<b>2016</b>
\$	4,634,174	\$ 4,988,649	\$ 4,297,802	\$ 2,111,972	\$ 4,114,698	\$ 5,009,322
	5,183,573	4,070,954	4,211,656	2,876,529	3,706,168	5,182,283
	15,473,122	18,014,749	18,224,677	12,928,235	19,447,414	20,981,314
	8,971,096	711,260	681,395	1,858,421	4,022,556	4,005,981
	1,499,979	3,946,982	3,522,824	2,276,624	1,917,673	703,424
	1,041,142	1,054,210	1,076,381	976,489	646,489	925,399
	<u>36,803,086</u>	<u>32,786,804</u>	<u>32,014,735</u>	<u>23,028,270</u>	<u>33,854,998</u>	<u>36,807,723</u>
	8,443,812	8,976,177	9,998,473	7,265,389	11,338,126	11,669,151
	309,014	280,836	387,584	202,907	373,475	380,323
	230,810	694,736	694,530	524,861	593,909	-
	<u>8,983,636</u>	<u>9,951,749</u>	<u>11,080,587</u>	<u>7,993,157</u>	<u>12,305,510</u>	<u>12,049,474</u>
\$	<u>45,786,722</u>	<u>\$ 42,738,553</u>	<u>\$ 43,095,322</u>	<u>\$ 31,021,427</u>	<u>\$ 46,160,508</u>	<u>\$ 48,857,197</u>
\$	1,106,938	\$ 1,157,752	\$ 1,212,828	\$ 769,081	\$ 1,125,855	\$ 1,315,662
	1,969,673	2,045,438	1,989,029	1,286,735	1,894,715	2,043,407
	14,116	22,493	61,714	42,531	18,758	11,794
	126,584	150,684	245,355	193,819	337,246	283,057
	1,432,867	1,228,338	1,343,393	1,082,681	1,600,902	1,267,251
	475,557	318,006	266,197		258,796	255,138
	<u>5,125,735</u>	<u>4,922,711</u>	<u>5,118,516</u>	<u>3,374,847</u>	<u>5,236,272</u>	<u>5,176,309</u>
	8,889,712	10,210,092	11,077,306	7,089,864	10,749,484	10,615,438
	328,749	317,446	371,185	265,895	389,405	443,695
	236,916	669,670	710,703	560,678	643,541	-
	102,105	688,932	180,126	-	-	-
	<u>9,557,482</u>	<u>11,886,140</u>	<u>12,339,320</u>	<u>7,916,437</u>	<u>11,782,430</u>	<u>11,059,133</u>
\$	<u>14,683,217</u>	<u>\$ 16,808,851</u>	<u>\$ 17,457,836</u>	<u>\$ 11,291,284</u>	<u>\$ 17,018,702</u>	<u>\$ 16,235,442</u>

**VILLAGE OF HANOVER PARK, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>NET (EXPENSES) REVENUES</b>				
Governmental activities	\$ (22,762,977)	\$ (23,232,517)	\$ (23,995,693)	\$ (25,403,424)
Business-type activities	641,041	(528,041)	(316,028)	(123,792)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES</b>	<b>\$ (22,121,936)</b>	<b>\$ (23,760,558)</b>	<b>\$ (24,311,721)</b>	<b>\$ (25,527,216)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities				
Taxes				
Property	\$ 10,315,338	\$ 11,819,859	\$ 13,068,529	\$ 13,130,988
Sales, local use	4,025,910	5,051,309	4,744,662	7,561,001
Utility	2,015,759	1,886,260	1,821,364	1,750,085
Hotel/motel	40,591	32,711	33,614	32,979
Food and beverage	1,101,714	1,088,047	1,047,406	1,072,674
Other	399,850	196,003	167,871	223,762
Intergovernmental				
Personal property replacement tax	102,976	94,052	83,336	92,787
Income	3,524,383	3,487,693	3,040,184	2,984,408
Investment income	1,492,471	793,552	331,555	150,716
Miscellaneous	3,975,283	1,359,699	1,548,494	78,619
Transfers	75,201	47,319	11,274	163,219
Total governmental activities	<u>27,069,476</u>	<u>25,856,504</u>	<u>25,898,289</u>	<u>27,241,238</u>
Business-type activities				
Investment income	329,724	181,599	43,133	19,723
Miscellaneous	162,495	78,790	23,219	9,719
Transfers	(75,201)	(47,319)	(11,274)	(163,219)
Total business-type activities	<u>417,018</u>	<u>213,070</u>	<u>55,078</u>	<u>(133,777)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 27,486,494</b>	<b>\$ 26,069,574</b>	<b>\$ 25,953,367</b>	<b>\$ 27,107,461</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 4,306,499	\$ 2,623,987	\$ 1,902,596	\$ 1,837,814
Business-type activities	1,058,059	(314,971)	(260,950)	(257,569)
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ 5,364,558</b>	<b>\$ 2,309,016</b>	<b>\$ 1,641,646</b>	<b>\$ 1,580,245</b>

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

\*\* The Village implemented GASB 68 for year ended December 31, 2015

Data Source

Audited Financial Statements

	2012	2013	2014	2014*	2015**	2016
	\$ (31,677,351)	\$ (27,864,093)	\$ (26,896,219)	\$ (19,379,137)	\$ (28,618,726)	\$ (31,631,414)
	573,846	1,934,391	1,258,733	(76,720)	(523,080)	(990,341)
	\$ (31,103,505)	\$ (25,929,702)	\$ (25,637,486)	\$ (19,455,857)	\$ (29,141,806)	\$ (32,621,755)
	\$ 14,808,277	\$ 13,110,176	\$ 13,729,431	\$ 11,423,311	\$ 15,426,633	\$ 15,837,755
	7,432,314	7,394,170	9,248,795	6,792,806	10,175,081	10,684,970
	1,730,990	1,621,854	1,588,171	1,219,601	1,987,557	1,896,000
	35,281	36,686	43,687	35,800	45,939	44,881
	1,086,568	1,018,775	1,036,661	732,613	1,134,073	1,160,415
	298,311	225,065	302,021	422,376	532,785	905,144
	83,412	82,765	94,867	51,945	93,510	87,160
	3,096,265	3,422,147	3,700,323	2,335,241	4,040,449	3,696,445
	71,672	106,443	153,820	58,063	61,070	89,607
	113,146	99,397	113,527	215,566	(1,571,337)	#REF!
	(2,605,806)	315,418	421,795	(1,010,515)	4,404,281	76,000
	26,150,430	27,432,896	30,433,098	22,276,807	36,330,041	#REF!
	8,996	10,825	8,476	11,102	(202)	12,081
	3,477	52,231	10,428	586,052	1,546,822	1,350,513
	2,605,806	(315,418)	(421,795)	1,010,515	(4,404,281)	(76,000)
	2,618,279	(252,362)	(402,891)	1,607,669	(2,857,661)	1,286,594
	\$ 28,768,709	\$ 27,180,534	\$ 30,030,207	\$ 23,884,476	\$ 33,472,380	#REF!
	\$ (431,197)	\$ (431,197)	\$ 3,536,879	\$ 2,897,670	\$ 7,711,315	#REF!
	1,682,029	1,682,029	855,842	1,530,949	(3,380,741)	296,253
	\$ 1,250,832	\$ 1,250,832	\$ 4,392,721	\$ 4,428,619	\$ 4,330,574	#REF!

**VILLAGE OF HANOVER PARK, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010 (1)</b>	<b>2011</b>
<b>GENERAL FUND</b>				
Reserved	\$ 874,984	\$ 831,732	\$ 1,072,335	\$ 840,075
Unreserved/undesignated	7,849,607	7,920,285	7,492,166	7,831,351
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 8,724,591</b>	<b>\$ 8,752,017</b>	<b>\$ 8,564,501</b>	<b>\$ 8,671,426</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ 9,378,098	\$ 8,759,345	\$ 7,226,197	\$ 22,127,853
Unreserved, reported in				
Debt Service Funds	-	-	(44,340)	(508,011)
Capital Project Funds	3,864,443	3,500,933	15,626,848	(95,629)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 13,242,541</b>	<b>\$ 12,260,278</b>	<b>\$ 22,808,705</b>	<b>\$ 21,524,213</b>

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014.

(1) The fund balance for all other governmental funds increased significantly in fiscal year 2010 due to the issuance of the 2010 General Obligation Bonds.

(2) The fund balances declined in 2012 due to the spending of bonds issued for completion of the police station and other capital projects.

Data Source

Audited Financial Statements

2012 (2)	2013	2014	2014*	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,106,350	1,561,197	1,114,638	556,466	294,419	381,659
136,946	134,910	134,910	-	-	-
674,316	-	-	-	-	-
7,099,207	8,473,882	11,611,884	14,180,226	16,326,081	19,432,402
<u>\$ 10,016,819</u>	<u>\$ 10,169,989</u>	<u>\$ 12,861,432</u>	<u>\$ 14,736,692</u>	<u>\$ 16,620,500</u>	<u>\$ 19,814,061</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
332,306	-	-	-	-	-
4,911,404	4,694,791	5,160,025	4,835,944	6,932,172	7,366,374
518,719	273,045	124,603	373,202	845,601	925,390
(388,417)	(304,265)	(438,081)	(484,093)	(461,479)	(363,202)
<u>\$ 5,374,012</u>	<u>\$ 4,663,571</u>	<u>\$ 4,846,547</u>	<u>\$ 4,725,053</u>	<u>\$ 7,316,294</u>	<u>\$ 7,928,562</u>

**VILLAGE OF HANOVER PARK, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010 (1)</b>	<b>2011</b>
<b>REVENUES</b>				
Taxes	\$ 17,362,673	\$ 19,541,574	\$ 20,429,442	\$ 26,848,683
Licenses and permits	839,389	774,180	1,021,353	968,506
Intergovernmental	5,394,620	5,235,361	4,610,138	1,863,227
Charges for services and fees	1,080,833	1,293,540	1,180,163	1,238,743
Fines and forfeits	528,764	550,398	630,843	512,934
Investment income	1,144,525	572,536	247,200	150,716
Miscellaneous	3,039,352	843,209	1,460,270	590,787
<b>Total revenues</b>	<b>29,390,156</b>	<b>28,810,798</b>	<b>29,579,409</b>	<b>32,173,596</b>
<b>EXPENDITURES</b>				
General government	2,972,390	3,501,523	3,092,878	4,808,312
Public works	3,331,597	3,263,408	3,321,777	2,901,960
Public safety	13,589,622	14,559,167	15,643,448	16,085,156
Community development	3,885,488	1,374,261	1,385,981	1,058,951
Highways and streets	1,206,230	1,720,920	1,391,323	711,830
Capital outlay	1,250,792	2,113,267	1,174,993	10,329,362
Debt service				
Principal	2,509,878	2,670,000	2,660,000	1,045,000
Interest and fiscal charges	724,140	610,408	479,372	713,273
<b>Total expenditures</b>	<b>29,470,137</b>	<b>29,812,954</b>	<b>29,149,772</b>	<b>37,653,844</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(79,981)</b>	<b>(1,002,156)</b>	<b>429,637</b>	<b>(5,480,248)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from bonds	-	-	10,000,000	5,000,000
Premiums (discounts) on debt issuance	-	-	(80,000)	(40,000)
Transfers in	2,450,815	824,320	3,814,247	3,480,058
Transfers (out)	(2,375,614)	(777,001)	(3,802,973)	(3,316,839)
Sale of property	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>75,201</b>	<b>47,319</b>	<b>9,931,274</b>	<b>5,123,219</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (4,780)</b>	<b>\$ (954,837)</b>	<b>\$ 10,360,911</b>	<b>\$ (357,029)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>12.52%</b>	<b>11.66%</b>	<b>11.57%</b>	<b>11.01%</b>

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014.

(1) The significant increase in the fund balance is due to the issuance of the 2010 General Obligation Bonds.

(2) The current refunding in 2012 caused a \$7,000,000 of principal expenditures.

Data Source

Audited Financial Statements

	2012 (2)	2013	2014	2014*	2015	2016
\$	25,475,151	\$ 23,406,726	\$ 25,948,765	\$ 20,626,507	\$ 29,302,067	\$ 30,529,164
	911,722	979,424	1,138,365	718,779	1,224,977	1,168,407
	5,004,050	4,985,926	5,380,058	3,699,934	5,950,576	5,064,919
	1,650,614	1,720,380	1,764,636	1,036,818	1,451,562	1,719,499
	640,015	660,603	590,966	536,820	700,467	766,115
	71,672	106,443	153,820	58,063	61,070	89,607
	128,747	180,687	153,209	176,651	441,974	523,483
	33,881,971	32,040,189	35,129,819	26,853,572	39,132,693	39,861,194
	5,280,476	4,923,925	5,247,701	2,483,520	3,344,230	3,671,745
	3,583,057	3,888,126	3,494,643	2,644,628	3,962,391	3,874,431
	17,232,650	17,388,396	17,837,161	13,027,697	19,322,453	19,551,407
	5,566,340	968,226	660,326	1,879,756	4,003,728	3,574,079
	659,311	752,272	796,373	427,967	628,804	728,074
	14,402,668	3,188,327	2,745,856	2,982,751	1,318,476	2,817,230
	8,095,000	730,000	810,000	875,000	945,000	985,000
	1,257,620	1,073,606	1,085,135	986,620	957,562	929,399
	56,077,122	32,912,878	32,677,195	25,307,939	34,482,644	36,131,365
	(22,195,151)	(872,689)	2,452,624	1,545,633	4,650,049	3,729,829
	7,030,000	-	-	-	-	-
	102,775	-	-	-	-	-
	5,665,632	1,198,605	1,444,301	1,408,526	1,430,802	1,273,396
	(5,633,605)	(883,187)	(1,022,506)	(1,283,276)	(1,605,802)	(1,197,396)
	-	-	-	82,883	-	-
	7,164,802	315,418	421,795	208,133	(175,000)	76,000
\$	(15,030,349)	\$ (557,271)	\$ 2,874,419	\$ 1,753,766	\$ 4,475,049	\$ 3,805,829
	5.93%	25.28%	6.05%	7.51%	5.82%	5.99%

**VILLAGE OF HANOVER PARK, ILLINOIS**

EQUALIZED ASSESSED VALUE AND TOTAL DIRECT TAX RATE  
COOK COUNTY

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Farm</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total</b>	<b>Railroad</b>	<b>Equalized Assessed Value</b>	<b>Total Direct Tax Rate</b>
2007	\$ 231,228,718	\$ 2,649	\$ 56,923,990	\$ 5,514,740	\$ 293,670,097	\$ -	\$ 293,670,097	\$ 1.286
2008	250,690,470	2,649	58,979,875	5,454,224	315,127,218	-	315,127,218	1.183
2009	280,452,625	1,656	56,257,117	4,802,915	341,514,313	-	341,514,313	1.167
2010	254,796,416	1,656	50,647,229	5,196,458	310,641,759	-	310,641,759	1.549
2011	237,115,286	1,656	56,439,864	11,102,423	304,659,229	-	304,659,229	1.591
2012	217,980,488	1,656	55,520,023	7,096,304	280,598,471	-	280,598,471	1.939
2013	172,348,742	1,656	50,024,995	7,085,250	229,460,643	-	229,460,643	2.637
2014*	178,053,406	2,948	55,059,521	-	233,115,875	-	233,115,875	2.687
2015	173,215,080	2,948	52,111,633	-	225,329,661	N/A	225,329,661	2.863
2016**	N/A	N/A	N/A	N/A	261,408,130	N/A	261,408,130	-

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

\*\* 2016 Tax Levy - Currently not available (N/A)

Data Source

Office of the County Clerk and Treasurer

**VILLAGE OF HANOVER PARK, ILLINOIS**

EQUALIZED ASSESSED VALUE AND TOTAL DIRECT TAX RATE  
DUPAGE COUNTY

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Farm</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total</b>	<b>Railroad</b>	<b>Equalized Assessed Value</b>	<b>Total Direct Tax Rate</b>
2007	\$ 351,550,142	\$ 17,962	\$ 21,677,650	\$ 79,256,420	\$ 452,502,174	\$ 15,750	\$ 452,517,924	\$ 1.2124
2008	368,655,019	19,489	22,139,080	83,243,390	474,056,978	20,597	474,077,575	1.2199
2009	365,703,065	21,440	22,122,460	81,369,680	469,216,645	25,317	469,241,962	1.3755
2010	336,808,809	23,589	20,901,850	75,250,920	432,985,168	26,401	433,011,569	1.5830
2011	297,482,660	25,920	20,775,950	72,968,610	391,253,140	23,933	391,277,073	1.6506
2012	262,398,693	28,512	18,710,960	64,919,690	346,057,855	29,291	346,087,146	2.1327
2013	234,486,782	31,364	17,528,130	60,863,810	312,910,086	31,070	312,941,156	2.3941
2014*	224,823,993	34,501	16,622,430	58,665,170	300,146,094	42,030	300,188,124	2.6690
2015	220,471,689	37,195	16,870,870	63,099,260	300,479,014	45,643	300,524,657	2.7346
2016	239,246,373	40,606	17,470,380	67,664,580	324,421,939	55,881	324,477,820	2.4410

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

Data Source

Office of the County Clerk and Treasurer

**VILLAGE OF HANOVER PARK, ILLINOIS**

DIRECT AND OVERLAPPING PROPERTY TAX RATES - COOK COUNTY

Last Ten Levy Years

<b>Tax Levy Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>VILLAGE DIRECT RATES</b>										
General corporate rate	1.249	1.150	1.063	1.053	1.305	1.385	1.686	2.309	2.357	2.475
Debt service rate	0.153	0.136	0.120	0.114	0.244	0.205	0.253	0.328	0.330	0.388
Total direct rate	1.402	1.286	1.183	1.167	1.549	1.590	1.939	2.637	2.687	2.863
<b>OVERLAPPING RATES</b>										
School District #46	4.874	4.565	4.435	4.339	5.026	5.507	6.540	7.580	7.6680	7.9470
School District #509	0.347	0.348	0.331	0.354	0.434	0.475	0.546	0.638	0.6380	0.6540
Hanover Park Park District	0.471	0.423	0.386	0.371	0.429	0.442	0.511	0.629	0.6240	0.6650
County including Forest Preserve District and TB Sanitarium	0.562	0.499	0.466	0.443	0.474	0.545	0.594	0.629	0.6370	0.6210
Hanover Township	0.250	0.224	0.223	0.239	0.248	0.287	0.324	0.391	0.2980	0.3180
Metropolitan Water Reclamation District	0.284	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.4300	0.4260
Northwest Mosquito Abatement District	0.009	0.008	0.008	0.008	0.009	0.010	0.011	0.013	0.0130	0.0110
Poplar Creek Library	0.310	0.367	0.357	0.350	0.394	0.449	0.515	0.631	0.6320	0.6630
Community Mental Health	0.037	0.033	0.033	0.033	0.038	0.044	0.050	0.061	0.0610	0.0580
Consolidated Elections	-	0.012	-	-	-	-	-	0.031	-	0.0340
<b>TOTAL DIRECT AND OVERLAPPING TAX RATE</b>	<b>8.546</b>	<b>8.028</b>	<b>7.674</b>	<b>7.565</b>	<b>8.875</b>	<b>9.669</b>	<b>11.400</b>	<b>13.657</b>	<b>13.688</b>	<b>14.260</b>

Note: Overlapping rates are those of local and county governments that apply to property owners within the Village. Not all overlapping rates apply to all village property owners.

Data Source

Cook County Clerk's Office

**VILLAGE OF HANOVER PARK, ILLINOIS**

DIRECT AND OVERLAPPING PROPERTY TAX RATES - DUPAGE COUNTY

Last Ten Levy Years

<b>Tax Levy Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>VILLAGE DIRECT RATES</b>										
General corporate rate	0.5332	0.4935	1.1095	0.5478	0.6262	0.7209	0.9039	0.9991	0.9836	0.9664
Fire protection	0.6303	0.6043		0.7077	0.7477	0.8068	0.9790	1.1292	1.3204	1.4449
Police Pension	-	-	-	-	-	-	-	-	-	-
Fire Pension	-	-	-	-	-	-	-	-	-	-
Debt service rate	0.1262	0.1146	0.1104	0.1200	0.2091	0.1989	0.2498	0.2658	0.2816	0.3233
Total direct rate	1.2897	1.2124	1.2199	1.3755	1.5830	1.7266	2.1327	2.3941	2.5856	2.7346
<b>OVERLAPPING RATES</b>										
School District #93	3.6473	3.6473	3.6442	3.7112	3.9130	4.1112	4.6112	5.0165	5.1272	5.0951
School District #87	1.7210	1.6612	1.6507	1.6749	1.8378	2.0199	2.2868	2.4877	2.5824	2.5173
Community College #502	0.1929	0.1888	0.1858	0.2127	0.2349	0.2495	0.2681	0.2956	0.2975	0.2786
Hanover Park Park District	0.4059	0.3801	0.3801	0.4091	0.4250	0.4554	0.5614	0.5673	0.5834	0.6099
County including Forest Preserve										
District and Airport	0.3199	0.3008	0.2923	0.2919	0.3138	0.3356	0.3639	0.3875	0.3944	0.3781
Wayne Township	0.1370	0.1289	0.1253	0.1268	0.1378	0.1479	0.1626	0.1796	0.1880	0.1847
Poplar Creek Library	0.3131	0.3696	0.3522	0.4003	0.4158	0.4553	0.5977	0.6249	0.6272	0.6601
<b>TOTAL DIRECT AND OVERLAPPING TAX RATE</b>	<b>8.0268</b>	<b>7.8891</b>	<b>7.8505</b>	<b>8.2024</b>	<b>8.8611</b>	<b>9.5014</b>	<b>10.9844</b>	<b>11.9532</b>	<b>12.3857</b>	<b>12.4584</b>

Note: Overlapping rates are those of local and county governments that apply to property owners within the Village. Not all overlapping rates apply to all village property owners.

Data Source

DuPage County Clerk's Office

VILLAGE OF HANOVER PARK, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
AMB Prop RE Tax Co.	\$ 7,907,880	1	1.50%	\$ 11,682,940	1	1.57%
Bradley Real Estate Co.				8,744,818	2	1.17%
IDI Services Group				7,113,480	3	0.95%
Menards	2,615,129	5	0.50%	6,796,845	4	0.91%
Fisher Scientific Company	3,611,420	3	0.69%	5,694,910	5	0.76%
IDI Services Group				4,611,700	6	0.62%
Wheaton Bank Trust 1238				4,560,015	7	0.61%
Northern Builders Inc.				4,287,570	8	0.57%
GPT Hunter Road - Insight	2,459,660	7	0.47%			
Cardinal Capital Partners - GE Trans	2,726,870	4	0.52%			
Iron Mountain Information Mgmt	2,218,170	8	0.42%			
MS Claremont LP - Symphony	2,494,861	6	0.47%			
NewPlan Excel Realty (7000s Barrington)	3,766,057	2	0.72%			
Individual Taxpayer - Pebblewood Court Apts	-			3,844,008	9	0.52%
National Shopping Plaza	1,002,882	9	0.19%			
Public Storage	532,755	10	0.10%			
Kmart Corporation	-			3,673,215	10	0.49%
<b>TOTAL</b>	<u>\$ 29,335,684</u>		<u>5.58%</u>	<u>\$ 61,009,501</u>		<u>8.18%</u>

Data Source

Office of the Cook and DuPage County Clerk's

**VILLAGE OF HANOVER PARK, ILLINOIS**

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Levy Years

Tax Levy Year	Fiscal Period Ended	Tax Levied	Collected Within the Fiscal Period of the Levy		Collections in Subsequent Periods	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	April 30, 2007	\$ 8,669,475	\$ 1,581,476	18.24%	\$ 6,985,693	\$ 8,567,169	98.82%
2007	April 30, 2008	8,771,573	1,643,467	18.74%	7,003,039	8,646,506	98.57%
2008	April 30, 2009	8,997,079	1,689,164	18.77%	7,087,709	8,776,873	97.55%
2009	April 30, 2010	9,360,557	1,840,527	19.66%	7,062,439	8,902,966	95.11%
2010	April 30, 2011	11,081,993	1,677,810	15.14%	8,978,384	10,656,194	96.16%
2011	April 30, 2012	11,294,245	2,548,018	22.56%	8,314,635	10,862,653	96.18%
2012	April 30, 2013	11,718,824	2,478,683	21.15%	9,221,570	11,700,253	99.84%
2013	December 31, 2014	12,692,238	4,013,571	31.62%	7,373,058	11,386,629	89.71%
2014	December 31, 2015	13,249,064	13,110,424	98.95%	85,087	13,195,511	99.60%
2015	December 31, 2016	13,386,715	13,577,430	101.42%	-	13,577,430	101.42%

N/A - Not available

Note: Levies for all Special Service Areas have been excluded from this table.

Because there was one tax levy for the periods ended April 30 and December 31, 2014, those collections were combined above.

Data Source

Village records

**VILLAGE OF HANOVER PARK, ILLINOIS**

**TAXABLE SALES BY CATEGORY**

Last Ten Calendar Years

<b>Calendar Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,127	\$ -	\$ -
Food	560,621	573,464	606,170	585,020	597,879	472,391	503,151	561,648	574,319	576,736
Drinking and eating places	286,025	281,456	256,548	253,927	264,442	278,890	284,229	273,975	303,626	305,715
Apparel	-	-	-	-	-	-	-	522	-	-
Furniture, HH and radio	104,591	42,647	24,904	24,015	24,163	27,875	27,853	25,639	28,226	20,856
Lumber, building and hardware	264,845	277,415	416,200	444,876	459,688	517,245	525,261	533,309	604,029	615,656
Automobile and filling stations	318,134	309,685	279,146	329,497	370,963	303,586	294,965	316,758	282,731	292,880
Drugs and miscellaneous retail	428,619	405,162	416,339	470,691	503,913	571,334	598,156	571,484	512,741	519,202
Agriculture and all others	534,035	1,194,051	2,035,368	2,398,052	2,614,185	2,542,521	2,831,702	2,927,845	3,171,299	3,486,299
Manufacturers	38,436	72,542	79,521	57,678	29,619	29,239	69,661	77,973	138,599	72,118
<b>TOTAL</b>	<b>\$ 2,535,306</b>	<b>\$ 3,156,422</b>	<b>\$ 4,114,196</b>	<b>\$ 4,563,756</b>	<b>\$ 4,864,852</b>	<b>\$ 4,743,081</b>	<b>\$ 5,134,978</b>	<b>\$ 5,301,280</b>	<b>\$ 5,615,569</b>	<b>\$ 5,889,461</b>
<b>VILLAGE DIRECT SALES TAX RATE</b>	<b>1.00%</b>									

Data Source

Illinois Department of Revenues

**VILLAGE OF HANOVER PARK, ILLINOIS**  
**HOME RULE TAXABLE SALES BY CATEGORY**

Last Ten Calendar Years

<b>Calendar Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,561	\$ -	\$ -
Food	75,161	64,159	68,648	70,052	71,383	56,370	65,115	81,138	107,834	116,472
Drinking and eating places	131,575	129,871	119,158	118,713	123,355	133,067	168,674	195,334	215,732	217,608
Apparel	-	-	-	-	-	-	-	-	-	-
Furniture, HH and radio	52,293	21,323	12,452	12,006	12,082	13,938	17,842	19,228	20,863	15,643
Lumber, building and hardware	130,691	136,980	204,575	219,262	226,021	254,137	321,137	392,241	444,486	453,347
Automobile and filling stations	148,079	147,813	133,108	156,364	177,242	139,940	175,553	218,435	195,829	198,978
Drugs and miscellaneous retail	100,342	88,635	91,278	121,662	133,369	167,456	230,393	249,511	190,616	186,821
Agriculture and all others	261,862	594,900	1,014,659	1,196,027	1,304,854	1,269,342	1,775,671	2,190,176	2,378,404	2,592,832
Manufacturers	19,123	36,144	39,529	28,387	14,353	14,061	43,212	57,674	91,765	53,339
<b>TOTAL</b>	<b>\$ 919,126</b>	<b>\$ 1,219,825</b>	<b>\$ 1,683,407</b>	<b>\$ 1,922,473</b>	<b>\$ 2,062,659</b>	<b>\$ 2,048,311</b>	<b>\$ 2,797,597</b>	<b>\$ 3,411,298</b>	<b>\$ 3,645,529</b>	<b>\$ 3,835,039</b>
<b>VILLAGE HOME RULE SALES TAX RATE</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.75%</b>

Data Source

Illinois Department of Revenues

**VILLAGE OF HANOVER PARK, ILLINOIS**

**DIRECT AND OVERLAPPING SALES TAX RATES - COOK COUNTY**

Last Ten Calendar Years

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<b>Calendar Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Village direct rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Village home rule rate	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Regional Transportation Authority	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
County direct rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
County home rule rate	0.75%	0.75%	1.75%	1.75%	1.25%	1.00%	0.75%	0.75%	0.75%	1.75%
State rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>TOTAL</b>	<b>8.50%</b>	<b>8.75%</b>	<b>9.75%</b>	<b>9.75%</b>	<b>9.25%</b>	<b>9.00%</b>	<b>8.75%</b>	<b>8.75%</b>	<b>8.75%</b>	<b>9.75%</b>

Data Source

Illinois Department of Revenues

**VILLAGE OF HANOVER PARK, ILLINOIS**

**DIRECT AND OVERLAPPING SALES TAX RATES - DUPAGE COUNTY**

Last Ten Calendar Years

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<b>Calendar Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Village direct rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Village home rule rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%
Regional Transportation Authority	0.25%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
County direct rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
State rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>TOTAL</b>	<b>7.00%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>7.75%</b>

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Data Source

Illinois Department of Revenues

VILLAGE OF HANOVER PARK, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities IEPA Loan	Total Primary Government	Total Equalized Assessed Value (EAV)	Percentage of EAV	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Notes Payable	Tax Increment Revenue Bonds						
2008	\$ 11,120,000	\$ 131,834	\$ 3,350,000	\$ 3,091,905	\$ 17,693,739	\$ 746,188,021	2.37%	2.32%	\$ 462.24
2009	10,150,000	49,250	1,650,000	2,810,817	14,660,067	789,204,793	1.86%	1.92%	382.99
2010	19,140,000	-	-	2,522,513	21,662,513	810,756,275	2.67%	2.84%	565.91
2011	23,095,000	-	-	2,225,029	25,320,029	743,653,328	3.40%	2.94%	666.79
2012	22,030,000	-	-	1,919,889	23,949,889	695,936,302	3.44%	2.79%	630.71
2013	21,289,045	-	-	1,606,283	22,895,328	626,685,617	3.65%	2.66%	602.94
2014	20,477,418	-	-	1,283,975	21,761,393	542,401,799	4.01%	2.53%	573.08
2014*	19,615,000	-	-	1,067,648	20,682,648	542,401,799	3.81%	2.41%	544.67
2015	18,654,164	-	-	730,463	19,384,627	533,303,999	3.63%	2.26%	510.90
2016	17,667,537	-	-	383,924	18,051,461	525,854,318	3.43%	2.10%	475.84

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

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

(1) See the schedule of Demographic and Economic Statistics for personal income and population data.

Data Source

Village records

**VILLAGE OF HANOVER PARK, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Gross General Obligation Bonds</b>	<b>Less Amounts Available In Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Equalized Assessed Value (1)</b>	<b>Per Capita (2)</b>
2008	\$ 11,120,000	\$ 790,270	\$ 10,329,730	1.38%	\$ 269.86
2009	10,150,000	512,014	9,637,986	1.22%	251.79
2010	19,140,000	169,528	18,970,472	2.34%	495.60
2011	23,095,000	-	23,095,000	3.06%	608.20
2012	22,030,000	234,149	21,795,851	3.13%	573.98
2013	21,289,045	370,984	20,918,061	3.34%	550.87
2014	20,477,418	553,653	19,923,765	3.67%	524.68
2014*	19,615,000	214,928	19,400,072	3.58%	510.89
2015	18,654,164	172,733	18,481,431	3.47%	487.12
2016	17,667,537	272,209	17,395,328	3.31%	458.56

Note: The amounts in the Village's debt service funds are externally restricted and, as such, the per capita ratio uses the net bonded debt. Further details regarding the Village's outstanding debt can be found in the notes to the financial statements.

- (1) See the schedule of Ratios of Outstanding Debt by Type for equalized assessed value data (actual taxable value of property).
- (2) See the schedule of Demographic and Economic Statistics for the per capita income data.

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

Data Source

Village Records

**VILLAGE OF HANOVER PARK, ILLINOIS**

**DIRECT AND OVERLAPPING BONDED DEBT**

December 31, 2016

<b>Governmental Unit</b>	<b>Outstanding GO Bonded Debt</b>		<b>Percentage to Debt Applicable to Village</b>	<b>Village's Share of Debt</b>
Village of Hanover Park	\$ 17,667,537		100.00%	\$ 17,667,537
School District #20	11,835,000		35.54%	4,206,233
School District #93	13,815,000	(4)	8.62%	1,190,482
High School District #87	25,855,000	(3)(4)	1.90%	492,314
High School District #108	33,330,000	(3)	6.97%	2,322,531
High School District #211	6,230,000		1.76%	109,789
Community School District #46	300,649,211	(2)	5.11%	15,349,271
Community College District #502	193,170,000	(3)	0.59%	1,133,592
Community College District #509	185,049,198	(2)	2.06%	3,811,066
Community College District #512	158,810,000		0.70%	1,118,071
Total school districts	<u>928,743,409</u>			<u>29,733,349</u>
Cook County	3,361,910,000		0.18%	6,142,531
DuPage County	42,020,000	(3)(4)	0.96%	401,373
Cook County Forest Preserve District	163,117,000	(3)	0.18%	298,030
DuPage County Forest Preserve District	140,577,987	(2)(3)	0.96%	1,342,794
Metropolitan Water Reclamation District	2,493,400,740	(1)	0.18%	4,444,904
Bartlett Park District	26,655,000	(3)	3.17%	845,668
Hanover Park Park District	3,330,000	(3)	94.93%	3,161,277
Schaumburg Park District	13,545,000	(3)	1.33%	180,278
Poplar Creek Library District	17,765,000		34.51%	6,130,885
Bloomington Fire Protection District	950,000		5.38%	51,085
Total other	<u>6,263,270,727</u>			<u>22,998,825</u>
Total overlapping debt	<u>7,192,014,136</u>			<u>52,732,174</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$ 7,209,681,673</u></u>			<u><u>\$ 70,399,711</u></u>

- (1) Includes IEPA Revolving Loan Fund Bonds.
- (2) Includes original principal amounts of outstanding General Obligation Alternate Revenue Source Bonds.
- (3) Excludes principal amounts of outstanding General Obligation alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.
- (4) Excludes outstanding debt certificates.

Data Sources

Cook and DuPage County Clerk's Office, Cook County Comptroller and the Treasurer of the Metropolitan Water Reclamation District of Greater Chicago

**VILLAGE OF HANOVER PARK, ILLINOIS**

**LEGAL DEBT MARGIN**

December 31, 2016

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The Village is a home rule municipality.

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

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

To date the General Assembly has set no limits for home rule municipalities.

**VILLAGE OF HANOVER PARK, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate (1)</b>
2008	38,278	\$ 764,028,880	\$ 19,960	29.7	6,432	6.80%
2009	38,278	768,028,880	19,960	29.7	6,432	11.20%
2010	38,278	768,028,880	19,960	29.7	6,432	11.40%
2011	37,973	859,822,639	22,643	31.5	7,799	10.40%
2012	37,973	859,822,639	22,643	31.5	7,799	8.90%
2013	37,973	859,822,639	22,643	31.5	7,799	10.10%
2014	37,973	859,822,639	22,643	31.5	7,799	10.10%
2014*	37,973	859,822,639	22,643	31.5	7,799	10.10%
2015	37,973	859,822,639	22,643	31.5	7,799	6.10%
2016	37,973	859,822,639	22,643	31.5	7,799	5.70%

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

Data Sources

(1) Illinois Department of Employment Security (using annual averages)

**VILLAGE OF HANOVER PARK, ILLINOIS**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

<b>Employer</b>	<b>2016 (1)</b>			<b>2007 (2)</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total Village Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total Village Employment</b>
Maines Paper & Food Service	400	1	1.92%			
Fischer Scientific	300	2	1.44%	345	1	6.98%
Insight Enterprises, Inc.	250	3	1.20%	200	3	4.05%
Camcraft, Inc.	245	4	1.18%	200	2	4.05%
Fuji Film	200	5	0.96%	180	4	3.64%
Pentair/Everpure, LLC	200	6	0.96%			
Village of Hanover Park	193	7	0.93%	182	5	3.68%
School Health Corporation	145	8	0.70%	90	9	1.82%
AMPAC	125	9	0.60%			
Wilson Pet Supply	120	10	0.58%			
Cubs Foods				125	6	2.53%
Fellowes Manufacturing				120	7	2.43%
Menards				90	8	1.82%
Jefferson Smurfit				40	10	0.81%
	<u>2,178</u>		<u>10.47%</u>	<u>1,572</u>		<u>31.81%</u>

Data Sources

Village Community Development Department Records and U.S. Census Bureau

(1) A selective telephone survey.

(2) 2004 Illinois Manufacturers Directory, 2004 Illinois Services Directory and a selective telephone survey.

**VILLAGE OF HANOVER PARK, ILLINOIS**

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014*</b>	<b>2015</b>	<b>2016</b>
<b>GENERAL GOVERNMENT</b>										
Village Clerk	1	1	2	2	2	2	2	2	2	2
Administration	4	4	2	2	2	2	2	2	2	3
Legal	2	2	-	-	-	-	-	-	-	-
Human Resources	3	3	3	3	3	3	3	4	3	3
Information Technology	3	3	3	3	3	3	3	3	3	3
Finance	10	9	9	10	10	9	9	10	11	11
<b>PUBLIC WORKS</b>	39	39	37	38	38	38	36	36	36	38
<b>POLICE</b>	74	78	81	80	80	80	80	85	85	85
<b>FIRE</b>	36	36	36	37	40	41	41	41	41	41
<b>COMMUNITY DEVELOPMENT</b>	9	9	8	6	2	2	2	3	3	3
<b>WATER AND SEWER</b>	12	12	12	12	12	12	10	10	10	9
<b>TOTAL</b>	193	196	193	193	192	192	188	196	196	198

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

Data Source

Village records

VILLAGE OF HANOVER PARK, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2014*	2015	2016
<b>PUBLIC WORKS</b>										
Forestry										
Number of parkway trees planted	12	38	42	50	-	-	140	-	159	630
Number of parkway trees trimmed	2,443	1,724	1,994	2,094	2,311	2,123	1,870	1,550	1,467	1,570
Brush pickup program (cubic yards collected)	2,314	1,593	1,660	1,765	1,465	1,640	1,400	965	1,090	1,095
Fleet services										
Number of vehicles maintained	150	150	150	150	152	154	154	154	156	156
Preventative maintenance services	412	417	419	427	436	418	422	420	435	408
<b>PUBLIC SAFETY</b>										
Fire										
Number of fire calls	907	909	830	912	938	970	1,120	653	1,089	1,101
Number of EMS calls	2,022	2,225	2,045	2,255	2,347	2,356	2,458	1,845	2,434	2,455
Number of training hours	11,484	10,960	10,767	10,967	14,879	13,626	14,563	9,982	15,954	14,120
ISO rating	4	4	4	4	4	4	4	4	2	2
Police										
Part I crime	704	656	660	587	503	481	379	290	305	295
Part II crime	4,469	3,799	3,674	4,476	5,019	5,611	5,600	2,626	3,583	3,998
Calls for service	42,583	43,257	40,279	42,226	44,675	47,775	45,244	28,375	43,255	49,150
State tickets issued	8,808	7,069	6,022	6,320	7,039	9,135	7,793	4,617	6,807	7,116
Compliance tickets issued	43	5	14	26	15	16	5	-	0	1,463
Parking tickets issued	13,710	14,147	10,539	12,161	11,918	13,786	11,609	7,709	9,270	10,223
<b>COMMUNITY DEVELOPMENT</b>										
Number of building permits issued	1,794	1,402	1,233	1,808	1,405	1,502	987	684	1,654	1,896
Number of building inspections	5,267	5,744	3,246	3,845	2,585	2,791	2,965	1,829	5,896	6,076
Number of food service inspections	336	338	488	509	484	493	496	295	422	401
<b>HIGHWAYS AND STREETS</b>										
Sidewalk replaced (square feet)	21,148	17,629	18,377	25,100	26,361	30,159	23,600	23,690	28,159	20,661
Annual resurfacing program (\$)	553,835	584,161	563,027	647,921	550,713	917,493	799,039	900,000	-	1,082,954
Crack sealing (pounds installed)	24,900	-	29,400	27,000	22,700	21,777	22,680	15,600	16,080	16,666

Function/Program	2008	2009	2010	2011	2012	2013	2014	2014*	2015	2016
<b>WATER AND SEWER</b>										
Water main breaks	39	49	37	58	55	75	43	43	41	55
Hydrants flushed	1,455	1,463	1,462	1,484	1,475	1,475	1,475	1,599	1,475	1,482
Water meters read	97,025	68,140	66,798	68,186	69,019	67,618	40,462	40,462	41,239	107,171
Water meter service requests	6,050	5,870	6,266	6,301	6,080	6,357	3,765	3,765	4,477	3,393
Water meters replaced	17	29	32	32	22	32	25	25	102	100
Total distribution pumpage (1,000 gallons)	1,029,079	965,392	974,916	954,763	938,977	929,490	889,160	873,958	886,487	806,682
Average daily pumpage (1,000 gallons)	2,819	2,645	2,671	2,616	2,566	2,547	2,436	2,394	2,429	2,204
Sanitary sewer televising (feet)	39,422	3,851	41,425	50,743	65,210	17,615	2,801	600	20,831	54,051
Sanitary sewer repairs	4	1	3	3	2	1	1	1	2	5

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

Note: Indicators are not available for the general government functions.

Data Source

Village records

**VILLAGE OF HANOVER PARK, ILLINOIS**

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014*</b>	<b>2015</b>	<b>2016</b>
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	20	20	20
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>PUBLIC WORKS</b>										
Streets (miles)	99.36	99.36	99.36	99.36	80.13	99.36	99.36	80.13	80.13	80.13
Sidewalks (miles)	154.84	155.13	155.13	155.13	155.15	155.15	155.15	155.25	155.25	155.30
Streetlights	1,081	1,086	1,090	1,130	1,138	1,141	1,141	1,088	1,088	1,088
<b>WATER AND SEWER</b>										
Water mains (miles)	111.83	111.78	112.05	112.35	112.35	112.35	112.35	112.35	112.35	112.35
Fire hydrants	1,459	1,464	1,469	1,474	1,475	1,475	1,477	1,475	1,482	1,483
Sanitary sewers (miles)	93.96	93.96	93.76	93.76	93.80	93.80	93.80	93.80	94.03	94.03
Manholes	2,351	2,351	2,342	2,343	2,346	2,346	2,348	2,348	2,353	2,353

\* The Village changed its fiscal year end from April 30 to December 31 effective December 31, 2014

Data Source

Village records



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
Members of American Institute of Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTION OF COMPLIANCE

The Honorable Village President  
Members of the Board of Trustees  
Village of Hanover Park, Illinois

We have examined management's assertion that the Village of Hanover Park, Illinois (the Village) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2016 for Village Center TIF District (TIF #3), West Irving Park Road Corridor TIF District (TIF #4) and East Irving Park Road TIF District (TIF #5). The Village's management is responsible for its assertion. Our responsibility is to express an opinion on the Village's assertion about the Village's compliance with the specified requirements based on our examination.

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

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

In our opinion, management's assertion that the Village of Hanover Park, Illinois complied with the aforementioned requirements for the year ended December 31, 2016 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Trustees, the Illinois Comptroller's Office, the Joint Review Board and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
April 27, 2017