

VILLAGE OF HANOVER PARK, ILLINOIS



Hanover Park^{USA}

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

VILLAGE OF HANOVER PARK, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2017

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, 2017

LEGISLATIVE

VILLAGE BOARD OF TRUSTEES

Rodney S. Craig, President

Bob Prigge

Jon Kunkel

James Kemper

Rick Roberts

Herb Porter

Sharmin Shahjahan

Eira Corral Sepulveda, Clerk

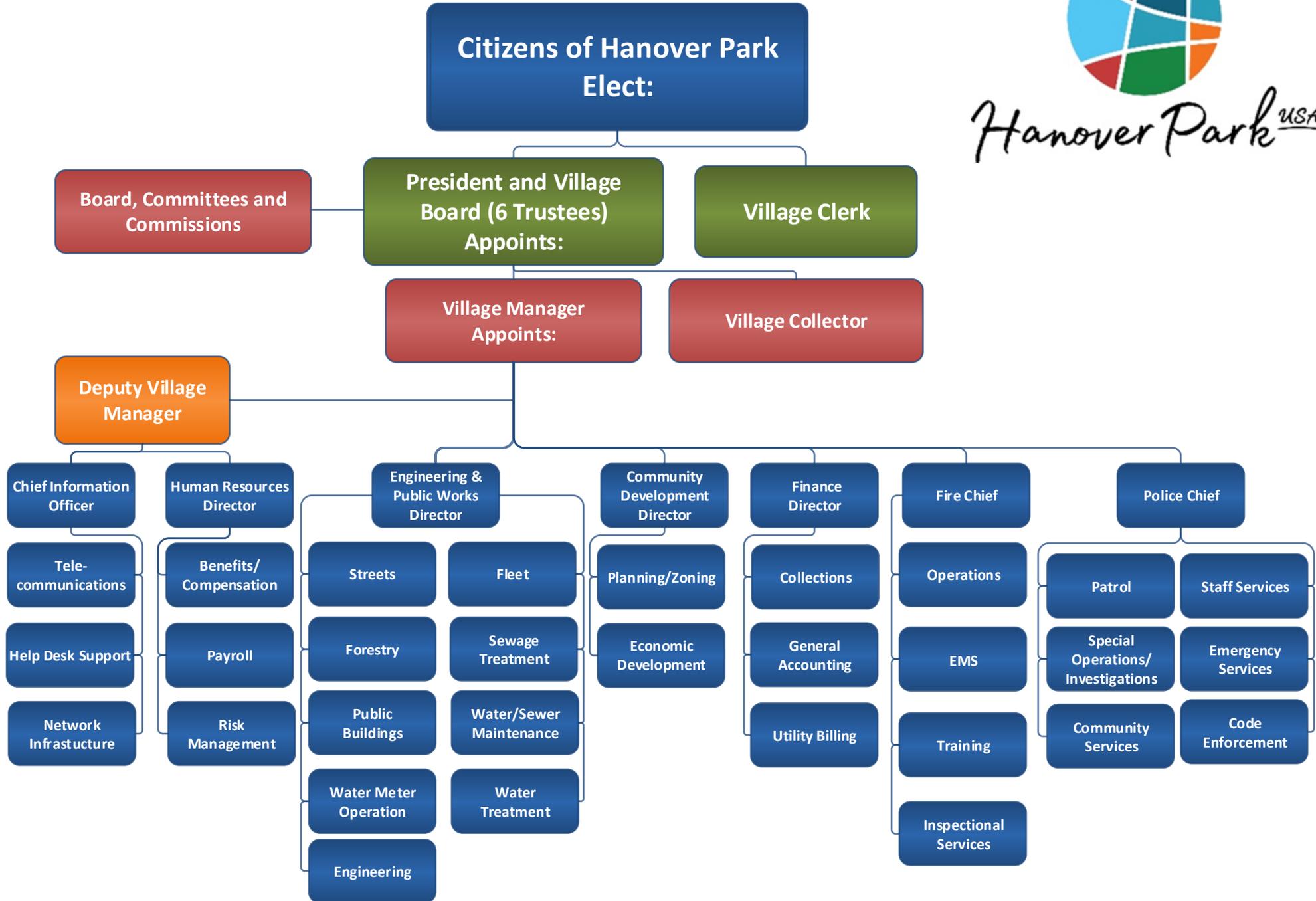
ADMINISTRATIVE

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, 2016

Christopher P. Morrill

Executive Director/CEO



Village of Hanover Park Administration

Municipal Building
2121 West Lake Street, Hanover Park, IL 60133
630-823-5600 tel 630-823-5786 fax

hpil.org

Village 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 27, 2018

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, 2017 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 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, 2017.

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, 2017. The independent auditor's report is 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 Council-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. Weekly 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 2016, the Village became 100% owner of Hanover Square. 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.

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 31st 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.

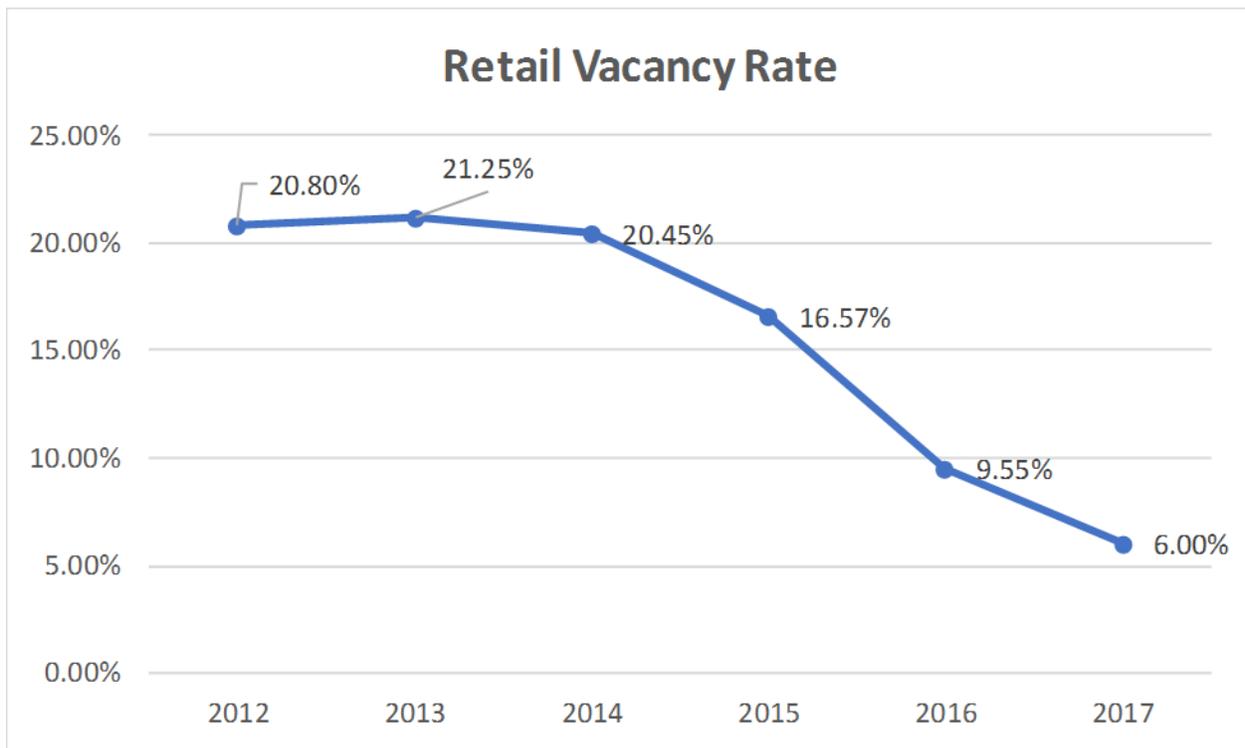
There were 196 full-time positions and 41 part-time positions, excluding seasonal workers, in the Fiscal Year 2017 annual budget. There are six different labor unions that represent sworn police officers and sergeants, civilian police employees, firefighters, paid on-call firefighters, and Public Works employees.

Local Economy

Over 430 businesses are in the Village of Hanover Park. There are more than 5,000,000 square feet of Class A 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.

Almost \$6M worth of private investment was made in the business community, with remodeling/redevelopment (two McDonalds, Tap House Grill, Denny's, School on Jensen, Mid-States Graphics Ltd).

The Village commercial vacancy rate has been reduced from over 20% in 2012 to 6% in 2017. Our industrial vacancy rate continues to be low as well.



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

- **Property Taxes** – the Village has collected \$11,736,407 or 100.88% of the budgeted amount, a decrease of \$106,267 from last year’s actual budget due to changes in distribution of pensions levy which took effect in FY2017. All in all, Village exceeded the budgeted amount for 2016 Tax Levy collected in FY2017.
- **Telecommunication Tax** – the Village has collected \$600,186 or 86.36% of the budgeted amount, a decrease of \$90,579 from last year’s actual budget. The account continues to decrease due to consumers changing to data plans for cell service which are not taxable.
- **Electric Tax** – the Village has collected \$973,072 or 97.70% of the budgeted amount, a decrease of \$39,575 from last year’s actual budget. Taxes are generated based on actual usage and largely dependent on fluctuation in temperatures and population.
- **Natural Gas Tax** – the Village has collected \$214,965 or 91.47% of the budgeted amount, an increase of \$22,377 from last year’s actual budget. 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 \$6,395,188 or 113.79% of the budgeted amount, an increase of \$483,802 from last year’s actual budget due to some companies increasing their sales in FY2017 (such as Insight, Menards and Fisher Scientific). This revenue is based on the dollar amount of purchased tangible merchandise within the Village.
- **Municipal Automobile Renting Tax** – the Village has collected \$12,143 or 86.74% of the budgeted amount, a decrease of \$1,765 from last year’s actual budget. 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 \$4,197,024 or 114.99% of the budgeted amount, an increase of \$345,744 from last year’s actual budget due to some companies increase in sales for FY2017 (such as Insight, Menards and Fisher Scientific). 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 \$44,408 or 98.68% of the budgeted amount, a decrease of \$473 from last year’s actual budget. This revenue is based on the dollar amount of taxes upon the use and privilege of renting and leasing or letting of rooms in a hotel or motel at a rate of 3% of the gross receipts.

- **Use Tax** – the Village has collected \$982,230 or 112.25% of the budgeted amount, an increase of \$59,926 from last year’s actual budget. This revenue 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 \$1,156,763 or 105.16% of the budgeted amount, a decrease of \$3,652 from last year’s actual budget. 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 \$3,487,788 or 90.12% of the budgeted amount, a decrease of \$208,657 from last year’s actual budget due to the ten percent (10%) reduction imposed by the State in FY2017. This revenue is based on a portion of State Income Tax receipts distributed to the Village on a per-capita basis (population).
- **Real Estate Transfer Tax** –the Village has collected \$391,534 or 103.00% of the budgeted amount, a decrease of \$319,492 from last year’s actual budget due to two (2) commercial buildings transfer of ownership in FY2016. This is an imposed tax of \$1.50 for each \$500 on the transfer of title of real estate property located in the Village, as evidenced by the recordation of a deed.
- **Licenses** – the Village has collected \$385,032 or 110.67% of the budgeted amount, an increase of \$81,338 from last year’s actual budget due to Tap House Grill and Checkers opening in FY2017. Also due to a change in the way Liquor and Business Licenses revenues are recorded.
- **Permits** – the Village has collected \$325,848 or 129.82% of the budgeted amount, an increase of \$44,153 from last year’s actual budget due to Commercial bldg. roofing, remodeling or addition (Tap House Grill, McDonald’s, Prologis and Mid-States Graphics Ltd). Building permit exceeded the budgeted amount for FY2017.
- **Fees** –the Village has collected \$1,775,513 or 99.79% of the budgeted amount, a decrease of \$87,219 from last year’s actual budget due to end of the year adjustment. Revenues included in the total are solid waste, cable franchise fees, ambulance fees and Impound fees.
- **Personal Property Tax** - the Village has collected \$100,410 or 114.10% of the budgeted amount, an increase of \$13,628 from last year’s actual budget. This increase is the overpayment of PPRT in FY2015 that the Village was originally supposed to pay back to the Illinois Department of Revenue in the amount of \$10,991.64. In September 2017, Illinois Department of Revenue issued a letter serving as official notification that the Department will not seek to recoup any of the overpaid amount.

- **Fines** – the Village has collected \$845,206 or 151.01% of the budgeted amount, an increase of \$154,273 from last year’s actual budget. Revenues included in the total are traffic fines, adjudication hearing process for Ordinance violation and red-light camera fines.
- **Investment Income** - the Village has collected \$128,427 or 229.33% of the budgeted amount, an increase of \$59,567 from last year’s actual budget. The increase was due to higher rates of CD’s in FY2017.
- **Miscellaneous Revenue** - the Village has collected \$821,219 or 142.40% of the budgeted amount, a decrease of \$120,563 from last year’s actual budget. The decrease is due to a catch-up payment of Sprint in FY2016 for antenna space (rental income). Revenues included in the total are rental income and reimbursement checks from our risk management company IRMA.

The Village’s equalized assessed valuation increased by \$24.3 million, or 4.16%, from \$585.8 million in the 2016 levy year to \$610.2 million in the 2017 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 2017.

<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%
2017	\$610,236,664	\$24,350,714	4.16%

Long-Term Financial Planning and Relevant Financial Policies

The unrestricted, unassigned fund balance of the General Fund continues to exceed 40% 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 by \$1,692,246. The increase was primarily due to revenues coming in at \$1.73 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, 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%
31-Dec-17	\$21,124,648	\$34,630,888**	61.00%

*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 \$34,630,888 is the adopted budget of General Fund for FY2018.

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 2017 Budget, the Village enhanced the CIP and included all five years in the budget document.

Major Initiatives

The Village of Hanover Park continues to manage its fiscal operations well and operate cost effectively in Fiscal Year 2017. 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 a 39-year lease for MWRD land located adjacent to 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. The Village continues to use video gaming fees and taxes for maintenance and improvement of this facility, now referred to as the Hanover Park Sport Complex.
- In 2018 the Village Board approved a license to allow three (3) new cricket fields and one (1) new soccer field to be constructed at the Hanover Park Sports Complex.
- 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, Village has made major improvements to the exterior and interior of the shopping center with facade improvements, new roof, parking lot, landscaping and "buildout" for several tenants. About 20,000 square feet remains to be leased. The Village hired a professional leasing agent to market the vacant spaces and recruit new businesses. The Village is also working with a professional property manager to address continuous and ongoing property maintenance issues.
- Received notice in 2016 that \$240,000 in Community Development Block Grant funds will be awarded to the Village to reconstruct Greenbrook Court. The project has been bid, a contract approved, and construction to occur in summer of 2018.
- Church Street Station Shopping Center located on Lake Street is now 100% leased. This is the first time in the shopping center's history that all units are occupied with active businesses.
- Suburban Medical Group is completing the renovation at 1900 Army Trail Road for medical use.

- A few restaurants either opened or expanded within the Village during 2017 including: McDonald's on Lake Street (building expansion), McDonald's on Barrington road (building expansion), new Checker's Restaurant opened at 7460 Barrington Road, and Tap House Grill signed a lease for the former Baker Square building at 7600 Barrington Road.
- A Redevelopment Agreement was approved for a 215-unit senior housing development project at 900 Irving Park Road. The development will include 55 townhomes, 80 condominiums, 68 assisted living units, 12 memory care units, a 10,000 square foot club house, communal dining and fitness facilities, ancillary medical offices, and a one-acre commercial site for future commercial retail/restaurants.
- 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.
- In November 2017, the Village Board approved an update to the Village Center Plan and proceeded to strategically acquire properties to implement the goals of the plan and the Village's long-term vision.
- The "Homes for a Changing Region" housing study was completed and adopted to further the housing goals of our community.

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, 2016. This was the 27th consecutive fiscal year that the Village has received this prestigious award. 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 will be once again submitting it to the GFOA for consideration.

In addition, the Village also received the GFOA's Award for Distinguished Budget Presentation for its Fiscal Year 2018 budget document. This was the 26th consecutive year the Village received this award. 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 appreciation to each member of the Finance Department for contributions made in the timely preparation of this document.

In addition, I would like to thank the Village President, the Village Board of Trustees, Department Heads 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', written in a cursive style.

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 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

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, 2017, 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, 2017, 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

June 27, 2018

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

June 27, 2018

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.

The Village of Hanover Park 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 activities, (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, 2017 by \$79,745,959 (net position). The unrestricted net position has a negative balance of \$5,258,828 due to the Implementation of GASB Statement No. 68. This requires governments to provide defined benefit pensions and to recognize their long-term obligation for pension benefits as a liability in order to comprehensively and comparably measure the annual cost of pension benefits.
- The governmental activities net position increased by \$1,769,563 to \$47,186,110 and the business-type activities net position increased by \$134,450 to \$32,559,849.
- During the year, government-wide revenues before transfers for the governmental and business-type activities totaled \$53,282,781, while expenses totaled \$51,378,768, resulting in the increase in net position of \$1,904,013.
- The Village's combined governmental funds ending fund balance increased by \$3,042,633 to \$30,785,256 as of December 31, 2017.
- At the end of the current period, unrestricted (unassigned) fund balance of the General Fund was \$21,124,648 or 61.00% of General Fund Fiscal Year 2018 annualized budgeted expenditures and other financing uses totaling \$34,630,888.
- The Village's total long-term debt, including pension obligation (GASB 68) and compensated absences liability was decreased by \$2,621,052 to \$64,237,479 compared to FY2016 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 of 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 serve as "the 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 of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

(See independent auditor's report)

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 a 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 section provides 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 18-72 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.
- 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.

Village of Hanover Park, Illinois
Management's Discussion and Analysis
December 31, 2017

The following table shows the statement of net position of the Village of Hanover Park, December 31, 2017 compared to December 31, 2016:

Village of Hanover Park						
Statement of Net Position as of December 31, 2017						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 53,208,101	\$ 51,175,579	\$ 12,496,818	\$ 12,668,352	\$ 65,704,919	\$ 63,843,931
Capital Assets	69,967,596	70,138,014	23,726,345	23,962,571	93,693,941	94,100,585
Total Assets	123,175,697	121,313,593	36,223,163	36,630,923	159,398,860	157,944,516
Deferred Outflows						
Pension Obligation	6,291,896	7,720,176	783,399	1,298,699	7,075,295	9,018,875
Total Assets and Deferred Outflows of Resources	129,467,593	129,033,769	37,006,562	37,929,622	166,474,155	166,963,391
Liabilities						
Current Liabilities	3,532,847	4,660,700	1,044,710	2,327,693	4,577,557	6,988,393
Long-Term Liabilities	61,285,202	63,682,001	2,952,277	3,176,530	64,237,479	66,858,531
Total Liabilities	64,818,049	68,342,701	3,996,987	5,504,223	68,815,036	73,846,924
Deferred Inflows						
Unavailable Property Taxes	13,658,804	13,653,062	-	-	13,658,804	13,653,062
Unavailable Pension items	3,804,630	1,621,459	449,726	-	4,254,356	1,621,459
Total Liabilities and Deferred Inflows	82,281,483	83,617,222	4,446,713	5,504,223	86,728,196	89,121,445
Net Position						
Net Investment in						
Capital Assets	53,331,685	52,470,477	23,575,332	23,578,647	76,907,017	76,049,124
Restricted	8,097,770	7,366,374	-	-	8,097,770	7,366,374
Unrestricted	(14,243,345)	(14,420,304)	8,984,517	8,846,752	(5,258,828)	(5,573,552)
Total Net Position	\$ 47,186,110	\$ 45,416,547	\$ 32,559,849	\$ 32,425,399	\$ 79,745,959	\$ 77,841,946

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 \$79,745,959 as of December 31, 2017. The largest portion of the Village's net position reflects its investment in capital assets of \$76,907,017 or 96.44%. 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. 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 \$8,097,770 or 10.15% represents resources that are subject to external restrictions on how they may be used. The negative balance of unrestricted net position \$5,258,828 or 6.59% 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 \$47,186,110, an increase of 3.90% from Fiscal Year 2016.

The net position of business-type activities totaled \$32,559,849, an increase of 0.41% from Fiscal Year 2016.

The unrestricted net position of \$8,984,517 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.).
- 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 reasonably 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, 2017

Following is a table that summarizes the changes in net position of the Village of Hanover Park as of December 31, 2017 compared to December 31, 2016:

Village of Hanover Park						
Changes in Net Position as of December 31, 2017						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues and Net Transfers						
Program Revenues						
Charges for Services	\$ 3,779,555	\$ 3,653,920	\$ 10,970,348	\$ 11,059,133	\$ 14,749,903	\$ 14,713,053
Operating Grants	1,522,434	1,267,251	-	-	1,522,434	1,267,251
Capital Grants	247,958	255,138	-	-	247,958	255,138
General Revenues						
Property Taxes	15,741,338	15,837,755	-	-	15,741,338	15,837,755
Sales & Local Use Tax	11,574,442	10,684,970	-	-	11,574,442	10,684,970
Utility Taxes	1,788,223	1,896,000	-	-	1,788,223	1,896,000
Other Taxes	1,892,071	2,197,600	-	-	1,892,071	2,197,600
Intergovernmental	3,487,788	3,696,445	-	-	3,487,788	3,696,445
Other Revenue	611,738	372,115	1,666,886	1,362,594	2,278,624	1,734,709
Total Revenues	40,645,547	39,861,194	12,637,234	12,421,727	53,282,781	52,282,921
Expenses						
General Government	5,760,254	5,009,322	-	-	5,760,254	5,009,322
Public Works	6,368,070	5,182,283	-	-	6,368,070	5,182,283
Public Safety	21,225,292	20,981,314	-	-	21,225,292	20,981,314
Community Development	3,618,986	4,005,981	-	-	3,618,986	4,005,981
Highways and Streets	866,856	703,424	-	-	866,856	703,424
Interest	894,677	925,399	-	-	894,677	925,399
Water and Sewer	-	-	12,302,852	11,669,151	12,302,852	11,669,151
Commuter Parking Lot	-	-	341,781	380,323	341,781	380,323
Total Expenses	38,734,135	36,807,723	12,644,633	12,049,474	51,378,768	48,857,197
Change in Net Position before Transfers	1,911,412	3,053,471	(7,399)	372,253	1,904,013	3,425,724
Net Transfers	(141,849)	76,000	141,849	(76,000)	-	-
Change in Net Position Net Position, January 1	1,769,563	3,129,471	134,450	296,253	1,904,013	3,425,724
Net Position, January 1	45,416,547	43,142,984	32,425,399	32,186,063	77,841,946	75,329,047
Prior Period Adjustment	-	(380,610)	-	(968,376)	-	(1,348,986)
Change in Accounting Principle	-	(475,298)	-	911,459	-	436,161
Net Position, January 1 RESTATED	-	42,287,076	-	32,129,146	-	74,416,222
Net Position, December 31	\$ 47,186,110	\$ 45,416,547	\$ 32,559,849	\$ 32,425,399	\$ 79,745,959	\$ 77,841,946

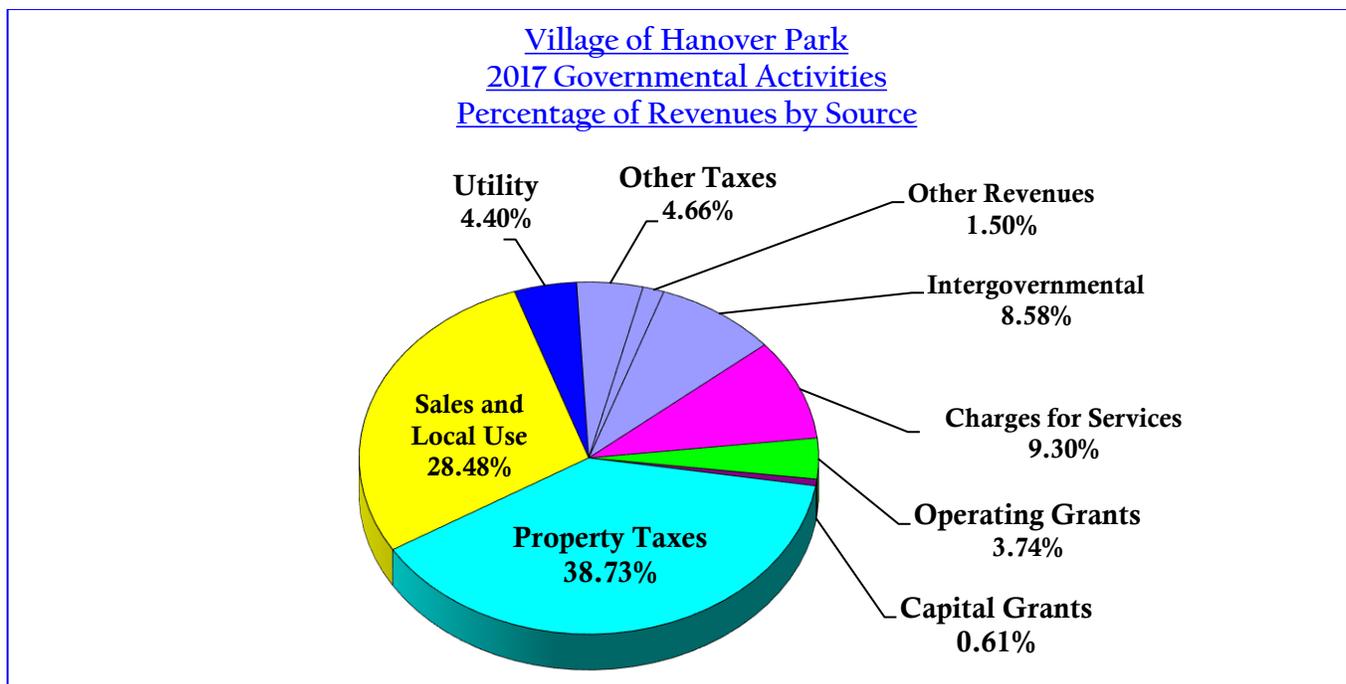
(See independent auditor's report)
MD & A 8

Net position of the Village's governmental activities increased by 3.90%, or \$1,769,563 (\$47,186,110 in 2017 compared to \$45,416,547 in 2016). Net position of business-type activities increased by 0.41%, or \$134,450 (\$32,559,849 in 2017 compared to \$32,425,399 in 2016). Key elements contributing to this net change are as follows:

Governmental Activities

Revenues

Revenues for governmental activities totaled \$40,645,547 and \$39,861,194 for 31st December 2017 and 31st December 2016 respectively. This is an increase of \$784,353.



Some key changes during the year for the governmental activity revenues are described below:

- Charges for services revenues increased by \$125,635 compared to prior year, due to traffic and ordinance violations collected by the Village's new collection agency.
- Property taxes revenues decreased by \$96,417 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 \$889,472 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 \$107,777 compared to prior year, due to continuously declining revenue of Telecommunication tax due to consumers changing to data plans for cell phone service 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 decreased by \$305,529 compared to prior year, due to Real Estate Transfer Stamp of three (3) commercial building transfers of ownership in FY2016.
- Intergovernmental revenues decreased by \$208,657 compared to prior year, due to a one-time ten percent (10%) reduction of State Income Tax imposed by the State of Illinois to help balance their budget deficit.

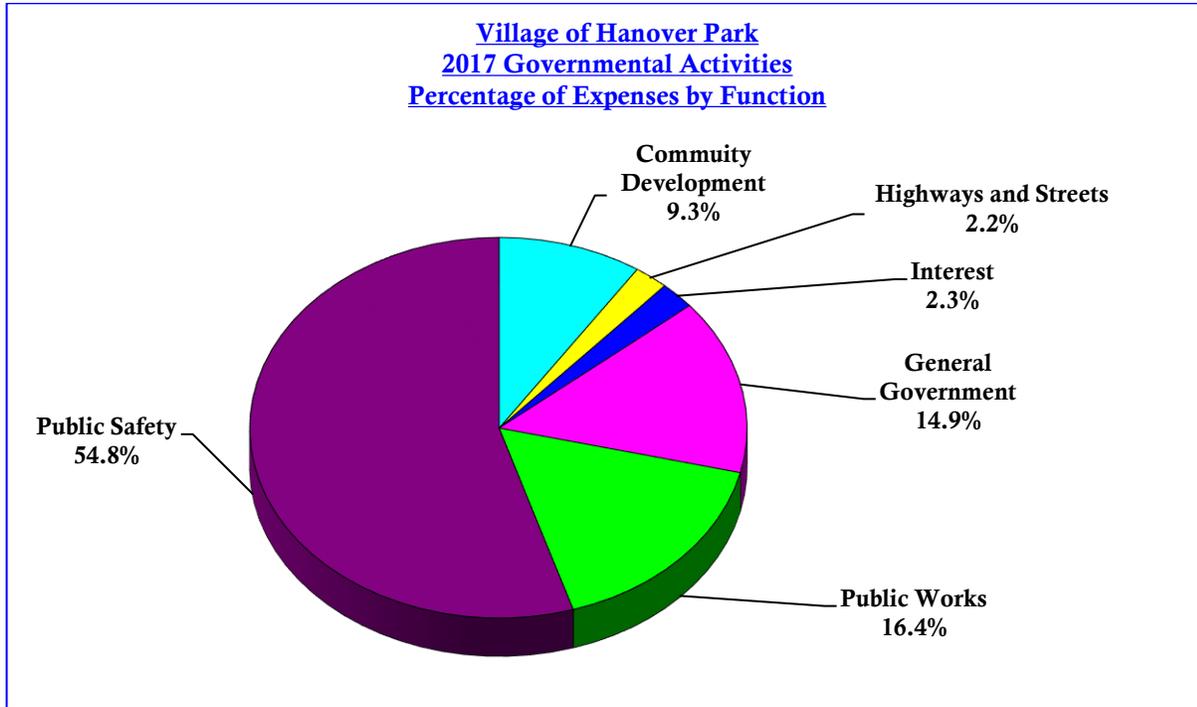
Village of Hanover Park
Changes in Select Governmental Activities Revenues

	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2016	2017		
Property Tax	\$ 15,837,755	\$ 15,741,338	\$ (96,417)	-0.61%
Sales and Use Tax	10,684,970	11,574,442	889,472	8.32%
Charges for Services	3,653,920	3,779,555	125,635	3.44%
Utility Taxes	1,896,000	1,788,223	(107,777)	-5.68%
Other Taxes	2,197,600	1,892,071	(305,529)	-13.90%
Intergovernmental	3,696,445	3,487,788	(208,657)	-5.64%
Other Revenues	372,115	611,738	239,623	64.39%
Total Revenues	<u>\$ 38,338,805</u>	<u>\$ 38,875,155</u>	<u>\$ 536,350</u>	<u>1.40%</u>

**Village of Hanover Park, Illinois
 Management's Discussion and Analysis
 December 31, 2017**

Expenses

For the year ended December 31, 2017, governmental expenses totaled \$38,734,135, an increase of \$1,926,412, or 5.23% from the 2016 expenses of \$36,807,723. The increase is due to continued increase in pension contribution, personnel costs and the scheduled purchase of a dump truck and sewer cleaner. 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)
	2016	2017		
General Government	\$ 5,009,322	\$ 5,760,254	\$ 750,932	14.99%
Public Works	5,182,283	6,368,070	1,185,787	22.88%
Public Safety	20,981,314	21,225,292	243,978	1.16%
Community Development	4,005,981	3,618,986	(386,995)	-9.66%
Highways and Streets	703,424	866,856	163,432	23.23%
Interest	925,399	894,677	(30,722)	-3.32%
Total Expenditures	\$36,807,723	\$38,734,135	\$ 1,926,412	5.23%

Village of Hanover Park, Illinois
Management's Discussion and Analysis
December 31, 2017

Business-Type Activities

Business-type activities posted total revenues of \$12,637,234, while the cost of all business-type activities totaled \$12,644,633. This results in a loss of \$7,399 prior to net transfers in of \$141,849. In 2016, revenues of \$12,421,727 exceeded expenses of \$12,049,474, resulting in a surplus of \$372,253 prior to net transfer out of \$76,000.

Revenues

For the fiscal year ending December 31, 2017, revenues for the business-type activities totaled \$12,637,234. This is an increase of \$215,507, or 1.73%.

Waterworks & Sewerage increased by \$263,370 compared to prior year, due to infrastructure surcharge and investment income.

Municipal Railroad Parking decreased by \$47,863 compared to prior year, due to a reimbursement received from METRA in the amount of \$49,950 for the commuter lighting upgrade in 2016.

<u>Village of Hanover Park</u>				
<u>Business-Type Activities Operating Revenues</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2016	2017		
Waterworks & Sewerage	\$ 11,977,666	\$ 12,241,036	\$ 263,370	2.20%
Municipal Railroad Parking Lot	444,061	396,198	(47,863)	-10.78%
Total Business-Type Activities	<u>\$ 12,421,727</u>	<u>\$ 12,637,234</u>	<u>\$ 215,507</u>	<u>1.73%</u>

Expenses

Expenses for the year ending December 31, 2017 totaled \$12,644,633, an increase of \$595,159, or 4.94% over the FY2016 expenses of \$12,049,474. The increase is due to continued increase in personnel cost and the need for infrastructure maintenance and replacement of water mains and sewer lines.

<u>Village of Hanover Park</u>				
<u>Business-Type Activities Operating Expenditures</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2016	2017		
Waterworks & Sewerage	\$ 11,669,151	\$ 12,302,852	\$ 633,701	5.43%
Municipal Railroad Parking Lot	380,323	341,781	(38,542)	-10.13%
Total Business-Type Activities	<u>\$ 12,049,474</u>	<u>\$ 12,644,633</u>	<u>\$ 595,159</u>	<u>4.94%</u>

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 \$30,785,256, which is \$3,042,633, or 10.97%, higher than last year's total of \$27,742,623. Of the \$30,785,256 total, \$20,889,859, or approximately 67.86%, 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 \$1,635,068 to \$21,449,129, of which \$21,124,648 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 40% 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.

<u>General Fund</u>				
<u>Comparison of the Results of Operations and the</u>				
<u>Unrestricted / Unassigned Fund Balance Calendar Year 2014B - 2017</u>				
	<u>2014B</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>
Revenues and Transfers	\$22,687,944	\$33,126,657	\$34,291,821	\$34,573,362
Expenditures and Transfers	20,812,684	31,242,849	31,098,260	32,938,294
Results of Operations	1,875,260	1,883,808	3,193,561	1,635,068
Fund Balance - Beginning	\$12,861,432	\$14,736,692	\$16,620,500	\$19,814,061
Fund Balance - Ending	\$14,736,692	\$16,620,500	\$19,814,061	\$21,449,129
Reserved/Nonspendable and Restricted	556,466	294,419	381,659	324,481
Unrestricted/Unassigned	14,180,226	16,326,081	19,432,402	21,124,648
Total Fund Balance	\$14,736,692	\$16,620,500	\$19,814,061	\$21,449,129
Unrestricted/Unassigned Fund Balance as a Percentage of Budgeted Expenditures*	44.75%	50.70%	59.18%	61.00%

*2017 Unrestricted/Unassigned Fund Balance % of budget expenditures for FY2018 of \$34,630,888

Village of Hanover Park, Illinois
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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 \$28,192. The decrease is due to project carry-over from that started in last quarter of FY2016.

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. As of December 31, 2017, the Tax Increment Financing # 3 reported revenues more than expenditures by \$1,291,085.

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 a 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 of 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.

<u>Village of Hanover Park</u>				
<u>Waterworks and Sewerage Fund Revenues</u>				
	FISCAL YEAR		Increase	% Increase
	2016	2017	(Decrease)	(Decrease)
Water Sales	\$ 7,347,938	\$ 7,053,304	\$ (294,634)	-4.01%
Sewer Sales	2,585,999	2,800,595	214,596	8.30%
Leachate Treatment	356,863	311,591	(45,272)	-12.69%
Interest	11,715	70,291	58,576	500.01%
Other Revenues	1,675,151	2,005,255	330,104	19.71%
Total	<u>\$ 11,977,666</u>	<u>\$ 12,241,036</u>	<u>\$ 263,370</u>	<u>2.20%</u>

The Municipal Railroad Parking Lot Fund actual revenues exceeded actual expenditures in Fiscal Year 2017. Total operating revenues were \$396,198 versus \$341,781 in operating expenditures. The overall net position in this fund on December 31, 2017 increased by \$54,717.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2017, the Village Board approved a budget amendment to increase the tax incentive program by \$550,000 and the police and fire pension contribution by \$23,295. The incentive program amended budget increase is due to Insight sales tax for FY2017 exceeding the budgeted revenue projection. The pension contribution amended budget increase is due to error in the actuarial number used to fund the pension cost.

General Fund actual revenues (including other financing sources) for the year totaled \$34,573,362 compared to budgeted revenues of \$32,843,228, a difference of \$1,730,134. This is due to sales and home rule tax, local use tax, real estate transfer tax, prepared food tax and fines violations being over budget by \$1,771,119. Municipal, Home Rule, Auto Rental Sales, Local Use Tax and Prepared Food Tax revenues were \$1,484,348 more than the budgeted amount, indicating that the local economy is improving. The traffic, ordinances and red-light camera fines were \$285,505 more than the budgeted amount. Income Tax revenue was \$382,212 less than the budgeted amount due to the ten percent (10%) reduction imposed by the State.

The General Fund actual expenditures (excluding other financing uses) for the year of \$31,260,139 were \$471,382 or 1.49% lower than final budgeted expenditures of \$31,731,521. All Village departments are below or slightly above their budget for the year. The Fire Department was above their spending level due to over-time amount exceeding budgeted amount due to vacancies created by extended injury leave. Staff has been diligently monitoring expenses to ensure that the Village remains stable, while still providing core services in the most responsible way. A budget amendment was done for Community Development due to a redevelopment agreement payment exceeding the budgeted amount due to higher sales tax generated for FY2017. The amended budget offset the sales tax revenue received in FY2017. Towards the end of the period, when revenues began trending higher than the budgeted amount, staff remained fiscally responsible thereby resulting in an increase in the Village's General Fund unassigned fund balance.

<u>Village of Hanover Park</u>				
<u>General Fund Budgetary Highlights</u>				
	2017 Original Budget	2017 Final Budget	Actual	
			2017	2016
Revenues	\$32,773,134	\$32,773,134	\$34,573,362	\$34,291,821
Expenditures	30,978,226	31,731,521	31,260,139	29,900,864
Excess of Revenues over Expenditures	1,794,908	1,041,613	3,313,223	4,390,957
Other Financing Sources (Uses)	(1,788,061)	(1,608,061)	(1,678,155)	(1,197,396)
Net Change in Fund Balance	\$6,847	(\$566,448)	\$1,635,068	\$3,193,561

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, 2017 was \$93,693,941 (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>
Land	\$ 277,100
Buildings	105,189
Machinery, equipment and vehicles	2,287,855
Improvement other than Buildings	304,544
Infrastructures	388,041
Underground systems	270,159
Total	<u>\$ 3,632,888</u>

**Village of Hanover Park
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
	Land, ROW, Permanent Easements	\$29,151,351	\$28,874,251	\$ 2,254,634	\$ 2,254,634	\$31,405,985
Construction in progress	1,155,355	1,322,710	-	-	1,155,355	1,322,710
Buildings	21,876,859	22,484,855	5,804,938	6,022,902	27,681,797	28,507,757
Machinery, Equipment and Vehicles	7,020,706	5,733,729	944,193	1,075,365	7,964,899	6,809,094
Improvement other than Buildings	1,778,776	1,825,456	5,363,078	5,445,460	7,141,854	7,270,916
Infrastructure	8,984,549	9,897,559	-	-	8,984,549	9,897,559
Underground systems	-	-	9,359,502	9,164,210	9,359,502	9,164,210
Total	\$69,967,596	\$70,138,560	\$ 23,726,345	\$23,962,571	\$93,693,941	\$ 94,101,131

Additional information on the Village's capital assets can be found in Note 5 on pages 31-32 of this report.

Long-Term Debt

The Village currently has three general obligation bond series and two Illinois EPA loan series outstanding. One of the IEPA loan's (1997) retired this year. The Village's total outstanding debt, excluding the net pension obligation and compensated absences liability, decreased by \$1,262,911 or 6.99% 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 2017.

(See independent auditor's report)

Village of Hanover Park, Illinois
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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 on the Village's long-term debt can be found in the Notes to the Financial Statements on pages 34-37.

Village of Hanover Park						
Outstanding Debt						
General Obligation Bonds, Revenue Bonds, Loans, and Notes						
	Governmental Activities		Business-Type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 16,655,000	\$ 17,685,000	\$ -	\$ -	\$ 16,655,000	\$ 17,685,000
IEPA	-	-	151,013	383,924	151,013	383,924
Total	\$ 16,655,000	\$ 17,685,000	\$ 151,013	\$ 383,924	\$ 16,806,013	\$ 18,068,924

ECONOMIC FACTORS AND FUTURE PROSPECTS

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2018 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 FY2018 with zero percent (0.00%) 2017 tax levy increase (2nd year in a row), increased the Natural gas tax from \$0.015 cents to \$0.03 cents per therm, and imposed a local Gasoline tax of \$0.02 cents per gallon. The Village continues to provide an excellent level of service, promoting modern technology when appropriate and consistently taking advantage of grant funding opportunities.

The Village goals remain to minimize the financial burden on Hanover Park taxpayers, to continue to identify 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.

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit Hanover Square
ASSETS				
Cash and cash equivalents	\$ 33,889,877	\$ 10,558,090	\$ 44,447,967	\$ 688,488
Receivables (net of allowances for uncollectibles)				
Property taxes	13,658,804	-	13,658,804	-
Accounts	314,348	1,350,404	1,664,752	-
Accrued interest	51,266	13,491	64,757	-
Other	-	564,907	564,907	273,251
Prepaid expenses	16,048	9,926	25,974	43,718
Inventory	18,895	-	18,895	-
Due from other governments	5,108,197	-	5,108,197	-
Net pension asset	150,666	-	150,666	-
Capital assets				
Nondepreciable	30,306,706	2,254,634	32,561,340	1,017,088
Depreciable (net of accumulated depreciation)	39,660,890	21,471,711	61,132,601	5,642,133
Total assets	123,175,697	36,223,163	159,398,860	7,664,678
DEFERRED OUTFLOWS OF RESOURCES				
Pension items - IMRF and SLEP	1,505,444	783,399	2,288,843	-
Pension items - Police Pension	3,345,948	-	3,345,948	-
Pension items - Firefighters' Pension	1,440,504	-	1,440,504	-
Total deferred outflows of resources	6,291,896	783,399	7,075,295	-
Total assets and deferred outflows of resources	129,467,593	37,006,562	166,474,155	7,664,678
LIABILITIES				
Accounts payable	2,323,552	838,799	3,162,351	351,625
Accrued payroll	602,990	86,271	689,261	-
Accrued interest	72,245	-	72,245	-
Deposits	-	15,950	15,950	-
Unearned revenue	104,826	102,690	207,516	-
Due to other governments	43,272	-	43,272	-
Retainage payable	2,877	-	2,877	-
Other payables	383,085	1,000	384,085	-
Long-term liabilities				
Due within one year	1,114,594	121,190	1,235,784	148,958
Due in more than one year	60,170,608	2,831,087	63,001,695	3,748,991
Total liabilities	64,818,049	3,996,987	68,815,036	4,249,574
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	13,658,804	-	13,658,804	-
Pension items - IMRF	847,692	449,726	1,297,418	-
Pension items - Police Pension	2,018,272	-	2,018,272	-
Pension items - Firefighters' Pension	938,666	-	938,666	-
Total deferred inflows of resources	17,463,434	449,726	17,913,160	-
Total liabilities and deferred inflows of resources	82,281,483	4,446,713	86,728,196	4,249,574

(This statement is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit Hanover Square
NET POSITION				
Net investment in capital assets	\$ 53,331,685	\$ 23,575,332	\$ 76,907,017	\$ -
Restricted for				
Public safety	398,260	-	398,260	-
Highways and streets	1,486,222	-	1,486,222	-
Debt service	302,936	-	302,936	-
Community development	5,725,876	-	5,725,876	-
Special service areas	184,476	-	184,476	-
Unrestricted	(14,243,345)	8,984,517	(5,258,828)	3,415,104
TOTAL NET POSITION	\$ 47,186,110	\$ 32,559,849	\$ 79,745,959	\$ 3,415,104

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 5,760,254	\$ 1,322,448	\$ 16,910	\$ -
Community development	3,618,986	16,181	-	-
Public safety	21,225,292	2,113,433	40,547	-
Public works	6,368,070	327,493	159,000	247,463
Highways and streets	866,856	-	1,305,977	495
Interest	894,677	-	-	-
Total governmental activities	38,734,135	3,779,555	1,522,434	247,958
Business-Type Activities				
Water and sewer	12,302,852	10,577,058	-	-
Parking	341,781	393,290	-	-
Total business-type activities	12,644,633	10,970,348	-	-
TOTAL PRIMARY GOVERNMENT	\$ 51,378,768	\$ 14,749,903	\$ 1,522,434	\$ 247,958
Component unit:				
Hanover Square	\$ 572,745	\$ 963,333	\$ 335,000	\$ -

	Net (Expense) Revenue and Change in Net Position			Component Unit Hanover Square
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
	\$ (4,420,896)	\$ -	\$ (4,420,896)	\$ -
	(3,602,805)	-	(3,602,805)	-
	(19,071,312)	-	(19,071,312)	-
	(5,634,114)	-	(5,634,114)	-
	439,616	-	439,616	-
	(894,677)	-	(894,677)	-
	(33,184,188)	-	(33,184,188)	-
	-	(1,725,794)	(1,725,794)	-
	-	51,509	51,509	-
	-	(1,674,285)	(1,674,285)	-
	(33,184,188)	(1,674,285)	(34,858,473)	-
	-	-	-	725,588
General Revenues				
Taxes				
Property	15,741,338	-	15,741,338	-
Replacement	101,644	-	101,644	-
Sales and local use	11,574,442	-	11,574,442	-
Utility	1,788,223	-	1,788,223	-
Hotel/motel	44,408	-	44,408	-
Food and beverage	1,156,763	-	1,156,763	-
Real estate transfer	391,534	-	391,534	-
Other taxes	197,722	-	197,722	-
Intergovernmental	3,487,788	-	3,487,788	-
Investment income	198,840	73,199	272,039	-
Miscellaneous	412,898	1,593,687	2,006,585	-
Transfers in (out)	(141,849)	141,849	-	-
Total	34,953,751	1,808,735	36,762,486	-
CHANGE IN NET POSITION	1,769,563	134,450	1,904,013	725,588
NET POSITION, JANUARY 1	45,416,547	32,425,399	77,841,946	2,689,516
NET POSITION, DECEMBER 31	\$ 47,186,110	\$ 32,559,849	\$ 79,745,959	\$ 3,415,104

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2017

	General	Motor Fuel Tax	Tax Increment Financing #3	Nonmajor Governmental	Total Governmental
ASSETS					
Cash and investments	\$ 19,065,476	\$ 470,319	\$ 5,868,649	\$ 3,767,888	\$ 29,172,332
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	11,645,760	-	-	2,013,044	13,658,804
Accounts	210,740	-	-	103,608	314,348
Accrued interest	26,873	-	-	2,479	29,352
Prepaid items	7,949	-	-	8,099	16,048
Inventory	18,895	-	-	-	18,895
Due from other governments	5,024,290	83,907	-	-	5,108,197
Due from other funds	83,518	-	-	-	83,518
Advances to other funds	297,637	-	-	-	297,637
TOTAL ASSETS	\$ 36,381,138	\$ 554,226	\$ 5,868,649	\$ 5,895,118	\$ 48,699,131
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,664,214	\$ 66,106	\$ 59,500	\$ 335,911	\$ 2,125,731
Accrued payroll	602,990	-	-	-	602,990
Unearned revenue	104,826	-	-	-	104,826
Due to other governments	43,272	-	-	-	43,272
Retainage payable	-	-	-	2,877	2,877
Other payables	259,812	-	83,273	40,000	383,085
Due to other funds	-	-	-	83,518	83,518
Advances from other funds	-	-	-	297,637	297,637
Total liabilities	2,675,114	66,106	142,773	759,943	3,643,936
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	11,645,760	-	-	2,013,044	13,658,804
Unavailable dividends	611,135	-	-	-	611,135
Total deferred inflows of resources	12,256,895	-	-	2,013,044	14,269,939
Total liabilities and deferred inflows of resources	14,932,009	66,106	142,773	2,772,987	17,913,875
FUND BALANCES					
Nonspendable					
Inventory	18,895	-	-	-	18,895
Prepaid items	7,949	-	-	8,099	16,048
Advances to other funds	297,637	-	-	-	297,637
Restricted					
Public safety	-	-	-	398,260	398,260
Highways and streets	-	488,120	-	998,102	1,486,222
Debt service	-	-	-	302,936	302,936
Community development	-	-	5,725,876	-	5,725,876
Special service areas	-	-	-	184,476	184,476
Unrestricted					
Assigned					
Capital improvements	-	-	-	1,465,047	1,465,047
Unassigned (deficit)	21,124,648	-	-	(234,789)	20,889,859
Total fund balances	21,449,129	488,120	5,725,876	3,122,131	30,785,256
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 36,381,138	\$ 554,226	\$ 5,868,649	\$ 5,895,118	\$ 48,699,131

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, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 30,785,256
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	69,967,596
Less amount reported in internal service funds below	(5,413,836)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(16,655,000)
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position	19,090
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(72,245)
Compensated absences are not due and payable in the current period and, therefore, are not reported in governmental funds	(1,291,877)
Net pension asset for the is shown as an asset on the statement of net position Sheriff's Law Enforcement Personnel Fund	150,666
Net pension liability for the is shown as a liability on the statement of net position Illinois Municipal Retirement Fund	(4,714,120)
Police Pension	(24,715,843)
Firefighters' Pension	(12,104,087)
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 and Sheriff's Law Enforcement Personnel Fund	657,752
Police Pension	1,327,676
Firefighters' Pension	501,838
Net other postemployment benefits obligations is not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,823,365)
Certain revenues are deferred at the fund level on the modified accrual basis of accounting but not at the entity-wide level	611,135
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>9,955,474</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 47,186,110</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, 2017

	General	Motor Fuel Tax	Tax Increment Financing #3	Nonmajor Governmental	Total Governmental
REVENUES					
Taxes	\$ 26,703,920	\$ -	\$ 1,849,587	\$ 2,340,922	\$ 30,894,429
Licenses and permits	1,249,962	-	-	18,000	1,267,962
Charges for services	1,603,708	-	-	-	1,603,708
Fines and forfeits	845,206	-	-	62,486	907,692
Intergovernmental	3,617,568	1,088,458	-	336,792	5,042,818
Investment income	128,426	4,346	39,322	26,746	198,840
Miscellaneous	424,572	-	-	305,526	730,098
Total revenues	34,573,362	1,092,804	1,888,909	3,090,472	40,645,547
EXPENDITURES					
Current					
General government	3,946,578	-	-	-	3,946,578
Community development	2,831,784	-	320,724	383,785	3,536,293
Public safety	20,500,538	-	-	-	20,500,538
Public works	3,981,239	-	-	-	3,981,239
Highways and streets	-	598,485	-	286,867	885,352
Capital outlay	-	922,511	277,100	1,724,291	2,923,902
Debt service					
Principal retirement	-	-	-	1,030,000	1,030,000
Interest	-	-	-	896,003	896,003
Fiscal charges	-	-	-	3,009	3,009
Total expenditures	31,260,139	1,520,996	597,824	4,323,955	37,702,914
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,313,223	(428,192)	1,291,085	(1,233,483)	2,942,633
OTHER FINANCING SOURCES (USES)					
Transfers in	-	400,000	-	1,778,155	2,178,155
Transfers (out)	(1,678,155)	-	-	(400,000)	(2,078,155)
Total other financing sources (uses)	(1,678,155)	400,000	-	1,378,155	100,000
NET CHANGE IN FUND BALANCES	1,635,068	(28,192)	1,291,085	144,672	3,042,633
FUND BALANCES, JANUARY 1	19,814,061	516,312	4,434,791	2,977,459	27,742,623
FUND BALANCES, DECEMBER 31	\$ 21,449,129	\$ 488,120	\$ 5,725,876	\$ 3,122,131	\$ 30,785,256

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,042,633
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	1,714,663
The gain (loss) on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(482,734)
Transfer of capital assets to enterprise fund is shown as an expense on the statement of activities	(241,849)
Certain revenues are deferred in governmental funds but not in governmental activities	72,172
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	1,030,000
The decrease in accrued interest payable is shown as a reduction to expense on the statement of activities	2,708
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	(2,296,245)
Amortization	1,627
Less amount reported in internal service funds below	635,586
The increase in the compensated absences liability is an expense on the statement of activities	(119,276)
The change in net other postemployment benefits obligations are reported only in the statement of activities	(143,030)
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	523,974
Police Pension	552,821
Firefighters' Pension	648,600
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	(1,993,515)
Police Pension	(791,889)
Firefighters' Pension	(826,047)
The change in net position of certain activities of internal service funds is in governmental funds	439,364
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,769,563

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

December 31, 2017

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Nonmajor Enterprise	Total	Internal Service
CURRENT ASSETS				
Cash and investments	\$ 10,193,957	\$ 364,133	\$ 10,558,090	\$ 4,717,545
Receivables				
Accounts	1,349,837	567	1,350,404	-
Accrued interest	13,491	-	13,491	21,914
Other	543,579	21,328	564,907	-
Prepaid expenses	9,926	-	9,926	-
Total current assets	12,110,790	386,028	12,496,818	4,739,459
NONCURRENT ASSETS				
Capital assets				
Nondepreciable	937,117	1,317,517	2,254,634	1,155,355
Depreciable, net of accumulated depreciation	20,326,601	1,145,110	21,471,711	4,258,481
Total noncurrent assets	21,263,718	2,462,627	23,726,345	5,413,836
Total assets	33,374,508	2,848,655	36,223,163	10,153,295
DEFERRED OUTFLOWS OF RESOURCES				
Pension items - IMRF	748,495	34,904	783,399	-
Total deferred outflows of resources	748,495	34,904	783,399	-
Total assets and deferred outflows of resources	34,123,003	2,883,559	37,006,562	10,153,295
CURRENT LIABILITIES				
Accounts payable	829,301	9,498	838,799	197,821
Accrued payroll	81,813	4,458	86,271	-
Deposits	15,950	-	15,950	-
Unearned revenue	-	102,690	102,690	-
Notes payable - EPA	114,319	-	114,319	-
Other payables	-	1,000	1,000	-
Compensated absences payable	6,871	-	6,871	-
Total current liabilities	1,048,254	117,646	1,165,900	197,821
LONG-TERM LIABILITIES				
Compensated absences	130,541	-	130,541	-
Notes payable - EPA	36,694	-	36,694	-
Net pension liability	2,389,551	111,429	2,500,980	-
Net other postemployment benefit obligation	162,872	-	162,872	-
Total long-term liabilities	2,719,658	111,429	2,831,087	-
Total liabilities	3,767,912	229,075	3,996,987	197,821
DEFERRED INFLOWS OF RESOURCES				
Pension items - IMRF	429,689	20,037	449,726	-
Total deferred outflows of resources	429,689	20,037	449,726	-
Total liabilities and deferred inflows of resources	4,197,601	249,112	4,446,713	197,821
NET POSITION				
Net investment in capital assets	21,112,705	2,462,627	23,575,332	5,413,836
Unrestricted	8,812,697	171,820	8,984,517	4,541,638
TOTAL NET POSITION	\$ 29,925,402	\$ 2,634,447	\$ 32,559,849	\$ 9,955,474

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, 2017

	Business-Type Activities			Governmental
	Waterworks	Nonmajor	Total	Activities
	and Sewerage	Enterprise		Internal Service
OPERATING REVENUES				
Charges for services	\$ 10,577,058	\$ 393,290	\$ 10,970,348	\$ 1,383,573
Total operating revenues	10,577,058	393,290	10,970,348	1,383,573
OPERATING EXPENSES				
Administration	2,428,296	-	2,428,296	-
Operations	8,833,901	275,606	9,109,507	437,502
Depreciation and amortization	1,033,905	66,175	1,100,080	635,586
Total operating expenses	12,296,102	341,781	12,637,883	1,073,088
OPERATING INCOME (LOSS)	(1,719,044)	51,509	(1,667,535)	310,485
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(6,750)	-	(6,750)	-
Investment income	70,291	2,908	73,199	44,877
Infrastructure surcharge	1,593,687	-	1,593,687	-
Gain on disposal of capital assets	-	-	-	84,002
Total non-operating revenues (expenses)	1,657,228	2,908	1,660,136	128,879
NET INCOME (LOSS) BEFORE TRANSFERS	(61,816)	54,417	(7,399)	439,364
TRANSFERS				
Transfer in	241,849	-	241,849	-
Transfer (out)	(100,000)	-	(100,000)	-
Total transfers	141,849	-	141,849	-
CHANGE IN NET POSITION	80,033	54,417	134,450	439,364
NET POSITION, JANUARY 1	29,845,369	2,580,030	32,425,399	9,516,110
NET POSITION, DECEMBER 31	\$ 29,925,402	\$ 2,634,447	\$ 32,559,849	\$ 9,955,474

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Nonmajor Enterprise	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 12,236,383	\$ 407,543	\$ 12,643,926	\$ -
Receipts from interfund services	-	-	-	1,383,573
Payments to suppliers	(8,523,021)	(118,115)	(8,641,136)	(488,778)
Payments to employees	(3,089,249)	(154,667)	(3,243,916)	-
Net cash from operating activities	624,113	134,761	758,874	894,795
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	141,849	-	141,849	-
Net cash from noncapital financing activities	141,849	-	141,849	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(660,395)	(203,459)	(863,854)	(1,135,747)
Proceeds from sale of capital assets	-	-	-	84,002
Principal paid on EPA loans	(232,911)	-	(232,911)	-
Interest paid on EPA loans	(7,872)	-	(7,872)	-
Net cash from capital and related financing activities	(901,178)	(203,459)	(1,104,637)	(1,051,745)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	64,854	2,908	67,762	40,495
Net cash from investing activities	64,854	2,908	67,762	40,495
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,362)	(65,790)	(136,152)	(116,455)
CASH AND CASH EQUIVALENTS, JANUARY 1	10,264,319	429,923	10,694,242	4,834,000
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 10,193,957	\$ 364,133	\$ 10,558,090	\$ 4,717,545

(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, 2017

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Nonmajor Enterprise	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,719,044)	\$ 51,509	\$ (1,667,535)	\$ 310,485
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	1,033,905	66,175	1,100,080	635,586
Other non-operating revenues	1,593,687	-	1,593,687	-
Changes in assets and liabilities				
Receivables	30,621	298	30,919	-
Due to other funds	9,900	-	9,900	-
Pension items - IMRF	911,678	53,348	965,026	-
Accounts payable	(1,288,354)	(29,518)	(1,317,872)	(51,276)
Accrued payroll	17,953	888	18,841	-
Contractors deposits	2,350	-	2,350	-
Deferred revenue	-	14,820	14,820	-
Compensated absences	49,614	-	49,614	-
Net pension liability	(30,973)	(22,759)	(53,732)	-
Net other postemployment benefit obligation	12,776	-	12,776	-
NET CASH FROM OPERATING ACTIVITIES	\$ 624,113	\$ 134,761	\$ 758,874	\$ 894,795

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

	Pension Trust
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 795,919
Investments	
U.S. Government and U.S. agency obligations	17,872,086
Money market mutual funds	262,543
Mutual funds	33,916,019
Illinois Metropolitan Investment Fund	35
Receivables	
Accrued interest	104,724
Prepaid items	<u>5,043</u>
 Total assets	 <u>52,956,369</u>
 LIABILITIES	
Accounts payable	<u>18,649</u>
 Total liabilities	 <u>18,649</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u><u>\$ 52,937,720</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, 2017

ADDITIONS

Contributions

Employer contributions	\$ 3,681,000
Employee contributions	814,712

Total contributions	<u>4,495,712</u>
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Investment income

Net appreciation in fair value of investments	5,154,584
Interest	<u>253,356</u>

Total investment income	5,407,940
Less investment expense	<u>(86,179)</u>

Net investment income	<u>5,321,761</u>
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Total additions	<u>9,817,473</u>
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DEDUCTIONS

Benefits and refunds	3,790,071
Administrative expenses	<u>88,716</u>

Total deductions	<u>3,878,787</u>
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NET INCREASE	5,938,686
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**NET POSITION RESTRICTED
FOR PENSIONS**

January 1	<u>46,999,034</u>
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December 31	<u><u>\$ 52,937,720</u></u>
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See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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)

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 (Hanover Square), 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. Hanover Square is operated by a separate board appointed by the Village. The Village can impose its will on Hanover Square as the Village board approves Hanover Square's annual budget. As a component unit, Hanover Square'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, 2017. Separately issued financial statements of Hanover Square 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.

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)

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)

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 funds:

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)

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)

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)

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)

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)

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 \$124,582, \$25,747, \$69,952 and \$14,508, 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 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)

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, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Metropolitan Investment Fund	\$ 102,992	\$ -	\$ 102,992	\$ -	\$ -
TOTAL	\$ 102,992	\$ -	\$ 102,992	\$ -	\$ -

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)

3. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

The Village has the following recurring fair value measurements as of December 31, 2017: 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)

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 2016 attached as an enforceable lien on January 1, 2016, 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, 2017 and are payable in two installments, on or about June 1, 2017 and September 1, 2017. Tax bills are prepared by Cook County and issued on or about February 1, 2017 and July 1, 2017 and are payable March 1, 2017 and August 1, 2017. The counties collect such taxes and remit them periodically.

The 2017 tax levy, which attached as an enforceable lien on property as of January 1, 2017, has been recorded as a receivable and unavailable/deferred revenue as of December 31, 2017 as the tax has been levied by the Village and is intended to fund the 2018 fiscal year.

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

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balances January 1,	Increases	Decreases	Transfers	Ending Balances December 31
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 3,781,687	\$ 277,100	\$ -	\$ -	\$ 4,058,787
Permanent easements	33,873	-	-	-	33,873
Right of way	25,058,691	-	-	-	25,058,691
Construction in progress	1,322,710	-	167,355	-	1,155,355
Total capital assets not being depreciated	30,196,961	277,100	167,355	-	30,306,706
Capital assets being depreciated					
Buildings	30,030,703	71,589	-	-	30,102,292
Machinery, equipment and vehicles	12,703,844	2,216,522	627,056	-	14,293,310
Improvements other than buildings	3,044,357	101,085	-	-	3,145,442
Infrastructure	35,009,992	388,041	475,919	(285,303)	34,636,811
Total capital assets being depreciated	80,788,896	2,777,237	1,102,975	(285,303)	82,177,855
Less accumulated depreciation for					
Buildings	7,545,848	679,585	-	-	8,225,433
Machinery, equipment and vehicles	6,970,115	885,612	583,123	-	7,272,604
Improvements other than buildings	1,218,901	147,765	-	-	1,366,666
Infrastructure	25,112,433	583,283	-	(43,454)	25,652,262
Total accumulated depreciation	40,847,297	2,296,245	583,123	(43,454)	42,516,965
Total capital assets being depreciated, net	39,941,599	480,992	519,852	(241,849)	39,660,890
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 70,138,560	\$ 758,092	\$ 687,207	\$ (241,849)	\$ 69,967,596

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 1,077,376
Community development	-
Public safety	382,633
Public works	836,236
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 2,296,245

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

5. CAPITAL ASSETS (Continued)

	Beginning Balances January 1	Increases	Decreases	Transfers	Ending Balances December 31
BUSINESS-TYPE ACTIVITIES					
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	33,600	-	-	12,662,864
Machinery, equipment and vehicles	3,687,559	71,333	229,170	-	3,529,722
Underground systems	15,510,602	270,159	-	285,303	16,066,064
Improvements other than buildings	9,957,695	203,459	-	-	10,161,154
Total capital assets being depreciated	41,785,120	578,551	229,170	285,303	42,419,804
Less accumulated depreciation for					
Building and structures	6,606,362	251,564	-	-	6,857,926
Machinery and equipment	2,612,194	202,505	229,170	-	2,585,529
Underground systems	6,346,392	316,716	-	43,454	6,706,562
Improvements other than buildings	4,512,235	285,841	-	-	4,798,076
Total accumulated depreciation	20,077,183	1,056,626	229,170	43,454	20,948,093
Total capital assets being depreciated, net	21,707,937	(478,075)	-	241,849	21,471,711
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET					
	\$ 23,962,571	\$ (478,075)	\$ -	\$ 241,849	\$ 23,726,345

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

BUSINESS-TYPE ACTIVITIES	
Waterworks and sewerage	\$ 990,451
Municipal railroad parking lot	66,175
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 1,056,626</u>

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

5. CAPITAL ASSETS (Continued)

	Beginning Balances January 1,	Increases	Decreases	Ending Balances December 31
COMPONENT UNIT - HANOVER SQUARE				
Capital assets not being depreciated				
Land	\$ 1,017,088	\$ -	\$ -	\$ 1,017,088
Total capital assets not being depreciated	1,017,088	-	-	1,017,088
Capital assets being depreciated				
Buildings and improvements	5,392,483	458,980	-	5,851,463
Total capital assets being depreciated	5,392,483	458,980	-	5,851,463
Less accumulated depreciation for				
Buildings and improvements	91,536	79,794	-	171,330
Total accumulated depreciation	91,536	79,794	-	171,330
Total capital assets being depreciated, net	5,300,947	379,186	-	5,680,133
COMPONENT UNIT - HANOVER SQUARE CAPITAL ASSETS, NET	\$ 6,318,035	\$ 379,186	\$ -	\$ 6,697,221

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, 2017.

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	\$ 8,545,000	\$ -	\$ 310,000	\$ 8,235,000	\$ 315,000
\$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	4,525,000	-	200,000	4,325,000	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	4,615,000	-	520,000	4,095,000	535,000
TOTAL		<u>\$ 17,685,000</u>	<u>\$ -</u>	<u>\$ 1,030,000</u>	<u>\$ 16,655,000</u>	<u>\$ 1,050,000</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	\$ 121,535	\$ -	\$ 121,535	\$ -	\$ -
2000 EPA Loan II	Waterworks and Sewerage	262,389	-	111,376	151,013	114,319
TOTAL		<u>\$ 383,924</u>	<u>\$ -</u>	<u>\$ 232,911</u>	<u>\$ 151,013</u>	<u>\$ 114,319</u>

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

7. LONG-TERM DEBT (Continued)

c. Notes Payable

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, 2024. The note is guaranteed by the Village of Hanover Park. The note calls for monthly interest-only payments through 2017, with the interest rate at the Company's option of LIBOR plus 2.30%. The Company has the option to fix the rate for a five year period using a formula defined in the agreement. Beginning in January 2018, principal payments will be due monthly, based on a 25 year amortization period. Any unpaid amounts will be due on the maturity date. At December 31, 2017, the outstanding balance was \$3,723,943.

Hanover Square also has another nonrevolving line of credit note payable with a financial institution that allows for borrowings up to \$2,210,870 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, 2024. The note is guaranteed by the Village of Hanover Park. The note calls for monthly interest-only payments, with the interest rate at the Company's option of LIBOR plus 2.30%. The Company has the option to fix the rate for a five year period using a formula defined in the agreement. Beginning in January 2019, principal payments will be due monthly, based on a 25 year amortization period. Any unpaid amounts will be due on the maturity date. At December 31, 2017, the outstanding balance was \$174,006.

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
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	-	-
TOTAL	\$ 16,655,000	\$ 7,079,801	\$ 151,013	\$ 3,701

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,	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation bonds payable	\$ 17,685,000	\$ -	\$ 1,030,000	\$ 16,655,000	\$ 1,050,000
Add unamortized bond premium	58,729	-	7,341	51,388	-
Less unamortized bond discount	(76,192)	-	(5,714)	(70,478)	-
Compensated absences*	1,172,601	177,906	58,630	1,291,877	64,594
Net pension liability - IMRF*	5,140,177	-	426,057	4,714,120	-
Net pension liability - Firefighters' Pension*	12,752,687	-	648,600	12,104,087	-
Net pension liability - Police Pension*	25,268,664	-	552,821	24,715,843	-
Net other postemployment benefit obligation*	1,680,335	143,030	-	1,823,365	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 63,682,001	\$ 320,936	\$ 2,717,735	\$ 61,285,202	\$ 1,114,594

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

	Balances January 1,	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
EPA loans	\$ 383,924	\$ -	\$ 232,911	\$ 151,013	\$ 114,319
Compensated absences	87,798	54,004	4,390	137,412	6,871
Net pension liability	2,554,712	-	53,732	2,500,980	-
Net other postemployment benefit obligation	150,096	12,776	-	162,872	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,176,530	\$ 66,780	\$ 291,033	\$ 2,952,277	\$ 121,190

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
COMPONENT UNIT - HANOVER SQUARE					
Wintrust line of credit	\$ 3,723,943	\$ -	\$ -	\$ 3,723,943	\$ 148,958
Wintrust construction line of credit	48,790	125,216	-	174,006	-
TOTAL COMPONENT UNIT - HANOVER SQUARE	\$ 3,772,733	\$ 125,216	\$ -	\$ 3,897,949	\$ 148,958

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

7. LONG-TERM DEBT (Continued)

f. 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.

8. INDIVIDUAL FUND DISCLOSURES

Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	<u>\$ 297,637</u>
TOTAL		<u><u>\$ 297,637</u></u>

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

- \$297,637 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.

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

8. INDIVIDUAL FUND DISCLOSURES (Continued)

Individual fund transfers are as follows:

Transfers In	Transfers Out	Amount
Nonmajor governmental	General	\$ 1,678,155
Motor fuel tax	Nonmajor governmental	400,000
Nonmajor governmental	Waterworks and Sewerage	<u>100,000</u>
TOTAL		<u>\$ 2,178,155</u>

Interfund transfers during the year ended December 31, 2017 consisted of the following:

- \$1,678,155 and \$100,000 transferred from the General Fund and Waterworks and Sewerage Fund, respectively, to the General Capital Projects Fund to cover project expenditures.
- \$400,000 transferred from the Road and Bridge Fund to the Motor Fuel Tax Fund to fund the street project.

Due from/to other funds at December 31, 2017 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	<u>\$ 83,518</u>
TOTAL		<u>\$ 83,518</u>

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.

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

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>
2018	\$ 869,938
2019	869,862
2020	869,839
2021	<u>870,188</u>
 TOTAL	 <u>\$ 3,479,827</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 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, 2017.

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, 2017. The Village and the business will share the incremented property taxes 50/50 until the \$700,000 is reached.

11. TAX ABATEMENTS

The Village rebates sales taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned.

As of December 31, 2017, 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, 2017 was \$1,460,964. The total expenditures incurred to date in rebates for the currently effective agreements as of December 31, 2017 is \$17,770,922.

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.

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

11. JOINT VENTURES (Continued)

Northwest Suburban Municipal Joint Action Water Agency (Continued)

Description of Joint Venture (Continued)

The seven members of JAWA and their percentage shares as of December 31, 2017 are as follows:

	<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>
 TOTAL	 <u>100.00%</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)

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 \$3,546,392 to JAWA for the year ended December 31, 2017. 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)

12. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel

a. Plan Membership

At December 31, 2016, IMRF and SLEP membership consisted of:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Inactive employees or their beneficiaries currently receiving benefits	111	2
Inactive employees entitled to but not yet receiving benefits	71	-
Active employees	99	-
	<hr/>	<hr/>
TOTAL	281	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 2.50% 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 2.50% 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 6.50% 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 2017 and 2016 was 13.41% and 14.96%, respectively, of covered payroll for IMRF and 0.00% for SLEP.

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)

d. Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2016 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, 2016	December 31, 2016
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 2012). 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 2012). 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 2012). 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 IMRF and SLEP. 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, IMRF and SLEP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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, 2016	\$ 48,124,612	\$ 40,429,722	\$ 7,694,890
Changes for the period			
Service cost	707,092	-	707,092
Interest	3,533,657	-	3,533,657
Difference between expected and actual experience	(1,609,789)	-	(1,609,789)
Changes in assumptions	(220,887)	-	(220,887)
Employer contributions	-	950,875	(950,875)
Employee contributions	-	305,421	(305,421)
Net investment income	-	2,772,593	(2,772,593)
Benefit payments and refunds	(2,220,212)	(2,220,212)	-
Administrative expense	-	-	-
Other (net transfer)	-	(1,139,027)	1,139,027
Net changes	189,861	669,650	(479,789)
BALANCES AT DECEMBER 31, 2016	\$ 48,314,473	\$ 41,099,372	\$ 7,215,101

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, 2016	\$ 619,766	\$ 672,515	\$ (52,749)
Changes for the period			
Service cost	-	-	-
Interest	44,719	-	44,719
Difference between expected and actual experience	5,169	-	5,169
Changes in assumptions	-	-	-
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	52,097	(52,097)
Benefit payments and refunds	(47,017)	(47,017)	-
Administrative expense	-	-	-
Other (net transfer)	-	95,708	(95,708)
Net changes	2,871	100,788	(97,917)
BALANCES AT DECEMBER 31, 2016	\$ 622,637	\$ 773,303	\$ (150,666)

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, 2016, is 7.50%. The discount rate used in the prior actuarial valuation, dated December 31, 2015, was 7.46%.

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)

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

Illinois Municipal Retirement Fund

For the year ended December 31, 2017, the Village recognized pension expense of \$2,464,190. At December 31, 2017, 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	\$ 365,046	\$ 1,140,873
Changes in assumption	47,654	156,545
Net difference between projected and actual earnings on pension plan investments	1,847,334	-
Contributions subsequent to measurement date	956,012	-
TOTAL	\$ 3,216,046	\$ 1,297,418

\$956,012 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, 2018. 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>	
2018	\$ 348,341
2019	205,295
2020	372,824
2021	36,156
2022	-
Thereafter	-
TOTAL	\$ 962,616

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)

- 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, 2017, the Village recognized pension expense of \$(88,492). At December 31, 2017, 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	28,809	-
TOTAL	\$ 28,809	\$ -

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>	
2018	\$ 9,593
2019	9,593
2020	9,591
2021	32
2022	-
Thereafter	-
TOTAL	\$ 28,809

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)

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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 13,166,268	\$ 7,215,101	\$ 2,278,671

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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ (86,365)	\$ (150,666)	\$ (205,220)

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)

12. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

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 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, 2017, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	40
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>60</u>
 TOTAL	 <u><u>102</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 2.50% 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% of the original pension and 3% 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% compounded. The annual benefit shall be increased by 2.50% 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 1st 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, 2017, the Village's contribution was 43.07% 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, 2017, no changes to the investment policy were approved by the Board of Trustees.

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

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%	0.40%
Short Gov/Credit	5.00%	1.90%
Int Gov/Credit	0.00%	2.00%
Intermediate Govt	36.00%	1.70%
Large	6.00%	4.45%
Large Value	6.00%	4.70%
Mid Value	7.00%	5.20%
Small	7.00%	5.60%
Small Value	7.00%	6.50%
International Developed	5.00%	4.45%
International Value	5.00%	6.60%
International Small	5.00%	7.45%
Emerging Markets	7.00%	7.50%
REIT	3.00%	3.90%

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 Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

g. 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.

h. 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, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 6,857,353	\$ 1,052,534	\$ 4,373,246	\$ 1,431,573	\$ -
U.S. agency obligations	4,537,665	638,932	1,941,130	1,713,660	243,943
TOTAL	\$ 11,395,018	\$ 1,691,466	\$ 6,314,376	\$ 3,145,233	\$ 243,943

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, 2017. 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).

12. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

i. 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.

j. 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.

k. 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.

l. 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)

m. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 55,069,614	\$ 29,800,950	\$ 25,268,664
Changes for the period			
Service cost	963,023	-	963,023
Interest	3,765,976	-	3,765,976
Difference between expected and actual experience	836,552	-	836,552
Changes in assumptions	-	-	-
Employer contributions	-	2,300,432	(2,300,432)
Employee contributions	-	509,894	(509,894)
Other contributions	-	7,378	(7,378)
Net investment income	-	3,350,793	(3,350,793)
Benefit payments and refunds	(2,539,916)	(2,539,916)	-
Administrative expense	-	(50,125)	50,125
Net changes	3,025,635	3,578,456	(552,821)
BALANCES AT December 31, 2017	\$ 58,095,249	\$ 33,379,406	\$ 24,715,843

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

n. 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, 2017
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	3.44%
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.

o. 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	\$ 33,543,524	\$ 24,715,843	\$ 17,592,143

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

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

For the year ended December 31, 2017, the Village recognized police pension expense of \$2,539,500. At December 31, 2017, 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	\$ 1,126,774	\$ 801,084
Changes in assumption	1,257,138	-
Net difference between projected and actual earnings on pension plan investments	962,036	1,217,188
TOTAL	\$ 3,345,948	\$ 2,018,272

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>	
2018	\$ 371,683
2019	371,679
2020	(109,337)
2021	(38,741)
2022	212,609
Thereafter	519,783
TOTAL	\$ 1,327,676

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)

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, 2017, 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	35
 TOTAL	 62

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 2.50% 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 3.00% of the original pension and 3.00% compounded annually thereafter.

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

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 3.00% compounded. The annual benefit shall be increased by 2.50% 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 1st 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, 2017, the Village's contribution was 43.36% 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 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.

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

e. Investment Policy (Continued)

During the year ended December 31, 2017, 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%	0.40%
Short Gov/Credit	5.00%	1.90%
Int Gov/Credit	0.00%	2.00%
Intermediate Govt	36.00%	1.70%
Large	6.00%	4.45%
Large Value	6.00%	4.70%
Mid Value	7.00%	5.20%
Small	7.00%	5.60%
Small Value	7.00%	6.50%
International Developed	5.00%	4.45%
International Value	5.00%	6.60%
International Small	5.00%	7.45%
Emerging Markets	7.00%	7.50%
REIT	3.00%	3.90%

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 Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, 11.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

g. 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.

h. 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, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 5,139,131	\$ 598,276	\$ 3,305,491	\$ 1,235,364	\$ -
U.S. agency obligations	1,337,937	124,643	441,350	493,703	278,241
TOTAL	\$ 6,477,068	\$ 722,919	\$ 3,746,841	\$ 1,729,067	\$ 278,241

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, 2017. 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).

12. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

i. 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.

j. 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.

k. 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.

l. 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)

m. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 29,950,771	\$ 17,198,084	\$ 12,752,687
Changes for the period			
Service cost	802,166	-	802,166
Interest	2,052,799	-	2,052,799
Difference between expected and actual experience	106,820	-	106,820
Changes in assumptions	-	-	-
Employer contributions	-	1,380,568	(1,380,568)
Employee contributions	-	297,440	(297,440)
Other contributions	-	-	-
Net investment income	-	1,970,968	(1,970,968)
Benefit payments and refunds	(1,250,155)	(1,250,155)	-
Administrative expense	-	(38,591)	38,591
Net changes	1,711,630	2,360,230	(648,600)
BALANCES AT DECEMBER 31, 2017	\$ 31,662,401	\$ 19,558,314	\$ 12,104,087

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

n. 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, 2017
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	3.44%
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.

o. 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	\$ 17,033,376	\$ 12,104,087	\$ 8,121,478

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

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

For the year ended December 31, 2017, the Village recognized firefighter's pension expense of \$1,588,015. At December 31, 2017, 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	\$ 538,393	\$ 81,953
Changes in assumption	348,601	127,505
Net difference between projected and actual earnings on pension plan investments	553,510	729,208
TOTAL	\$ 1,440,504	\$ 938,666

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>	
2018	\$ 179,389
2019	179,385
2020	(97,368)
2021	(55,224)
2022	95,470
Thereafter	200,186
TOTAL	\$ 501,838

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

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
ASSETS			
Cash and cash equivalents	\$ 329,268	\$ 466,651	\$ 795,919
Investments			
U.S. Government and U.S. agency obligations	11,395,018	6,477,068	17,872,086
Money market mutual funds	131,502	131,041	262,543
Mutual funds	21,469,020	12,446,999	33,916,019
Illinois Metropolitan Investment Fund	10	25	35
Receivables			
Accrued interest	61,546	43,178	104,724
Prepaid items	3,673	1,370	5,043
	<u>33,390,037</u>	<u>19,566,332</u>	<u>52,956,369</u>
LIABILITIES			
Accounts payable	<u>10,631</u>	<u>8,018</u>	<u>18,649</u>
	<u>10,631</u>	<u>8,018</u>	<u>18,649</u>
NET POSITION	<u>\$ 33,379,406</u>	<u>\$ 19,558,314</u>	<u>\$ 52,937,720</u>

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
ADDITIONS			
Contributions			
Employer	\$ 2,300,432	\$ 1,380,568	\$ 3,681,000
Participants	517,272	297,440	814,712
Total contributions	2,817,704	1,678,008	4,495,712
Investment income			
Net appreciation in fair value of investments	3,241,955	1,912,634	5,154,589
Interest earned	163,185	90,174	253,356
Less investment expense	(54,347)	(31,832)	(86,179)
Net investment income	3,350,793	1,970,973	5,321,766
Total additions	6,168,497	3,648,981	9,817,478
DEDUCTIONS			
Pension benefits and refunds	2,539,916	1,250,155	3,790,071
Administrative expenses	50,125	38,596	88,721
Total deductions	2,590,041	1,288,751	3,878,792
NET INCREASE	3,578,456	2,360,230	5,938,686
NET POSITION RESTRICTED FOR PENSION BENEFITS			
January 1	29,800,950	17,198,084	46,999,034
December 31	\$ 33,379,406	\$ 19,558,314	\$ 52,937,720

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

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 (latest information available), 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 2017 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
2015	\$ 489,559	\$ 354,225	72.36%	\$ 1,657,859
2016	511,669	339,094	66.27%	1,830,431
2017	532,844	377,038	70.76%	1,986,237

The net OPEB obligation as of December 31, 2017 was calculated as follows:

Annual required contribution	\$ 520,641
Interest on net OPEB obligation	73,217
Adjustment to annual required contribution	<u>(61,014)</u>
Annual OPEB cost	532,844
Contributions made	<u>(377,038)</u>
Increase in net OPEB obligation	155,806
Net OPEB obligation, beginning of year	<u>1,830,431</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 1,986,237</u></u>

Funded Status and Funding Progress: The funded status of the Plan as of December 31, 2016 (latest information available) 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 (latest information available), 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, 2017 was 30 years.

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, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 25,244,557	\$ 25,244,557	\$ 26,703,920	\$ 1,459,363
Licenses and permits	1,144,300	1,144,300	1,249,962	105,662
Charges for services	1,509,250	1,509,250	1,603,708	94,458
Fines and forfeits	559,700	559,700	845,206	285,506
Intergovernmental	3,991,260	3,991,260	3,617,568	(373,692)
Investment income	56,000	56,000	128,426	72,426
Miscellaneous	268,067	268,067	424,572	156,505
Total revenues	32,773,134	32,773,134	34,573,362	1,800,228
EXPENDITURES				
Current				
General government	4,031,498	4,211,498	3,946,578	(264,920)
Community development	2,433,040	2,983,040	2,831,784	(151,256)
Public safety	20,372,976	20,396,271	20,500,538	104,267
Public works	4,140,712	4,140,712	3,981,239	(159,473)
Total expenditures	30,978,226	31,731,521	31,260,139	(471,382)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,794,908	1,041,613	3,313,223	2,271,610
OTHER FINANCING SOURCES (USES)				
Transfers in	70,094	70,094	-	(70,094)
Transfers (out)	(1,858,155)	(1,678,155)	(1,678,155)	-
Total other financing sources (uses)	(1,788,061)	(1,608,061)	(1,678,155)	(70,094)
NET CHANGE IN FUND BALANCES	\$ 6,847	\$ (566,448)	1,635,068	\$ 2,201,516
FUND BALANCE, JANUARY 1			19,814,061	
FUND BALANCE, DECEMBER 31			\$ 21,449,129	

(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, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Allotments earned	\$ 956,920	\$ 1,069,547	\$ 1,087,963	\$ 18,416
Reimbursements	2,100	2,100	495	(1,605)
Investment income	2,000	2,000	4,346	2,346
	<hr/>			
Total revenues	961,020	1,073,647	1,092,804	19,157
	<hr/>			
EXPENDITURES				
Current				
Highways and streets				
Commodities	124,000	124,000	90,382	(33,618)
Contractual services	434,128	546,755	508,103	(38,652)
Capital outlay	1,235,000	1,235,000	922,511	(312,489)
	<hr/>			
Total expenditures	1,793,128	1,905,755	1,520,996	(384,759)
	<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(832,108)	(832,108)	(428,192)	403,916
	<hr/>			
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
	<hr/>			
Total other financing sources (uses)	400,000	400,000	400,000	-
	<hr/>			
NET CHANGE IN FUND BALANCE	\$ (432,108)	\$ (432,108)	(28,192)	\$ 403,916
	<hr/>			
FUND BALANCE, JANUARY 1			516,312	
			<hr/>	
FUND BALANCE, DECEMBER 31			\$ 488,120	
			<hr/>	

(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, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 1,869,000	\$ 1,869,000	\$ 1,849,587	\$ (19,413)
Investment income	2,000	2,000	39,322	37,322
Total revenues	<u>1,871,000</u>	<u>1,871,000</u>	<u>1,888,909</u>	<u>17,909</u>
EXPENDITURES				
Current				
Community development				
Contractual services	890,560	890,560	320,724	(569,836)
Capital outlay	900,000	900,000	277,100	(622,900)
Total expenditures	<u>1,790,560</u>	<u>1,790,560</u>	<u>597,824</u>	<u>(1,192,736)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 80,440</u>	<u>\$ 80,440</u>	1,291,085	<u>\$ 1,210,645</u>
FUND BALANCE, JANUARY 1			<u>4,434,791</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 5,725,876</u>	

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

OTHER POSTEMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
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%
2017	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2017	377,038	520,641	72.42%

*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 Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contribution	\$ 888,579	\$ 950,875	\$ 956,012
Contributions in relation to the actuarially determined contribution	888,579	950,875	956,012
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 5,998,378	\$ 6,356,116	\$ 7,129,096
Contributions as a percentage of covered-employee payroll	14.81%	14.96%	13.41%

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 27 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 3.75% to 14.50% 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 Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	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 27 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 3.75% to 14.50% 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

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2009	2010	2011	2012	2013	2014	2014*	2015	2016	2017
Actuarially determined contribution	\$ 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	\$ 2,273,048
Contribution in relation to the actuarially determined contribution	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	2,300,432
CONTRIBUTION DEFICIENCY (Excess)	\$ (27,986)	\$ -	\$ (27,384)							
Covered-employee payroll	\$ 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	\$ 5,341,112
Contributions as a percentage of covered-employee payroll	26%	24%	28%	33%	35%	35%	25%	41%	42%	43%

*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 19 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return of 7.00% annually, projected salary increase assumption of 4.00%-9.35% 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

FISCAL YEAR ENDED DECEMBER 31,	2009	2010	2011	2012	2013	2014	2014*	2015	2016	2017
Actuarially determined contribution	\$ 471,152	\$ 574,010	\$ 698,763	\$ 805,643	\$ 815,297	\$ 915,601	\$ 714,491	\$ 1,164,625	\$ 1,220,758	\$ 1,351,723
Contribution in relation to the actuarially determined contribution	471,152	574,010	698,763	805,643	815,297	915,601	714,491	1,164,625	1,220,758	1,380,568
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ (28,845)								
Covered-employee payroll	\$ 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	\$ 3,183,775
Contributions as a percentage of covered-employee payroll	20%	22%	26%	30%	29%	31%	24%	39%	39%	43%

*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 19 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return of 7.00% annually, projected salary increase assumption of 4.00%-19.34% 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 Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014*	2015*	2016*
TOTAL PENSION LIABILITY			
Service cost	\$ 719,917	\$ 650,191	\$ 707,092
Interest	3,079,014	3,333,582	3,533,657
Changes of benefit terms	-	-	-
Differences between expected and actual experience	76,300	856,622	(1,609,789)
Changes of assumptions	1,548,180	111,824	(220,887)
Benefit payments, including refunds of member contributions	(1,722,335)	(2,138,221)	(2,220,212)
Net change in total pension liability	3,701,076	2,813,998	189,861
Total pension liability - beginning	41,609,538	45,310,614	48,124,612
TOTAL PENSION LIABILITY - ENDING	\$ 45,310,614	\$ 48,124,612	\$ 48,314,473
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 889,907	\$ 888,579	\$ 950,875
Contributions - member	283,210	316,164	305,421
Net investment income	2,352,058	201,816	2,772,593
Benefit payments, including refunds of member contributions	(1,722,335)	(2,138,221)	(2,220,212)
Administrative expense	194,216	331,390	(1,139,027)
Net change in plan fiduciary net position	1,997,056	(400,272)	669,650
Plan fiduciary net position - beginning	38,832,938	40,829,994	40,429,722
PLAN FIDUCIARY NET POSITION - ENDING	\$ 40,829,994	\$ 40,429,722	\$ 41,099,372
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 4,480,620	\$ 7,694,890	\$ 7,215,101
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.11%	84.01%	85.07%
Covered-employee payroll	\$ 5,998,378	\$ 6,543,294	\$ 6,787,117
Employer's net pension liability as a percentage of covered-employee payroll	74.70%	117.60%	106.31%

Measurement Date December 31, 2016 - There was a change with respect to actuarial assumptions related to the assumed rate on the discount rate. The rate was changed to 7.50%.

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 Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014*	2015*	2016*
TOTAL PENSION LIABILITY			
Service cost	\$ -	\$ -	\$ -
Interest	43,096	44,500	44,719
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,204	4,854	5,169
Changes of assumptions	18,072	-	-
Benefit payments, including refunds of member contributions	(43,449)	(45,853)	(47,017)
Net change in total pension liability	19,923	3,501	2,871
Total pension liability - beginning	596,342	616,265	619,766
TOTAL PENSION LIABILITY - ENDING	\$ 616,265	\$ 619,766	\$ 622,637
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - member	-	-	-
Net investment income	41,034	3,360	52,097
Benefit payments, including refunds of member contributions	(43,449)	(45,853)	(47,017)
Administrative expense	2,936	20,078	95,708
Net change in plan fiduciary net position	521	(22,415)	100,788
Plan fiduciary net position - beginning	694,409	694,930	672,515
PLAN FIDUCIARY NET POSITION - ENDING	\$ 694,930	\$ 672,515	\$ 773,303
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (78,665)	\$ (52,749)	\$ (150,666)
Plan fiduciary net position as a percentage of the total pension liability	112.76%	108.51%	124.20%
Covered-employee payroll	\$ -	\$ -	\$ -
Employer's net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

Measurement Date December 31, 2016 - There was no change with respect to actuarial assumptions.

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 Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 826,153	\$ 933,500	\$ 957,853	\$ 963,023
Interest	2,120,601	3,388,095	3,535,205	3,765,976
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(74,557)	(1,191,861)	493,707	836,552
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)	(2,539,916)
Net change in total pension liability	4,920,879	2,242,999	3,449,025	3,025,635
Total pension liability - beginning	44,456,711	49,377,590	51,620,589	55,069,614
TOTAL PENSION LIABILITY - ENDING	\$ 49,377,590	\$ 51,620,589	\$ 55,069,614	\$ 58,095,249
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 1,275,435	\$ 2,078,956	\$ 2,153,658	\$ 2,300,432
Contributions - member	323,746	510,565	508,475	509,894
Contributions - other	-	-	11,811	7,378
Net investment income	415,166	(492,361)	2,266,438	3,350,793
Benefit payments, including refunds of member contributions	(1,164,414)	(1,952,464)	(2,235,335)	(2,539,916)
Administrative expense	(50,938)	(29,889)	(40,102)	(50,125)
Net change in plan fiduciary net position	798,995	114,807	2,664,945	3,578,456
Plan fiduciary net position - beginning	26,222,203	27,021,198	27,136,005	29,800,950
PLAN FIDUCIARY NET POSITION - ENDING	\$ 27,021,198	\$ 27,136,005	\$ 29,800,950	\$ 33,379,406
EMPLOYER'S NET PENSION LIABILITY	\$ 22,356,392	\$ 24,484,584	\$ 25,268,664	\$ 24,715,843
Plan fiduciary net position as a percentage of the total pension liability	54.72%	52.57%	54.12%	57.46%
Covered-employee payroll	\$ 5,101,739	\$ 5,020,825	\$ 5,140,730	\$ 5,341,112
Employer's net pension liability as a percentage of covered-employee payroll	438.21%	487.66%	491.54%	462.75%

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 Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 534,054	\$ 697,712	\$ 789,376	\$ 802,166
Interest	1,153,817	1,787,834	1,917,310	2,052,799
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(123,447)	(121,544)	558,032	106,820
Changes of assumptions	(297,826)	517,009	(160,539)	-
Benefit payments, including refunds of member contributions	593,064	(975,580)	(1,087,111)	(1,250,155)
Net change in total pension liability	1,859,662	1,905,431	2,017,068	1,711,630
Total pension liability - beginning	24,168,610	26,028,272	27,933,703	29,950,771
TOTAL PENSION LIABILITY - ENDING	\$ 26,028,272	\$ 27,933,703	\$ 29,950,771	\$ 31,662,401
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 714,492	\$ 1,164,625	\$ 1,220,758	\$ 1,380,568
Contributions - member	184,034	293,937	293,235	297,440
Contributions - other	-	-	109	-
Net investment income	237,412	(295,023)	1,308,890	1,970,968
Benefit payments, including refunds of member contributions	(593,064)	(975,580)	(1,087,111)	(1,250,155)
Administrative expense	(33,424)	(25,611)	(25,152)	(38,591)
Net change in plan fiduciary net position	509,450	162,348	1,710,729	2,360,230
Plan fiduciary net position - beginning	14,815,557	15,325,007	15,487,355	17,198,084
PLAN FIDUCIARY NET POSITION - ENDING	\$ 15,325,007	\$ 15,487,355	\$ 17,198,084	\$ 19,558,314
EMPLOYER'S NET PENSION LIABILITY	\$ 10,703,265	\$ 12,446,348	\$ 12,752,687	\$ 12,104,087
Plan fiduciary net position as a percentage of the total pension liability	58.88%	55.44%	57.42%	61.77%
Covered-employee payroll	\$ 2,980,239	\$ 2,965,597	\$ 3,115,991	\$ 3,183,775
Employer's net pension liability as a percentage of covered-employee payroll	359.14%	419.69%	409.27%	380.18%

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, 2017

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	2.15%	(1.71%)	8.38%	11.27%

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, 2017

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	2.25%	(1.76%)	8.44%	11.39%

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, 2017

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 1st to December 31st.

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 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, 2017

	Original Budget	Final Budget	Actual
TAXES			
Property tax	\$ 11,634,443	\$ 11,634,443	\$ 11,736,407
Municipal sales tax	5,620,000	5,620,000	6,395,188
Home rule sales tax	3,650,000	3,650,000	4,197,024
Real estate transfer tax	380,114	380,114	391,534
Use tax	875,000	875,000	982,230
Utility tax - simplified telephone	695,000	695,000	600,186
Utility tax - natural gas	235,000	235,000	214,965
Utility tax - electric	996,000	996,000	973,072
Prepared food tax	1,100,000	1,100,000	1,156,763
Auto rental tax	14,000	14,000	12,143
Hotel/motel tax	45,000	45,000	44,408
	<hr/>	<hr/>	<hr/>
Total taxes	25,244,557	25,244,557	26,703,920
LICENSES AND PERMITS			
Licenses			
Business	75,000	75,000	80,300
Liquor	50,000	50,000	54,359
Contractor	50,000	50,000	44,410
Vendor/solicitor	1,000	1,000	900
Animal	550	550	625
Penalties on licenses	2,000	2,000	265
Multi-family	91,350	91,350	92,323
Single family	78,000	78,000	111,850
Land use development	-	-	6,825
Cable franchise fee	420,000	420,000	404,399
Solid waste franchise fee	125,400	125,400	127,858
Permits			
Building	250,000	250,000	324,935
Sign	1,000	1,000	913
	<hr/>	<hr/>	<hr/>
Total licenses and permits	1,144,300	1,144,300	1,249,962
CHARGES FOR SERVICES			
Printed materials	3,500	3,500	7,748
Ambulance fees	680,000	680,000	672,848
Plan review - community development	40,000	40,000	16,181
Building re-inspection fees	1,800	1,800	1,300
Vehicle impoundment fees	500,000	500,000	516,026
CPR fees	2,500	2,500	2,950
ADT administrative fee	4,000	4,000	6,138
Public safety application fee	2,000	2,000	2,120
Child safety seat installation	100	100	175

(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, 2017

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES (Continued)			
Inspection fee - miscellaneous	\$ 350	\$ 350	\$ 150
Highlighter advertising	-	-	-
Rental income	275,000	275,000	360,302
Fire training course	-	-	6,800
Overweight vehicle	-	-	10,970
 Total charges for services	 1,509,250	 1,509,250	 1,603,708
FINES AND FORFEITS			
Traffic fines - DuPage	45,000	45,000	53,959
Traffic fines - Cook	100,000	100,000	116,098
Ordinance violations	290,000	290,000	525,618
Police false alarm fines	7,500	7,500	7,150
Fire false alarm fines	1,000	1,000	3,800
Red light camera fines	115,000	115,000	137,266
Kennel fees	1,200	1,200	1,315
 Total fines and forfeits	 559,700	 559,700	 845,206
INTERGOVERNMENTAL			
State income tax	3,870,000	3,870,000	3,487,788
Replacement taxes	88,000	88,000	100,410
Reimbursement - DuPage County	10,360	10,360	16,910
Reimbursement - ILEAS	900	900	232
Reimbursement - ILEOT Boards	8,000	8,000	857
Reimbursement - police services	4,000	4,000	2,371
Reimbursement - insurance reserve refund	-	-	-
Reimbursement - fire services	10,000	10,000	9,000
 Total intergovernmental	 3,991,260	 3,991,260	 3,617,568
INVESTMENT INCOME	56,000	56,000	128,426
MISCELLANEOUS			
Reimbursement - miscellaneous	35,000	35,000	140,735
Hazardous materials	5,000	5,000	22,271
Corporate partnership program	500	500	2,550
Central equipment funding - Water and Sewer	149,567	149,567	149,567
Miscellaneous income	78,000	78,000	109,449
 Total miscellaneous	 268,067	 268,067	 424,572
TOTAL REVENUES	\$ 32,773,134	\$ 32,773,134	\$ 34,573,362

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
President and board of trustees			
Personal services	\$ 38,754	\$ 38,754	\$ 38,997
Commodities	61,300	61,300	55,595
Contractual services	30,290	30,290	25,632
Total president and board of trustees	<u>130,344</u>	<u>130,344</u>	<u>120,224</u>
Village clerk			
Personal services	77,063	77,063	79,087
Commodities	3,260	3,260	2,307
Contractual services	19,465	19,465	17,582
Total village clerk	<u>99,788</u>	<u>99,788</u>	<u>98,976</u>
Village collector			
Personal services	84,933	84,933	98,052
Total village collector	<u>84,933</u>	<u>84,933</u>	<u>98,052</u>
Environmental committee			
Commodities	700	700	208
Contractual services	1,600	1,600	74
Total environmental committee	<u>2,300</u>	<u>2,300</u>	<u>282</u>
Cultural inclusion and diversity committee			
Commodities	200	200	-
Contractual services	3,800	3,800	2,686
Total cultural inclusion and diversity committee	<u>4,000</u>	<u>4,000</u>	<u>2,686</u>
Sister City committee			
Commodities	900	900	751
Contractual services	5,995	5,995	4,020
Total sister city committee	<u>6,895</u>	<u>6,895</u>	<u>4,771</u>
Citizens corp council committee			
Commodities	2,100	2,100	368
Contractual services	200	200	-
Total citizens corp council committee	<u>2,300</u>	<u>2,300</u>	<u>368</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, 2017

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Veterans committee			
Commodities	\$ 400	\$ 400	\$ 97
Contractual services	1,550	1,550	673
Total veterans committee	<u>1,950</u>	<u>1,950</u>	<u>770</u>
Development commission			
Commodities	450	450	100
Contractual services	950	950	536
Total development commission	<u>1,400</u>	<u>1,400</u>	<u>636</u>
CONNECT committee			
Commodities	600	600	1,060
Contractual services	5,050	5,050	3,217
Total CONNECT committee	<u>5,650</u>	<u>5,650</u>	<u>4,277</u>
Village manager			
Personal services	516,702	516,702	524,537
Commodities	4,600	4,600	4,928
Contractual services	52,420	52,420	45,259
Total village manager	<u>573,722</u>	<u>573,722</u>	<u>574,724</u>
Human resources			
Personal services	296,047	296,047	286,812
Commodities	42,575	42,575	31,259
Contractual services	109,397	109,397	98,405
Total human resources	<u>448,019</u>	<u>448,019</u>	<u>416,476</u>
Special events			
Contractual services	13,925	13,925	12,612
Total special events	<u>13,925</u>	<u>13,925</u>	<u>12,612</u>
Information technology			
Personal services	278,495	278,495	282,369
Commodities	74,800	74,800	65,901
Contractual services	511,096	691,096	668,969
Total information technology	<u>864,391</u>	<u>1,044,391</u>	<u>1,017,239</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, 2017

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Finance department administration			
Personal services	\$ 162,429	\$ 162,429	\$ 165,723
Commodities	2,047	2,047	1,443
Contractual services	19,313	19,313	10,568
Total finance department administration	<u>183,789</u>	<u>183,789</u>	<u>177,734</u>
Collections			
Personal services	159,574	159,574	168,319
Commodities	7,450	7,450	8,194
Contractual services	1,875	1,875	1,307
Total collections	<u>168,899</u>	<u>168,899</u>	<u>177,820</u>
General accounting			
Personal services	139,413	139,413	138,661
Commodities	1,840	1,840	1,619
Contractual services	62,540	62,540	68,637
Total general accounting	<u>203,793</u>	<u>203,793</u>	<u>208,917</u>
General administrative services			
Personal services	376,212	376,212	124,346
Contractual services	859,188	859,188	905,668
Total general administrative services	<u>1,235,400</u>	<u>1,235,400</u>	<u>1,030,014</u>
Total general government	<u>4,031,498</u>	<u>4,211,498</u>	<u>3,946,578</u>
PUBLIC WORKS			
Administration			
Personal services	149,014	149,014	158,836
Commodities	2,795	2,795	1,815
Contractual services	7,300	7,300	5,894
Total administration	<u>159,109</u>	<u>159,109</u>	<u>166,545</u>
Streets			
Personal services	1,013,035	1,013,035	1,019,610
Commodities	109,245	109,245	125,998
Contractual services	350,689	350,689	333,769
Total streets	<u>1,472,969</u>	<u>1,472,969</u>	<u>1,479,377</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, 2017

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Forestry			
Personal services	\$ 238,648	\$ 238,648	\$ 172,367
Commodities	14,800	14,800	15,588
Contractual services	316,935	316,935	260,097
Total forestry	570,383	570,383	448,052
Building			
Personal services	299,247	299,247	285,515
Commodities	95,840	95,840	89,939
Contractual services	220,223	220,223	236,320
Total building	615,310	615,310	611,774
Fleet services administration			
Personal services	438,537	438,537	440,840
Commodities	392,525	392,525	335,250
Contractual services	111,219	111,219	110,114
Total fleet services administration	942,281	942,281	886,204
Department of engineering			
Personal services	337,466	337,466	304,419
Commodities	2,765	2,765	1,930
Contractual services	40,429	40,429	82,938
Total department of engineering	380,660	380,660	389,287
Total public works	4,140,712	4,140,712	3,981,239
PUBLIC SAFETY			
Fire department			
Administration			
Personal services	574,028	574,028	593,937
Commodities	8,128	8,128	8,582
Contractual services	15,507	15,507	16,837
Total administration	597,663	597,663	619,356

(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, 2017

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Fire suppression			
Personal services	\$ 5,325,521	\$ 5,325,521	\$ 5,528,947
Commodities	62,182	62,182	69,840
Contractual services	559,655	559,655	526,060
Total fire suppression	5,947,358	5,947,358	6,124,847
Inspections			
Personal services	644,586	644,586	608,785
Commodities	8,425	8,425	8,468
Contractual services	43,200	43,200	45,607
Total inspections	696,211	696,211	662,860
Emergency transport			
Personal services	44,611	44,611	44,864
Commodities	500	500	156
Total emergency transport	45,111	45,111	45,020
Total fire department	7,286,343	7,286,343	7,452,083
Police department			
Administration			
Personal services	819,134	820,813	836,973
Commodities	9,780	9,780	9,237
Contractual services	17,075	17,075	12,885
Total administration	845,989	847,668	859,095
Patrol division			
Personal services	7,582,582	7,599,576	7,596,698
Commodities	60,740	60,740	66,195
Contractual services	237,315	237,315	229,000
Total patrol division	7,880,637	7,897,631	7,891,893
Investigations			
Personal services	1,881,965	1,886,187	1,879,451
Commodities	28,970	28,970	22,072
Contractual services	49,243	49,243	44,901
Total investigations	1,960,178	1,964,400	1,946,424

(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, 2017

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Police department (Department)			
Community services			
Personal services	\$ 95,488	\$ 95,488	\$ 94,698
Commodities	370	370	121
Contractual services	3,875	3,875	3,020
Total community services	99,733	99,733	97,839
Staff services			
Personal services	965,518	965,918	953,765
Commodities	49,550	49,550	58,796
Contractual services	707,781	707,781	692,521
Total staff services	1,722,849	1,723,249	1,705,082
Code enforcement			
Personal services	547,381	547,381	522,579
Commodities	4,360	4,360	3,735
Contractual services	12,112	12,112	11,186
Total code enforcement	563,853	563,853	537,500
Total police department	13,073,239	13,096,534	13,037,833
Emergency services			
Commodities	7,224	7,224	5,079
Contractual services	6,170	6,170	5,543
Total emergency services	13,394	13,394	10,622
Total public safety	20,372,976	20,396,271	20,500,538
COMMUNITY DEVELOPMENT			
Economic development			
Personal services	329,886	329,886	308,692
Commodities	17,845	17,845	17,503
Contractual services	2,085,309	2,635,309	2,505,589
Total economic development	2,433,040	2,983,040	2,831,784
Total community development	2,433,040	2,983,040	2,831,784
TOTAL EXPENDITURES	\$ 30,978,226	\$ 31,731,521	\$ 31,260,139

(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, 2017

	Special Revenue			
	Road and Bridge	MWRD Fields	State Restricted	Federal Restricted
ASSETS				
Cash and investments	\$ 612,498	\$ 588,856	\$ 300,512	\$ 10,470
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	-	-	-
Accounts	-	12,996	2,179	-
Accrued interest	-	184	-	-
Prepaid expenses	-	-	-	-
TOTAL ASSETS	\$ 612,498	\$ 602,036	\$ 302,691	\$ 10,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 41,366	\$ 175,066	\$ 650	\$ -
Retainage payable	-	-	-	-
Other payables	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	41,366	175,066	650	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	41,366	175,066	650	-
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	-	-
Restricted				
Public safety	-	-	302,041	10,470
Highways and streets	571,132	426,970	-	-
Debt service	-	-	-	-
Special service areas	-	-	-	-
Unrestricted				
Assigned				
Capital improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	571,132	426,970	302,041	10,470
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 612,498	\$ 602,036	\$ 302,691	\$ 10,470

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
\$ 85,749	\$ -	\$ 27,753	\$ 42,340	\$ 54,323	\$ 106,611	\$ 180,477
-	-	-	16,192	19,096	161,700	643,605
-	87,508	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	8,099	-
<u>\$ 85,749</u>	<u>\$ 87,508</u>	<u>\$ 27,753</u>	<u>\$ 58,532</u>	<u>\$ 73,419</u>	<u>\$ 276,410</u>	<u>\$ 824,082</u>
\$ -	\$ -	\$ 25,589	\$ 1,200	\$ 1,400	\$ 16,198	\$ -
-	-	-	-	-	-	-
-	-	40,000	-	-	-	-
-	-	-	-	-	-	-
-	113,255	32,116	-	-	-	-
-	113,255	97,705	1,200	1,400	16,198	-
-	-	-	16,192	19,096	161,700	643,605
-	-	-	16,192	19,096	161,700	643,605
-	113,255	97,705	17,392	20,496	177,898	643,605
-	-	-	-	-	8,099	-
85,749	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	180,477
-	-	-	41,140	52,923	90,413	-
-	-	-	-	-	-	-
-	(25,747)	(69,952)	-	-	-	-
<u>85,749</u>	<u>(25,747)</u>	<u>(69,952)</u>	<u>41,140</u>	<u>52,923</u>	<u>98,512</u>	<u>180,477</u>
<u>\$ 85,749</u>	<u>\$ 87,508</u>	<u>\$ 27,753</u>	<u>\$ 58,532</u>	<u>\$ 73,419</u>	<u>\$ 276,410</u>	<u>\$ 824,082</u>

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (Continued)

December 31, 2017

	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	
ASSETS					
Cash and investments	\$ 69,010	\$ 122,459	\$ 27,684	\$ 1,539,146	\$ 3,767,888
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	446,038	651,313	75,100	-	2,013,044
Accounts	-	-	-	925	103,608
Accrued interest	-	-	-	2,295	2,479
Prepaid expenses	-	-	-	-	8,099
TOTAL ASSETS	\$ 515,048	\$ 773,772	\$ 102,784	\$ 1,542,366	\$ 5,895,118
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 74,442	\$ 335,911
Retainage payable	-	-	-	2,877	2,877
Other payables	-	-	-	-	40,000
Due to other funds	83,518	-	-	-	83,518
Advances from other funds	-	-	152,266	-	297,637
Total liabilities	83,518	-	152,266	77,319	759,943
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	446,038	651,313	75,100	-	2,013,044
Total deferred inflows of resources	446,038	651,313	75,100	-	2,013,044
Total liabilities and deferred inflows of resources	529,556	651,313	227,366	77,319	2,772,987
FUND BALANCES					
Nonspendable					
Prepaid items	-	-	-	-	8,099
Restricted					
Public safety	-	-	-	-	398,260
Highways and streets	-	-	-	-	998,102
Debt service	-	122,459	-	-	302,936
Special service areas	-	-	-	-	184,476
Unrestricted					
Assigned					
Capital improvements	-	-	-	1,465,047	1,465,047
Unassigned (deficit)	(14,508)	-	(124,582)	-	(234,789)
Total fund balances (deficit)	(14,508)	122,459	(124,582)	1,465,047	3,122,131
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 515,048	\$ 773,772	\$ 102,784	\$ 1,542,366	\$ 5,895,118

(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, 2017

	Special Revenue			
	Road and Bridge	MWRD Fields	State Restricted	Federal Restricted
REVENUES				
Taxes				
Property taxes	\$ 108,713	\$ -	\$ -	\$ -
Video gaming tax	-	158,205	-	-
Foreign fire insurance tax	-	-	-	-
Intergovernmental				
Personal property replacement taxes	1,233	-	-	-
Grants	81,024	-	-	-
Other intergovernmental	-	-	-	7,072
Licenses and permits	-	18,000	-	-
Fines and forfeits	-	-	62,486	-
Investment income	4,726	5,202	1,651	50
Miscellaneous	145,053	-	-	-
Total revenues	<u>340,749</u>	<u>181,407</u>	<u>64,137</u>	<u>7,122</u>
EXPENDITURES				
Current				
Community development	-	-	58,989	-
Highways and streets	286,867	-	-	-
Capital outlay	-	473,910	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>286,867</u>	<u>473,910</u>	<u>58,989</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>53,882</u>	<u>(292,503)</u>	<u>5,148</u>	<u>7,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(400,000)	-	-	-
Total other financing sources (uses)	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(346,118)	(292,503)	5,148	7,122
FUND BALANCES (DEFICIT), JANUARY 1	<u>917,250</u>	<u>719,473</u>	<u>296,893</u>	<u>3,348</u>
FUND BALANCE (DEFICIT), DECEMBER 31	<u>\$ 571,132</u>	<u>\$ 426,970</u>	<u>\$ 302,041</u>	<u>\$ 10,470</u>

Foreign Fire Insurance Tax	Tax Increment Financing #4	Special Revenue				Special Service Area #5	Debt Service
		Tax Increment Financing #5	Special Service Area #3	Special Service Area #4	General Obligation Bond Series of 2010		
\$ -	\$ -	\$ 15,046	\$ 16,129	\$ 19,110	\$ 158,049	\$ 654,776	
-	-	-	-	-	-	-	
27,374	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	154,630	
-	-	-	-	-	-	-	
342	-	125	237	344	383	1,683	
-	-	159,000	-	-	-	-	
27,716	-	174,171	16,366	19,454	158,432	811,089	
-	537	175,506	16,169	24,344	108,240	-	
-	-	-	-	-	-	-	
989	-	-	-	-	-	-	
-	-	-	-	-	-	310,000	
-	-	-	-	-	-	473,780	
-	-	-	-	-	-	1,103	
989	537	175,506	16,169	24,344	108,240	784,883	
26,727	(537)	(1,335)	197	(4,890)	50,192	26,206	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
26,727	(537)	(1,335)	197	(4,890)	50,192	26,206	
59,022	(25,210)	(68,617)	40,943	57,813	48,320	154,271	
\$ 85,749	\$ (25,747)	\$ (69,952)	\$ 41,140	\$ 52,923	\$ 98,512	\$ 180,477	

(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, 2017

	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	
REVENUES					
Taxes					
Property taxes	\$ 456,988	\$ 650,342	\$ 76,190	\$ -	\$ 2,155,343
Video gaming tax	-	-	-	-	158,205
Foreign fire insurance tax	-	-	-	-	27,374
Intergovernmental					
Personal property replacement taxes	-	-	-	-	1,233
Grants	-	-	-	-	81,024
Other intergovernmental	92,833	-	-	-	254,535
Licenses and permits	-	-	-	-	18,000
Fines and forfeits	-	-	-	-	62,486
Investment income	711	1,695	176	9,421	26,746
Miscellaneous	-	-	-	1,473	305,526
Total revenues	550,532	652,037	76,366	10,894	3,090,472
EXPENDITURES					
Current					
Community development	-	-	-	-	383,785
Highways and streets	-	-	-	-	286,867
Capital outlay	-	-	-	1,249,392	1,724,291
Debt service					
Principal retirement	200,000	520,000	-	-	1,030,000
Interest	284,438	126,713	11,072	-	896,003
Fiscal charges	1,103	803	-	-	3,009
Total expenditures	485,541	647,516	11,072	1,249,392	4,323,955
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	64,991	4,521	65,294	(1,238,498)	(1,233,483)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,778,155	1,778,155
Transfers (out)	-	-	-	-	(400,000)
Total other financing sources (uses)	-	-	-	1,778,155	1,378,155
NET CHANGE IN FUND BALANCES	64,991	4,521	65,294	539,657	144,672
FUND BALANCES (DEFICIT), JANUARY 1	(79,499)	117,938	(189,876)	925,390	2,977,459
FUND BALANCE (DEFICIT), DECEMBER 31	\$ (14,508)	\$ 122,459	\$ (124,582)	\$ 1,465,047	\$ 3,122,131

(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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 120,000	\$ 120,000	\$ 108,713
Intergovernmental			
Personal property replacement taxes	500	500	1,233
Grants	-	-	81,024
Investment income	500	500	4,726
Miscellaneous	-	-	145,053
Total revenues	<u>121,000</u>	<u>121,000</u>	<u>340,749</u>
EXPENDITURES			
Current			
Highways and streets	<u>338,000</u>	<u>338,000</u>	<u>286,867</u>
Total expenditures	<u>338,000</u>	<u>338,000</u>	<u>286,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(217,000)</u>	<u>(217,000)</u>	<u>53,882</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (617,000)</u>	<u>\$ (617,000)</u>	<u>(346,118)</u>
FUND BALANCE, JANUARY 1			<u>917,250</u>
FUND BALANCE, DECEMBER 31			<u>\$ 571,132</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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Video gaming	\$ 138,000	\$ 138,000	\$ 158,205
Licenses and permits	15,000	15,000	18,000
Investment income	300	300	5,202
	<hr/>		
Total revenues	153,300	153,300	181,407
	<hr/>		
EXPENDITURES			
Capital outlay	738,100	738,100	473,910
	<hr/>		
Total expenditures	738,100	738,100	473,910
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (584,800)</u>	<u>\$ (584,800)</u>	(292,503)
FUND BALANCE, JANUARY 1			<hr/> 719,473
FUND BALANCE, DECEMBER 31			<hr/> \$ 426,970 <hr/>

(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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Fines and forfeits			
DUI fines	\$ 25,000	\$ 25,000	\$ 22,850
Traffic court supervision	15,000	15,000	18,780
Violent Offender Registration Fee	-	-	40
Drug forfeiture	10,500	10,500	20,283
Fees	875	875	533
Investment income	50	50	1,651
Total revenues	<u>51,425</u>	<u>51,425</u>	<u>64,137</u>
EXPENDITURES			
Current			
Contractual services	<u>60,300</u>	<u>60,300</u>	<u>58,989</u>
Total expenditures	<u>60,300</u>	<u>60,300</u>	<u>58,989</u>
NET CHANGE IN FUND BALANCE	<u>\$ (8,875)</u>	<u>\$ (8,875)</u>	5,148
FUND BALANCE, JANUARY 1			<u>296,893</u>
FUND BALANCE, DECEMBER 31			<u>\$ 302,041</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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 7,072
Investment income	-	-	50
Total revenues	-	-	7,122
EXPENDITURES			
Current			
Contractual services	500	500	-
Total expenditures	500	500	-
NET CHANGE IN FUND BALANCE	<u>\$ (500)</u>	<u>\$ (500)</u>	7,122
FUND BALANCE, JANUARY 1			<u>3,348</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 10,470</u></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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Foreign fire insurance tax	\$ 33,000	\$ 33,000	\$ 27,374
Investment income	-	-	342
			<hr/>
Total revenues	33,000	33,000	27,716
			<hr/>
EXPENDITURES			
Commodities	30,500	30,500	989
			<hr/>
Total expenditures	30,500	30,500	989
			<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 2,500</u>	<u>\$ 2,500</u>	26,727
FUND BALANCE, JANUARY 1			<hr/> 59,022
FUND BALANCE, DECEMBER 31			<hr/> <u>\$ 85,749</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
None	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Community development			
Contractual services	<u>100,000</u>	<u>100,000</u>	<u>537</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>537</u>
NET CHANGE IN FUND BALANCE	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	(537)
FUND BALANCE (DEFICIT), JANUARY 1			<u>(25,210)</u>
FUND BALANCE (DEFICIT), DECEMBER 31			<u><u>\$ (25,747)</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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 4,800	\$ 4,800	\$ 15,046
Investment income	-	-	125
Miscellaneous	-	159,000	159,000
Total revenues	<u>4,800</u>	<u>163,800</u>	<u>174,171</u>
EXPENDITURES			
Current			
Community development			
Contractual services	<u>40,000</u>	<u>199,000</u>	<u>175,506</u>
Total expenditures	<u>40,000</u>	<u>199,000</u>	<u>175,506</u>
NET CHANGE IN FUND BALANCE	<u>\$ (35,200)</u>	<u>\$ (35,200)</u>	(1,335)
FUND BALANCE (DEFICIT), JANUARY 1			<u>(68,617)</u>
FUND BALANCE (DEFICIT), DECEMBER 31			<u><u>\$ (69,952)</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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 15,720	\$ 15,720	\$ 16,129
Investment income	100	100	237
Total revenues	<u>15,820</u>	<u>15,820</u>	<u>16,366</u>
EXPENDITURES			
Community development			
Contractual services			
Equipment rentals	<u>19,700</u>	<u>19,700</u>	<u>16,169</u>
Total expenditures	<u>19,700</u>	<u>19,700</u>	<u>16,169</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,880)</u>	<u>\$ (3,880)</u>	197
FUND BALANCE, JANUARY 1			<u>40,943</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 41,140</u></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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 18,540	\$ 18,540	\$ 19,110
Investment income	125	125	344
Total revenues	<u>18,665</u>	<u>18,665</u>	<u>19,454</u>
EXPENDITURES			
Community development			
Contractual services	28,432	28,432	24,344
Capital outlay	1,000	1,000	-
Total expenditures	<u>29,432</u>	<u>29,432</u>	<u>24,344</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,767)</u>	<u>\$ (10,767)</u>	(4,890)
FUND BALANCE, JANUARY 1			<u>57,813</u>
FUND BALANCE, DECEMBER 31			<u>\$ 52,923</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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 156,986	\$ 156,986	\$ 158,049
Investment income	50	50	383
	<hr/>	<hr/>	<hr/>
Total revenues	157,036	157,036	158,432
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Community development			
Contractual services	115,300	115,300	108,240
	<hr/>	<hr/>	<hr/>
Total expenditures	115,300	115,300	108,240
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 41,736</u>	<u>\$ 41,736</u>	50,192
FUND BALANCE, JANUARY 1			<hr/> 48,320
FUND BALANCE, DECEMBER 31			<u><u>\$ 98,512</u></u>

(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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 651,122	\$ 651,122	\$ 654,776
Intergovernmental	132,658	132,658	154,630
Investment income	100	100	1,683
	<hr/>	<hr/>	<hr/>
Total revenues	783,880	783,880	811,089
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Debt service			
Principal	310,000	310,000	310,000
Interest	473,780	473,780	473,780
Fiscal charge	1,500	1,500	1,103
	<hr/>	<hr/>	<hr/>
Total expenditures	785,280	785,280	784,883
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (1,400)	\$ (1,400)	26,206
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1			154,271
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 180,477
			<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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 454,438	\$ 454,438	\$ 456,988
Intergovernmental	30,000	30,000	92,833
Investment income	50	50	711
Total revenues	484,488	484,488	550,532
EXPENDITURES			
Debt service			
Principal	200,000	200,000	200,000
Interest	284,438	284,438	284,438
Fiscal charge	1,500	1,500	1,103
Total expenditures	485,938	485,938	485,541
NET CHANGE IN FUND BALANCE	\$ (1,450)	\$ (1,450)	64,991
FUND BALANCE (DEFICIT), JANUARY 1			(79,499)
FUND BALANCE (DEFICIT), DECEMBER 31			\$ (14,508)

(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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 646,713	\$ 646,713	\$ 650,342
Investment income	100	100	1,695
			<hr/>
Total revenues	646,813	646,813	652,037
			<hr/>
EXPENDITURES			
Debt service			
Principal	520,000	520,000	520,000
Interest	126,713	126,713	126,713
Fiscal charge	1,500	1,500	803
			<hr/>
Total expenditures	648,213	648,213	647,516
			<hr/>
NET CHANGE IN FUND BALANCE	\$ (1,400)	\$ (1,400)	4,521
			<hr/>
FUND BALANCE, JANUARY 1			117,938
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 122,459

(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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 75,100	\$ 75,100	\$ 76,190
Investment income	30	30	176
	<hr/>	<hr/>	<hr/>
Total revenues	75,130	75,130	76,366
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Community development			
Contractual services	5,000	5,000	-
Debt service			
Interest	11,072	11,072	11,072
	<hr/>	<hr/>	<hr/>
Total expenditures	16,072	16,072	11,072
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	59,058	59,058	65,294
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(59,022)	(59,022)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(59,022)	(59,022)	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ 36	\$ 36	65,294
	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), JANUARY 1			(189,876)
			<hr/>
FUND BALANCE (DEFICIT), DECEMBER 31			\$ (124,582)
			<hr/> <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, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 1,500	\$ 1,500	\$ 9,421
Miscellaneous	-	-	1,473
Total revenues	1,500	1,500	10,894
EXPENDITURES			
Capital outlay			
Buildings	300,000	300,000	91,674
Other improvements	555,000	555,000	407,048
Office equipment	923,155	923,155	306,681
Other equipment	-	-	443,989
Total expenditures	1,778,155	1,778,155	1,249,392
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,776,655)	(1,776,655)	(1,238,498)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,778,155	1,778,155	1,778,155
Total other financing sources (uses)	1,778,155	1,778,155	1,778,155
NET CHANGE IN FUND BALANCE	\$ 1,500	\$ 1,500	539,657
FUND BALANCE, JANUARY 1			925,390
FUND BALANCE, DECEMBER 31			\$ 1,465,047

(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, 2017

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Water sales	\$ 7,545,450	\$ 7,545,450	\$ 7,053,304
Sewer service	2,963,040	2,963,040	2,800,595
Water penalties	230,000	230,000	314,842
Water tap-on fees	7,800	7,800	3,700
Meter sales	5,350	5,350	3,997
Miscellaneous	450,000	450,000	400,620
Total operating revenues	11,201,640	11,201,640	10,577,058
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Administration			
Personal services	1,404,134	1,404,134	1,699,785
Commodities	7,460	7,460	4,183
Contractual services	796,721	816,721	724,328
Operations - water			
Personal services	862,119	862,119	1,153,178
Commodities	97,977	97,977	121,187
Contractual services	5,492,183	5,552,183	5,282,386
Capital outlay	625,000	625,000	660,395
Operations - sewer			
Personal services	912,660	912,660	1,197,334
Commodities	95,953	95,953	84,949
Contractual services	684,962	746,662	743,099
Capital outlay	468,000	468,000	251,768
Debt service			
Principal	232,912	232,912	232,911
Total operating expenses excluding depreciation	11,680,081	11,821,781	12,155,503
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(478,441)	(620,141)	(1,578,445)
Depreciation	844,580	844,580	1,033,905
OPERATING INCOME (LOSS)	(1,323,021)	(1,464,721)	(2,612,350)

(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, 2017

	Original Budget	Final Budget	Actual
NON-OPERATING REVENUES (EXPENSES)			
Investment income	\$ 7,000	\$ 7,000	\$ 70,291
Infrastructure surcharge	1,548,000	1,548,000	1,593,687
Interest expense	(7,873)	(7,873)	(6,750)
Total non-operating revenues (expenses)	<u>1,547,127</u>	<u>1,547,127</u>	<u>1,657,228</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>224,106</u>	<u>82,406</u>	<u>(955,122)</u>
TRANSFERS			
Transfers in	-	-	241,849
Transfers (out)	(220,000)	(100,000)	(100,000)
Total transfers	<u>(220,000)</u>	<u>(100,000)</u>	<u>141,849</u>
NET INCOME (LOSS) - BUDGET BASIS	<u>4,106</u>	<u>(17,594)</u>	<u>(813,273)</u>
ADJUSTMENT TO GAAP BASIS			
Assets capitalized	-	-	660,395
Principal paid	-	-	232,911
Total adjustments to GAAP basis	<u>-</u>	<u>-</u>	<u>893,306</u>
CHANGE IN NET POSITION	<u>\$ 4,106</u>	<u>\$ (17,594)</u>	<u>80,033</u>
NET POSITION, JANUARY 1			<u>29,845,369</u>
NET POSITION, DECEMBER 31			<u>\$ 29,925,402</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, 2017

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 390,600	\$ 390,600	\$ 383,810
Other	-	-	9,480
Total operating revenues	390,600	390,600	393,290
OPERATING EXPENSES			
Operations			
Personal services	162,372	162,372	186,144
Commodities	8,794	8,794	6,487
Contractual services	100,555	100,555	80,225
Capital outlay	250,000	250,000	206,209
Depreciation	51,500	51,500	66,175
Total operating expenses	573,221	573,221	545,240
OPERATING INCOME (LOSS)	(182,621)	(182,621)	(151,950)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	200	200	2,908
Total non-operating revenues (expenses)	200	200	2,908
CHANGE IN NET POSITION - BUDGET BASIS	\$ (182,421)	\$ (182,421)	(149,042)
Capital outlay capitalized			203,459
CHANGE IN NET POSITION - GAAP BASIS			54,417
NET POSITION, JANUARY 1			2,580,030
NET POSITION, DECEMBER 31			\$ 2,634,447

(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 charges to 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 charges to 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, 2017

	Central Equipment	IT Equipment Replacement	Total
CURRENT ASSETS			
Cash and investments	\$ 4,287,760	\$ 429,785	\$ 4,717,545
Receivables			
Accrued interest	21,914	-	21,914
Total current assets	4,309,674	429,785	4,739,459
CAPITAL ASSETS			
Nondepreciable	1,155,355	-	1,155,355
Depreciable, net of accumulated depreciation	4,258,481	-	4,258,481
Net capital assets	5,413,836	-	5,413,836
Total assets	9,723,510	429,785	10,153,295
CURRENT LIABILITIES			
Accounts payable	121,379	76,442	197,821
Due to other funds	-	-	-
Total current liabilities	121,379	76,442	197,821
LONG-TERM LIABILITIES			
None	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	121,379	76,442	197,821
NET POSITION			
Invested in capital assets	5,413,836	-	5,413,836
Unrestricted	4,188,295	353,343	4,541,638
TOTAL NET POSITION	\$ 9,602,131	\$ 353,343	\$ 9,955,474

(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, 2017

	Central Equipment	IT Equipment Replacement	Total
OPERATING REVENUES			
Charges for services	\$ 1,083,573	\$ 300,000	\$ 1,383,573
Total operating revenues	<u>1,083,573</u>	<u>300,000</u>	<u>1,383,573</u>
OPERATING EXPENSES			
Depreciation	635,586	-	635,586
Capital outlay	6,635	430,867	437,502
Total operating expenses	<u>642,221</u>	<u>430,867</u>	<u>1,073,088</u>
OPERATING INCOME (LOSS)	<u>441,352</u>	<u>(130,867)</u>	<u>310,485</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	41,364	3,513	44,877
Gain on disposal of capital assets	78,644	5,358	84,002
Total non-operating revenues (expenses)	<u>120,008</u>	<u>8,871</u>	<u>128,879</u>
CHANGE IN NET POSITION	561,360	(121,996)	439,364
NET POSITION, JANUARY 1	<u>9,040,771</u>	<u>475,339</u>	<u>9,516,110</u>
NET POSITION, DECEMBER 31	<u>\$ 9,602,131</u>	<u>\$ 353,343</u>	<u>\$ 9,955,474</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, 2017

	Central Equipment	IT Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services	\$ 1,083,573	\$ 300,000	\$ 1,383,573
Payments to suppliers	(73,613)	(415,165)	(488,778)
Net cash from operating activities	1,009,960	(115,165)	894,795
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net cash from noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(1,135,747)	-	(1,135,747)
Proceeds from sale of capital assets	78,644	5,358	84,002
Net cash from capital and related financing activities	(1,057,103)	5,358	(1,051,745)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	36,982	3,513	40,495
Net cash from investing activities	36,982	3,513	40,495
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,161)	(106,294)	(116,455)
CASH AND CASH EQUIVALENTS, JANUARY 1	4,297,921	536,079	4,834,000
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 4,287,760	\$ 429,785	\$ 4,717,545

(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, 2017

	Central Equipment	IT Equipment Replacement	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 441,352	\$ (130,867)	\$ 310,485
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	635,586	-	635,586
Increase (decrease) in Accounts payable	(66,978)	15,702	(51,276)
NET CASH FROM OPERATING ACTIVITIES	\$ 1,009,960	\$ (115,165)	\$ 894,795
CASH AND INVESTMENTS			
Cash and cash equivalents	\$ 4,287,760	\$ 429,785	\$ 4,717,545
TOTAL CASH AND INVESTMENTS	\$ 4,287,760	\$ 429,785	\$ 4,717,545

(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, 2017

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Interfund services	\$ 1,083,572	\$ 1,083,572	\$ 1,083,573
Total operating revenues	1,083,572	1,083,572	1,083,573
OPERATING EXPENSES			
Capital outlay	1,471,000	1,471,000	1,344,856
Total operating expenses	1,471,000	1,471,000	1,344,856
OPERATING INCOME (LOSS)	(387,428)	(387,428)	(261,283)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	15,000	15,000	41,364
Gain on disposal of capital assets	-	-	78,644
Total non-operating revenues (expenses)	15,000	15,000	120,008
NET INCOME (LOSS) - BUDGET BASIS	(372,428)	(372,428)	(141,275)
ADJUSTMENT TO GAAP BASIS			
Assets capitalized	-	-	1,338,221
Depreciation	-	-	(635,586)
Total adjustments to GAAP basis	-	-	702,635
CHANGE IN NET POSITION	\$ (372,428)	\$ (372,428)	561,360
NET POSITION, JANUARY 1			9,040,771
NET POSITION, DECEMBER 31			\$ 9,602,131

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

IT EQUIPMENT REPLACEMENT FUND

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

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 300,000	\$ 300,000	\$ 300,000
Total revenues	300,000	300,000	300,000
OPERATING EXPENSES			
Capital outlay	435,000	435,000	430,867
Total expenses	435,000	435,000	430,867
OPERATING INCOME (LOSS)	(135,000)	(135,000)	(130,867)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	100	100	3,513
Gain on disposal of capital assets	-	-	5,358
Total non-operating revenues (expenses)	100	100	8,871
NET CHANGE IN FUND BALANCE	<u>\$ (134,900)</u>	<u>\$ (134,900)</u>	(121,996)
FUND BALANCE, JANUARY 1			<u>475,339</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 353,343</u></u>

(See independent auditor's report.)

FIDUCIARY FUNDS

TRUST FUNDS

PENSION TRUST FUNDS

Police Pension Fund: The Police Pension Fund is used to account for the accumulation of resources to be used for police pension benefit payments. Resources are provided by investment earnings, employee contributions at a rate fixed by law and by the Village at amounts determined by an actuary.

Firefighters' Pension Fund: The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for firefighters' pension benefit payments. Resources are provided by investment earnings, employee contributions at a rate fixed by law and by the Village at amounts determined by an actuary.

VILLAGE OF HANOVER PARK, ILLINOIS

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET POSITION

December 31, 2017

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and cash equivalents	\$ 329,268	\$ 466,651	\$ 795,919
Investments			
U.S. Government and U.S. agency obligations	11,395,018	6,477,068	17,872,086
Money market mutual funds	131,502	131,041	262,543
Mutual funds	21,469,020	12,446,999	33,916,019
Illinois Metropolitan Investment Fund	10	25	35
Receivables			
Accrued interest	61,546	43,178	104,724
Prepaid items	3,673	1,370	5,043
Total assets	33,390,037	19,566,332	52,956,369
LIABILITIES			
Accounts payable	10,631	8,018	18,649
Total liabilities	10,631	8,018	18,649
NET POSITION RESTRICTED FOR PENSIONS	\$ 33,379,406	\$ 19,558,314	\$ 52,937,720

(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, 2017

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer contributions	\$ 2,300,432	\$ 1,380,568	\$ 3,681,000
Employee contributions	517,272	297,440	814,712
Total contributions	2,817,704	1,678,008	4,495,712
Investment income			
Net appreciation in fair value of investments	3,241,955	1,912,629	5,154,584
Interest	163,185	90,171	253,356
Total investment income	3,405,140	2,002,800	5,407,940
Less investment expense	(54,347)	(31,832)	(86,179)
Net investment income	3,350,793	1,970,968	5,321,761
Total additions	6,168,497	3,648,976	9,817,473
DEDUCTIONS			
Benefits and refunds	2,539,916	1,250,155	3,790,071
Administrative expenses	50,125	38,591	88,716
Total deductions	2,590,041	1,288,746	3,878,787
NET INCREASE	3,578,456	2,360,230	5,938,686
NET POSITION RESTRICTED FOR PENSIONS			
January 1	29,800,950	17,198,084	46,999,034
December 31	\$ 33,379,406	\$ 19,558,314	\$ 52,937,720

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer contributions	\$ 2,249,753	\$ 2,273,048	\$ 2,300,432
Employee contributions	515,000	515,000	517,272
Total contributions	<u>2,764,753</u>	<u>2,788,048</u>	<u>2,817,704</u>
Investment income			
Net appreciation in fair value of investments	400,000	400,000	3,241,955
Interest	250,000	250,000	163,185
Total investment income	650,000	650,000	3,405,140
Less investment expense	(54,000)	(54,000)	(54,347)
Net investment income	<u>596,000</u>	<u>596,000</u>	<u>3,350,793</u>
Total additions	<u>3,360,753</u>	<u>3,384,048</u>	<u>6,168,497</u>
DEDUCTIONS			
Benefits and refunds	2,522,800	2,545,000	2,539,916
Administrative expenses	45,680	57,440	50,125
Total deductions	<u>2,568,480</u>	<u>2,602,440</u>	<u>2,590,041</u>
NET INCREASE	<u>\$ 792,273</u>	<u>\$ 781,608</u>	3,578,456
NET POSITION RESTRICTED FOR PENSIONS			
January 1			<u>29,800,950</u>
December 31			<u>\$ 33,379,406</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, 2017

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer contributions	\$ 1,351,723	\$ 1,351,723	\$ 1,380,568
Employee contributions	299,300	299,300	297,440
Total contributions	1,651,023	1,651,023	1,678,008
Investment income			
Net appreciation in fair value of investments	160,000	160,000	1,912,629
Interest	100,000	100,000	90,171
Total investment income	260,000	260,000	2,002,800
Less investment expense	(32,000)	(32,000)	(31,832)
Net investment income	228,000	228,000	1,970,968
Total additions	1,879,023	1,879,023	3,648,976
DEDUCTIONS			
Benefits and refunds	1,160,000	1,301,000	1,250,155
Administrative expenses	38,240	46,340	38,591
Total deductions	1,198,240	1,347,340	1,288,746
NET INCREASE	\$ 680,783	\$ 531,683	2,360,230
NET POSITION RESTRICTED FOR PENSIONS			
January 1			17,198,084
December 31			\$ 19,558,314

(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, 2017

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
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>\$ 8,235,000</u>	<u>\$ 3,931,494</u>	<u>\$ 12,166,494</u>		<u>\$ 1,965,747</u>		<u>\$ 1,965,747</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2017

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
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>\$ 4,325,000</u>	<u>\$ 2,643,566</u>	<u>\$ 6,968,566</u>		<u>\$ 1,321,782</u>		<u>\$ 1,321,784</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2017

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
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>\$ 4,095,000</u>	<u>\$ 504,739</u>	<u>\$ 4,599,739</u>		<u>\$ 252,369</u>		<u>\$ 252,370</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2017

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

Fiscal Year	Principal	Interest	Total	Interest Due on			
				July 1	Amount	January 1	Amount
2018	\$ 114,319	\$ 3,219	\$ 117,538	2018	\$ 1,982	2018	\$ 1,237
2019	36,694	482	37,176	2019	482	2019	-
	<u>\$ 151,013</u>	<u>\$ 3,701</u>	<u>\$ 154,714</u>		<u>\$ 2,464</u>		<u>\$ 1,237</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>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	134-143
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	144-153
Debt Capacity 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.	154-157
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	158-159
Operating Information 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.	160-163

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

Fiscal Year	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 45,392,922	\$ 44,420,879	\$ 44,389,269	\$ 45,248,341
Restricted	8,570,110	7,078,776	13,664,072	5,048,350
Unrestricted	14,230,151	18,596,124	13,059,714	15,514,984
TOTAL GOVERNMENTAL ACTIVITIES	\$ 68,193,183	\$ 70,095,779	\$ 71,113,055	\$ 65,811,675
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 23,024,852	\$ 23,062,850	\$ 23,554,396	\$ 26,694,874
Restricted	-	-	-	13,644.0
Unrestricted	7,287,097	6,988,149	6,239,034	6,277,037
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 30,311,949	\$ 30,050,999	\$ 29,793,430	\$ 32,985,555
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 67,483,729	\$ 67,943,665	\$ 67,943,665	\$ 75,917,867
Restricted	7,078,776	13,664,072	13,664,072	4,829,701
Unrestricted	25,584,273	19,298,748	19,298,748	19,076,150
TOTAL PRIMARY GOVERNMENT	\$ 100,146,778	\$ 100,906,485	\$ 100,906,485	\$ 99,823,718

*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

2013	2014	2014*	2015**	2016	2017
\$ 48,546,851	\$ 48,743,363	\$ 49,462,602	\$ 50,362,373	\$ 52,470,477	\$ 53,331,685
4,829,701	5,294,935	4,835,944	6,932,172	7,366,374	8,097,770
11,779,582	14,654,715	17,292,137	(14,151,561)	(14,420,304)	(14,243,345)
\$ 65,156,134	\$ 68,693,013	\$ 71,590,683	\$ 43,142,984	\$ 45,416,547	\$ 47,186,110
\$ 27,371,016	\$ 26,941,735	\$ 28,088,831	\$ 23,651,515	\$ 23,578,647	\$ 23,575,332
-	-	-	-	-	-
7,296,568	8,581,691	8,965,544	8,534,548	8,846,752	8,984,517
\$ 34,667,584	\$ 35,523,426	\$ 37,054,375	\$ 32,186,063	\$ 32,425,399	\$ 32,559,849
\$ 75,917,867	\$ 75,685,098	\$ 77,551,433	\$ 74,013,888	\$ 76,049,124	\$ 76,907,017
4,829,701	5,294,935	4,835,944	6,932,172	7,366,374	8,097,770
19,076,150	23,236,406	26,257,681	(5,617,013)	(5,573,552)	(5,258,828)
\$ 99,823,718	\$ 104,216,439	\$ 108,645,058	\$ 75,329,047	\$ 77,841,946	\$ 79,745,959

VILLAGE OF HANOVER PARK, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
EXPENSES				
Governmental activities				
General government	\$ 3,673,924	\$ 3,208,066	\$ 4,618,393	\$ 4,634,174
Public works	3,644,764	4,718,013	1,085,698	5,183,573
Public safety	15,252,239	15,805,836	17,146,057	15,473,122
Community development	1,432,745	1,608,453	5,160,147	8,971,096
Highways and streets	2,412,849	2,019,122	1,582,651	1,499,979
Interest	570,923	517,780	906,055	1,041,142
Total governmental activities expenses	26,987,444	27,877,270	30,499,001	36,803,086
Business-type activities				
Water and sewer	7,667,569	7,847,111	8,044,254	8,443,812
Parking	348,435	329,761	336,895	309,014
Hanover Square	-	-	-	230,810
Total business-type activities expenses	8,016,004	8,176,872	8,381,149	8,983,636
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 35,003,448	\$ 36,054,142	\$ 38,880,150	\$ 45,786,722
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 837,821	\$ 909,723	\$ 1,085,427	\$ 1,106,938
Public safety	1,661,190	1,607,603	1,732,022	1,969,673
Community development	134,915	331,637	15,800	14,116
Public works	-	-	171,931	126,584
Operating grants and contributions	1,121,001	1,032,614	1,546,945	1,432,867
Capital grants and contributions	-	-	543,452	475,557
Total governmental activities program revenues	3,754,927	3,881,577	5,095,577	5,125,735
Business-type activities				
Charges for services				
Water and sewer	7,191,418	7,588,046	7,965,071	8,889,712
Parking	296,545	272,798	292,286	328,749
Hanover Square	-	-	-	236,916
Capital grants and contributions	-	-	-	102,105
Total business-type activities program revenues	7,487,963	7,860,844	8,257,357	9,557,482
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 11,242,890	\$ 11,742,421	\$ 13,352,934	\$ 14,683,217

	2013	2014	2014*	2015**	2016	2017
\$	4,988,649	\$ 4,297,802	\$ 2,111,972	\$ 4,114,698	\$ 5,009,322	\$ 5,760,254
	4,070,954	4,211,656	2,876,529	3,706,168	5,182,283	6,368,070
	18,014,749	18,224,677	12,928,235	19,447,414	20,981,314	21,225,292
	711,260	681,395	1,858,421	4,022,556	4,005,981	3,618,986
	3,946,982	3,522,824	2,276,624	1,917,673	703,424	866,856
	1,054,210	1,076,381	976,489	646,489	925,399	894,677
	32,786,804	32,014,735	23,028,270	33,854,998	36,807,723	38,734,135
	8,976,177	9,998,473	7,265,389	11,338,126	11,669,151	12,302,852
	280,836	387,584	202,907	373,475	380,323	341,781
	694,736	694,530	524,861	593,909	-	-
	9,951,749	11,080,587	7,993,157	12,305,510	12,049,474	12,644,633
\$	42,738,553	\$ 43,095,322	\$ 31,021,427	\$ 46,160,508	\$ 48,857,197	\$ 51,378,768
\$	1,157,752	\$ 1,212,828	\$ 769,081	\$ 1,125,855	\$ 1,315,662	\$ 1,322,448
	2,045,438	1,989,029	1,286,735	1,894,715	2,043,407	2,113,433
	22,493	61,714	42,531	18,758	11,794	16,181
	150,684	245,355	193,819	337,246	283,057	327,493
	1,228,338	1,343,393	1,082,681	1,600,902	1,267,251	1,522,434
	318,006	266,197	-	258,796	255,138	247,958
	4,922,711	5,118,516	3,374,847	5,236,272	5,176,309	5,549,947
	10,210,092	11,077,306	7,089,864	10,749,484	10,615,438	10,577,058
	317,446	371,185	265,895	389,405	443,695	393,290
	669,670	710,703	560,678	643,541	-	-
	688,932	180,126	-	-	-	-
	11,886,140	12,339,320	7,916,437	11,782,430	11,059,133	10,970,348
\$	16,808,851	\$ 17,457,836	\$ 11,291,284	\$ 17,018,702	\$ 16,235,442	\$ 16,520,295

VILLAGE OF HANOVER PARK, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
NET (EXPENSES) REVENUES				
Governmental activities	\$ (23,232,517)	\$ (23,995,693)	\$ (25,403,424)	\$ (31,677,351)
Business-type activities	(528,041)	(316,028)	(123,792)	573,846
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	\$ (23,760,558)	\$ (24,311,721)	\$ (25,527,216)	\$ (31,103,505)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 11,819,859	\$ 13,068,529	\$ 13,130,988	\$ 14,808,277
Sales, local use	5,051,309	4,744,662	7,561,001	7,432,314
Utility	1,886,260	1,821,364	1,750,085	1,730,990
Hotel/motel	32,711	33,614	32,979	35,281
Food and beverage	1,088,047	1,047,406	1,072,674	1,086,568
Other	196,003	167,871	223,762	298,311
Intergovernmental				
Personal property replacement tax Income	94,052	83,336	92,787	83,412
Income	3,487,693	3,040,184	2,984,408	3,096,265
Investment income	793,552	331,555	150,716	71,672
Miscellaneous	1,359,699	1,548,494	78,619	113,146
Transfers	47,319	11,274	163,219	(2,605,806)
Total governmental activities	<u>25,856,504</u>	<u>25,898,289</u>	<u>27,241,238</u>	<u>26,150,430</u>
Business-type activities				
Investment income	181,599	43,133	19,723	8,996
Miscellaneous	78,790	23,219	9,719	3,477
Transfers	(47,319)	(11,274)	(163,219)	2,605,806
Total business-type activities	<u>213,070</u>	<u>55,078</u>	<u>(133,777)</u>	<u>2,618,279</u>
TOTAL PRIMARY GOVERNMENT	\$ 26,069,574	\$ 25,953,367	\$ 27,107,461	\$ 28,768,709
CHANGE IN NET POSITION				
Governmental activities	\$ 2,623,987	\$ 1,902,596	\$ 1,837,814	\$ (431,197)
Business-type activities	(314,971)	(260,950)	(257,569)	1,682,029
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 2,309,016	\$ 1,641,646	\$ 1,580,245	\$ 1,250,832

* 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

2013	2014	2014*	2015**	2016	2017
\$ (27,864,093)	\$ (26,896,219)	\$ (19,379,137)	\$ (28,618,726)	\$ (31,631,414)	\$ (33,184,188)
1,934,391	1,258,733	(76,720)	(523,080)	(990,341)	(1,674,285)
\$ (25,929,702)	\$ (25,637,486)	\$ (19,455,857)	\$ (29,141,806)	\$ (32,621,755)	\$ (34,858,473)
\$ 13,110,176	\$ 13,729,431	\$ 11,423,311	\$ 15,426,633	\$ 15,837,755	\$ 15,741,338
7,394,170	9,248,795	6,792,806	10,175,081	10,684,970	11,574,442
1,621,854	1,588,171	1,219,601	1,987,557	1,896,000	1,788,223
36,686	43,687	35,800	45,939	44,881	44,408
1,018,775	1,036,661	732,613	1,134,073	1,160,415	1,156,763
225,065	302,021	422,376	532,785	905,144	589,256
82,765	94,867	51,945	93,510	87,160	101,644
3,422,147	3,700,323	2,335,241	4,040,449	3,696,445	3,487,788
106,443	153,820	58,063	61,070	89,607	198,840
99,397	113,527	215,566	(1,571,337)	282,508	412,898
315,418	421,795	(1,010,515)	4,404,281	76,000	(141,849)
27,432,896	30,433,098	22,276,807	36,330,041	34,760,885	34,953,751
10,825	8,476	11,102	(202)	12,081	73,199
52,231	10,428	586,052	1,546,822	1,350,513	1,593,687
(315,418)	(421,795)	1,010,515	(4,404,281)	(76,000)	141,849
(252,362)	(402,891)	1,607,669	(2,857,661)	1,286,594	1,808,735
\$ 27,180,534	\$ 30,030,207	\$ 23,884,476	\$ 33,472,380	\$ 36,047,479	\$ 36,762,486
\$ (431,197)	\$ 3,536,879	\$ 2,897,670	\$ 7,711,315	\$ 3,129,471	\$ 1,769,563
1,682,029	855,842	1,530,949	(3,380,741)	296,253	134,450
\$ 1,250,832	\$ 4,392,721	\$ 4,428,619	\$ 4,330,574	\$ 3,425,724	\$ 1,904,013

VILLAGE OF HANOVER PARK, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010 (1)	2011	2012 (2)
GENERAL FUND				
Reserved	\$ 831,732	\$ 1,072,335	\$ 840,075	\$ -
Unreserved/undesignated	7,920,285	7,492,166	7,831,351	-
Nonspendable	-	-	-	2,106,350
Restricted	-	-	-	136,946
Unrestricted				
Assigned	-	-	-	674,316
Unassigned	-	-	-	7,099,207
TOTAL GENERAL FUND	\$ 8,752,017	\$ 8,564,501	\$ 8,671,426	\$ 10,016,819
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 8,759,345	\$ 7,226,197	\$ 22,127,853	\$ -
Unreserved, reported in				
Debt Service Funds	-	(44,340)	(508,011)	-
Capital Project Funds	3,500,933	15,626,848	(95,629)	-
Nonspendable	-	-	-	332,306
Restricted	-	-	-	4,911,404
Unrestricted				
Assigned	-	-	-	518,719
Unassigned (deficit)	-	-	-	(388,417)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 12,260,278	\$ 22,808,705	\$ 21,524,213	\$ 5,374,012

*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

	2013	2014	2014*	2015	2016	2017
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	1,561,197	1,114,638	556,466	294,419	381,659	324,481
	134,910	134,910	-	-	-	-
	-	-	-	-	-	-
	8,473,882	11,611,884	14,180,226	16,326,081	19,432,402	21,124,648
\$	10,169,989	\$ 12,861,432	\$ 14,736,692	\$ 16,620,500	\$ 19,814,061	\$ 21,449,129
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	8,099
	4,694,791	5,160,025	4,835,944	6,932,172	7,366,374	8,097,770
	273,045	124,603	373,202	845,601	925,390	1,465,047
	(304,265)	(438,081)	(484,093)	(461,479)	(363,202)	(234,789)
\$	4,663,571	\$ 4,846,547	\$ 4,725,053	\$ 7,316,294	\$ 7,928,562	\$ 9,336,127

VILLAGE OF HANOVER PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010 (1)	2011	2012 (2)
REVENUES				
Taxes	\$ 19,541,574	\$ 20,429,442	\$ 26,848,683	\$ 25,475,151
Licenses and permits	774,180	1,021,353	968,506	911,722
Intergovernmental	5,235,361	4,610,138	1,863,227	5,004,050
Charges for services and fees	1,293,540	1,180,163	1,238,743	1,650,614
Fines and forfeits	550,398	630,843	512,934	640,015
Investment income	572,536	247,200	150,716	71,672
Miscellaneous	843,209	1,460,270	590,787	128,747
Total revenues	28,810,798	29,579,409	32,173,596	33,881,971
EXPENDITURES				
General government	3,501,523	3,092,878	4,808,312	5,280,476
Public works	3,263,408	3,321,777	2,901,960	3,583,057
Public safety	14,559,167	15,643,448	16,085,156	17,232,650
Community development	1,374,261	1,385,981	1,058,951	5,566,340
Highways and streets	1,720,920	1,391,323	711,830	659,311
Capital outlay	2,113,267	1,174,993	10,329,362	14,402,668
Debt service				
Principal	2,670,000	2,660,000	1,045,000	8,095,000
Interest and fiscal charges	610,408	479,372	713,273	1,257,620
Total expenditures	29,812,954	29,149,772	37,653,844	56,077,122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,002,156)	429,637	(5,480,248)	(22,195,151)
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	-	10,000,000	5,000,000	7,030,000
Premiums (discounts) on debt issuance	-	(80,000)	(40,000)	102,775
Transfers in	824,320	3,814,247	3,480,058	5,665,632
Transfers (out)	(777,001)	(3,802,973)	(3,316,839)	(5,633,605)
Sale of property	-	-	-	-
Total other financing sources (uses)	47,319	9,931,274	5,123,219	7,164,802
NET CHANGE IN FUND BALANCES	\$ (954,837)	\$ 10,360,911	\$ (357,029)	\$ (15,030,349)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	11.66%	11.57%	11.01%	5.93%

*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

	2013	2014	2014*	2015	2016	2017
\$	23,406,726	\$ 25,948,765	\$ 20,626,507	\$ 29,302,067	\$ 30,529,164	\$ 30,894,429
	979,424	1,138,365	718,779	1,224,977	1,168,407	1,267,962
	4,985,926	5,380,058	3,699,934	5,950,576	5,064,919	5,042,818
	1,720,380	1,764,636	1,036,818	1,451,562	1,719,499	1,603,708
	660,603	590,966	536,820	700,467	766,115	907,692
	106,443	153,820	58,063	61,070	89,607	198,840
	180,687	153,209	176,651	441,974	523,483	730,098
	32,040,189	35,129,819	26,853,572	39,132,693	39,861,194	40,645,547
	4,923,925	5,247,701	2,483,520	3,344,230	3,671,745	3,946,578
	3,888,126	3,494,643	2,644,628	3,962,391	3,874,431	3,981,239
	17,388,396	17,837,161	13,027,697	19,322,453	19,551,407	20,500,538
	968,226	660,326	1,879,756	4,003,728	3,574,079	3,536,293
	752,272	796,373	427,967	628,804	728,074	885,352
	3,188,327	2,745,856	2,982,751	1,318,476	2,817,230	2,923,902
	730,000	810,000	875,000	945,000	985,000	1,030,000
	1,073,606	1,085,135	986,620	957,562	929,399	899,012
	32,912,878	32,677,195	25,307,939	34,482,644	36,131,365	37,702,914
	(872,689)	2,452,624	1,545,633	4,650,049	3,729,829	2,942,633
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,198,605	1,444,301	1,408,526	1,430,802	1,273,396	2,178,155
	(883,187)	(1,022,506)	(1,283,276)	(1,605,802)	(1,197,396)	(2,078,155)
	-	-	82,883	-	-	-
	315,418	421,795	208,133	(175,000)	76,000	100,000
\$	(557,271)	\$ 2,874,419	\$ 1,753,766	\$ 4,475,049	\$ 3,805,829	\$ 3,042,633
	25.28%	6.05%	7.51%	5.82%	5.99%	5.36%

VILLAGE OF HANOVER PARK, ILLINOIS

EQUALIZED ASSESSED VALUE AND TOTAL DIRECT TAX RATE
COOK COUNTY

Last Ten Levy Years

Levy Year	Residential Property	Farm	Commercial Property	Industrial Property	Total	Railroad	Equalized Assessed Value	Total Direct Tax Rate
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	-	225,329,661	2.863
2016	207,382,952	2,948	54,022,230	-	261,408,130	-	261,408,130	2.513

*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

EQUALIZED ASSESSED VALUE AND TOTAL DIRECT TAX RATE
DUPAGE COUNTY

Last Ten Levy Years

Levy Year	Residential Property	Farm	Commercial Property	Industrial Property	Total	Railroad	Equalized Assessed Value	Total Direct Tax Rate
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	1.7266
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	2.5856
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

Tax Levy Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
VILLAGE DIRECT RATES										
General corporate rate	1.150	1.063	1.053	1.305	1.385	1.686	2.309	2.357	2.475	1.5041
Police Pension	-	-	-	-	-	-	-	-	-	0.4212
Fire Pension	-	-	-	-	-	-	-	-	-	0.2531
Debt service rate	0.136	0.120	0.114	0.244	0.205	0.253	0.328	0.330	0.388	0.3345
Total direct rate	1.286	1.183	1.167	1.549	1.590	1.939	2.637	2.687	2.863	2.513
OVERLAPPING RATES										
School District #46	4.565	4.435	4.339	5.026	5.507	6.540	7.580	7.6680	7.9470	6.8370
School District #509	0.348	0.331	0.354	0.434	0.475	0.546	0.638	0.6380	0.6540	0.5700
Hanover Park District	0.423	0.386	0.371	0.429	0.442	0.511	0.629	0.6240	0.6650	0.5970
County including Forest Preserve District and TB Sanitarium	0.499	0.466	0.443	0.474	0.545	0.594	0.629	0.6370	0.6210	0.5960
Hanover Township	0.224	0.223	0.239	0.248	0.287	0.324	0.391	0.2980	0.3180	0.2750
Metropolitan Water Reclamation District	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.4300	0.4260	0.4060
Northwest Mosquito Abatement District	0.008	0.008	0.008	0.009	0.010	0.011	0.013	0.0130	0.0110	0.0100
Poplar Creek Library	0.367	0.357	0.350	0.394	0.449	0.515	0.631	0.6320	0.6630	0.5800
Community Mental Health	0.033	0.033	0.033	0.038	0.044	0.050	0.061	0.0610	0.0580	0.0570
Consolidated Elections	0.012	-	-	-	-	-	0.031	-	0.0340	-
TOTAL DIRECT AND OVERLAPPING TAX RATE	8.028	7.674	7.565	8.875	9.669	11.400	13.657	13.688	14.260	12.441

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

Tax Levy Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
VILLAGE DIRECT RATES										
General corporate rate	0.4935	1.1095	0.5478	0.6262	0.7209	0.9039	0.9991	0.9836	0.9664	0.5699
Fire protection	0.6043	-	0.7077	0.7477	0.8068	0.9790	1.1292	1.3204	1.4449	0.9381
Police Pension	-	-	-	-	-	-	-	-	-	0.3676
Fire Pension	-	-	-	-	-	-	-	-	-	0.2791
Debt service rate	0.1146	0.1104	0.1200	0.2091	0.1989	0.2498	0.2658	0.2816	0.3233	0.2863
Total direct rate	1.2124	1.2199	1.3755	1.5830	1.7266	2.1327	2.3941	2.5856	2.7346	2.4410
OVERLAPPING RATES										
School District #93	3.6473	3.6442	3.7112	3.9130	4.1112	4.6112	5.0165	5.1272	5.0951	4.8165
School District #87	1.6612	1.6507	1.6749	1.8378	2.0199	2.2868	2.4877	2.5824	2.5173	2.4030
Community College #502	0.1888	0.1858	0.2127	0.2349	0.2495	0.2681	0.2956	0.2975	0.2786	0.2626
Hanover Park District	0.3801	0.3801	0.4091	0.4250	0.4554	0.5614	0.5673	0.5834	0.6099	0.5606
County including Forest Preserve										
District and Airport	0.3008	0.2923	0.2919	0.3138	0.3356	0.3639	0.3875	0.3944	0.3781	0.3538
Wayne Township	0.1289	0.1253	0.1268	0.1378	0.1479	0.1626	0.1796	0.1880	0.1847	0.1759
Poplar Creek Library	0.3696	0.3522	0.4003	0.4158	0.4553	0.5977	0.6249	0.6272	0.6601	0.5893
TOTAL DIRECT AND OVERLAPPING TAX RATE	7.8891	7.8505	8.2024	8.8611	9.5014	10.9844	11.9532	12.3857	12.4584	11.6027

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	2017			2008		
	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.	\$ 12,798,470	1	2.18%	\$ 11,896,780	2	1.51%
Bradley Real Estate Co.				12,025,443	1	1.52%
IDI Services Group - Hanover Corp				9,158,800	3	1.16%
Menards	2,661,690	6	0.45%	5,854,395	6	0.74%
Fisher Scientific Company	3,611,420	2	0.62%	5,996,740	5	0.76%
IDI Services Group				7,165,790	4	0.91%
Wheaton Bank Trust 1238				5,529,462	7	0.70%
Northern Builders Inc.				4,463,360	10	0.57%
GPT Hunter Road - Insight	2,598,390	7	0.44%			
Cardinal Capital Partners - GE Trans	2,922,120	5	0.50%			
Iron Mountain Information Mgmt	2,343,280	8	0.40%			
MS Claremont LP - Symphony	2,929,660	4	0.50%			
NewPlan Excel Realty (7000s Barrington)	3,032,649	3	0.52%			
Individual Taxpayer - Pebblewood Court Apts				4,779,945	9	0.61%
National Shopping Plaza	979,989	9	0.17%			
Public Storage	555,000	10	0.09%			
Kmart Corporation				5,102,508	8	0.65%
TOTAL	<u>\$ 34,432,668</u>		<u>5.87%</u>	<u>\$ 71,973,223</u>		<u>9.13%</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
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%	7,089,615	8,778,779	97.57%
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%	8,982,838	10,660,648	96.20%
2011	April 30, 2012	11,294,245	2,548,018	22.56%	8,275,778	10,823,796	95.83%
2012	April 30, 2013	11,718,824	2,478,683	21.15%	9,266,108	11,744,791	100.22%
2013	December 31, 2014	12,692,238	4,013,571	31.62%	7,372,791	11,386,362	89.71%
2014	December 31, 2015	13,249,064	13,110,424	98.95%	78,554	13,188,978	99.55%
2015	December 31, 2016	13,386,715	13,577,532	101.43%	16,177	13,593,709	101.55%
2016	December 31, 2017	13,386,715	13,475,667	100.66%	-	13,475,667	100.66%

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

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,127	\$ -	\$ -	\$ 14,364
Food	573,464	606,170	585,020	597,879	472,391	503,151	561,648	574,319	576,736	583,480
Drinking and eating places	281,456	256,548	253,927	264,442	278,890	284,229	273,975	303,626	305,715	277,375
Apparel	-	-	-	-	-	-	522	-	-	4,142
Furniture, HH and radio	42,647	24,904	24,015	24,163	27,875	27,853	25,639	28,226	20,856	16,786
Lumber, building and hardware	277,415	416,200	444,876	459,688	517,245	525,261	533,309	604,029	615,656	628,656
Automobile and filling stations	309,685	279,146	329,497	370,963	303,586	294,965	316,758	282,731	292,880	288,816
Drugs and miscellaneous retail	405,162	416,339	470,691	503,913	571,334	598,156	571,484	512,741	519,202	524,001
Agriculture and all others	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	3,956,078
Manufacturers	72,542	79,521	57,678	29,619	29,239	69,661	77,973	138,599	72,118	71,165
TOTAL	\$ 3,156,422	\$ 4,114,196	\$ 4,563,756	\$ 4,864,852	\$ 4,743,081	\$ 5,134,978	\$ 5,301,280	\$ 5,615,569	\$ 5,889,461	\$ 6,364,863
VILLAGE DIRECT SALES TAX RATE	1.00%									

Data Source

Illinois Department of Revenues

VILLAGE OF HANOVER PARK, ILLINOIS

HOME RULE TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,561	\$ -	\$ -	\$ 9,282
Food	64,159	68,648	70,052	71,383	56,370	65,115	81,138	107,834	116,472	123,923
Drinking and eating places	129,871	119,158	118,713	123,355	133,067	168,674	195,334	215,732	217,608	198,415
Apparel	-	-	-	-	-	-	-	-	-	3,093
Furniture, HH and radio	21,323	12,452	12,006	12,082	13,938	17,842	19,228	20,863	15,643	12,583
Lumber, building and hardware	136,980	204,575	219,262	226,021	254,137	321,137	392,241	444,486	453,347	463,134
Automobile and filling stations	147,813	133,108	156,364	177,242	139,940	175,553	218,435	195,829	198,978	197,843
Drugs and miscellaneous retail	88,635	91,278	121,662	133,369	167,456	230,393	249,511	190,616	186,821	178,906
Agriculture and all others	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	2,958,261
Manufacturers	36,144	39,529	28,387	14,353	14,061	43,212	57,674	91,765	53,339	52,671
TOTAL	\$ 1,219,825	\$ 1,683,407	\$ 1,922,473	\$ 2,062,659	\$ 2,048,311	\$ 2,797,597	\$ 3,411,298	\$ 3,645,529	\$ 3,835,039	\$ 4,198,111
VILLAGE HOME RULE SALES TAX RATE	0.75%									

Data Source

Illinois Department of Revenues

VILLAGE OF HANOVER PARK, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES - COOK COUNTY

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	1.00%	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%	1.75%	1.75%	1.25%	1.00%	0.75%	0.75%	0.75%	1.75%	1.75%
State rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
TOTAL	8.75%	9.75%	9.75%	9.25%	9.00%	8.75%	8.75%	8.75%	9.75%	9.75%

Data Source

Illinois Department of Revenues

VILLAGE OF HANOVER PARK, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES - DUPAGE COUNTY

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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%	0.75%	0.75%	0.75%	0.75%
Regional Transportation Authority	0.75%	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%
TOTAL	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.75%	7.75%	7.75%	7.75%

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						
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
2017	16,635,910	-	-	151,013	16,786,923	585,885,950	2.87%	1.95%	442.58

*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

Fiscal Year	Gross General Obligation Bonds	Less Amounts Available In Debt Service Fund	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
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	192,710	17,474,827	3.31%	458.56
2017	16,635,910	288,428	16,347,482	2.79%	430.65

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, 2017

Governmental Unit	Outstanding GO Bonded Debt		Percentage to Debt Applicable to Village	Village's Share of Debt
Village of Hanover Park	\$ 16,655,000		100.00%	\$ 16,655,000
School District #20	11,080,000		35.54%	3,937,901
School District #93	13,771,276	(4)	8.62%	1,186,714
High School District #87	54,515,000	(3)(4)	1.90%	1,038,039
High School District #108	33,330,000	(3)	6.97%	2,322,531
High School District #211	3,020,000		1.76%	53,220
Community School District #46	281,093,329	(2)	5.11%	14,350,870
Community College District #502	176,755,000	(3)	0.59%	1,037,263
Community College District #509	180,481,188	(2)	2.06%	3,716,989
Community College District #512	155,687,252		0.70%	1,096,086
Total school districts	<u>909,733,045</u>			<u>28,739,613</u>
Cook County	3,213,141,750		0.18%	5,870,717
DuPage County	221,573,337	(3)(4)	0.96%	2,116,458
Cook County Forest Preserve District	159,501,000	(3)	0.18%	291,424
DuPage County Forest Preserve District	159,885,684	(2)(3)	0.96%	1,527,220
Metropolitan Water Reclamation District	2,965,282,000	(1)	0.18%	5,286,111
Bartlett Park District	24,890,000	(3)	3.17%	789,671
Hanover Park District	4,193,870	(3)	94.93%	3,981,376
Schaumburg Park District	21,980,000	(3)	1.33%	292,544
Poplar Creek Library District	16,730,000		34.51%	5,773,696
Bloomington Fire Protection District	495,000		5.38%	26,618
Total other	<u>6,787,672,641</u>			<u>25,955,835</u>
Total overlapping debt	<u>7,697,405,686</u>			<u>54,695,448</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 7,714,060,686</u></u>			<u><u>\$ 71,350,448</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, 2017

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (1)
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%
2017	37,973	859,822,639	22,643	31.5	7,799	5.80%

*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

Employer	2017 (1)			2008 (2)		
	Number of Employees	Rank	Percentage of Total Village Employment	Number of Employees	Rank	Percentage of Total Village Employment
Maines Paper & Food Service	400	1	1.92%	250	3	5.06%
Fischer Scientific	300	2	1.44%	307	1	6.21%
Insight Enterprises, Inc.	254	3	1.22%	285	2	5.76%
Camcraft, Inc.	245	4	1.18%	210	5	4.25%
Fuji Film	200	6	0.96%	250	4	5.06%
Pentair/Everpure, LLC	135	7	0.65%			
Village of Hanover Park				193	6	3.90%
School Health Corporation				110	9	2.22%
AMPAC	122	8	0.59%			
Wilson Pet Supply	110	9	0.53%	115	8	2.33%
Nypro Packaging	108	10	0.52%			
Cubs Foods				130	7	2.63%
GE Transportation				110	10	2.22%
Menards	210	5	1.01%			
	<u>2,084</u>		<u>10.02%</u>	<u>1,960</u>		<u>39.64%</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

Function/Program	2009	2010	2011	2012	2013	2014	2014*	2015	2016	2017
GENERAL GOVERNMENT										
Village Clerk	1	2	2	2	2	2	2	2	2	2
Administration	4	2	2	2	2	2	2	2	3	3
Legal	2	-	-	-	-	-	-	-	-	-
Human Resources	3	3	3	3	3	3	4	3	3	3
Information Technology	3	3	3	3	3	3	3	3	3	3
Finance	9	9	10	10	9	9	10	11	11	11
PUBLIC WORKS	39	37	38	38	38	36	36	36	38	34
POLICE	78	81	80	80	80	80	85	85	85	84
FIRE	36	36	37	40	41	41	41	41	41	41
COMMUNITY DEVELOPMENT	9	8	6	2	2	2	3	3	3	3
WATER AND SEWER	12	12	12	12	12	10	10	10	9	12
TOTAL	196	193	193	192	192	188	196	196	198	196

*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	2009	2010	2011	2012	2013	2014	2014*	2015	2016	2017
PUBLIC WORKS										
Forestry										
Number of parkway trees planted	38	42	50	-	-	140	-	159	630	521
Number of parkway trees trimmed	1,724	1,994	2,094	2,311	2,123	1,870	1,550	1,467	1,570	959
Brush pickup program (cubic yards collected)	1,593	1,660	1,765	1,465	1,640	1,400	965	1,090	1,095	905
Fleet services										
Number of vehicles maintained	150	150	150	152	154	154	154	156	156	161
Preventative maintenance services	417	419	427	436	418	422	420	435	408	477
PUBLIC SAFETY										
Fire										
Number of fire calls	909	830	912	938	970	1,120	653	1,089	1,101	1,265
Number of EMS calls	2,225	2,045	2,255	2,347	2,356	2,458	1,845	2,434	2,455	2,293
Number of training hours	10,960	10,767	10,967	14,879	13,626	14,563	9,982	15,954	14,120	13,595
ISO rating	4	4	4	4	4	4	4	2	2	2
Police										
Part I crime	656	660	587	503	481	379	290	305	295	279
Part II crime	3,799	3,674	4,476	5,019	5,611	5,600	2,626	3,583	3,998	3,637
Calls for service	43,257	40,279	42,226	44,675	47,775	45,244	28,375	43,255	49,150	48,763
State tickets issued	7,069	6,022	6,320	7,039	9,135	7,793	4,617	6,807	7,116	7,319
Compliance tickets issued	5	14	26	15	16	5	-	-	1,463	-
Parking tickets issued	14,147	10,539	12,161	11,918	13,786	11,609	7,709	9,270	10,223	9,058
COMMUNITY DEVELOPMENT										
Number of building permits issued	1,402	1,233	1,808	1,405	1,502	987	684	1,654	1,896	1,971
Number of building inspections	5,744	3,246	3,845	2,585	2,791	2,965	1,829	5,896	6,076	5,773
Number of food service inspections	338	488	509	484	493	496	295	422	401	386
HIGHWAYS AND STREETS										
Sidewalk replaced (square feet)	17,629	18,377	25,100	26,361	30,159	23,600	23,690	28,159	20,661	25,260
Annual resurfacing program (\$)	584,161	563,027	647,921	550,713	917,493	799,039	900,000	-	1,082,954	842,910
Crack sealing (pounds installed)	-	29,400	27,000	22,700	21,777	22,680	15,600	16,080	16,666	18,000

Function/Program	2009	2010	2011	2012	2013	2014	2014*	2015	2016	2017
WATER AND SEWER										
Water main breaks	49	37	58	55	75	43	43	41	55	63
Hydrants flushed	1,463	1,462	1,484	1,475	1,475	1,475	1,599	1,475	1,482	1,546
Water meters read	68,140	66,798	68,186	69,019	67,618	40,462	40,462	41,239	107,171	118,874
Water meter service requests	5,870	6,266	6,301	6,080	6,357	3,765	3,765	4,477	3,393	3,097
Water meters replaced	29	32	32	22	32	25	25	102	100	136
Total distribution pumpage (1,000 gallons)	965,392	974,916	954,763	938,977	929,490	889,160	873,958	886,487	806,682	815,048
Average daily pumpage (1,000 gallons)	2,645	2,671	2,616	2,566	2,547	2,436	2,394	2,429	2,204	2,233
Sanitary sewer televising (feet)	3,851	41,425	50,743	65,210	17,615	2,801	600	20,831	54,051	27,692
Sanitary sewer repairs	1	3	3	2	1	1	1	2	5	2

*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

Function/Program	2009	2010	2011	2012	2013	2014	2014*	2015	2016	2017
PUBLIC SAFETY										
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
PUBLIC WORKS										
Streets (miles)	99.36	99.36	99.36	80.13	99.36	99.36	80.13	80.13	80.13	80.13
Sidewalks (miles)	155.13	155.13	155.13	155.15	155.15	155.15	155.25	155.25	155.30	155.37
Streetlights	1,086	1,090	1,130	1,138	1,141	1,141	1,088	1,088	1,088	1,121
WATER AND SEWER										
Water mains (miles)	111.78	112.05	112.35	112.35	112.35	112.35	112.35	112.35	112.35	112.35
Fire hydrants	1,464	1,469	1,474	1,475	1,475	1,477	1,475	1,482	1,483	1,482
Sanitary sewers (miles)	93.96	93.76	93.76	93.80	93.80	93.80	93.80	94.03	94.03	94.03
Manholes	2,351	2,342	2,343	2,346	2,346	2,348	2,348	2,353	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 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

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 Incremental Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2017 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, 2017 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
June 27, 2018