

VILLAGE OF HANOVER PARK, ILLINOIS



Hanover Park^{USA}

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

VILLAGE OF HANOVER PARK, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2018

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, 2018

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

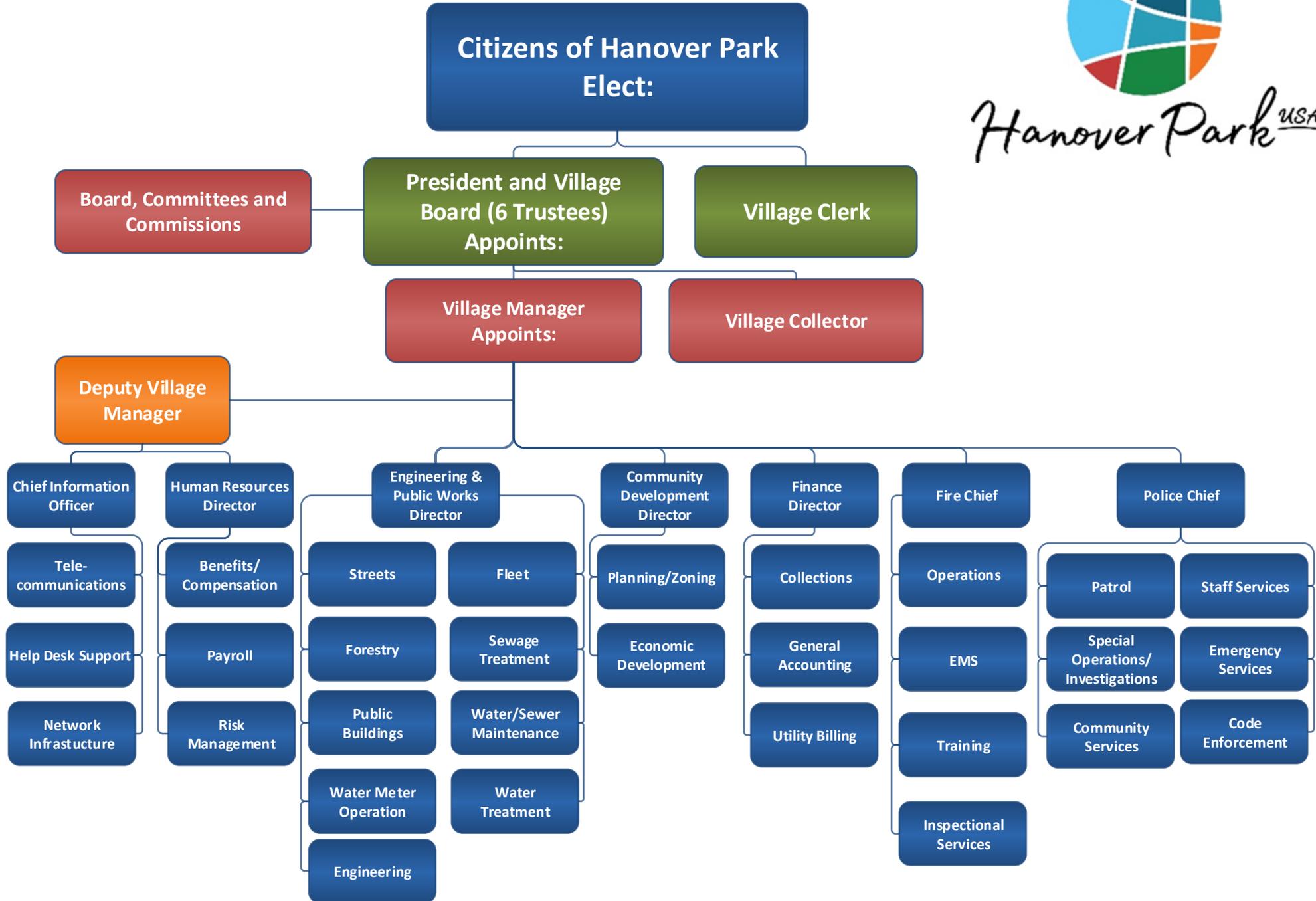
ADMINISTRATIVE

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, 2017

Christopher P. Morill

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 20, 2019

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, 2018 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, 2018.

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, 2018. 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.

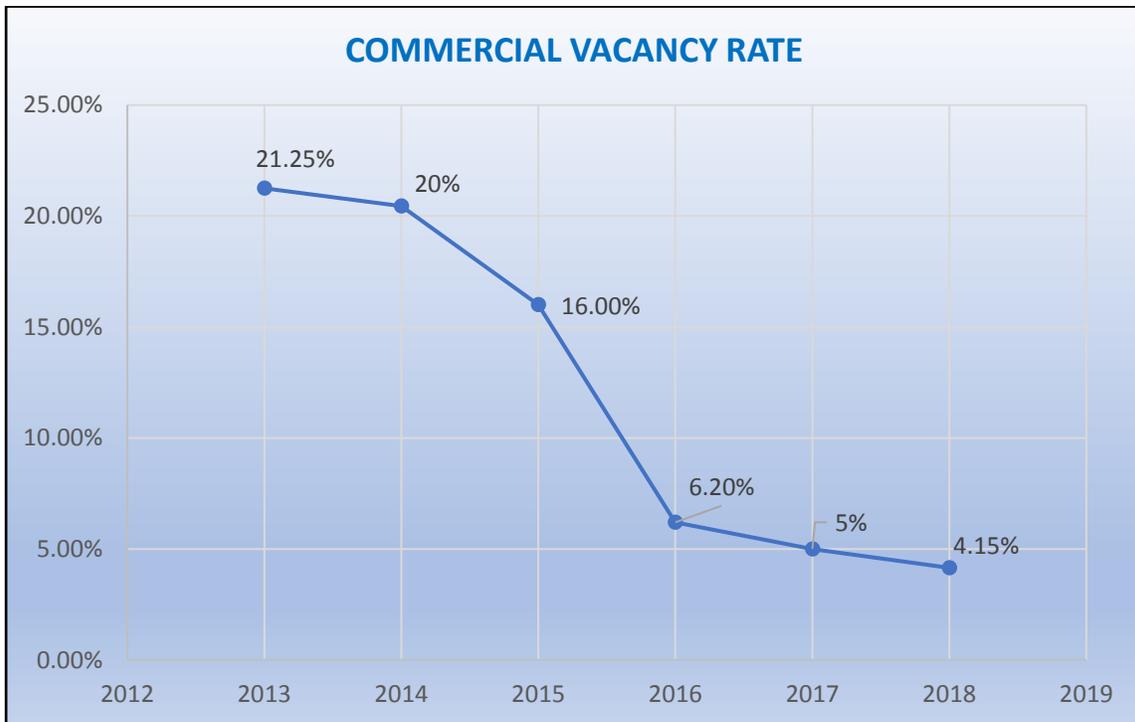
There were 198 full-time positions and 42 part-time positions, excluding seasonal workers, in the Fiscal Year 2018 annual budget. There are six different labor unions that represent sworn police officers and sergeants, civilian police employees, firefighters, paid on-call firefighters, and Public Works 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.

Building permit valuation for 2018 totaled over \$10 million. Almost \$3.5M worth of private investment was made in the business community, with remodeling/redevelopment (Yummy Station, Safari Kabab, Everwash, Denny's, Bright Star Dental, Suburban Medical, and Bliss Medical). Initial permits for the Verandah Retirement development total almost \$1.6M. Valuation of residential remodeling permits was almost \$1M.

The Village commercial vacancy rate has been reduced from over 20% in 2012, 6% in 2017 and 4.1% in 2018. Our industrial vacancy rate continues to be low as well. New industrial businesses included NeFab, RIM Logistics, Power Equipment Solutions, US Direct, and ER2 Imaging.



Total Vacancy (retail, industrial, office)

2018 – 6.68%

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

- **Property Taxes** – the Village has collected \$11,672,455 or 100.23% of the budgeted amount, which resulted in a slight decrease of \$63,952 from last year’s actual. All in all, the Village exceeded the budgeted amount for the 2017 Tax Levy collected in FY2018.
- **Telecommunication Tax** – the Village has collected \$509,962 or 84.99% of the budgeted amount, which resulted in a decrease of \$90,224 from last year’s actual. 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 \$1,019,292 or 101.93% of the budgeted amount, which resulted in an increase of \$46,220 from last year’s actual. Taxes are generated based on actual usage and largely dependent on fluctuation in temperatures and population.
- **Natural Gas Tax** – the Village has collected \$467,930 or 119.07% of the budgeted amount, which resulted in an increase of \$252,965 from last year’s actual. Like Electric Tax, taxes are generated based on actual usage and largely dependent on fluctuation in temperatures. The increase is attributed to a rate change from \$0.015 cents per therm to \$0.03 cents per therm effective January 1, 2018.
- **Basic Sales Tax** – the Village has collected \$6,757,407 or 105.58% of the budgeted amount, which resulted in an increase of \$362,219 from last year’s actual due to companies increasing their sales in FY2018. This revenue is based on the dollar amount of purchased tangible merchandise within the Village.
- **Municipal Automobile Renting Tax** – the Village has collected \$12,797 or 98.44% of the budgeted amount, which resulted in an increase \$654 from last year’s actual. 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 \$4,481,756 or 106.71% of the budgeted amount, which resulted in an increase of \$284,732 from last year’s actual due to companies increasing their sales in FY2018. 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 \$44,535 or 98.97% of the budgeted amount, which resulted in an increase of \$126 from last year’s actual. 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 \$1,115,475 or 120.59% of the budgeted amount, which resulted in an increase of \$133,245 from last year’s actual. 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 \$1,246,156 or 108.36% of the budgeted amount, which resulted in an increase of \$89,393 from last year’s actual. 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 \$3,636,525 or 105.03% of the budgeted amount, which resulted in an increase of \$148,737 from last year’s actual due to the amended five percent (5%) reduction imposed by the State in FY2018, originally imposed 10% 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 \$431,473 or 112.66% of the budgeted amount, which resulted in an increase of \$39,939 from last year’s actual due to two (2) commercial buildings located at 6450 Muirfield and 900 Muirfield. This is an imposed tax of \$1.50 for each \$500 on the transfer of title to real estate property located in the Village, as evidenced by the recordation of a deed.
- **Licenses** – the Village has collected \$386,014 or 102.04% of the budgeted amount, which resulted in an increase of \$982 from last year’s actual. The Business licenses and liquor licenses are being renewed the first and second month of the new year.
- **Permits** the Village has collected \$325,876 or 108.26% of the budgeted amount, which resulted in an increase of \$28 from last year’s actual. Building permits exceeded the budgeted amount for FY2018.
- **Fees** –the Village has collected \$2,037,799 or 108.96% of the budgeted amount, which resulted in an increase of \$262,864 from last year’s actual due to vehicle impound fees, plan review fees and ambulance fees. Revenues included in the total are solid waste, cable franchise fees, ambulance fees, plan review fees and impound fees.
- **Personal Property Tax** - the Village has collected \$81,292 or 94.53% of the budgeted amount, which resulted in a decrease of \$19,119 from last year’s actual. The difference is the overpayment of PPRT in FY2015 that the Village was 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 \$1,020,955 or 149.81% of the budgeted amount, which resulted in an increase of \$175,749 from last year’s actual. Revenues included in the total are traffic fines, and the adjudication hearing process for Ordinance violations and red-light camera fines.
- **Investment Income** - the Village has collected \$378,088 or 497.48% of the budgeted amount, which resulted in an increase of \$249,661 from last year’s actual. The increase was due to higher rates of CD’s in FY2018.
- **Miscellaneous Revenue** - the Village has collected \$886,930 or 140.35% of the budgeted amount, which resulted in an increase of \$65,130 from last year’s actual due to the State reimbursement program for police training, Sustained Traffic Enforcement Program (STEP) reimbursement, and IRMA claims reimbursements. 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 25% 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 \$990,818. The increase was primarily due to revenues coming in at \$2.2 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%
31-Dec-18	\$22,115,466	\$36,761,294**	60.16%

*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 \$36,761,294 is the amended budget of General Fund for FY2019.

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 2018 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 2018. The Village, with its budgeted full-time staffing of 198, serves its citizens with 5.21 full-time employees per 1,000 in population. Implementation of the Village's Strategic Plan during the fiscal year 2018 reflects the Village's continued commitment to its citizens that the Village is a desirable place to live, work, and transact business and includes:

- 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. Permits have been released for the first three buildings.
- Following purchase of the Hanover Square Shopping Center in Fiscal Year 2012, the 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. **Vacancy has been reduced from about 55,250 sq. ft. to about 14,000 sq. ft.** 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.
- 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, a new gazebo/pavilion has been constructed to enable programming civic events such as music fests, arts and crafts fair, business expo, etc. A new electronic sign now informs residents of upcoming community events.
- Restaurant development remains strong and the Village welcomed Yummy Station, Safari Kabab, White Cottage Pizza, and Tacos Los 3 Principes, in 2018. Brianna's Pancake House, Hollywood Taste, Neehee's are under construction.

- 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 Comprehensive Land Use Plan was updated to reflect a vision of mixed-use development. The Village downtown Tax Increment Finance District (TIF #3) is in the process of being extended for 12 years and expanded with the addition of the southern METRA commuter lot added to the district.
- The Village sold 2020 W Lake for construction of EverClean car wash which will open in spring of 2019; this is the 4th location for this business.
- Habitat for Humanity will build 27 market-rate townhomes on Greenbrook Court, Court J. The Village received \$240,000 in Community Development Block Grant funds to reconstruct Greenbrook Court. The project has been completed.
- The Village received the 2018 Governor's Hometown Award in the category of economic opportunities. The grassroots process is collaborative work by Habitat for Humanity, School District 20, the Village and community.
- The Village amended the Zoning Code to encourage installation of solar energy systems and to remove obstacles to solar development and has received Gold Status from the national Solsmart organization. Over 50 homes installed solar energy systems in 2018.
- Menards – the largest retailer in the community – submitted an application for a large addition.

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, 2017. This was the 28th 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 Village President, Rodney Craig, 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', with a long horizontal line extending to the right.

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

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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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Hanover Square were not audited in accordance with *Government Auditing Standards*. 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, 2018, 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.

Change in Accounting Principle

As described in Note 16, the Village adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses for OPEB liabilities; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 20, 2019

Except for the discretely presented component unit, Hanover Square, whose opinion date is June 4, 2019

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2018, and the related notes to financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon date June 20, 2019. The financial statements of Hanover Square, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Hanover Square.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
June 20, 2019

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, 2018 by \$80,653,458 (net position). The unrestricted net position has a negative balance of \$8,889,920 due to the Implementation of the following; (1) GASB Statement No. 68, 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. (2) GASB Statement No. 75, requires governments to provide defined benefit Other Postemployment Benefits (OPEB) to recognize their long-term obligation for OPEB as a liability to more comprehensively and comparably measure the annual cost of OPEB benefits.
- The Village's Net Position as of January 1st was RESTATED total adjustment of \$3,743,216 called "Change in accounting principle" and "Prior period adjustment" with the new net position January 1st of \$76,002,743, compared to \$79,745,959 Net Position, before the restatement. The reason for the "Change in accounting principle", was the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension*. The Village is required to retroactively record the total OPEB liability and write off the net OPEB obligation. For the "Prior period adjustment", to adjust for prior year IMRF contribution subsequent to the measurement date and the implementation of the new capital asset software module that resulted in corrections to accumulation of depreciation amount. Please see Note 16 and 17 in the notes to financial statements for more details on the restatement.
- During the year, government-wide revenues before transfers for the governmental and business-type activities totaled \$55,509,121, while expenses totaled \$50,858,406, resulting in the increase in net position of 4,650,715.
- The Village's combined governmental funds ending fund balance increased by \$1,615,814 to \$32,401,070 as of December 31, 2018.
- At the end of the current period, unrestricted (unassigned) fund balance of the General Fund was \$22,115,466 or 60.27% of General Fund Fiscal Year 2019 annualized budgeted expenditures and other financing uses totaling \$36,691,294.
- The Village's total long-term debt, including pension obligation (GASB 68 & GASB 75) and compensated absences liability increased by \$4,996,723 to \$69,234,202 compared to FY2017 report.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to 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 changes that 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 6-9 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.

(See independent auditor's report)

Fund Financial Statements

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

Governmental Funds

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

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

The Village maintains 15 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Motor Fuel Tax and Tax Increment Financing #3, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The Village adopts an annual budget for each governmental fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 10-13 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 Commuter 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 Commuter 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 Commuter Parking Lot and the Internal Service Fund is presented elsewhere in the report. The basic proprietary fund financial statements can be found on pages 14-18 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 19-20 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 21-78 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.

Village of Hanover Park, Illinois
Management's Discussion and Analysis
December 31, 2018

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

The following table shows the statement of net position of the Village of Hanover Park, December 31, 2018 compared to December 31, 2017:

Village of Hanover Park						
Statement of Net Position as of December 31, 2018						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 56,794,684	\$ 53,208,101	\$ 13,023,002	\$ 12,496,818	\$ 69,817,686	\$ 65,704,919
Capital Assets	71,904,115	69,967,596	23,905,395	23,726,345	95,809,510	93,693,941
Total Assets	128,698,799	123,175,697	36,928,397	36,223,163	165,627,196	159,398,860
Deferred Outflows						
Pension Obligation	9,486,237	6,291,896	361,664	783,399	9,847,901	7,075,295
Total Assets and Deferred Outflows of Resources	138,185,036	129,467,593	37,290,061	37,006,562	175,475,097	166,474,155
Liabilities						
Current Liabilities	4,890,778	3,532,847	1,090,936	1,044,710	5,981,714	4,577,557
Long-Term Liabilities	67,473,301	61,285,202	1,760,901	2,952,277	69,234,202	64,237,479
Total Liabilities	72,364,079	64,818,049	2,851,837	3,996,987	75,215,916	68,815,036
Deferred Inflows						
Unavailable Property Taxes	13,664,261	13,658,804	-	-	13,664,261	13,658,804
Unavailable Pension items	4,339,011	3,804,630	1,602,451	449,726	5,941,462	4,254,356
Total Liabilities and Deferred Inflows	90,367,351	82,281,483	4,454,288	4,446,713	94,821,639	86,728,196
Net Position						
Net Investment in						
Capital Assets	56,319,828	53,331,685	23,868,701	23,575,332	80,188,529	76,907,017
Restricted	9,354,849	8,097,770	-	-	9,354,849	8,097,770
Unrestricted	(17,856,992)	(14,243,345)	8,967,072	8,984,517	(8,889,920)	(5,258,828)
Total Net Position	\$ 47,817,685	\$ 47,186,110	\$ 32,835,773	\$ 32,559,849	\$ 80,653,458	\$ 79,745,959

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 \$80,653,458 as of December 31, 2018. The largest portion of the Village's net position reflects its investment in capital assets of \$80,188,529 or 99.42%. This includes land, buildings, infrastructure, and equipment less any related debt. Also used are debts to acquire those assets that are still outstanding, the implementation of GASB No. 68 to

record the net pension liability and the implementation of GASB No. 75 to record the OPEB liability (line item adjustment "Change in accounting principle"). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position of \$9,354,849 or 11.60% represents resources that are subject to external restrictions on how they may be used. The negative balance of unrestricted net position \$8,889,920 or 11.02% are due to implementation of GASB No. 68 recording of net pension obligation (such as Police, Fire and IMRF pension) and GASB No. 75 recording of OPEB liability.

The net position of governmental activities totaled \$47,817,685, an increase of 1.34% from Fiscal Year 2017 after the "Change in accounting principle and "Prior period adjustment" (net pension restated from \$47,186,110 to \$43,863,217).

The net position of business-type activities totaled \$32,835,773, an increase of 0.85% from Fiscal Year 2017 after the "Change in accounting principle and "Prior period adjustment" (net pension restated from \$32,559,849 to \$32,139,526).

The unrestricted net position of \$8,967,072 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 6-7.

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.

Village of Hanover Park, Illinois
Management's Discussion and Analysis
December 31, 2018

- 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, 2018

Following is a table that summarizes the changes in net position of the Village of Hanover Park as of December 31, 2018 compared to December 31, 2017:

Village of Hanover Park						
Changes in Net Position as of December 31, 2018						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues and Net Transfers						
Program Revenues						
Charges for Services	\$ 4,269,843	\$ 3,779,555	\$ 10,815,071	\$ 10,970,348	\$ 15,084,914	\$ 14,749,903
Operating Grants	1,946,078	1,522,434	-	-	1,946,078	1,522,434
Capital Grants	-	247,958	-	-	-	247,958
General Revenues						
Property Taxes	15,673,297	15,741,338	-	-	15,673,297	15,741,338
Sales & Local Use Tax	12,354,638	11,574,442	-	-	12,354,638	11,574,442
Utility Taxes	1,997,184	1,788,223	-	-	1,997,184	1,788,223
Other Taxes	2,185,769	1,892,071	-	-	2,185,769	1,892,071
Intergovernmental	3,636,525	3,487,788	-	-	3,636,525	3,487,788
Other Revenue	877,364	611,738	1,753,352	1,666,886	2,630,716	2,278,624
Total Revenues	42,940,698	40,645,547	12,568,423	12,637,234	55,509,121	53,282,781
Expenses						
General Government	4,502,681	5,760,254	-	-	4,502,681	5,760,254
Public Works	5,015,307	6,368,070	-	-	5,015,307	6,368,070
Public Safety	23,825,108	21,225,292	-	-	23,825,108	21,225,292
Community Development	4,193,206	3,618,986	-	-	4,193,206	3,618,986
Highways and Streets	591,102	866,856	-	-	591,102	866,856
Interest	858,826	894,677	-	-	858,826	894,677
Water and Sewer	-	-	11,535,226	12,302,852	11,535,226	12,302,852
Commuter Parking Lot	-	-	336,950	341,781	336,950	341,781
Total Expenses	38,986,230	38,734,135	11,872,176	12,644,633	50,858,406	51,378,768
Change in Net Position						
before Transfers	3,954,468	1,911,412	696,247	(7,399)	4,650,715	1,904,013
Net Transfers	-	(141,849)	-	141,849	-	-
Change in Net Position	3,954,468	1,769,563	696,247	134,450	4,650,715	1,904,013
Net Position, January 1	47,186,110	45,416,547	32,559,849	32,425,399	79,745,959	77,841,946
Prior Period Adjustment	497,592	-	400,358	-	897,950	-
Change in Accounting Principle	(3,820,485)	-	(820,681)	-	(4,641,166)	-
Net Position, January 1 RESTATED	43,863,217	-	32,139,526	-	76,002,743	-
Net Position, December 31	\$ 47,817,685	\$ 47,186,110	\$ 32,835,773	\$ 32,559,849	\$ 80,653,458	\$ 79,745,959

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Net position of the Village's governmental activities increased by 1.34%, or \$631,575 (\$47,817,685 in 2018 compared to \$47,186,110 in 2017). Net position of business-type activities increased by 0.85%, or \$275,924 (\$32,835,773 in 2018 compared to \$32,559,849 in 2017). Key elements contributing to this net change are as follows:

Change in Accounting Principle

In 2018, the Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Village is required to retroactively record the total *Other Postemployment Benefits* (OPEB) liability and write-off the net OPEB obligation.

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

Prior Period Adjustment

Net position of business-type activities has been restated to adjust for prior year IMRF contribution subsequent to the measurement date in the amount of \$331,384.

Net position of governmental activities has been restated to adjust for prior year IMRF contribution subsequent to the measurement date in the amount of \$624,628.

Net position of business-type activities has been restated to adjust for the Village implementing a new capital asset software module that resulted in corrections to the accumulation depreciation in the amount of \$68,974.

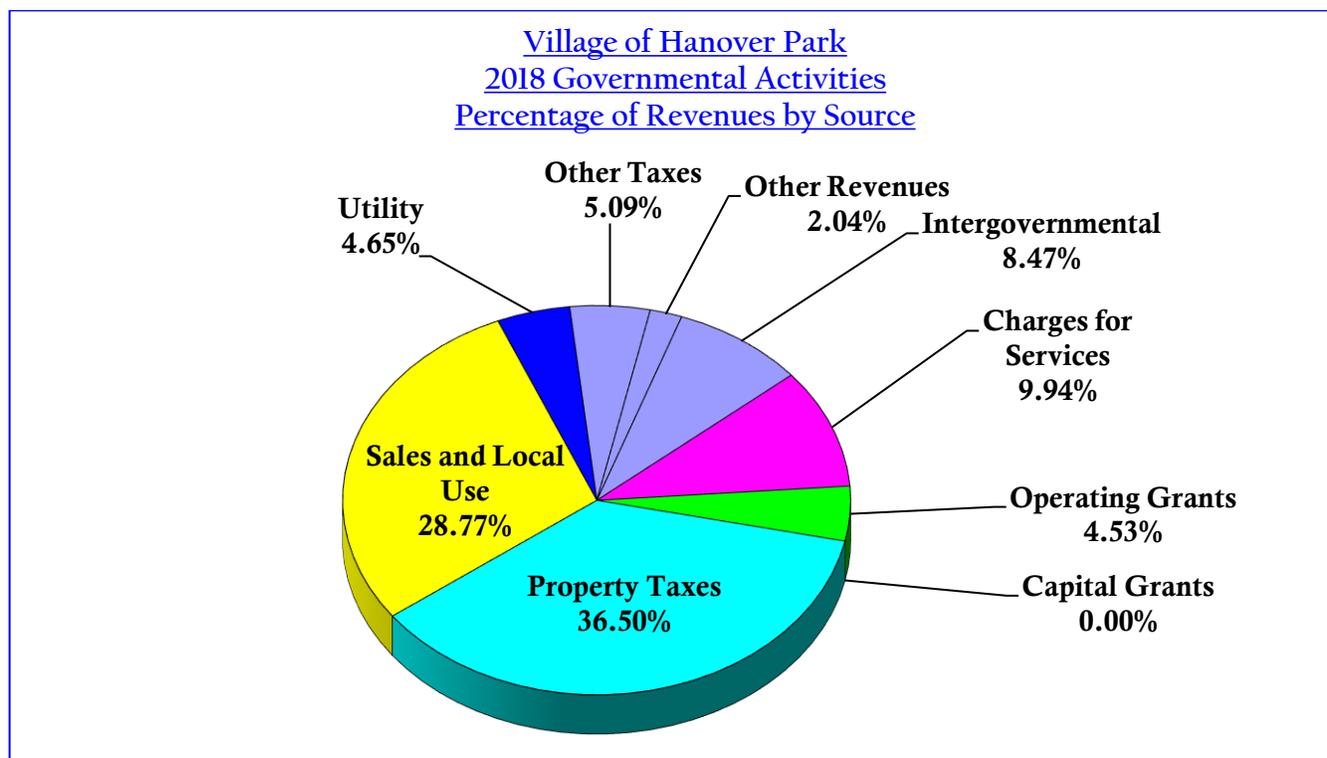
Net position of governmental activities has been restated to adjust for the Village implementing a new capital asset software module that resulted in corrections to the accumulation depreciation in the amount of (\$127,036).

See Note 17 in the notes to financial statements for more details on the restatement.

Governmental Activities

Revenues

Revenues for governmental activities totaled \$42,940,698 and \$40,645,547 for 31st December 2018 and 31st December 2017 respectively. This is an increase of \$2,295,151.



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

- Charges for services revenues increased by \$490,288 compared to prior year due to traffic and ordinance violations steady stream of collection.
- Property taxes revenues decreased by \$68,041 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 \$780,196 compared to prior year due to a general increase in retail sales and sales generated by new retailers located in the Village.
- Utility Taxes increased by \$208,961 compared to prior year due to rate changed of Natural Gas Tax from \$0.015 cents per therm to \$0.03 cents per therm effective January 1, 2018.
- Other Taxes increased by \$293,698 compared to prior year due to imposed gasoline tax of \$0.02 per U.S. gallon effective January 1, 2018, increase of video gaming taxes and foreign fire insurance tax.

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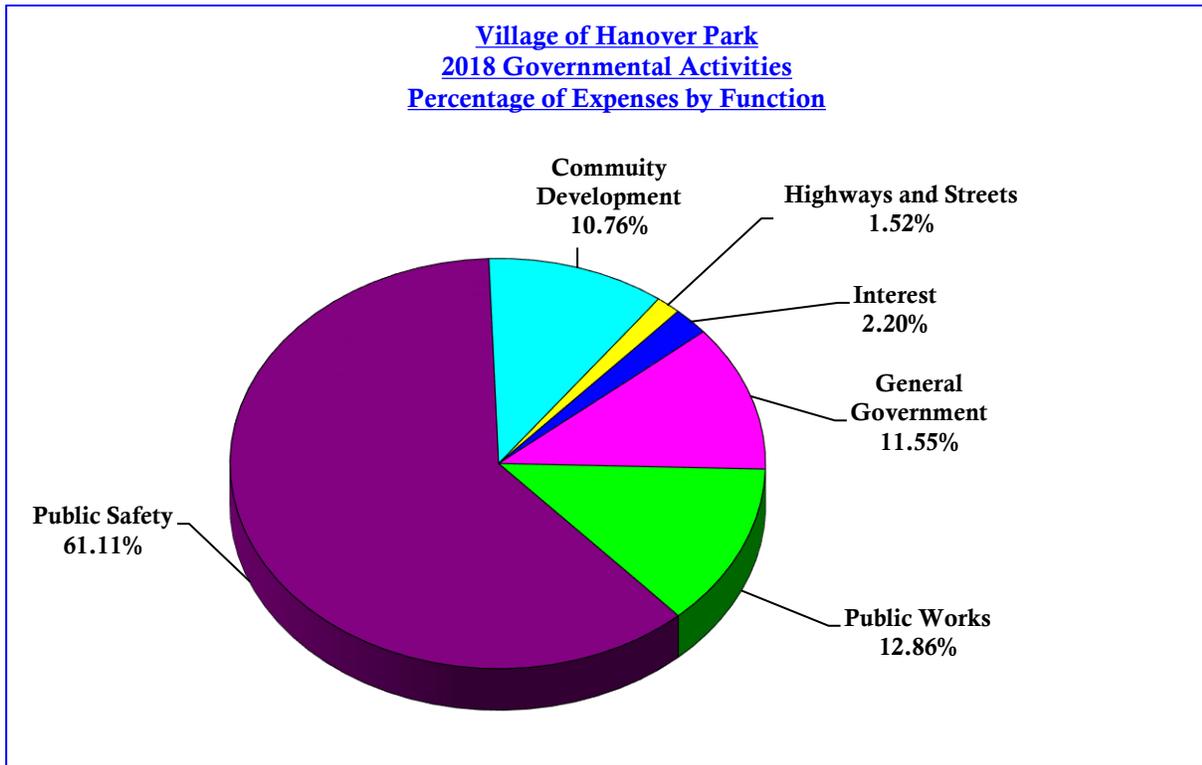
- Intergovernmental revenues increased by \$148,737 compared to prior year due to amended five percent (5%) reduction imposed by the State in FY2018. Originally the State imposed a 10% reduction in FY2017 of State Income Tax to help balance their budget deficit.

<u>Village of Hanover Park</u>				
<u>Changes in Select Governmental Activities Revenues</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2017	2018		
Property Tax	\$ 15,741,338	\$ 15,673,297	\$ (68,041)	-0.43%
Sales and Use Tax	11,574,442	12,354,638	780,196	6.74%
Charges for Services	3,779,555	4,269,843	490,288	12.97%
Utility Taxes	1,788,223	1,997,184	208,961	11.69%
Other Taxes	1,892,071	2,185,769	293,698	15.52%
Intergovernmental	3,487,788	3,636,525	148,737	4.26%
Other Revenues	611,738	877,364	265,626	43.42%
Total Revenues	\$ 38,875,155	\$ 40,994,620	\$ 2,119,465	5.45%

Expenses

For the year ended December 31, 2018, governmental expenses totaled \$38,986,230. This is an increase of \$252,095, or 0.65% from the 2017 expenses of \$38,734,135. This is due to continued increase in pension contribution, and personnel costs, an increase in street program resurfacing and reconstruction and the scheduled purchase of equipment. Village management is closely monitoring expenditures to make sure we are within budget.

<u>Village of Hanover Park</u>				
<u>Changes in Select Governmental Activities Expenditures</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2017	2018		
General Government	\$ 5,760,254	\$ 4,502,681	\$ (1,257,573)	-21.83%
Public Works	6,368,070	5,015,307	(1,352,763)	-21.24%
Public Safety	21,225,292	23,825,108	2,599,816	12.25%
Community Development	3,618,986	4,193,206	574,220	15.87%
Highways and Streets	866,856	591,102	(275,754)	-31.81%
Interest	894,677	858,826	(35,851)	-4.01%
Total Expenditures	\$38,734,135	\$38,986,230	\$ 252,095	0.65%



Business-Type Activities

Business-type activities posted total revenues of \$12,568,423, while the cost of all business-type activities totaled \$11,872,176. This resulted in a surplus of \$696,247. In 2017, revenues of \$12,637,234 and expenses of \$12,644,633, resulted in a loss of \$7,399 prior to net transfer in of \$141,849.

Change in Accounting Principle

In 2018, the Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Village is required to retroactively record the total *Other Postemployment Benefits* (OPEB) liability and write-off the net OPEB obligation.

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

Prior Period Adjustment

Net position of business-type activities has been restated to adjust for prior year IMRF contribution subsequent to the measurement date in the amount of \$331,384.

Net position of business-type activities has been restated to adjust for the Village implementing a new capital asset software module that resulted in corrections to the accumulated depreciation in the amount of \$68,974.

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See Note 17 in the notes to financial statements for more details on the restatement.

Revenues

For the fiscal year ending December 31, 2018, revenues for the business-type activities totaled \$12,568,423. This is a decrease of \$68,811, or 0.54% from FY2017.

Waterworks & Sewerage decreased by \$112,117 compared to prior year due to water consumption less than last year, attributed to the mild weather we had in FY2018.

Commuter Parking increased by \$43,306 compared to prior year due to rate increase effective November 1, 2017 from \$1.50 to \$1.75 daily parking fee; \$30.00 to \$35.00 monthly parking fee.

<u>Village of Hanover Park</u>				
<u>Business-Type Activities Operating Revenues</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2017	2018		
Waterworks & Sewerage	\$ 12,241,036	\$ 12,128,919	\$ (112,117)	-0.92%
Municipal Railroad Parking Lot	396,198	439,504	43,306	10.93%
Total Business-Type Activities	\$ 12,637,234	\$ 12,568,423	\$ (68,811)	-0.54%

Expenses

Expenses for the year ending December 31, 2018 totaled \$11,872,176, a decrease of \$772,457, or 6.11% over the FY2017 expenses of \$12,644,633. The decrease is due to implementation of GASB No. 75, the prior period adjustment for IMRF and adjustment to capital asset depreciation entries.

<u>Village of Hanover Park</u>				
<u>Business-Type Activities Operating Expenditures</u>				
	FISCAL YEAR		Increase (Decrease)	% Increase (Decrease)
	2017	2018		
Waterworks & Sewerage	\$ 12,302,852	\$ 11,535,226	\$ (767,626)	-6.24%
Municipal Railroad Parking Lot	341,781	336,950	(4,831)	-1.41%
Total Business-Type Activities	\$ 12,644,633	\$ 11,872,176	\$ (772,457)	-6.11%

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 combined ending fund balances of \$32,401,070, which is \$1,615,814, or 5.25%, higher than last year's total of \$30,785,256. Of the \$32,401,070 total, \$21,959,276, or approximately 67.77%, 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 \$959,559 to \$22,408,688, of which \$22,115,466 is the unrestricted amount. The increase is due primarily to higher than expected sales-related taxes offset by lower than expected expenditures, due to the Village management's approach to closely supervising expenses in response to projected decrease in several revenue sources and the uncertainty of State of Illinois budget crisis. Village Board policy requires that the General Fund unrestricted fund balance be maintained at a minimum of 25% of the General Fund total budgeted annual expenditures to provide financing for unanticipated expenditures and revenue shortfalls. The difference between the restricted amount and the unrestricted amount is available for use as determined by the Village Board. Below is a chart showing a history of the General Fund unrestricted/unassigned fund balance.

General Fund				
<u>Comparison of the Results of Operations and the</u>				
<u>Unrestricted / Unassigned Fund Balance Calendar Year 2015 - 2018</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>
Revenues and Transfers	\$33,126,657	\$34,291,821	\$34,573,362	\$36,512,715
Expenditures and Transfers	31,242,849	31,098,260	32,938,294	35,553,156
Results of Operations	1,883,808	3,193,561	1,635,068	959,559
Fund Balance - Beginning	\$14,736,692	\$16,620,500	\$19,814,061	\$21,449,129
Fund Balance - Ending	\$16,620,500	\$19,814,061	\$21,449,129	\$22,408,688
Reserved/Nonspendable and Restricted	294,419	381,659	324,481	293,222
Unrestricted/Unassigned	16,326,081	19,432,402	21,124,648	22,115,466
Total Fund Balance	\$16,620,500	\$19,814,061	\$21,449,129	\$22,408,688
Unrestricted/Unassigned Fund Balance as a Percentage of Budgeted Expenditures*	50.70%	59.18%	61.00%	60.16%

*2018 Unrestricted/Unassigned Fund Balance % of budget expenditures for FY2019 of \$36,761,294

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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 an increase in fund balance for the year of \$22,982. The increase is due to the reclassification of some expenses to the Road and Bridge Fund such as (road salt purchase, street light maintenance and curb and gutter replacement).

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, 2018, the Tax Increment Financing # 3 reported revenues more than expenditures by \$1,405,110.

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 Commuter Parking Lot Fund. Also, the Water and Sewer Fund accounts for all the operations of the municipal water and sewerage system. The Village sells water to all residential municipal customers 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 \$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
	2017	2018	(Decrease)	(Decrease)
Water Sales	\$ 7,053,304	\$ 6,946,824	\$ (106,480)	-1.51%
Sewer Sales	2,800,595	2,701,787	(98,808)	-3.53%
Leachate Treatment	311,591	298,753	(12,838)	-4.12%
Interest	70,291	173,549	103,258	146.90%
Other Revenues	2,005,255	2,008,006	2,751	0.14%
Total	\$ 12,241,036	\$ 12,128,919	\$ (112,117)	-0.92%

The Commuter Parking Lot Fund actual revenues exceeded actual expenditures in Fiscal Year 2018. Total operating revenues were \$439,504 versus \$336,950 in operating expenditures. The overall net position in this fund on December 31, 2018 increased by \$102,554.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2018, the Village Board approved a budget amendment to increase the tax incentive program by \$955,000. The increase is due to the Insight incentive agreement where sales tax was anticipated to increase slightly on the revenue budget projection but not accurately budgeted on the expenditure side.

General Fund actual revenues (including other financing sources) for the year totaled \$36,512,715 compared to budgeted revenues of \$34,304,935, a difference of \$2,207,780. This is due to property taxes, utility taxes, general sales and use taxes, prepared food and beverage tax over budget by \$1,004,478, Fines and forfeits being over budget by \$339,455. Licenses, Permits, Fees, State Income Tax, Charges for Services, were \$489,918 more than the budgeted amount. Investment Income and Other miscellaneous revenues were \$373,929, indicating that the local economy is improving.

The General Fund actual expenditures (excluding other financing uses) for the year totaled \$33,362,351 were \$32,732 or 0.10% lower than final budgeted expenditures of \$33,395,083. Most of the Village departments slightly exceeded their budgeted amount. Elected Officials/Board/Commissions, due to 60th Anniversary event cost. The Public Works, Fire and Police Department due to personnel services such as salaries, over-time (vacancies created by extended injury leave), insurance and pension cost. A budget amendment was done for Community Development due to a redevelopment agreement payment exceeding the budgeted amount not accurately budgeted in FY2018. Staff has been diligently monitoring expenses to ensure that the Village remains stable, while still providing core services in the most responsible way. 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>				
	2018	2018	Actual	
	Original Budget	Final Budget	2018	2017
Revenues	\$34,304,935	\$34,304,935	\$36,512,715	\$34,573,362
Expenditures	32,440,083	33,395,083	33,362,351	31,260,139
Excess of Revenues over Expenditures	1,864,852	909,852	3,150,364	3,313,223
Other Financing Sources (Uses)	(2,190,805)	(2,190,805)	(2,190,805)	(1,678,155)
Net Change in Fund Balance	(\$325,953)	(\$1,280,953)	\$959,559	\$1,635,068

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, 2018 was \$95,809,510 (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	\$ 395,400
Buildings	1,783,918
Machinery, equipment and vehicles	2,668,958
Improvement other than Buildings	376,614
Infrastructures	702,159
Underground systems	699,029
Total	<u>\$ 6,626,078</u>

Village of Hanover Park Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
Land, ROW, Permanent Easements	\$29,546,751	\$29,151,351	\$ 2,254,634	\$ 2,254,634	\$31,801,385	\$ 31,405,985
Construction in progress	263,706	1,155,355	-	-	263,706	1,155,355
Buildings	22,953,869	21,876,859	6,121,266	6,358,839	29,075,135	28,235,698
Machinery, Equipment and Vehicles	8,564,948	7,081,931	888,898	986,864	9,453,846	8,068,795
Improvement other than Buildings	1,649,436	1,774,307	4,909,230	4,842,587	6,558,666	6,616,894
Infrastructure	8,925,405	8,800,757	-	-	8,925,405	8,800,757
Underground systems	-	-	9,731,367	9,352,396	9,731,367	9,352,396
Total	\$71,904,115	\$69,840,560	\$ 23,905,395	\$23,795,320	\$95,809,510	\$ 93,635,880

Additional information on the Village's capital assets can be found in Note 5 on pages 34-36 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 in FY2017. The Village's total outstanding debt, excluding the net pension liability IMRF, OPEB, and compensated absences, decreased by \$1,164,319 or 6.93% 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 2018.

**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 38-41.

Village of Hanover Park Outstanding Debt General Obligation Bonds, Revenue Bonds, Loans, and Notes						
	Governmental Activities		Business-Type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 15,605,000	\$ 16,655,000	\$ -	\$ -	\$ 15,605,000	\$ 16,655,000
IEPA	-	-	36,694	151,013	36,694	151,013
Total	\$ 15,605,000	\$ 16,655,000	\$ 36,694	\$ 151,013	\$ 15,641,694	\$ 16,806,013

ECONOMIC FACTORS AND FUTURE PROSPECTS

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2019 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 FY2019 with zero percent (0.00%) 2018 tax levy increase (3rd year in a row), no water and sewer rate increase (4th year in a row). 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, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit Hanover Square
ASSETS				
Cash and cash equivalents	\$ 36,670,760	\$ 11,158,510	\$ 47,829,270	\$ 641,673
Receivables (net of allowances for uncollectibles)				
Property taxes	13,664,261	-	13,664,261	-
Accounts	621,977	1,153,688	1,775,665	-
Accrued interest	189,702	35,878	225,580	-
Other	-	665,000	665,000	283,607
Prepaid expenses	12,001	9,926	21,927	49,310
Inventory	46,247	-	46,247	-
Due from other governments	5,331,753	-	5,331,753	-
Net pension asset	257,983	-	257,983	-
Capital assets				
Nondepreciable	29,810,457	2,254,634	32,065,091	1,017,088
Depreciable (net of accumulated depreciation)	42,093,658	21,650,761	63,744,419	6,181,589
Total assets	128,698,799	36,928,397	165,627,196	8,173,267
DEFERRED OUTFLOWS OF RESOURCES				
Pension items - IMRF and SLEP	710,063	361,664	1,071,727	-
Pension items - Police Pension	5,495,178	-	5,495,178	-
Pension items - Firefighters' Pension	3,280,996	-	3,280,996	-
Total deferred outflows of resources	9,486,237	361,664	9,847,901	-
Total assets and deferred outflows of resources	138,185,036	37,290,061	175,475,097	8,173,267
LIABILITIES				
Accounts payable	2,771,414	882,495	3,653,909	548,066
Accrued payroll	820,920	92,816	913,736	-
Accrued interest	69,302	-	69,302	-
Deposits	-	16,400	16,400	-
Unearned revenue	202,160	97,125	299,285	-
Due to other governments	48,886	-	48,886	-
Due to/from fiduciary funds	12,877	-	12,877	-
Other payables	965,219	2,100	967,319	-
Long-term liabilities				
Due within one year	1,365,465	88,904	1,454,369	158,693
Due in more than one year	66,107,836	1,671,997	67,779,833	3,808,634
Total liabilities	72,364,079	2,851,837	75,215,916	4,515,393
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	13,664,261	-	13,664,261	-
Pension items - IMRF and SLEP	2,932,275	1,523,402	4,455,677	-
OPEB items	453,597	79,049	532,646	-
Pension items - Police Pension	773,395	-	773,395	-
Pension items - Firefighters' Pension	179,744	-	179,744	-
Total deferred inflows of resources	18,003,272	1,602,451	19,605,723	-
Total liabilities and deferred inflows of resources	90,367,351	4,454,288	94,821,639	4,515,393

(This statement is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit Hanover Square
NET POSITION				
Net investment in capital assets	\$ 56,319,828	\$ 23,868,701	\$ 80,188,529	\$ -
Restricted for				
Public safety	357,393	-	357,393	-
Highways and streets	1,245,374	-	1,245,374	-
Debt service	379,804	-	379,804	-
Community development	7,130,986	-	7,130,986	-
Special service areas	241,292	-	241,292	-
Unrestricted	(17,856,992)	8,967,072	(8,889,920)	3,657,874
TOTAL NET POSITION	\$ 47,817,685	\$ 32,835,773	\$ 80,653,458	\$ 3,657,874

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 4,502,681	\$ 1,330,699	\$ 26,859	\$ -
Community development	4,193,206	68,644	-	-
Public safety	23,825,108	2,540,205	66,457	-
Public works	5,015,307	330,295	196,245	-
Highways and streets	591,102	-	1,415,193	-
Interest	858,826	-	241,324	-
Total governmental activities	38,986,230	4,269,843	1,946,078	-
Business-Type Activities				
Water and sewer	11,535,226	10,382,911	-	-
Parking	336,950	432,160	-	-
Total business-type activities	11,872,176	10,815,071	-	-
TOTAL PRIMARY GOVERNMENT	\$ 50,858,406	\$ 15,084,914	\$ 1,946,078	\$ -
Component unit				
Hanover Square	\$ 977,552	\$ 1,220,322	\$ -	\$ -

	Net (Expense) Revenue and Change in Net Position			Component Unit Hanover Square
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
	\$ (3,145,123)	\$ -	\$ (3,145,123)	\$ -
	(4,124,562)	-	(4,124,562)	-
	(21,218,446)	-	(21,218,446)	-
	(4,488,767)	-	(4,488,767)	-
	824,091	-	824,091	-
	(617,502)	-	(617,502)	-
	(32,770,309)	-	(32,770,309)	-
	-	(1,152,315)	(1,152,315)	-
	-	95,210	95,210	-
	-	(1,057,105)	(1,057,105)	-
	(32,770,309)	(1,057,105)	(33,827,414)	-
	-	-	-	242,770
General Revenues				
Taxes				
Property	15,673,297	-	15,673,297	-
Replacement	84,998	-	84,998	-
Sales and local use	12,354,638	-	12,354,638	-
Utility	1,997,184	-	1,997,184	-
Hotel/motel	44,535	-	44,535	-
Food and beverage	1,246,156	-	1,246,156	-
Real estate transfer	431,473	-	431,473	-
Other taxes	378,607	-	378,607	-
Intergovernmental - unrestricted	3,636,525	-	3,636,525	-
Investment income	575,434	180,893	756,327	-
Miscellaneous	301,930	1,572,459	1,874,389	-
Total	36,724,777	1,753,352	38,478,129	-
CHANGE IN NET POSITION	3,954,468	696,247	4,650,715	242,770
NET POSITION, JANUARY 1	47,186,110	32,559,849	79,745,959	3,415,104
Change in accounting principle	(3,820,485)	(820,681)	(4,641,166)	-
Prior period adjustment	497,592	400,358	897,950	-
NET POSITION, JANUARY 1 RESTATED	43,863,217	32,139,526	76,002,743	3,415,104
NET POSITION, DECEMBER 31	\$ 47,817,685	\$ 32,835,773	\$ 80,653,458	\$ 3,657,874

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2018

	General	Motor Fuel Tax	Tax Increment Financing #3	Nonmajor Governmental	Total Governmental
ASSETS					
Cash and investments	\$ 20,775,706	\$ 485,174	\$ 7,147,631	\$ 3,235,436	\$ 31,643,947
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	11,660,500	-	-	2,003,761	13,664,261
Accounts	312,556	-	168,439	140,982	621,977
Accrued interest	152,528	-	-	12,740	165,268
Prepaid items	12,001	-	-	-	12,001
Inventory	46,247	-	-	-	46,247
Due from other governments	5,249,277	82,476	-	-	5,331,753
Advances to other funds	234,974	-	-	-	234,974
TOTAL ASSETS	\$ 38,443,789	\$ 567,650	\$ 7,316,070	\$ 5,392,919	\$ 51,720,428
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,814,321	\$ 56,548	\$ 67,005	\$ 732,990	\$ 2,670,864
Accrued payroll	820,920	-	-	-	820,920
Unearned revenue	202,160	-	-	-	202,160
Due to other governments	48,886	-	-	-	48,886
Other payables	776,240	-	118,079	70,900	965,219
Due to fiduciary funds	12,877	-	-	-	12,877
Advances from other funds	-	-	-	234,974	234,974
Total liabilities	3,675,404	56,548	185,084	1,038,864	4,955,900
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	11,660,500	-	-	2,003,761	13,664,261
Unavailable dividends	699,197	-	-	-	699,197
Total deferred inflows of resources	12,359,697	-	-	2,003,761	14,363,458
Total liabilities and deferred inflows of resources	16,035,101	56,548	185,084	3,042,625	19,319,358
FUND BALANCES					
Nonspendable					
Inventory	46,247	-	-	-	46,247
Prepaid items	12,001	-	-	-	12,001
Advances to other funds	234,974	-	-	-	234,974
Restricted					
Public safety	-	-	-	357,393	357,393
Highways and streets	-	511,102	-	734,272	1,245,374
Debt service	-	-	-	379,804	379,804
Community development	-	-	7,130,986	-	7,130,986
Special service areas	-	-	-	241,292	241,292
Unrestricted					
Assigned					
Capital improvements	-	-	-	793,723	793,723
Unassigned (deficit)	22,115,466	-	-	(156,190)	21,959,276
Total fund balances	22,408,688	511,102	7,130,986	2,350,294	32,401,070
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 38,443,789	\$ 567,650	\$ 7,316,070	\$ 5,392,919	\$ 51,720,428

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, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 32,401,070
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	71,904,115
Less amount reported in internal service funds below	(5,672,632)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(15,605,000)
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position	20,717
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(69,302)
Compensated absences are not due and payable in the current period and, therefore, are not reported in governmental funds	(896,620)
Net pension asset for the following is shown as an asset on the statement of net position	
Sheriff's Law Enforcement Personnel Fund	257,983
Net pension liability for the following is shown as a liability on the statement of net position	
Illinois Municipal Retirement Fund	(1,247,717)
Police Pension	(29,114,662)
Firefighters' Pension	(15,361,969)
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	(2,222,212)
Other Postemployment Benefits	(453,597)
Police Pension	4,721,783
Firefighters' Pension	3,101,252
The total OPEB liability is not due and payable in the current period and, therefore, are not reported in the governmental funds	(5,268,050)
Certain revenues are deferred at the fund level on the modified accrual basis of accounting but not at the entity-wide level	699,197
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>10,623,329</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 47,817,685</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, 2018

	General	Motor Fuel Tax	Tax Increment Financing #3	Nonmajor Governmental	Total Governmental
REVENUES					
Taxes	\$ 27,759,238	\$ -	\$ 1,847,902	\$ 2,518,750	\$ 32,125,890
Licenses and permits	1,238,965	-	-	40,500	1,279,465
Charges for services	1,880,744	-	-	-	1,880,744
Fines and forfeits	1,020,955	-	-	88,657	1,109,612
Intergovernmental	3,808,019	971,944	66,582	528,903	5,375,448
Investment income	378,088	11,332	114,727	71,287	575,434
Miscellaneous	426,706	-	136,578	30,821	594,105
Total revenues	36,512,715	983,276	2,165,789	3,278,918	42,940,698
EXPENDITURES					
Current					
General government	4,287,169	-	-	-	4,287,169
Community development	3,465,280	-	432,912	333,936	4,232,128
Public safety	21,372,010	-	-	-	21,372,010
Public works	4,237,892	-	-	-	4,237,892
Highways and streets	-	23,967	-	596,030	619,997
Capital outlay	-	936,327	477,767	3,398,198	4,812,292
Debt service					
Principal retirement	-	-	-	1,050,000	1,050,000
Interest	-	-	-	860,387	860,387
Fiscal charges	-	-	-	3,009	3,009
Total expenditures	33,362,351	960,294	910,679	6,241,560	41,474,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,150,364	22,982	1,255,110	(2,962,642)	1,465,814
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	2,190,805	2,190,805
Transfers (out)	(2,190,805)	-	-	-	(2,190,805)
Proceeds from sale of capital assets	-	-	150,000	-	150,000
Total other financing sources (uses)	(2,190,805)	-	150,000	2,190,805	150,000
NET CHANGE IN FUND BALANCES	959,559	22,982	1,405,110	(771,837)	1,615,814
FUND BALANCES, JANUARY 1	21,449,129	488,120	5,725,876	3,122,131	30,785,256
FUND BALANCES, DECEMBER 31	\$ 22,408,688	\$ 511,102	\$ 7,130,986	\$ 2,350,294	\$ 32,401,070

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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,615,814
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	3,494,420
Certain revenues are deferred in governmental funds but not in governmental activities	88,062
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	1,050,000
The decrease in accrued interest payable is shown as a reduction to expense on the statement of activities	2,943
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	(2,543,246)
Amortization	1,627
Less amount reported in internal service funds below	835,089
The change in the compensated absences liability is an expense on the statement of activities	395,257
The change in net other postemployment benefits obligations are reported only in the statement of activities	375,800
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	3,573,720
Police Pension	(4,398,819)
Firefighters' Pension	(3,257,882)
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	(3,504,592)
Net other postemployment benefits obligations	(453,597)
Police Pension	3,394,107
Firefighters' Pension	2,599,414
The change in net position of certain activities of internal service funds is in governmental funds	686,351
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3,954,468

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

December 31, 2018

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Nonmajor Enterprise	Total	Internal Service
CURRENT ASSETS				
Cash and investments	\$ 10,787,200	\$ 371,310	\$ 11,158,510	\$ 5,026,813
Receivables				
Accounts	1,153,688	-	1,153,688	-
Accrued interest	35,040	838	35,878	24,434
Other	638,575	26,425	665,000	-
Prepaid expenses	9,926	-	9,926	-
Total current assets	12,624,429	398,573	13,023,002	5,051,247
NONCURRENT ASSETS				
Capital assets				
Nondepreciable	937,117	1,317,517	2,254,634	-
Depreciable, net of accumulated depreciation	20,428,102	1,222,659	21,650,761	5,672,632
Total noncurrent assets	21,365,219	2,540,176	23,905,395	5,672,632
Total assets	33,989,648	2,938,749	36,928,397	10,723,879
DEFERRED OUTFLOWS OF RESOURCES				
Pension items - IMRF	347,357	14,307	361,664	-
Total deferred outflows of resources	347,357	14,307	361,664	-
Total assets and deferred outflows of resources	34,337,005	2,953,056	37,290,061	10,723,879
CURRENT LIABILITIES				
Accounts payable	860,579	21,916	882,495	100,550
Accrued payroll	88,022	4,794	92,816	-
Deposits	16,400	-	16,400	-
Unearned revenue	-	97,125	97,125	-
Notes payable - EPA	36,694	-	36,694	-
Other payables	-	2,100	2,100	-
Compensated absences payable	8,532	-	8,532	-
OPEB liability	40,586	3,092	43,678	-
Total current liabilities	1,050,813	129,027	1,179,840	100,550
LONG-TERM LIABILITIES				
Compensated absences	162,098	-	162,098	-
Net pension liability	610,373	25,140	635,513	-
Total OPEB liability	812,479	61,907	874,386	-
Total long-term liabilities	1,584,950	87,047	1,671,997	-
Total liabilities	2,635,763	216,074	2,851,837	100,550
DEFERRED INFLOWS OF RESOURCES				
Pension items - IMRF	1,455,528	67,874	1,523,402	-
OPEB items	73,452	5,597	79,049	-
Total deferred outflows of resources	1,528,980	73,471	1,602,451	-
Total liabilities and deferred inflows of resources	4,164,743	289,545	4,454,288	100,550

(This statement is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION (Continued)

December 31, 2018

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Waterworks and Sewerage</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Internal Service</u>
NET POSITION				
Net investment in capital assets	\$ 21,328,525	\$ 2,540,176	\$ 23,868,701	\$ 5,672,632
Unrestricted	8,843,737	123,335	8,967,072	4,950,697
TOTAL NET POSITION	<u>\$ 30,172,262</u>	<u>\$ 2,663,511</u>	<u>\$ 32,835,773</u>	<u>\$ 10,623,329</u>

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, 2018

	Business-Type Activities			Governmental
	Waterworks	Nonmajor	Total	Activities
	and Sewerage	Enterprise		Internal
			Total	Service
OPERATING REVENUES				
Charges for services	\$ 10,382,911	\$ 432,160	\$ 10,815,071	\$ 1,494,801
Total operating revenues	10,382,911	432,160	10,815,071	1,494,801
OPERATING EXPENSES				
Administration	1,967,615	-	1,967,615	-
Operations	8,617,771	266,018	8,883,789	228,360
Depreciation and amortization	946,621	70,932	1,017,553	835,089
Total operating expenses	11,532,007	336,950	11,868,957	1,063,449
OPERATING INCOME (LOSS)	(1,149,096)	95,210	(1,053,886)	431,352
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(3,219)	-	(3,219)	-
Investment income	173,549	7,344	180,893	103,675
Infrastructure surcharge	1,572,459	-	1,572,459	-
Gain on disposal of capital assets	-	-	-	151,324
Total non-operating revenues (expenses)	1,742,789	7,344	1,750,133	254,999
CHANGE IN NET POSITION	593,693	102,554	696,247	686,351
NET POSITION, JANUARY 1	29,925,402	2,634,447	32,559,849	9,955,474
Change in accounting principle	(751,046)	(69,635)	(820,681)	-
Prior period adjustment	404,213	(3,855)	400,358	(18,496)
NET POSITION, JANUARY 1, RESTATED	29,578,569	2,560,957	32,139,526	9,936,978
NET POSITION, DECEMBER 31	\$ 30,172,262	\$ 2,663,511	\$ 32,835,773	\$ 10,623,329

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Nonmajor Enterprise	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 12,151,969	\$ 428,262	\$ 12,580,231	\$ -
Receipts from interfund services	-	-	-	1,494,801
Payments to suppliers	(7,540,904)	(97,512)	(7,638,416)	(325,631)
Payments to employees	(3,091,756)	(162,978)	(3,254,734)	-
Net cash from operating activities	1,519,309	167,772	1,687,081	1,169,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
None	-	-	-	-
Net cash from noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(960,528)	(167,101)	(1,127,629)	(1,112,381)
Proceeds from sale of capital assets	-	-	-	151,324
Principal paid on EPA loans	(114,319)	-	(114,319)	-
Interest paid on EPA loans	(3,219)	-	(3,219)	-
Net cash from capital and related financing activities	(1,078,066)	(167,101)	(1,245,167)	(961,057)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	152,000	6,506	158,506	101,155
Net cash from investing activities	152,000	6,506	158,506	101,155
NET INCREASE IN CASH AND CASH EQUIVALENTS	593,243	7,177	600,420	309,268
CASH AND CASH EQUIVALENTS, JANUARY 1	10,193,957	364,133	10,558,090	4,717,545
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 10,787,200	\$ 371,310	\$ 11,158,510	\$ 5,026,813

(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, 2018

	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)	\$ (1,149,096)	\$ 95,210	\$ (1,053,886)	\$ 431,352
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	946,621	70,932	1,017,553	835,089
Other non-operating revenues	1,572,459	-	1,572,459	-
Changes in assets and liabilities				
Receivables	101,153	(4,530)	96,623	-
Pension items - IMRF	1,743,596	83,199	1,826,795	-
OPEB items	73,452	5,597	79,049	-
Accounts payable	31,278	12,418	43,696	(97,271)
Accrued payroll	6,209	336	6,545	-
Contractors deposits	450	-	450	-
Other payables	-	1,100	1,100	-
Deferred revenue	-	(5,565)	(5,565)	-
Compensated absences	33,218	-	33,218	-
Net pension liability	(1,779,178)	(86,289)	(1,865,467)	-
Total OPEB liability	(60,853)	(4,636)	(65,489)	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,519,309	\$ 167,772	\$ 1,687,081	\$ 1,169,170

See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2018

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 554,100
Investments	
U.S. Government and U.S. agency obligations	18,851,709
Money market mutual funds	511,706
Mutual funds	29,729,933
Illinois Metropolitan Investment Fund	35
Receivables	
Accrued interest	116,915
Prepaid items	3,531
Due to other funds	<u>12,877</u>
 Total assets	 <u>49,780,806</u>
LIABILITIES	
Accounts payable	<u>23,255</u>
 Total liabilities	 <u>23,255</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u><u>\$ 49,757,551</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, 2018

ADDITIONS

Contributions

Employer contributions	\$ 4,004,967
Employee contributions	<u>860,701</u>

Total contributions	<u>4,865,668</u>
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Investment income

Net (depreciation) in fair value of investments	(4,186,087)
Interest	<u>306,345</u>

Total investment income	(3,879,742)
Less investment expense	<u>(89,212)</u>

Net investment income	<u>(3,968,954)</u>
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Total additions	<u>896,714</u>
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DEDUCTIONS

Benefits and refunds	3,983,853
Administrative expenses	<u>93,030</u>

Total deductions	<u>4,076,883</u>
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NET (DECREASE)	(3,180,169)
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**NET POSITION RESTRICTED
FOR PENSIONS**

January 1	<u>52,937,720</u>
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December 31	<u><u>\$ 49,757,551</u></u>
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See accompanying notes to financial statements.

VILLAGE OF HANOVER PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018. 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.

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, income taxes and use taxes use a 90-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. Unearned revenues 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.

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 of resources 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 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. 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. Issuance costs are reported as expenses.

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 outstanding long-term debt principal 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 and Tax Increment Financing #5 reported deficit fund balances of \$58,752, \$30,621 and \$66,817 respectively. These deficits are expected to be funded by future tax levies.

3. DEPOSITS AND INVESTMENTS

The Village and pension funds categorize the fair value measurements within the fair value hierarchy established by GAAP. 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, The Illinois Funds and Illinois Metropolitan Investment Fund (IMET).

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

3. DEPOSITS AND INVESTMENTS (Continued)

The 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.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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.

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

3. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Metropolitan Investment Fund	\$ 104,276	\$ -	\$ 104,276	\$ -	\$ -
TOTAL	\$ 104,276	\$ -	\$ 104,276	\$ -	\$ -

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.

The Village has the following recurring fair value measurements as of December 31, 2018: 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 The 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. The Illinois Funds and the money market mutual fund are not subject to custodial credit risk.

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

3. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

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%

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 2017 attached as an enforceable lien on January 1, 2017, 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, 2018 and are payable in two installments, on or about June 1, 2018 and September 1, 2018. Tax bills are prepared by Cook County and issued on or about February 1, 2018 and July 1, 2018 and are payable March 1, 2018 and August 1, 2018. The counties collect such taxes and remit them periodically.

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

4. RECEIVABLES – TAXES (Continued)

The 2018 tax levy, which attached as an enforceable lien on property as of January 1, 2018, has been recorded as a receivable and unavailable/deferred revenue as of December 31, 2018 as the tax has been levied by the Village and is intended to fund the 2019 fiscal year.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balances January 1, Restated	Increases	Decreases	Ending Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,058,787	\$ 395,400	\$ -	\$ 4,454,187
Permanent easements	33,873	-	-	33,873
Right of way	25,058,691	-	-	25,058,691
Construction in progress	1,155,355	263,706	1,155,355	263,706
Total capital assets not being depreciated	30,306,706	659,106	1,155,355	29,810,457
Capital assets being depreciated				
Buildings	30,102,292	1,783,918	-	31,886,210
Machinery, equipment and vehicles	14,293,310	2,600,823	799,760	16,094,373
Improvements other than buildings	3,145,442	16,150	-	3,161,592
Infrastructure	34,636,811	702,159	-	35,338,970
Total capital assets being depreciated	82,177,855	5,103,050	799,760	86,481,145
Less accumulated depreciation for				
Buildings	8,225,433	706,908	-	8,932,341
Machinery, equipment and vehicles	7,211,379	1,117,806	799,760	7,529,425
Improvements other than buildings	1,371,135	141,021	-	1,512,156
Infrastructure	25,836,054	577,511	-	26,413,565
Total accumulated depreciation	42,644,001	2,543,246	799,760	44,387,487
Total capital assets being depreciated, net	39,533,854	2,559,804	-	42,093,658
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 69,840,560	\$ 3,218,910	\$ 1,155,355	\$ 71,904,115

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

5. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General government	\$ 1,147,776
Community development	-
Public safety	533,974
Public works	<u>861,496</u>

**TOTAL DEPRECIATION EXPENSE -
GOVERNMENTAL ACTIVITIES**

\$ 2,543,246

	Beginning Balances January 1, Restated	Increases	Decreases	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	<u>2,254,634</u>	-	-	<u>2,254,634</u>
Capital assets being depreciated				
Buildings and structures	12,662,864	-	-	12,662,864
Machinery, equipment and vehicles	3,529,722	68,135	95,883	3,501,974
Underground systems	16,066,064	699,029	-	16,765,093
Improvements other than buildings	10,161,154	360,464	-	10,521,618
Total capital assets being depreciated	<u>42,419,804</u>	<u>1,127,628</u>	<u>95,883</u>	<u>43,451,549</u>
Less accumulated depreciation for				
Building and structures	6,304,025	237,573	-	6,541,598
Machinery and equipment	2,542,858	166,101	95,883	2,613,076
Underground systems	6,713,668	320,058	-	7,033,726
Improvements other than buildings	5,318,567	293,821	-	5,612,388
Total accumulated depreciation	<u>20,879,118</u>	<u>1,017,553</u>	<u>95,883</u>	<u>21,800,788</u>
Total capital assets being depreciated, net	<u>21,540,686</u>	<u>110,075</u>	-	<u>21,650,761</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u><u>\$ 23,795,320</u></u>	<u><u>\$ 110,075</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,905,395</u></u>

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

5. CAPITAL ASSETS (Continued)

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

BUSINESS-TYPE ACTIVITIES

Waterworks and sewerage	\$ 946,621
Municipal railroad parking lot	<u>70,932</u>

**TOTAL DEPRECIATION EXPENSE -
BUSINESS-TYPE ACTIVITIES**

\$ 1,017,553

	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	<u>1,017,088</u>	<u>-</u>	<u>-</u>	<u>1,017,088</u>
Capital assets being depreciated				
Buildings and improvements	<u>5,851,463</u>	<u>770,942</u>	<u>62,214</u>	<u>6,560,191</u>
Total capital assets being depreciated	<u>5,851,463</u>	<u>770,942</u>	<u>62,214</u>	<u>6,560,191</u>
Less accumulated depreciation for				
Buildings and improvements	<u>171,330</u>	<u>207,272</u>	<u>-</u>	<u>378,602</u>
Total accumulated depreciation	<u>171,330</u>	<u>207,272</u>	<u>-</u>	<u>378,602</u>
Total capital assets being depreciated, net	<u>5,680,133</u>	<u>563,670</u>	<u>62,214</u>	<u>6,181,589</u>
COMPONENT UNIT - HANOVER SQUARE CAPITAL ASSETS, NET	<u>\$ 6,697,221</u>	<u>\$ 563,670</u>	<u>\$ 62,214</u>	<u>\$ 7,198,677</u>

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

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.

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.

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

6. RISK MANAGEMENT (Continued)

b. Intergovernmental Risk Management Agency (Continued)

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, 2018.

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.

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	\$ 8,235,000	\$ -	\$ 315,000	\$ 7,920,000	\$ 325,000
\$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	4,325,000	-	200,000	4,125,000	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	4,095,000	-	535,000	3,560,000	545,000
TOTAL		\$ 16,655,000	\$ -	\$ 1,050,000	\$ 15,605,000	\$ 1,070,000

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

7. LONG-TERM DEBT (Continued)

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
2000 EPA Loan II	Waterworks and Sewerage	\$ 151,013	\$ -	\$ 114,319	\$ 36,694	\$ 36,694
TOTAL		\$ 151,013	\$ -	\$ 114,319	\$ 36,694	\$ 36,694

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. The note calls for monthly interest-only payments through 2017, with the interest rate at the Village's option of LIBOR plus 2.30%. The Village 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, 2018, the outstanding balance was \$3,574,985.

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. The note calls for monthly interest-only payments, with the interest rate at the Village's option of LIBOR plus 2.30%. The Village 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, 2018, the outstanding balance was \$392,342.

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

7. LONG-TERM DEBT (Continued)

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
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	\$ 15,605,000	\$ 6,226,846	\$ 36,694	\$ 482

e. Changes in Long-Term Liabilities

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

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation bonds payable	\$ 16,655,000	\$ -	\$ 1,050,000	\$ 15,605,000	\$ 1,070,000
Add unamortized bond premium	51,388	-	7,341	44,047	-
Less unamortized bond discount	(70,478)	-	(5,714)	(64,764)	-
Compensated absences*	1,291,877	-	395,257	896,620	44,831
Net pension liability - IMRF*	4,714,120	-	3,466,403	1,247,717	-
Net pension liability - Firefighters' Pension*	12,104,087	3,257,882	-	15,361,969	-
Net pension liability - Police Pension*	24,715,843	4,398,819	-	29,114,662	-
Total OPEB liability*	5,643,849	-	375,799	5,268,050	250,634
TOTAL GOVERNMENTAL ACTIVITIES	\$ 65,105,686	\$ 7,656,701	\$ 5,289,086	\$ 67,473,301	\$ 1,365,465

*The compensated absences, net pension liability and total OPEB liability have typically been liquidated by the General Fund.

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

7. LONG-TERM DEBT (Continued)

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
EPA loans	\$ 151,013	\$ -	\$ 114,319	\$ 36,694	\$ 36,694
Compensated absences	137,412	40,089	6,871	170,630	8,532
Net pension liability - IMRF	2,500,980	-	1,865,467	635,513	-
Total OPEB liability	983,553	-	65,489	918,064	43,678
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,772,958	\$ 40,089	\$ 2,052,146	\$ 1,760,901	\$ 88,904
COMPONENT UNIT - HANOVER SQUARE					
Wintrust line of credit	\$ 3,723,943	\$ -	\$ 148,958	\$ 3,574,985	\$ 158,693
Wintrust construction line of credit	174,006	218,336	-	392,342	-
TOTAL COMPONENT UNIT - HANOVER SQUARE	\$ 3,897,949	\$ 218,336	\$ 148,958	\$ 3,967,327	\$ 158,693

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.

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

8. INDIVIDUAL FUND DISCLOSURES

Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 234,974
TOTAL		<u>\$ 234,974</u>

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

- \$234,974 advance from the General Fund to the Special Service Area #6, TIF #4 Fund and TIF #5 Fund to cover eligible nonbuilding improvements such as road and lot paving.

Individual fund transfers are as follows:

Transfers In	Transfers Out	Amount
Nonmajor governmental	General	\$ 2,190,805
TOTAL		<u>\$ 2,190,805</u>

Interfund transfers during the year ended December 31, 2018 consisted of the following:

- \$1,864,852 and \$325,953 transferred from the General Fund to the General Capital Projects Fund and Road and Bridge Fund, respectively, to cover project expenditures.

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:

Fiscal Year Ending December 31,	Amount
2019	\$ 869,862
2020	869,839
2021	<u>870,188</u>
TOTAL	<u>\$ 2,609,889</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.

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, 2018.

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, 2018. 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.

The Village has an agreement with a developer to make certain TIF funds available with respect to the Redevelopment Project and the developer agrees to rehabilitate, remodel, renovate and redevelop the property and improve it and the approximate 25,000 square foot building. Fifty percent will annually be available to the developer for reimbursement with a maximum of \$690,000 to be reimbursed. Once the developer has been paid the lessor of \$690,000 or the total TIF-Funded Redevelopment Project costs incurred by the developer, from the Special Tax Allocation Account, then 100% of all remaining Incremental Taxes deposited shall be distributed by Village in according with the Redevelopment Plan and the act.

The Village has an agreement with a developer to rebate 50% of sales tax collected including both the Retailers Occupation Tax (1%) and the Home Rule Municipal Tax (0.5%) to increase sales tax collection. Up to nine employees would be transferred to the Hanover Park location. The agreement requires the Village to rebate to the developer the sales taxes semi-annually based upon sales taxes actually received for a term of ten years that expired on December 31, 2018 and has entered in a new agreement that is effective as of January 1, 2019.

Total rebates incurred for both agreements during the year ended December 31, 2018 was \$3,069,039. A liability of \$1,785,025 has been reported as of December 31, 2018 and is included in accounts payables and other payables. The total expenditures incurred to date in rebates for the currently effective agreements as of December 31, 2018 is \$17,681,988.

12. 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)

12. 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, 2018 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.

12. 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 \$4,927,083 to JAWA for the year ended December 31, 2018. All payments were paid from the Waterworks and Sewerage Fund.

13. 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)

13. DEFINED BENEFIT PENSION PLANS (Continued)

The aggregate total net pension liability, deferred inflows of resources, deferred outflows of resources and expense for all pension plans was \$46,359,861, \$19,073,077, \$9,847,901 and \$6,497,248 at December 31, 2018.

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel

a. Plan Membership

At December 31, 2017, IMRF and SLEP membership consisted of:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Inactive employees or their beneficiaries currently receiving benefits	113	2
Inactive employees entitled to but not yet receiving benefits	68	-
Active employees	102	-
	<hr/>	<hr/>
TOTAL	283	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.

13. DEFINED BENEFIT PENSION PLANS (Continued)

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

b. Benefits Provided (Continued)

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

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 2018 was 12.98% of covered payroll for IMRF and 0.00% for SLEP.

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

13. 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, 2017 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, 2017	December 31, 2017
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	2.50%	2.50%
Salary increases	3.39% to 14.25%	3.39% to 14.25%
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-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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)

13. 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, 2017	\$ 48,314,473	\$ 41,099,372	\$ 7,215,101
Changes for the period			
Service cost	726,316	-	726,316
Interest	3,562,670	-	3,562,670
Difference between expected and actual experience	(547,766)	-	(547,766)
Changes in assumptions	(1,441,816)	-	(1,441,816)
Employer contributions	-	977,967	(977,967)
Employee contributions	-	324,714	(324,714)
Net investment income	-	7,317,983	(7,317,983)
Benefit payments and refunds	(2,350,721)	(2,350,721)	-
Administrative expense	-	-	-
Other (net transfer)	-	(989,389)	989,389
Net changes	(51,317)	5,280,554	(5,331,871)
BALANCES AT DECEMBER 31, 2017	\$ 48,263,156	\$ 46,379,926	\$ 1,883,230

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

13. 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 (Asset)
BALANCES AT JANUARY 1, 2017	\$ 622,637	\$ 773,303	\$ (150,666)
Changes for the period			
Service cost	-	-	-
Interest	44,892	-	44,892
Difference between expected and actual experience	5,481	-	5,481
Changes in assumptions	(16,371)	-	(16,371)
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	155,674	(155,674)
Benefit payments and refunds	(48,143)	(48,143)	-
Administrative expense	-	-	-
Other (net transfer)	-	(14,355)	14,355
Net changes	(14,141)	93,176	(107,317)
BALANCES AT DECEMBER 31, 2017	\$ 608,496	\$ 866,479	\$ (257,983)

There was a change with respect to actuarial assumptions for IMRF and SLEP. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

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

13. 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, 2018, the Village recognized pension expense of \$846,807. At December 31, 2018, 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	\$ 119,258	\$ 1,064,223
Changes in assumption	15,569	1,124,715
Net difference between projected and actual earnings on pension plan investments	-	2,205,939
Contributions subsequent to measurement date	936,900	-
TOTAL	\$ 1,071,727	\$ 4,394,877

\$936,900 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 ending December 31, 2019. 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>	
2019	\$ (1,221,896)
2020	(1,054,367)
2021	(1,121,401)
2022	(862,386)
2023	-
Thereafter	-
TOTAL	\$ (4,260,050)

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

13. 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, 2018, the Village recognized pension expense of \$(17,708). At December 31, 2018, 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
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	60,800
	<u> </u>	<u> </u>
TOTAL	<u>\$ -</u>	<u>\$ 60,800</u>

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>	
2019	\$ (10,411)
2020	(10,413)
2021	(19,972)
2022	(20,004)
2023	-
Thereafter	<u>-</u>
TOTAL	<u>\$ (60,800)</u>

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

13. 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 (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 (asset) 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)	\$ 7,609,139	\$ 1,883,230	\$ (2,890,066)

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)	\$ (198,765)	\$ (257,983)	\$ (308,652)

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)

13. 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, 2018, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	41
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>56</u>
 TOTAL	 <u><u>99</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.

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

13. 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. However, the Village has elected to fund 100% of past service cost by 2033. For the year ended December 31, 2018, the Village's contribution was 47.26% of covered payroll.

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, 2018, no changes to the investment policy were approved by the Board of Trustees.

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

13. 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%

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

e. Investment Policy (Continued)

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.

f. Investment Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (7.35)%. 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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 7,516,853	\$ 1,445,632	\$ 4,679,552	\$ 1391,669	\$ -
U.S. agency obligations	4,185,079	418,869	1,928,901	1,634,009	203,300
TOTAL	\$ 11,701,932	\$ 1,864,501	\$ 6,608,453	\$ 3,025,678	\$ 203,300

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.

13. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

h. Interest Rate Risk (Continued)

The Fund has the following recurring fair value measurements as of December 31, 2018: 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).

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.

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

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.

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, 2018	\$ 58,095,249	\$ 33,379,406	\$ 24,715,843
Changes for the period			
Service cost	1,030,435	-	1,030,435
Interest	3,976,549	-	3,976,549
Difference between expected and actual experience	(116,138)	-	(116,138)
Changes in assumptions	-	-	-
Employer contributions	-	2,477,582	(2,477,582)
Employee contributions	-	547,137	(547,137)
Net investment income	-	(2,484,821)	2,484,821
Benefit payments and refunds	(2,574,815)	(2,574,815)	-
Administrative expense	-	(47,871)	47,871
Net changes	2,316,031	(2,082,788)	4,398,819
BALANCES AT DECEMBER 31, 2018	\$ 60,411,280	\$ 31,296,618	\$ 29,114,662

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

13. 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, 2018
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	\$ 38,293,325	\$ 29,114,662	\$ 21,709,439

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

13. 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, 2018, the Village recognized police pension expense of \$3,482,295. At December 31, 2018, 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	\$ 978,762	\$ 773,395
Changes in assumption	1,062,282	-
Net difference between projected and actual earnings on pension plan investments	3,454,134	-
TOTAL	\$ 5,495,178	\$ 773,395

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>	
2019	\$ 1,325,202
2020	844,186
2021	914,782
2022	1,166,128
2023	199,041
Thereafter	272,444
TOTAL	\$ 4,721,783

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)

13. 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, 2018, the Firefighter’s Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	35
 TOTAL	 65

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)

13. 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. However, the Village has elected to fund 100% of past service cost by 2033. For the year ended December 31, 2018, the Village's contribution was 47.12% of covered payroll.

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)

13. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

e. Investment Policy (Continued)

During the year ended December 31, 2018, 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%

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

e. Investment Policy (Continued)

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.

f. Investment Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (7.42)%. 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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 5,774,385	\$ 852,305	\$ 3,714,719	\$ 1,207,361	\$ -
U.S. agency obligations	1,375,392	-	436,918	635,340	303,134
TOTAL	\$ 7,149,777	\$ 852,305	\$ 4,151,637	\$ 1,842,701	\$ 303,134

13. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

h. Interest Rate Risk (Continued)

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, 2018: 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).

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.

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighter's Pension Plan (Continued)

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.

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, 2018	\$ 31,662,401	\$ 19,558,314	\$ 12,104,087
Changes for the period			
Service cost	858,318	-	858,318
Interest	2,167,052	-	2,167,052
Difference between expected and actual experience	544,169	-	544,169
Changes in assumptions	-	-	-
Employer contributions	-	1,527,385	(1,527,385)
Employee contributions	-	313,564	(313,564)
Other contributions	-	-	-
Net investment income	-	(1,484,133)	1,484,133
Benefit payments and refunds	(1,409,038)	(1,409,038)	-
Administrative expense	-	(45,159)	45,159
Net changes	2,160,501	(1,097,381)	3,257,882
BALANCES AT DECEMBER 31, 2018	\$ 33,822,902	\$ 18,460,933	\$ 15,361,969

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

13. 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, 2018
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	\$ 20,560,168	\$ 15,361,969	\$ 11,160,496

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

13. 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, 2018, the Village recognized firefighter's pension expense of \$2,185,854. At December 31, 2018, 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	\$ 954,748	\$ 68,756
Changes in assumption	292,465	110,988
Net difference between projected and actual earnings on pension plan investments	2,033,783	-
TOTAL	\$ 3,280,996	\$ 179,744

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>	
2019	\$ 811,502
2020	534,749
2021	576,893
2022	727,583
2023	154,236
Thereafter	296,289
TOTAL	\$ 3,101,252

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

14. 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	\$ 307,478	\$ 246,622	\$ 554,100
Investments			
U.S. Government and			
U.S. agency obligations	11,701,932	7,149,777	18,851,709
Money market mutual funds	367,483	144,223	511,706
Mutual funds	18,847,692	10,882,241	29,729,933
Illinois Metropolitan			
Investment Fund	10	25	35
Receivables			
Accrued interest	70,260	46,655	116,915
Prepaid items	2,941	590	3,531
Due from other funds	12,877	-	12,877
	<hr/>		
Total assets	31,310,673	18,470,133	49,780,806
<hr/>			
LIABILITIES			
Accounts payable	14,055	9,200	23,255
	<hr/>		
Total liabilities	14,055	9,200	23,255
<hr/>			
NET POSITION	\$ 31,296,618	\$ 18,460,933	\$ 49,757,551

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

14. PENSION TRUST FUNDS (Continued)

Fiduciary Funds Summary Financial Information (Continued)

b. Changes in Plan Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 2,477,582	\$ 1,527,385	\$ 4,004,967
Participants	547,137	313,564	860,701
Total contributions	3,024,719	1,840,949	4,865,668
Investment income			
Net (depreciation) in fair value of investments	(2,621,328)	(1,564,759)	(4,186,087)
Interest earned	192,166	114,179	306,345
Less investment expense	(55,659)	(33,553)	(89,212)
Net investment income	(2,484,821)	(1,484,133)	(3,968,954)
Total additions	539,898	356,816	896,714
DEDUCTIONS			
Pension benefits and refunds	2,574,815	1,409,038	3,983,853
Administrative expenses	47,871	45,159	93,030
Total deductions	2,622,686	1,454,197	4,076,883
NET DECREASE	(2,082,788)	(1,097,381)	(3,180,169)
NET POSITION RESTRICTED FOR PENSION BENEFITS			
January 1	33,379,406	19,558,314	52,937,720
December 31	\$ 31,296,618	\$ 18,460,933	\$ 49,757,551

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

15. 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 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. 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 postemployment health care benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements. All health care benefits are provided through the Village's insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Once reaching Medicare age, retirees are covered by a Medicare supplement plan as opposed to the Village's active employee health plan. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay-as-you-go) which results in an implicit subsidy to the Village.

c. Membership

At December 31, 2017 (actuarial valuation date) membership consisted of:

Retirees and beneficiaries currently receiving benefits	28
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>188</u>
TOTAL	<u><u>216</u></u>
Participating employers	<u><u>1</u></u>

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

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Total OPEB Liability

The Village's total OPEB liability of \$6,186,114 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2017.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2018, as determined by an actuarial valuation as of December 31, 2017, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2018, including updating the discount rate at December 31, 2018, as noted below.

Actuarial cost method	Entry-Age Normal
Actuarial value of assets	N/A
Salary increases	3.25%
Discount rate	4.10%
Healthcare cost trend rates	5.00% to 6.50% Initial 5.00% Ultimate

The actuarial assumptions used in the December 31, 2018 valuation are based on 50% participation assumed and 50% are assumed to elect spousal coverage.

The discount rate was based on the index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2018.

Active IMRF Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2017 Improvement Rates and Weighted Based on the IMRF December 31, 2017 Actuarial Valuation.

Active Firefighter 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.

Active Police 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.

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

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 5.00% to 6.50% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 5.50%) or 1 percentage point higher (6.00% to 7.50%) than the current rate:

	1% Decrease (4.00% to 5.50%)	Current Healthcare Rate (5.00% to 6.50%)	1% Increase (6.00% to 7.50%)
Total OPEB liability	\$ 5,299,506	\$ 6,186,114	\$ 7,315,759

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Village recognized OPEB expense of \$385,669. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	532,646
TOTAL	\$ -	\$ 532,646

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ (57,771)
2020	(57,771)
2021	(57,771)
2022	(57,771)
2023	(57,771)
Thereafter	(243,791)
TOTAL	\$ (532,646)

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

16. CHANGE IN ACCOUNTING PRINCIPLE

In 2018, the Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Village is required to retroactively record the total OPEB liability and write off the net OPEB obligation.

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
Change in accounting principal	
To write-off the net OPEB obligation	\$ 1,823,365
To record the total OPEB liability	<u>(5,643,850)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ (3,820,485)</u>

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS TYPE ACTIVITIES	
Change in Accounting Principal	
To write-off the net OPEB obligation	\$ 162,872
To record the total OPEB liability	<u>(983,553)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS TYPE ACTIVITIES	<u>\$ (820,681)</u>

	Water Fund	Municipal Railroad Parking Lot Fund	Total Business-Type Activities
CHANGE IN ACCOUNTING PRINCIPLE			
To write-off the net OPEB obligation	\$ 162,872	\$ -	\$ 162,872
To record the total OPEB liability	<u>(913,918)</u>	<u>(69,635)</u>	<u>(983,553)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE	<u>\$ (751,046)</u>	<u>\$ (69,635)</u>	<u>\$ (820,681)</u>

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

17. PRIOR PERIOD ADJUSTMENT

Net position of business type-activities has been restated to adjust for prior years IMRF contributions subsequent to the measurement date in the amount of \$331,384.

Net position of governmental activities has been restated to adjust for prior years IMRF contributions subsequent to the measurement date in the amount of \$624,628.

Net position of business type-activities has been restated to adjust for the Village implementing a new capital asset software module that resulted in corrections to the accumulation depreciation in the amount of \$68,974.

Net position of governmental activities has been restated to adjust for the Village implementing a new capital asset software module that resulted in corrections to the accumulation depreciation in the amount of \$(127,036).

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 Changes in the Employer's Total OPEB Liability and Related Ratios
 - 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
- Notes to Required Supplementary Information

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 26,754,760	\$ 26,754,760	\$ 27,759,238	\$ 1,004,478
Licenses and permits	1,221,300	1,221,300	1,238,965	17,665
Charges for services	1,640,300	1,640,300	1,880,744	240,444
Fines and forfeits	681,500	681,500	1,020,955	339,455
Intergovernmental	3,576,210	3,576,210	3,808,019	231,809
Investment income	76,000	76,000	378,088	302,088
Miscellaneous	292,201	292,201	426,706	134,505
Total revenues	34,242,271	34,242,271	36,512,715	2,270,444
EXPENDITURES				
Current				
General government	4,850,144	4,850,144	4,287,169	(562,975)
Community development	2,503,357	3,458,357	3,465,280	6,923
Public safety	20,972,208	20,972,208	21,372,010	399,802
Public works	4,114,374	4,114,374	4,237,892	123,518
Total expenditures	32,440,083	33,395,083	33,362,351	(32,732)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,802,188	847,188	3,150,364	2,303,176
OTHER FINANCING SOURCES (USES)				
Transfers in	62,664	62,664	-	(62,664)
Transfers (out)	(2,190,805)	(2,190,805)	(2,190,805)	-
Total other financing sources (uses)	(2,128,141)	(2,128,141)	(2,190,805)	(62,664)
NET CHANGE IN FUND BALANCES	\$ (325,953)	\$ (1,280,953)	959,559	\$ 2,240,512
FUND BALANCE, JANUARY 1			21,449,129	
FUND BALANCE, DECEMBER 31			<u>\$ 22,408,688</u>	

(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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Allotments earned	\$ 1,040,109	\$ 972,109	\$ 971,944	\$ (165)
Reimbursements	2,100	2,100	-	(2,100)
Investment income	3,500	3,500	11,332	7,832
	<hr/>			
Total revenues	1,045,709	977,709	983,276	5,567
EXPENDITURES				
Current				
Highways and streets				
Contractual services	40,628	40,628	23,967	(16,661)
Capital outlay	1,073,758	1,073,758	936,327	(137,431)
	<hr/>			
Total expenditures	1,114,386	1,114,386	960,294	(154,092)
NET CHANGE IN FUND BALANCE	<u>\$ (68,677)</u>	<u>\$ (136,677)</u>	22,982	<u>\$ 159,659</u>
FUND BALANCE, JANUARY 1			<u>488,120</u>	
FUND BALANCE, DECEMBER 31			<u><u>\$ 511,102</u></u>	

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

TAX INCREMENT FINANCING #3 FUND

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 2,050,000	\$ 2,050,000	\$ 1,847,902	\$ (202,098)
Intergovernmental	-	-	66,582	66,582
Investment income	10,000	10,000	114,727	104,727
Miscellaneous	-	-	136,578	136,578
Total revenues	<u>2,060,000</u>	<u>2,060,000</u>	<u>2,165,789</u>	<u>105,789</u>
EXPENDITURES				
Current				
Community development				
Contractual services	389,890	389,890	432,912	43,022
Capital outlay	760,000	760,000	477,767	(282,233)
Total expenditures	<u>1,149,890</u>	<u>1,149,890</u>	<u>910,679</u>	<u>(239,211)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>910,110</u>	<u>910,110</u>	<u>1,255,110</u>	<u>345,000</u>
OTHER FINANCING SOURCES (USES)				
Gain on disposal of capital assets	-	-	150,000	150,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 910,110</u>	<u>\$ 910,110</u>	<u>1,405,110</u>	<u>\$ 495,000</u>
FUND BALANCE, JANUARY 1			<u>5,725,876</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 7,130,986</u>	

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Fiscal Year

MEASUREMENT DATE DECEMBER 31,	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 220,378
Interest	223,062
Differences between expected and actual experience	-
Changes of benefit terms	-
Changes of assumptions	(590,417)
Benefit payments	<u>(294,312)</u>
Net change in total pension liability	(441,289)
Total OPEB liability - beginning	<u>6,627,403</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 6,186,114</u>
Covered payroll	\$ 15,750,457
Employer's total OPEB liability as a percentage of covered payroll	39.28%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018
Actuarially determined contribution	\$ 888,579	\$ 950,875	\$ 977,967	\$ 936,900
Contributions in relation to the actuarially determined contribution	888,579	950,875	977,967	936,900
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,543,294	\$ 6,787,117	\$ 7,129,096	\$ 7,218,031
Contributions as a percentage of covered payroll	13.58%	14.01%	13.72%	12.98%

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 26 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 Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	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 26 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,	2010	2011	2012	2013	2014	2014*	2015	2016	2017	2018
Actuarially determined contribution	\$ 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	\$ 2,457,076
Contribution in relation to the actuarially determined contribution	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	2,477,582
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ (27,384)	\$ (20,506)							
Covered payroll	\$ 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	\$ 5,242,425
Contributions as a percentage of covered payroll	24.08%	27.92%	32.82%	34.82%	35.08%	25.00%	41.41%	41.89%	43.07%	47.26%

*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 16 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% to 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,	2010	2011	2012	2013	2014	2014*	2015	2016	2017	2018
Actuarially determined contribution	\$ 574,010	\$ 698,763	\$ 805,643	\$ 815,297	\$ 915,601	\$ 714,491	\$ 1,164,625	\$ 1,220,758	\$ 1,351,723	\$ 1,517,169
Contribution in relation to the actuarially determined contribution	574,010	698,763	805,643	815,297	915,601	714,491	1,164,625	1,220,758	1,380,568	1,527,385
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ (28,845)	\$ (10,216)							
Covered payroll	\$ 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	\$ 3,241,631
Contributions as a percentage of covered payroll	21.76%	26.20%	30.14%	28.83%	30.72%	23.97%	39.27%	39.18%	43.36%	47.12%

*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 16 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% to 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 Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 719,917	\$ 650,191	\$ 707,092	\$ 726,316
Interest	3,079,014	3,333,582	3,533,657	3,562,670
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	76,300	856,622	(1,609,789)	(547,766)
Changes of assumptions	1,548,180	111,824	(220,887)	(1,441,816)
Benefit payments, including refunds of member contributions	(1,722,335)	(2,138,221)	(2,220,212)	(2,350,721)
Net change in total pension liability	3,701,076	2,813,998	189,861	(51,317)
Total pension liability - beginning	41,609,538	45,310,614	48,124,612	48,314,473
TOTAL PENSION LIABILITY - ENDING	\$ 45,310,614	\$ 48,124,612	\$ 48,314,473	\$ 48,263,156
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 889,907	\$ 888,579	\$ 950,875	\$ 977,967
Contributions - member	283,210	316,164	305,421	324,714
Net investment income	2,352,058	201,816	2,772,593	7,317,983
Benefit payments, including refunds of member contributions	(1,722,335)	(2,138,221)	(2,220,212)	(2,350,721)
Administrative expense	194,216	331,390	(1,139,027)	(989,389)
Net change in plan fiduciary net position	1,997,056	(400,272)	669,650	5,280,554
Plan fiduciary net position - beginning	38,832,938	40,829,994	40,429,722	41,099,372
PLAN FIDUCIARY NET POSITION - ENDING	\$ 40,829,994	\$ 40,429,722	\$ 41,099,372	\$ 46,379,926
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 4,480,620	\$ 7,694,890	\$ 7,215,101	\$ 1,883,230
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.11%	84.01%	85.07%	96.10%
Covered payroll	\$ 5,998,378	\$ 6,543,294	\$ 6,787,117	\$ 7,129,096
Employer's net pension liability as a percentage of covered payroll	74.70%	117.60%	106.31%	26.42%

Measurement Date December 31, 2017 - 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.

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.

(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 Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	43,096	44,500	44,719	44,892
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	2,204	4,854	5,169	5,481
Changes of assumptions	18,072	-	-	(16,371)
Benefit payments, including refunds of member contributions	(43,449)	(45,853)	(47,017)	(48,143)
Net change in total pension liability	19,923	3,501	2,871	(14,141)
Total pension liability - beginning	596,342	616,265	619,766	622,637
TOTAL PENSION LIABILITY - ENDING	\$ 616,265	\$ 619,766	\$ 622,637	\$ 608,496
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-
Net investment income	41,034	3,360	52,097	155,674
Benefit payments, including refunds of member contributions	(43,449)	(45,853)	(47,017)	(48,143)
Administrative expense	2,936	20,078	95,708	(14,355)
Net change in plan fiduciary net position	521	(22,415)	100,788	93,176
Plan fiduciary net position - beginning	694,409	694,930	672,515	773,303
PLAN FIDUCIARY NET POSITION - ENDING	\$ 694,930	\$ 672,515	\$ 773,303	\$ 866,479
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (78,665)	\$ (52,749)	\$ (150,666)	\$ (257,983)
Plan fiduciary net position as a percentage of the total pension liability	112.76%	108.51%	124.20%	142.40%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Employer's net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Measurement Date December 31, 2017 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates and retirement age.

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.

(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 Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 826,153	\$ 933,500	\$ 957,853	\$ 963,023	\$ 1,030,435
Interest	2,120,601	3,388,095	3,535,205	3,765,976	3,976,549
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(74,557)	(1,191,861)	493,707	836,552	(116,138)
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)	(2,574,815)
Net change in total pension liability	4,920,879	2,242,999	3,449,025	3,025,635	2,316,031
Total pension liability - beginning	44,456,711	49,377,590	51,620,589	55,069,614	58,095,249
TOTAL PENSION LIABILITY - ENDING	\$ 49,377,590	\$ 51,620,589	\$ 55,069,614	\$ 58,095,249	\$ 60,411,280
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 1,275,435	\$ 2,078,956	\$ 2,153,658	\$ 2,300,432	\$ 2,477,582
Contributions - member	323,746	510,565	508,475	509,894	547,137
Contributions - other	-	-	11,811	7,378	-
Net investment income	415,166	(492,361)	2,266,438	3,350,793	(2,484,821)
Benefit payments, including refunds of member contributions	(1,164,414)	(1,952,464)	(2,235,335)	(2,539,916)	(2,574,815)
Administrative expense	(50,938)	(29,889)	(40,102)	(50,125)	(47,871)
Net change in plan fiduciary net position	798,995	114,807	2,664,945	3,578,456	(2,082,788)
Plan fiduciary net position - beginning	26,222,203	27,021,198	27,136,005	29,800,950	33,379,406
PLAN FIDUCIARY NET POSITION - ENDING	\$ 27,021,198	\$ 27,136,005	\$ 29,800,950	\$ 33,379,406	\$ 31,296,618
EMPLOYER'S NET PENSION LIABILITY	\$ 22,356,392	\$ 24,484,584	\$ 25,268,664	\$ 24,715,843	\$ 29,114,662
Plan fiduciary net position as a percentage of the total pension liability	54.72%	52.57%	54.12%	57.46%	51.81%
Covered payroll	\$ 5,101,739	\$ 5,020,825	\$ 5,140,730	\$ 5,341,112	\$ 5,242,425
Employer's net pension liability as a percentage of covered payroll	438.21%	487.66%	491.54%	462.75%	555.37%

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 Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 534,054	\$ 697,712	\$ 789,376	\$ 802,166	\$ 858,318
Interest	1,153,817	1,787,834	1,917,310	2,052,799	2,167,052
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(123,447)	(121,544)	558,032	106,820	544,169
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)	(1,409,038)
Net change in total pension liability	1,859,662	1,905,431	2,017,068	1,711,630	2,160,501
Total pension liability - beginning	24,168,610	26,028,272	27,933,703	29,950,771	31,662,401
TOTAL PENSION LIABILITY - ENDING	\$ 26,028,272	\$ 27,933,703	\$ 29,950,771	\$ 31,662,401	\$ 33,822,902
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 714,492	\$ 1,164,625	\$ 1,220,758	\$ 1,380,568	\$ 1,527,385
Contributions - member	184,034	293,937	293,235	297,440	313,564
Contributions - other	-	-	109	-	-
Net investment income	237,412	(295,023)	1,308,890	1,970,968	(1,484,133)
Benefit payments, including refunds of member contributions	(593,064)	(975,580)	(1,087,111)	(1,250,155)	(1,409,038)
Administrative expense	(33,424)	(25,611)	(25,152)	(38,591)	(45,159)
Net change in plan fiduciary net position	509,450	162,348	1,710,729	2,360,230	(1,097,381)
Plan fiduciary net position - beginning	14,815,557	15,325,007	15,487,355	17,198,084	19,558,314
PLAN FIDUCIARY NET POSITION - ENDING	\$ 15,325,007	\$ 15,487,355	\$ 17,198,084	\$ 19,558,314	\$ 18,460,933
EMPLOYER'S NET PENSION LIABILITY	\$ 10,703,265	\$ 12,446,348	\$ 12,752,687	\$ 12,104,087	\$ 15,361,969
Plan fiduciary net position as a percentage of the total pension liability	58.88%	55.44%	57.42%	61.77%	54.58%
Covered payroll	\$ 2,980,239	\$ 2,965,597	\$ 3,115,991	\$ 3,183,775	\$ 3,241,631
Employer's net pension liability as a percentage of covered payroll	359.14%	419.69%	409.27%	380.18%	473.90%

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.

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(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	2.15%	(1.71%)	8.38%	11.27%	(7.35%)

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

Last Five Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	2.25%	(1.76%)	8.44%	11.39%	(7.42%)

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, 2018

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. The schedule of revenues, expenditures and changes in fund balance for this fund is located in the required supplementary information section of this report.

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
TAXES			
Property tax	\$ 11,645,760	\$ 11,645,760	\$ 11,672,455
Municipal sales tax	6,400,000	6,400,000	6,757,407
Home rule sales tax	4,200,000	4,200,000	4,481,756
Real estate transfer tax	383,000	383,000	431,473
Use tax	925,000	925,000	1,115,475
Utility tax - simplified telephone	600,000	600,000	509,962
Utility tax - natural gas	393,000	393,000	467,930
Utility tax - electric	1,000,000	1,000,000	1,019,292
Prepared food tax	1,150,000	1,150,000	1,246,156
Auto rental tax	13,000	13,000	12,797
Hotel/motel tax	45,000	45,000	44,535
 Total taxes	 26,754,760	 26,754,760	 27,759,238
LICENSES AND PERMITS			
Licenses			
Business	79,000	79,000	72,031
Liquor	53,000	53,000	57,249
Contractor	40,000	40,000	46,620
Vendor/solicitor	500	500	900
Animal	500	500	515
Penalties on licenses	2,000	2,000	30,909
Multi-family	90,900	90,900	92,265
Single family	112,400	112,400	85,525
Land use development	-	-	10,900
Cable franchise fee	415,000	415,000	386,359
Solid waste franchise fee	127,000	127,000	129,816
Permits			
Building	300,000	300,000	325,251
Sign	1,000	1,000	625
 Total licenses and permits	 1,221,300	 1,221,300	 1,238,965
CHARGES FOR SERVICES			
Printed materials	7,000	7,000	7,373
Ambulance fees	764,000	764,000	830,154
Plan review - community development	40,000	40,000	71,941
Building re-inspection fees	1,800	1,800	1,100
Vehicle impoundment fees	500,000	500,000	588,864
CPR fees	1,800	1,800	3,130
ADT administrative fee	6,000	6,000	6,334
Public safety application fee	2,000	2,000	2,900
Child safety seat installation	100	100	70

(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, 2018

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES (Continued)			
Inspection fee - miscellaneous	\$ 100	\$ 100	\$ -
Rental income	305,000	305,000	362,668
Fire training course	5,000	5,000	75
Overweight vehicle	7,500	7,500	6,135
Total charges for services	1,640,300	1,640,300	1,880,744
FINES AND FORFEITS			
Traffic fines - DuPage	45,000	45,000	76,523
Traffic fines - Cook	100,000	100,000	119,312
Ordinance violations	402,000	402,000	655,642
Police false alarm fines	7,500	7,500	6,225
Fire false alarm fines	1,000	1,000	4,175
Red light camera fines	125,000	125,000	158,143
Kennel fees	1,000	1,000	935
Total fines and forfeits	681,500	681,500	1,020,955
INTERGOVERNMENTAL			
State income tax	3,462,450	3,462,450	3,636,525
Replacement taxes	86,000	86,000	81,292
State grants	-	-	9,949
Reimbursement - DuPage County	10,360	10,360	16,910
Reimbursement - ILEAS	900	900	448
Reimbursement - ILEOT Boards	4,500	4,500	-
Reimbursement - police services	2,000	2,000	53,295
Reimbursement - fire services	10,000	10,000	9,600
Total intergovernmental	3,576,210	3,576,210	3,808,019
INVESTMENT INCOME	76,000	76,000	378,088
MISCELLANEOUS			
Reimbursement - miscellaneous	57,434	57,434	166,480
Hazardous materials	5,000	5,000	2,049
Corporate partnership program	2,500	2,500	21,300
Central equipment funding - Water and Sewer	149,567	149,567	149,567
Miscellaneous income	77,700	77,700	87,310
Total miscellaneous	292,201	292,201	426,706
TOTAL REVENUES	\$ 34,242,271	\$ 34,242,271	\$ 36,512,715

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
President and board of trustees			
Personal services	\$ 38,754	\$ 38,754	\$ 39,012
Commodities	60,835	60,835	54,951
Contractual services	30,990	30,990	27,749
Total president and board of trustees	130,579	130,579	121,712
Village clerk			
Personal services	77,691	77,691	81,068
Commodities	4,110	4,110	4,048
Contractual services	35,320	35,171	35,467
Total village clerk	117,121	116,972	120,583
Village collector			
Personal services	99,839	99,839	101,375
Total village collector	99,839	99,839	101,375
Environmental committee			
Commodities	175	175	22
Contractual services	2,650	2,650	466
Total environmental committee	2,825	2,825	488
Special events committee			
Personnel services	-	-	4,761
Contractual services	152,200	152,200	171,658
Total environmental committee	152,200	152,200	176,419
Historical commission			
Commodities	1,450	1,450	198
Contractual services	1,550	1,550	-
Total environmental committee	3,000	3,000	198
Cultural inclusion and diversity committee			
Commodities	200	200	178
Contractual services	3,550	3,699	3,605
Total cultural inclusion and diversity committee	3,750	3,899	3,783

(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, 2018

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Sister City committee			
Commodities	\$ 910	\$ 910	\$ 692
Contractual services	6,195	6,195	3,875
Total sister city committee	<u>7,105</u>	<u>7,105</u>	<u>4,567</u>
Citizens corp council committee			
Commodities	2,100	2,100	1,690
Contractual services	200	200	-
Total citizens corp council committee	<u>2,300</u>	<u>2,300</u>	<u>1,690</u>
Veterans committee			
Commodities	250	250	690
Contractual services	1,500	1,500	1,862
Total veterans committee	<u>1,750</u>	<u>1,750</u>	<u>2,552</u>
Development commission			
Commodities	380	380	103
Contractual services	900	900	68
Total development commission	<u>1,280</u>	<u>1,280</u>	<u>171</u>
CONNECT committee			
Commodities	1,060	1,060	960
Contractual services	6,270	6,270	4,725
Total CONNECT committee	<u>7,330</u>	<u>7,330</u>	<u>5,685</u>
Village manager			
Personal services	521,158	521,158	541,620
Commodities	21,148	21,148	21,595
Contractual services	83,325	83,325	67,728
Total village manager	<u>625,631</u>	<u>625,631</u>	<u>630,943</u>
Human resources			
Personal services	301,179	301,179	259,327
Commodities	47,313	47,313	33,189
Contractual services	151,149	151,149	169,818
Total human resources	<u>499,641</u>	<u>499,641</u>	<u>462,334</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, 2018

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Special events			
Contractual services	\$ -	\$ -	\$ -
Total special events	-	-	-
Information technology			
Personal services	271,529	271,529	280,721
Commodities	74,300	74,300	72,941
Contractual services	855,533	855,533	843,713
Total information technology	1,201,362	1,201,362	1,197,375
Finance department administration			
Personal services	161,050	161,050	149,591
Commodities	2,179	2,829	1,909
Contractual services	20,333	19,683	6,317
Total finance department administration	183,562	183,562	157,817
Collections			
Personal services	167,402	167,402	172,186
Commodities	7,450	7,450	9,422
Contractual services	1,175	1,175	313
Total collections	176,027	176,027	181,921
General accounting			
Personal services	141,062	141,062	144,626
Commodities	2,025	2,025	1,874
Contractual services	68,925	68,925	65,895
Total general accounting	212,012	212,012	212,395
General administrative services			
Personal services	697,471	697,471	132,548
Contractual services	725,359	725,359	772,613
Total general administrative services	1,422,830	1,422,830	905,161
Total general government	4,850,144	4,850,144	4,287,169

(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, 2018

	Original Budget	Final Budget	Actual
PUBLIC WORKS			
Administration			
Personal services	\$ 154,134	\$ 154,134	\$ 159,235
Commodities	1,295	1,295	1,585
Contractual services	7,300	7,300	3,112
Total administration	162,729	162,729	163,932
Streets			
Personal services	1,029,259	1,029,259	1,060,028
Commodities	116,245	116,245	112,535
Contractual services	367,335	367,335	393,588
Total streets	1,512,839	1,512,839	1,566,151
Forestry			
Personal services	232,169	232,169	204,773
Commodities	14,000	14,000	13,574
Contractual services	301,655	301,655	312,495
Total forestry	547,824	547,824	530,842
Building			
Personal services	302,483	302,483	317,511
Commodities	92,875	92,875	96,568
Contractual services	214,623	214,623	259,062
Total building	609,981	609,981	673,141
Fleet services administration			
Personal services	436,914	436,914	390,424
Commodities	362,440	362,440	372,576
Contractual services	115,369	115,369	132,745
Total fleet services administration	914,723	914,723	895,745
Department of engineering			
Personal services	322,983	322,983	358,759
Commodities	3,120	3,120	2,895
Contractual services	40,175	40,175	46,427
Total department of engineering	366,278	366,278	408,081
Total public works	4,114,374	4,114,374	4,237,892

(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, 2018

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Fire department			
Administration			
Personal services	\$ 599,278	\$ 599,278	\$ 626,176
Commodities	9,651	9,651	9,640
Contractual services	25,737	25,737	12,458
Total administration	634,666	634,666	648,274
Fire suppression			
Personal services	5,603,866	5,603,866	5,812,917
Commodities	66,735	66,735	73,204
Contractual services	571,555	571,555	552,844
Total fire suppression	6,242,156	6,242,156	6,438,965
Inspections			
Personal services	645,726	645,726	649,325
Commodities	8,835	8,835	7,609
Contractual services	46,800	46,800	44,502
Total inspections	701,361	701,361	701,436
Emergency transport			
Personal services	46,429	46,429	47,708
Commodities	500	500	452
Total emergency transport	46,929	46,929	48,160
Total fire department	7,625,112	7,625,112	7,836,835
Police department			
Administration			
Personal services	832,586	832,586	932,416
Commodities	10,415	10,415	9,977
Contractual services	17,195	17,195	17,711
Total administration	860,196	860,196	960,104
Patrol division			
Personal services	7,826,910	7,826,910	7,919,746
Commodities	64,563	64,563	51,248
Contractual services	215,553	215,553	211,638
Total patrol division	8,107,026	8,107,026	8,182,632

(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, 2018

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Investigations			
Personal services	\$ 1,876,724	\$ 1,876,724	\$ 1,948,452
Commodities	33,733	33,733	32,727
Contractual services	52,917	52,917	53,669
Total investigations	1,963,374	1,963,374	2,034,848
Police department			
Community services			
Personal services	92,481	92,481	96,265
Commodities	345	345	60
Contractual services	3,340	3,340	2,141
Total community services	96,166	96,166	98,466
Staff services			
Personal services	998,180	998,180	985,614
Commodities	54,550	54,550	59,366
Contractual services	723,229	723,229	706,349
Total staff services	1,775,959	1,775,959	1,751,329
Code enforcement			
Personal services	519,399	519,399	488,629
Commodities	4,360	4,360	4,094
Contractual services	10,270	10,270	9,206
Total code enforcement	534,029	534,029	501,929
Total police department	13,336,750	13,336,750	13,529,308
Emergency services			
Commodities	4,084	4,084	3,021
Contractual services	6,262	6,262	2,846
Total emergency services	10,346	10,346	5,867
Total public safety	20,972,208	20,972,208	21,372,010

(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, 2018

	Original Budget	Final Budget	Actual
COMMUNITY DEVELOPMENT			
Economic development			
Personal services	\$ 333,812	\$ 333,812	\$ 327,137
Commodities	18,371	18,371	17,299
Contractual services	2,151,174	3,106,174	3,120,844
	<hr/>	<hr/>	<hr/>
Total economic development	2,503,357	3,458,357	3,465,280
	<hr/>	<hr/>	<hr/>
Total community development	2,503,357	3,458,357	3,465,280
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 32,440,083	\$ 33,395,083	\$ 33,362,351

(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, 2018

	<u>Special Revenue</u>			
	<u>Road and Bridge</u>	<u>MWRD Fields</u>	<u>State Restricted</u>	<u>Federal Restricted</u>
ASSETS				
Cash and investments	\$ 653,544	\$ 210,145	\$ 250,112	\$ 13,335
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	-	-	-
Accounts	22,789	14,765	14,995	-
Accrued interest	559	216	1,397	-
TOTAL ASSETS	\$ 676,892	\$ 225,126	\$ 266,504	\$ 13,335
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 109,334	\$ 58,412	\$ 4,324	\$ -
Other payables	-	-	7,365	-
Advances from other funds	-	-	-	-
Total liabilities	109,334	58,412	11,689	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	109,334	58,412	11,689	-
FUND BALANCES				
Restricted				
Public safety	-	-	254,815	13,335
Highways and streets	567,558	166,714	-	-
Debt service	-	-	-	-
Special service areas	-	-	-	-
Unrestricted				
Assigned				
Capital improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	567,558	166,714	254,815	13,335
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 676,892	\$ 225,126	\$ 266,504	\$ 13,335

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	
\$ 118,929	\$ 19,091	\$ 7,847	\$ 40,857	\$ 49,734	\$ 161,793	\$ 203,128	
-	-	-	16,678	19,669	166,098	639,903	
-	87,508	-	-	-	-	-	
-	-	-	-	-	-	559	
<u>\$ 118,929</u>	<u>\$ 106,599</u>	<u>\$ 7,847</u>	<u>\$ 57,535</u>	<u>\$ 69,403</u>	<u>\$ 327,891</u>	<u>\$ 843,590</u>	
\$ 29,686	\$ 430	\$ 2,548	\$ 1,260	\$ 1,470	\$ 8,362	\$ -	
-	23,535	40,000	-	-	-	-	
-	113,255	32,116	-	-	-	-	
<u>29,686</u>	<u>137,220</u>	<u>74,664</u>	<u>1,260</u>	<u>1,470</u>	<u>8,362</u>	<u>-</u>	
-	-	-	16,678	19,669	166,098	639,903	
-	-	-	16,678	19,669	166,098	639,903	
<u>29,686</u>	<u>137,220</u>	<u>74,664</u>	<u>17,938</u>	<u>21,139</u>	<u>174,460</u>	<u>639,903</u>	
89,243	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	203,687	
-	-	-	39,597	48,264	153,431	-	
-	-	-	-	-	-	-	
-	(30,621)	(66,817)	-	-	-	-	
<u>89,243</u>	<u>(30,621)</u>	<u>(66,817)</u>	<u>39,597</u>	<u>48,264</u>	<u>153,431</u>	<u>203,687</u>	
<u>\$ 118,929</u>	<u>\$ 106,599</u>	<u>\$ 7,847</u>	<u>\$ 57,535</u>	<u>\$ 69,403</u>	<u>\$ 327,891</u>	<u>\$ 843,590</u>	

(This schedule is continued on the following page.)

VILLAGE OF HANOVER PARK, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (Continued)

December 31, 2018

	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	\$ 49,200	\$ 126,358	\$ 30,851	\$ 1,300,512	\$ 3,235,436
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	437,038	649,275	75,100	-	2,003,761
Accounts	-	-	-	925	140,982
Accrued interest	-	559	-	9,450	12,740
TOTAL ASSETS	\$ 486,238	\$ 776,192	\$ 105,951	\$ 1,310,887	\$ 5,392,919
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 517,164	\$ 732,990
Other payables	-	-	-	-	70,900
Advances from other funds	-	-	89,603	-	234,974
Total liabilities	-	-	89,603	517,164	1,038,864
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	437,038	649,275	75,100	-	2,003,761
Total deferred inflows of resources	437,038	649,275	75,100	-	2,003,761
Total liabilities and deferred inflows of resources	437,038	649,275	164,703	517,164	3,042,625
FUND BALANCES					
Restricted					
Public safety	-	-	-	-	357,393
Highways and streets	-	-	-	-	734,272
Debt service	49,200	126,917	-	-	379,804
Special service areas	-	-	-	-	241,292
Unrestricted					
Assigned					
Capital improvements	-	-	-	793,723	793,723
Unassigned (deficit)	-	-	(58,752)	-	(156,190)
Total fund balances (deficit)	49,200	126,917	(58,752)	793,723	2,350,294
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 486,238	\$ 776,192	\$ 105,951	\$ 1,310,887	\$ 5,392,919

(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, 2018

	Special Revenue			
	Road and Bridge	MWRD Fields	State Restricted	Federal Restricted
REVENUES				
Taxes				
Property taxes	\$ 105,037	\$ -	\$ -	\$ -
Gasoline	131,129	-	-	-
Video gaming tax	-	181,852	-	-
Foreign fire insurance tax	-	-	-	-
Intergovernmental				
Personal property replacement taxes	3,707	-	-	-
Grants	281,182	-	-	-
Other intergovernmental	-	-	-	2,690
Licenses and permits	-	40,500	-	-
Fines and forfeits	-	-	88,657	-
Investment income	7,479	8,556	4,498	175
Miscellaneous	-	-	-	-
Total revenues	<u>528,534</u>	<u>230,908</u>	<u>93,155</u>	<u>2,865</u>
EXPENDITURES				
Current				
Community development	-	-	140,381	-
Highways and streets	596,030	-	-	-
Capital outlay	262,031	491,164	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>858,061</u>	<u>491,164</u>	<u>140,381</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(329,527)</u>	<u>(260,256)</u>	<u>(47,226)</u>	<u>2,865</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	325,953	-	-	-
Total other financing sources (uses)	<u>325,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,574)	(260,256)	(47,226)	2,865
FUND BALANCES (DEFICIT), JANUARY 1	<u>571,132</u>	<u>426,970</u>	<u>302,041</u>	<u>10,470</u>
FUND BALANCE (DEFICIT), DECEMBER 31	<u>\$ 567,558</u>	<u>\$ 166,714</u>	<u>\$ 254,815</u>	<u>\$ 13,335</u>

Special Revenue						Debt Service
Foreign Fire Insurance Tax	Tax Increment Financing #4	Tax Increment Financing #5	Special Service Area #3	Special Service Area #4	Special Service Area #5	General Obligation Bond Series of 2010
\$ -	\$ 25,108	\$ 11,616	\$ 15,188	\$ 19,686	\$ 163,044	\$ 643,438
-	-	-	-	-	-	-
-	-	-	-	-	-	-
52,829	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	150,894
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,147	153	117	506	726	1,761	5,586
-	-	2,628	-	-	-	-
53,976	25,261	14,361	15,694	20,412	164,805	799,918
-	30,135	11,226	17,237	25,071	109,886	-
-	-	-	-	-	-	-
50,482	-	-	-	-	-	-
-	-	-	-	-	-	315,000
-	-	-	-	-	-	460,605
-	-	-	-	-	-	1,103
50,482	30,135	11,226	17,237	25,071	109,886	776,708
3,494	(4,874)	3,135	(1,543)	(4,659)	54,919	23,210
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,494	(4,874)	3,135	(1,543)	(4,659)	54,919	23,210
85,749	(25,747)	(69,952)	41,140	52,923	98,512	180,477
\$ 89,243	\$ (30,621)	\$ (66,817)	\$ 39,597	\$ 48,264	\$ 153,431	\$ 203,687

(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, 2018

	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	\$ 445,923	\$ 651,144	\$ 72,756	\$ -	\$ 2,152,940
Gasoline	-	-	-	-	131,129
Video gaming tax	-	-	-	-	181,852
Foreign fire insurance tax	-	-	-	-	52,829
Intergovernmental					
Personal property replacement taxes	-	-	-	-	3,707
Grants	-	-	-	-	281,182
Other intergovernmental	90,430	-	-	-	244,014
Licenses and permits	-	-	-	-	40,500
Fines and forfeits	-	-	-	-	88,657
Investment income	4,496	5,430	505	30,152	71,287
Miscellaneous	-	-	-	28,193	30,821
Total revenues	540,849	656,574	73,261	58,345	3,278,918
EXPENDITURES					
Current					
Community development	-	-	-	-	333,936
Highways and streets	-	-	-	-	596,030
Capital outlay	-	-	-	2,594,521	3,398,198
Debt service					
Principal retirement	200,000	535,000	-	-	1,050,000
Interest	276,038	116,313	7,431	-	860,387
Fiscal charges	1,103	803	-	-	3,009
Total expenditures	477,141	652,116	7,431	2,594,521	6,241,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	63,708	4,458	65,830	(2,536,176)	(2,962,642)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,864,852	2,190,805
Total other financing sources (uses)	-	-	-	1,864,852	2,190,805
NET CHANGE IN FUND BALANCES	63,708	4,458	65,830	(671,324)	(771,837)
FUND BALANCES (DEFICIT), JANUARY 1	(14,508)	122,459	(124,582)	1,465,047	3,122,131
FUND BALANCE (DEFICIT), DECEMBER 31	\$ 49,200	\$ 126,917	\$ (58,752)	\$ 793,723	\$ 2,350,294

(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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 120,000	\$ 120,000	\$ 105,037
Gasoline	-	68,000	131,129
Intergovernmental			
Personal property replacement taxes	500	500	3,707
Grants	127,200	359,222	281,182
Investment income	3,000	3,000	7,479
Total revenues	250,700	550,722	528,534
EXPENDITURES			
Current			
Commodities	82,500	82,500	67,647
Contractual services	775,001	775,001	528,383
Capital outlay	20,002	295,335	262,031
Total expenditures	877,503	1,152,836	858,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(626,803)	(602,114)	(329,527)
OTHER FINANCING SOURCES (USES)			
Transfers in	325,953	325,953	325,953
Total other financing sources (uses)	325,953	325,953	325,953
NET CHANGE IN FUND BALANCE	\$ (300,850)	\$ (276,161)	(3,574)
FUND BALANCE, JANUARY 1			571,132
FUND BALANCE, DECEMBER 31			\$ 567,558

(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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Video gaming	\$ 152,400	\$ 152,400	\$ 181,852
Licenses and permits	35,000	35,000	40,500
Investment income	300	300	8,556
	<hr/>		
Total revenues	187,700	187,700	230,908
	<hr/>		
EXPENDITURES			
Capital outlay	452,948	498,348	491,164
	<hr/>		
Total expenditures	452,948	498,348	491,164
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (265,248)</u>	<u>\$ (310,648)</u>	(260,256)
FUND BALANCE, JANUARY 1			<u>426,970</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 166,714</u></u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

STATE RESTRICTED FUND

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Fines and forfeits			
DUI fines	\$ 25,000	\$ 25,000	\$ 16,607
Traffic court supervision	15,000	15,000	20,741
Violent offender registration fee	-	-	20
Drug forfeiture	17,000	17,000	50,694
Fees	945	945	595
Investment income	-	-	4,498
Total revenues	<u>57,945</u>	<u>57,945</u>	<u>93,155</u>
EXPENDITURES			
Current			
Contractual services	<u>111,800</u>	<u>145,800</u>	<u>140,381</u>
Total expenditures	<u>111,800</u>	<u>145,800</u>	<u>140,381</u>
NET CHANGE IN FUND BALANCE	<u>\$ (53,855)</u>	<u>\$ (87,855)</u>	<u>(47,226)</u>
FUND BALANCE, JANUARY 1			<u>302,041</u>
FUND BALANCE, DECEMBER 31			<u>\$ 254,815</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 2,690
Investment income	20	20	175
Total revenues	20	20	2,865
EXPENDITURES			
Current			
Contractual services	500	500	-
Total expenditures	500	500	-
NET CHANGE IN FUND BALANCE	<u>\$ (480)</u>	<u>\$ (480)</u>	2,865
FUND BALANCE, JANUARY 1			<u>10,470</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 13,335</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Foreign fire insurance tax	\$ 39,000	\$ 39,000	\$ 52,829
Investment income	50	50	1,147
Total revenues	<u>39,050</u>	<u>39,050</u>	<u>53,976</u>
EXPENDITURES			
Commodities	<u>65,000</u>	<u>65,000</u>	<u>50,482</u>
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>50,482</u>
NET CHANGE IN FUND BALANCE	<u>\$ (25,950)</u>	<u>\$ (25,950)</u>	3,494
FUND BALANCE, JANUARY 1			<u>85,749</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 89,243</u></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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 20,000	\$ 20,000	\$ 25,108
Investment income	-	-	153
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>25,261</u>
EXPENDITURES			
Current			
Community development			
Contractual services	<u>100,000</u>	<u>100,000</u>	<u>30,135</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>30,135</u>
NET CHANGE IN FUND BALANCE	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	(4,874)
FUND BALANCE (DEFICIT), JANUARY 1			<u>(25,747)</u>
FUND BALANCE (DEFICIT), DECEMBER 31			<u><u>\$ (30,621)</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Property taxes	\$ 14,500	\$ 14,500	\$ 11,616
Investment income	-	-	117
Miscellaneous	-	-	2,628
			<hr/>
Total revenues	14,500	14,500	14,361
			<hr/>
EXPENDITURES			
Current			
Community development			
Contractual services	100,000	100,000	11,226
			<hr/>
Total expenditures	100,000	100,000	11,226
			<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (85,500)</u>	<u>\$ (85,500)</u>	3,135
FUND BALANCE (DEFICIT), JANUARY 1			<u>(69,952)</u>
FUND BALANCE (DEFICIT), DECEMBER 31			<u><u>\$ (66,817)</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 16,192	\$ 16,192	\$ 15,188
Investment income	100	100	506
Total revenues	<u>16,292</u>	<u>16,292</u>	<u>15,694</u>
EXPENDITURES			
Community development			
Contractual services			
Equipment rentals	<u>19,200</u>	<u>19,200</u>	<u>17,237</u>
Total expenditures	<u>19,200</u>	<u>19,200</u>	<u>17,237</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,908)</u>	<u>\$ (2,908)</u>	(1,543)
FUND BALANCE, JANUARY 1			<u>41,140</u>
FUND BALANCE, DECEMBER 31			<u>\$ 39,597</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 19,096	\$ 19,096	\$ 19,686
Investment income	150	150	726
Total revenues	<u>19,246</u>	<u>19,246</u>	<u>20,412</u>
EXPENDITURES			
Community development			
Contractual services	29,462	29,462	25,071
Capital outlay	150	150	-
Total expenditures	<u>29,612</u>	<u>29,612</u>	<u>25,071</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,366)</u>	<u>\$ (10,366)</u>	(4,659)
FUND BALANCE, JANUARY 1			<u>52,923</u>
FUND BALANCE, DECEMBER 31			<u>\$ 48,264</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 161,700	\$ 161,700	\$ 163,044
Investment income	50	50	1,761
	<hr/>	<hr/>	<hr/>
Total revenues	161,750	161,750	164,805
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Community development			
Contractual services	161,700	161,700	109,886
	<hr/>	<hr/>	<hr/>
Total expenditures	161,700	161,700	109,886
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 50</u>	<u>\$ 50</u>	54,919
FUND BALANCE, JANUARY 1			<hr/> 98,512
FUND BALANCE, DECEMBER 31			<u><u>\$ 153,431</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 643,605	\$ 643,605	\$ 643,438
Intergovernmental	132,000	132,000	150,894
Investment income	100	100	5,586
	<hr/>	<hr/>	<hr/>
Total revenues	775,705	775,705	799,918
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Debt service			
Principal	315,000	315,000	315,000
Interest	460,605	460,605	460,605
Fiscal charge	1,500	1,500	1,103
	<hr/>	<hr/>	<hr/>
Total expenditures	777,105	777,105	776,708
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (1,400)	\$ (1,400)	23,210
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1			180,477
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 203,687
			<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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 446,038	\$ 446,038	\$ 445,923
Intergovernmental	30,000	30,000	90,430
Investment income	50	50	4,496
	<hr/>		
Total revenues	476,088	476,088	540,849
	<hr/>		
EXPENDITURES			
Debt service			
Principal	200,000	200,000	200,000
Interest	276,038	276,038	276,038
Fiscal charge	1,500	1,500	1,103
	<hr/>		
Total expenditures	477,538	477,538	477,141
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (1,450)</u>	<u>\$ (1,450)</u>	63,708
FUND BALANCE (DEFICIT), JANUARY 1			<u>(14,508)</u>
FUND BALANCE, DECEMBER 31			<u>\$ 49,200</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

GENERAL OBLIGATION BOND SERIES OF 2011 FUND

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 651,313	\$ 651,313	\$ 651,144
Investment income	100	100	5,430
			<hr/>
Total revenues	651,413	651,413	656,574
			<hr/>
EXPENDITURES			
Debt service			
Principal	535,000	535,000	535,000
Interest	116,313	116,313	116,313
Fiscal charge	1,500	1,500	803
			<hr/>
Total expenditures	652,813	652,813	652,116
			<hr/>
NET CHANGE IN FUND BALANCE	\$ (1,400)	\$ (1,400)	4,458
			<hr/>
FUND BALANCE, JANUARY 1			122,459
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 126,917

(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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 75,100	\$ 75,100	\$ 72,756
Investment income	20	20	505
	<hr/>		
Total revenues	75,120	75,120	73,261
	<hr/>		
EXPENDITURES			
Community development			
Contractual services	5,002	5,002	-
Debt service			
Interest	7,434	7,434	7,431
	<hr/>		
Total expenditures	12,436	12,436	7,431
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	62,684	62,684	65,830
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(62,664)	(62,664)	-
	<hr/>		
Total other financing sources (uses)	(62,664)	(62,664)	-
	<hr/>		
NET CHANGE IN FUND BALANCE	\$ 20	\$ 20	65,830
	<hr/>		
FUND BALANCE (DEFICIT), JANUARY 1			(124,582)
	<hr/>		
FUND BALANCE (DEFICIT), DECEMBER 31			\$ (58,752)
	<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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 3,000	\$ 3,000	\$ 30,152
Intergovernmental	99,900	-	-
Miscellaneous	28,012	28,012	28,193
Total revenues	130,912	31,012	58,345
EXPENDITURES			
Capital outlay			
Buildings	1,053,000	1,761,872	1,783,918
Other improvements	365,000	366,500	221,631
Office equipment	110,000	110,000	88,118
Other equipment	554,752	469,852	500,854
Total expenditures	2,082,752	2,708,224	2,594,521
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,951,840)	(2,677,212)	(2,536,176)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,864,852	1,864,852	1,864,852
Total other financing sources (uses)	1,864,852	1,864,852	1,864,852
NET CHANGE IN FUND BALANCE	\$ (86,988)	\$ (812,360)	(671,324)
FUND BALANCE, JANUARY 1			1,465,047
FUND BALANCE, DECEMBER 31			\$ 793,723

(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, 2018

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Water sales	\$ 7,189,200	\$ 7,189,200	\$ 6,946,824
Sewer service	2,890,740	2,890,740	2,701,787
Water penalties	294,000	294,000	327,180
Water tap-on fees	19,500	19,500	61,559
Meter sales	4,850	4,850	11,843
Miscellaneous	396,800	396,800	333,718
Total operating revenues	10,795,090	10,795,090	10,382,911
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Administration			
Personal services	1,356,585	1,356,585	1,375,053
Commodities	4,710	4,710	4,038
Contractual services	787,809	787,809	588,524
Operations - water			
Personal services	854,602	854,602	829,208
Commodities	104,248	104,248	157,897
Contractual services	5,967,278	6,047,958	5,766,569
Capital outlay	870,000	870,000	960,527
Operations - sewer			
Personal services	887,673	887,673	903,939
Commodities	104,773	104,773	99,181
Contractual services	815,729	815,729	769,547
Capital outlay	486,805	518,285	91,430
Debt service			
Principal	114,319	114,319	114,319
Total operating expenses excluding depreciation	12,354,531	12,466,691	11,660,232
OPERATING INCOME (LOSS)	(1,559,441)	(1,671,601)	(1,277,321)

(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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	\$ 50,000	\$ 50,000	\$ 173,549
Infrastructure surcharge	1,581,450	1,581,450	1,572,459
Interest expense	(3,219)	(3,219)	(3,219)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	1,628,231	1,628,231	1,742,789
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION - BUDGET BASIS	68,790	(43,370)	465,468
	<hr/>	<hr/>	<hr/>
ADJUSTMENT TO GAAP BASIS			
Assets capitalized	-	-	960,527
Depreciation	-	-	(946,621)
Principal paid	-	-	114,319
	<hr/>	<hr/>	<hr/>
Total adjustments to GAAP basis	-	-	128,225
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION - GAAP BASIS	\$ 68,790	\$ (43,370)	593,693
	<hr/>	<hr/>	<hr/>
NET POSITION, JANUARY 1			29,925,402
Change in accounting principle			(751,046)
Prior period adjustment			404,213
			<hr/>
NET POSITION, JANUARY 1, RESTATED			29,578,569
			<hr/>
NET POSITION, DECEMBER 31			<u>\$ 30,172,262</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 442,197	\$ 442,197	\$ 429,761
Other	7,875	7,875	2,399
	<hr/>	<hr/>	<hr/>
Total operating revenues	450,072	450,072	432,160
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES			
Operations			
Personal services	166,021	166,021	161,185
Commodities	5,394	5,394	4,592
Contractual services	119,300	119,300	82,987
Capital outlay	210,500	210,500	184,355
	<hr/>	<hr/>	<hr/>
Total operating expenses	501,215	501,215	433,119
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(51,143)	(51,143)	(959)
	<hr/>	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	700	700	7,344
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	700	700	7,344
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION - BUDGET BASIS	\$ (50,443)	\$ (50,443)	6,385
	<hr/>	<hr/>	<hr/>
Assets capitalized			167,101
Depreciation			<u>(70,932)</u>
			<hr/>
Total adjustments to GAAP basis			96,169
			<hr/>
CHANGE IN NET POSITION - GAAP BASIS			102,554
			<hr/>
NET POSITION, JANUARY 1			2,634,447
			<hr/>
Change in accounting principle			(69,635)
			<hr/>
Prior period adjustment			(3,855)
			<hr/>
NET POSITION, JANUARY 1, RESTATED			2,560,957
			<hr/>
NET POSITION, DECEMBER 31			<u><u>\$ 2,663,511</u></u>

(See independent auditor's report.)

INTERNAL SERVICE FUND

Central Equipment Fund - This fund is used to account for the purchase of vehicles and equipment for various departments throughout the Village. Financing is provided by 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, 2018

	Central Equipment	IT Equipment Replacement	Total
CURRENT ASSETS			
Cash and investments	\$ 4,712,465	\$ 314,348	\$ 5,026,813
Receivables			
Accrued interest	22,954	1,480	24,434
Total current assets	4,735,419	315,828	5,051,247
CAPITAL ASSETS			
Depreciable, net of accumulated depreciation	5,518,449	154,183	5,672,632
Net capital assets	5,518,449	154,183	5,672,632
Total assets	10,253,868	470,011	10,723,879
CURRENT LIABILITIES			
Accounts payable	95,299	5,251	100,550
Total current liabilities	95,299	5,251	100,550
LONG-TERM LIABILITIES			
None	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	95,299	5,251	100,550
NET POSITION			
Invested in capital assets	5,518,449	154,183	5,672,632
Unrestricted	4,640,120	310,577	4,950,697
TOTAL NET POSITION	\$ 10,158,569	\$ 464,760	\$ 10,623,329

(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, 2018

	Central Equipment	IT Equipment Replacement	Total
OPERATING REVENUES			
Charges for services	\$ 1,153,048	\$ 341,753	\$ 1,494,801
Total operating revenues	1,153,048	341,753	1,494,801
OPERATING EXPENSES			
Depreciation	817,958	17,131	835,089
Capital outlay	7,718	220,642	228,360
Total operating expenses	825,676	237,773	1,063,449
OPERATING INCOME	327,372	103,980	431,352
NON-OPERATING REVENUES (EXPENSES)			
Investment income	96,238	7,437	103,675
Gain on disposal of capital assets	151,324	-	151,324
Total non-operating revenues (expenses)	247,562	7,437	254,999
CHANGE IN NET POSITION	574,934	111,417	686,351
NET POSITION, JANUARY 1	9,602,131	353,343	9,955,474
Prior period adjustment	(18,496)	-	(18,496)
NET POSITION, JANUARY 1, RESTATED	9,583,635	353,343	9,936,978
NET POSITION, DECEMBER 31	\$ 10,158,569	\$ 464,760	\$ 10,623,329

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

	Central Equipment	IT Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services	\$ 1,153,048	\$ 341,753	\$ 1,494,801
Payments to suppliers	(33,798)	(291,833)	(325,631)
Net cash from operating activities	1,119,250	49,920	1,169,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net cash from noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(941,067)	(171,314)	(1,112,381)
Proceeds from sale of capital assets	151,324	-	151,324
Net cash from capital and related financing activities	(789,743)	(171,314)	(961,057)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	95,198	5,957	101,155
Net cash from investing activities	95,198	5,957	101,155
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	424,705	(115,437)	309,268
CASH AND CASH EQUIVALENTS, JANUARY 1	4,287,760	429,785	4,717,545
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 4,712,465	\$ 314,348	\$ 5,026,813

(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, 2018

	Central Equipment	IT Equipment Replacement	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 327,372	\$ 103,980	\$ 431,352
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	817,958	17,131	835,089
Increase (decrease) in Accounts payable	(26,080)	(71,191)	(97,271)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,119,250</u>	<u>\$ 49,920</u>	<u>\$ 1,169,170</u>
CASH AND INVESTMENTS			
Cash and cash equivalents	<u>\$ 4,712,465</u>	<u>\$ 314,348</u>	<u>\$ 5,026,813</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 4,712,465</u>	<u>\$ 314,348</u>	<u>\$ 5,026,813</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

CENTRAL EQUIPMENT FUND

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Interfund services	\$ 1,153,048	\$ 1,153,048	\$ 1,153,048
Total operating revenues	1,153,048	1,153,048	1,153,048
OPERATING EXPENSES			
Capital outlay	1,247,100	1,247,100	948,787
Total operating expenses	1,247,100	1,247,100	948,787
OPERATING INCOME (LOSS)	(94,052)	(94,052)	204,261
NON-OPERATING REVENUES (EXPENSES)			
Investment income	25,000	25,000	96,238
Gain on disposal of capital assets	-	-	151,324
Total non-operating revenues (expenses)	25,000	25,000	247,562
CHANGE IN NET POSITION - BUDGET BASIS	\$ (69,052)	\$ (69,052)	451,823
ADJUSTMENT TO GAAP BASIS			
Assets capitalized			941,069
Depreciation			(817,958)
Total adjustments to GAAP basis			123,111
CHANGE IN NET POSITION - GAAP BASIS			574,934
NET POSITION, JANUARY 1			9,602,131
Prior period adjustment			(18,496)
NET POSITION, JANUARY 1			9,583,635
NET POSITION, DECEMBER 31			\$ 10,158,569

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

IT EQUIPMENT REPLACEMENT FUND

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 341,753	\$ 341,753	\$ 341,753
Total revenues	341,753	341,753	341,753
OPERATING EXPENSES			
Capital outlay	410,000	410,000	391,956
Total expenses	410,000	410,000	391,956
OPERATING INCOME (LOSS)	(68,247)	(68,247)	(50,203)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	500	500	7,437
Total non-operating revenues (expenses)	500	500	7,437
CHANGE IN NET POSITION - BUDGET BASIS	\$ (67,747)	\$ (67,747)	(42,766)
ADJUSTMENT TO GAAP BASIS			
Assets capitalized			171,314
Depreciation			(17,131)
Total adjustments to GAAP basis			154,183
CHANGE IN NET POSITION - GAAP BASIS			111,417
NET POSITION, JANUARY 1			353,343
NET POSITION, DECEMBER 31			\$ 464,760

(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, 2018

	<u>Pension Trust</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
ASSETS			
Cash and cash equivalents	\$ 307,478	\$ 246,622	\$ 554,100
Investments			
U.S. Government and U.S. agency obligations	11,701,932	7,149,777	18,851,709
Money market mutual funds	367,483	144,223	511,706
Mutual funds	18,847,692	10,882,241	29,729,933
Illinois Metropolitan Investment Fund	10	25	35
Receivables			
Accrued interest	70,260	46,655	116,915
Prepaid items	2,941	590	3,531
Due from other funds	12,877	-	12,877
Total assets	<u>31,310,673</u>	<u>18,470,133</u>	<u>49,780,806</u>
LIABILITIES			
Accounts payable	<u>14,055</u>	<u>9,200</u>	<u>23,255</u>
Total liabilities	<u>14,055</u>	<u>9,200</u>	<u>23,255</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 31,296,618</u>	<u>\$ 18,460,933</u>	<u>\$ 49,757,551</u>

(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, 2018

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer contributions	\$ 2,477,582	\$ 1,527,385	\$ 4,004,967
Employee contributions	547,137	313,564	860,701
Total contributions	3,024,719	1,840,949	4,865,668
Investment income			
Net (depreciation) in fair value of investments	(2,621,328)	(1,564,759)	(4,186,087)
Interest	192,166	114,179	306,345
Total investment income	(2,429,162)	(1,450,580)	(3,879,742)
Less investment expense	(55,659)	(33,553)	(89,212)
Net investment income	(2,484,821)	(1,484,133)	(3,968,954)
Total additions	539,898	356,816	896,714
DEDUCTIONS			
Benefits and refunds	2,574,815	1,409,038	3,983,853
Administrative expenses	47,871	45,159	93,030
Total deductions	2,622,686	1,454,197	4,076,883
NET DECREASE	(2,082,788)	(1,097,381)	(3,180,169)
NET POSITION RESTRICTED FOR PENSIONS			
January 1	33,379,406	19,558,314	52,937,720
December 31	\$ 31,296,618	\$ 18,460,933	\$ 49,757,551

(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, 2018

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer contributions	\$ 2,457,076	\$ 2,457,076	\$ 2,477,582
Employee contributions	521,950	521,950	547,137
Total contributions	2,979,026	2,979,026	3,024,719
Investment income			
Net appreciation (depreciation) in fair value of investments	1,100,000	1,100,000	(2,621,328)
Interest	115,000	115,000	192,166
Total investment income	1,215,000	1,215,000	(2,429,162)
Less investment expense	(56,000)	(56,000)	(55,659)
Net investment income	1,159,000	1,159,000	(2,484,821)
Total additions	4,138,026	4,138,026	539,898
DEDUCTIONS			
Benefits and refunds	2,682,520	2,682,520	2,574,815
Administrative expenses	59,662	59,662	47,871
Total deductions	2,742,182	2,742,182	2,622,686
NET INCREASE (DECREASE)	\$ 1,395,844	\$ 1,395,844	(2,082,788)
NET POSITION RESTRICTED FOR PENSIONS			
January 1			33,379,406
December 31			\$ 31,296,618

(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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
ADDITIONS			
Contributions			
Employer contributions	\$ 1,517,169	\$ 1,517,169	\$ 1,527,385
Employee contributions	301,000	301,000	313,564
Total contributions	<u>1,818,169</u>	<u>1,818,169</u>	<u>1,840,949</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	700,000	700,000	(1,564,759)
Interest	75,000	75,000	114,179
Total investment income	<u>775,000</u>	<u>775,000</u>	<u>(1,450,580)</u>
Less investment expense	<u>(33,920)</u>	<u>(33,920)</u>	<u>(33,553)</u>
Net investment income	<u>741,080</u>	<u>741,080</u>	<u>(1,484,133)</u>
Total additions	<u>2,559,249</u>	<u>2,559,249</u>	<u>356,816</u>
DEDUCTIONS			
Benefits and refunds	1,359,512	1,459,512	1,409,038
Administrative expenses	48,870	48,870	45,159
Total deductions	<u>1,408,382</u>	<u>1,508,382</u>	<u>1,454,197</u>
NET INCREASE (DECREASE)	<u>\$ 1,150,867</u>	<u>\$ 1,050,867</u>	<u>(1,097,381)</u>
NET POSITION RESTRICTED FOR PENSIONS			
January 1			<u>19,558,314</u>
December 31			<u>\$ 18,460,933</u>

(See independent auditor's report.)

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2018

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
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>\$ 7,920,000</u>	<u>\$ 3,470,890</u>	<u>\$ 11,390,890</u>		<u>\$ 1,735,445</u>		<u>\$ 1,735,445</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2018

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
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>\$ 4,125,000</u>	<u>\$ 2,367,528</u>	<u>\$ 6,492,528</u>		<u>\$ 1,183,763</u>		<u>\$ 1,183,765</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2018

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
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>\$ 3,560,000</u>	<u>\$ 388,427</u>	<u>\$ 3,948,427</u>		<u>\$ 194,213</u>		<u>\$ 194,214</u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

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

December 31, 2018

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
2019	<u>\$ 36,694</u>	<u>\$ 482</u>	<u>\$ 37,176</u>	2019	<u>\$ 482</u>	2019	<u>\$ -</u>
	<u><u>\$ 36,694</u></u>	<u><u>\$ 482</u></u>	<u><u>\$ 37,176</u></u>		<u><u>\$ 482</u></u>		<u><u>\$ -</u></u>

(See independent auditor's report.)

VILLAGE OF HANOVER PARK, ILLINOIS

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended December 31, 2018

CSFA Number	Program Name	State	Federal	Other	Total
420-00-0505	Grants Managemnet Program	\$ -	\$ -	\$ -	\$ -
444-26-1565	Tobacco Enforcement Program	2,970	-	-	2,970
494-00-1005	Local Federal Bridge Program				-
494-00-1488	Motor Fuel Tax Program	960,293	-	-	960,293
	State and Community Highway				
494-10-0343	Safety/National Priority Safety	-	31,306	-	31,306
494-42-0495	Local Surface Transportation Program	-			-
	Other grant programs and activities	104,168	262,616	-	366,784
	All other costs not allocated	-	-	49,497,053	49,497,053
	TOTALS	\$ 1,067,431	\$ 293,922	\$ 49,497,053	\$ 50,858,406

(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 says 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.	142-151
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	152-161
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.	162-165
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.	166-167
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.	168-171

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	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 44,420,879	\$ 44,389,269	\$ 45,248,341	\$ 48,546,851
Restricted	7,078,776	13,664,072	5,048,350	4,829,701
Unrestricted	18,596,124	13,059,714	15,514,984	11,779,582
TOTAL GOVERNMENTAL ACTIVITIES	\$ 70,095,779	\$ 71,113,055	\$ 65,811,675	\$ 65,156,134
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 23,062,850	\$ 23,554,396	\$ 26,694,874	\$ 27,371,016
Restricted	-	-	13,644.0	-
Unrestricted	6,988,149	6,239,034	6,277,037	7,296,568
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 30,050,999	\$ 29,793,430	\$ 32,985,555	\$ 34,667,584
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 67,943,665	\$ 67,943,665	\$ 75,917,867	\$ 75,917,867
Restricted	13,664,072	13,664,072	4,829,701	4,829,701
Unrestricted	19,298,748	19,298,748	19,076,150	19,076,150
TOTAL PRIMARY GOVERNMENT	\$ 100,906,485	\$ 100,906,485	\$ 99,823,718	\$ 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.

***The Village implemented GASB 75 for year ended December 31, 2018.

Data Source

Audited Financial Statements

2014	2014*	2015**	2016	2017	2018***
\$ 48,743,363	\$ 49,462,602	\$ 50,362,373	\$ 52,470,477	\$ 53,331,685	\$ 56,319,828
5,294,935	4,835,944	6,932,172	7,366,374	8,097,770	9,354,849
14,654,715	17,292,137	(14,151,561)	(14,420,304)	(14,243,345)	(17,856,992)
\$ 68,693,013	\$ 71,590,683	\$ 43,142,984	\$ 45,416,547	\$ 47,186,110	\$ 47,817,685
\$ 26,941,735	\$ 28,088,831	\$ 23,651,515	\$ 23,578,647	\$ 23,575,332	\$ 23,868,701
-	-	-	-	-	-
8,581,691	8,965,544	8,534,548	8,846,752	8,984,517	8,967,072
\$ 35,523,426	\$ 37,054,375	\$ 32,186,063	\$ 32,425,399	\$ 32,559,849	\$ 32,835,773
\$ 75,685,098	\$ 77,551,433	\$ 74,013,888	\$ 76,049,124	\$ 76,907,017	\$ 80,188,529
5,294,935	4,835,944	6,932,172	7,366,374	8,097,770	9,354,849
23,236,406	26,257,681	(5,617,013)	(5,573,552)	(5,258,828)	(8,889,920)
\$ 104,216,439	\$ 108,645,058	\$ 75,329,047	\$ 77,841,946	\$ 79,745,959	\$ 80,653,458

VILLAGE OF HANOVER PARK, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
EXPENSES				
Governmental activities				
General government	\$ 3,208,066	\$ 4,618,393	\$ 4,634,174	\$ 4,988,649
Public works	4,718,013	1,085,698	5,183,573	4,070,954
Public safety	15,805,836	17,146,057	15,473,122	18,014,749
Community development	1,608,453	5,160,147	8,971,096	711,260
Highways and streets	2,019,122	1,582,651	1,499,979	3,946,982
Interest	517,780	906,055	1,041,142	1,054,210
Total governmental activities expenses	27,877,270	30,499,001	36,803,086	32,786,804
Business-type activities				
Water and sewer	7,847,111	8,044,254	8,443,812	8,976,177
Parking	329,761	336,895	309,014	280,836
Hanover Square	-	-	230,810	694,736
Total business-type activities expenses	8,176,872	8,381,149	8,983,636	9,951,749
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 36,054,142	\$ 38,880,150	\$ 45,786,722	\$ 42,738,553
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 909,723	\$ 1,085,427	\$ 1,106,938	\$ 1,157,752
Public safety	1,607,603	1,732,022	1,969,673	2,045,438
Community development	331,637	15,800	14,116	22,493
Public works	-	171,931	126,584	150,684
Operating grants and contributions	1,032,614	1,546,945	1,432,867	1,228,338
Capital grants and contributions	-	543,452	475,557	318,006
Total governmental activities program revenues	3,881,577	5,095,577	5,125,735	4,922,711
Business-type activities				
Charges for services				
Water and sewer	7,588,046	7,965,071	8,889,712	10,210,092
Parking	272,798	292,286	328,749	317,446
Hanover Square	-	-	236,916	669,670
Capital grants and contributions	-	-	102,105	688,932
Total business-type activities program revenues	7,860,844	8,257,357	9,557,482	11,886,140
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 11,742,421	\$ 13,352,934	\$ 14,683,217	\$ 16,808,851

	2014	2014*	2015**	2016	2017	2018***
\$	4,297,802	\$ 2,111,972	\$ 4,114,698	\$ 5,009,322	\$ 5,760,254	\$ 4,502,681
	4,211,656	2,876,529	3,706,168	5,182,283	6,368,070	5,015,307
	18,224,677	12,928,235	19,447,414	20,981,314	21,225,292	23,825,108
	681,395	1,858,421	4,022,556	4,005,981	3,618,986	4,193,206
	3,522,824	2,276,624	1,917,673	703,424	866,856	591,102
	1,076,381	976,489	646,489	925,399	894,677	858,826
	32,014,735	23,028,270	33,854,998	36,807,723	38,734,135	38,986,230
	9,998,473	7,265,389	11,338,126	11,669,151	12,302,852	11,535,226
	387,584	202,907	373,475	380,323	341,781	336,950
	694,530	524,861	593,909	-	-	-
	11,080,587	7,993,157	12,305,510	12,049,474	12,644,633	11,872,176
\$	43,095,322	\$ 31,021,427	\$ 46,160,508	\$ 48,857,197	\$ 51,378,768	\$ 50,858,406
\$	1,212,828	\$ 769,081	\$ 1,125,855	\$ 1,315,662	\$ 1,322,448	\$ 1,330,699
	1,989,029	1,286,735	1,894,715	2,043,407	2,113,433	2,540,205
	61,714	42,531	18,758	11,794	16,181	68,644
	245,355	193,819	337,246	283,057	327,493	330,295
	1,343,393	1,082,681	1,600,902	1,267,251	1,522,434	1,946,078
	266,197	-	258,796	255,138	247,958	-
	5,118,516	3,374,847	5,236,272	5,176,309	5,549,947	6,215,921
	11,077,306	7,089,864	10,749,484	10,615,438	10,577,058	10,382,911
	371,185	265,895	389,405	443,695	393,290	432,160
	710,703	560,678	643,541	-	-	-
	180,126	-	-	-	-	-
	12,339,320	7,916,437	11,782,430	11,059,133	10,970,348	10,815,071
\$	17,457,836	\$ 11,291,284	\$ 17,018,702	\$ 16,235,442	\$ 16,520,295	\$ 17,030,992

VILLAGE OF HANOVER PARK, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
NET (EXPENSES) REVENUES				
Governmental activities	\$ (23,995,693)	\$ (25,403,424)	\$ (31,677,351)	\$ (27,864,093)
Business-type activities	(316,028)	(123,792)	573,846	1,934,391
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	\$ (24,311,721)	\$ (25,527,216)	\$ (31,103,505)	\$ (25,929,702)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 13,068,529	\$ 13,130,988	\$ 14,808,277	\$ 13,110,176
Sales, local use	4,744,662	7,561,001	7,432,314	7,394,170
Utility	1,821,364	1,750,085	1,730,990	1,621,854
Hotel/motel	33,614	32,979	35,281	36,686
Food and beverage	1,047,406	1,072,674	1,086,568	1,018,775
Other	167,871	223,762	298,311	225,065
Intergovernmental				
Personal property replacement tax	83,336	92,787	83,412	82,765
Income	3,040,184	2,984,408	3,096,265	3,422,147
Investment income	331,555	150,716	71,672	106,443
Miscellaneous	1,548,494	78,619	113,146	99,397
Transfers	11,274	163,219	(2,605,806)	315,418
Total governmental activities	<u>25,898,289</u>	<u>27,241,238</u>	<u>26,150,430</u>	<u>27,432,896</u>
Business-type activities				
Investment income	43,133	19,723	8,996	10,825
Miscellaneous	23,219	9,719	3,477	52,231
Transfers	(11,274)	(163,219)	2,605,806	(315,418)
Total business-type activities	<u>55,078</u>	<u>(133,777)</u>	<u>2,618,279</u>	<u>(252,362)</u>
TOTAL PRIMARY GOVERNMENT	\$ 25,953,367	\$ 27,107,461	\$ 28,768,709	\$ 27,180,534
CHANGE IN NET POSITION				
Governmental activities	\$ 1,902,596	\$ 1,837,814	\$ (431,197)	\$ (431,197)
Business-type activities	(260,950)	(257,569)	1,682,029	1,682,029
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 1,641,646	\$ 1,580,245	\$ 1,250,832	\$ 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.

***The Village implemented GASB 75 for year ended December 31, 2018.

Data Source

Audited Financial Statements

2014	2014*	2015**	2016	2017	2018***
\$ (26,896,219)	\$ (19,379,137)	\$ (28,618,726)	\$ (31,631,414)	\$ (33,184,188)	\$ (32,770,309)
1,258,733	(76,720)	(523,080)	(990,341)	(1,674,285)	(1,057,105)
<hr/>					
\$ (25,637,486)	\$ (19,455,857)	\$ (29,141,806)	\$ (32,621,755)	\$ (34,858,473)	\$ (33,827,414)
<hr/>					
\$ 13,729,431	\$ 11,423,311	\$ 15,426,633	\$ 15,837,755	\$ 15,741,338	\$ 15,673,297
9,248,795	6,792,806	10,175,081	10,684,970	11,574,442	12,354,638
1,588,171	1,219,601	1,987,557	1,896,000	1,788,223	1,997,184
43,687	35,800	45,939	44,881	44,408	44,535
1,036,661	732,613	1,134,073	1,160,415	1,156,763	1,246,156
302,021	422,376	532,785	905,144	589,256	810,080
94,867	51,945	93,510	87,160	101,644	84,998
3,700,323	2,335,241	4,040,449	3,696,445	3,487,788	3,636,525
153,820	58,063	61,070	89,607	198,840	575,434
113,527	215,566	(1,571,337)	282,508	412,898	301,930
421,795	(1,010,515)	4,404,281	76,000	(141,849)	-
<hr/>					
30,433,098	22,276,807	36,330,041	34,760,885	34,953,751	36,724,777
<hr/>					
8,476	11,102	(202)	12,081	73,199	180,893
10,428	586,052	1,546,822	1,350,513	1,593,687	1,572,459
(421,795)	1,010,515	(4,404,281)	(76,000)	141,849	-
<hr/>					
(402,891)	1,607,669	(2,857,661)	1,286,594	1,808,735	1,753,352
<hr/>					
\$ 30,030,207	\$ 23,884,476	\$ 33,472,380	\$ 36,047,479	\$ 36,762,486	\$ 38,478,129
<hr/>					
\$ 3,536,879	\$ 2,897,670	\$ 7,711,315	\$ 3,129,471	\$ 1,769,563	\$ 3,954,468
855,842	1,530,949	(3,380,741)	296,253	134,450	696,247
<hr/>					
\$ 4,392,721	\$ 4,428,619	\$ 4,330,574	\$ 3,425,724	\$ 1,904,013	\$ 4,650,715
<hr/>					

VILLAGE OF HANOVER PARK, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2010 (1)	2011	2012 (2)	2013
GENERAL FUND				
Reserved	\$ 1,072,335	\$ 840,075	\$ -	\$ -
Unreserved/undesignated	7,492,166	7,831,351	-	-
Nonspendable	-	-	2,106,350	1,561,197
Restricted	-	-	136,946	134,910
Unrestricted				
Assigned	-	-	674,316	-
Unassigned	-	-	7,099,207	8,473,882
TOTAL GENERAL FUND	\$ 8,564,501	\$ 8,671,426	\$ 10,016,819	\$ 10,169,989
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 7,226,197	\$ 22,127,853	\$ -	\$ -
Unreserved, reported in				
Debt Service Funds	(44,340)	(508,011)	-	-
Capital Project Funds	15,626,848	(95,629)	-	-
Nonspendable	-	-	332,306	-
Restricted	-	-	4,911,404	4,694,791
Unrestricted				
Assigned	-	-	518,719	273,045
Unassigned (deficit)	-	-	(388,417)	(304,265)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 22,808,705	\$ 21,524,213	\$ 5,374,012	\$ 4,663,571

*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

2014	2014*	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,114,638	556,466	294,419	381,659	324,481	293,222
134,910	-	-	-	-	-
-	-	-	-	-	-
11,611,884	14,180,226	16,326,081	19,432,402	21,124,648	22,115,466
<u>\$ 12,861,432</u>	<u>\$ 14,736,692</u>	<u>\$ 16,620,500</u>	<u>\$ 19,814,061</u>	<u>\$ 21,449,129</u>	<u>\$ 22,408,688</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	8,099	-
5,160,025	4,835,944	6,932,172	7,366,374	8,097,770	9,354,849
124,603	373,202	845,601	925,390	1,465,047	793,723
(438,081)	(484,093)	(461,479)	(363,202)	(234,789)	(156,190)
<u>\$ 4,846,547</u>	<u>\$ 4,725,053</u>	<u>\$ 7,316,294</u>	<u>\$ 7,928,562</u>	<u>\$ 9,336,127</u>	<u>\$ 9,992,382</u>

VILLAGE OF HANOVER PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2010 (1)	2011	2012 (2)	2013
REVENUES				
Taxes	\$ 20,429,442	\$ 26,848,683	\$ 25,475,151	\$ 23,406,726
Licenses and permits	1,021,353	968,506	911,722	979,424
Intergovernmental	4,610,138	1,863,227	5,004,050	4,985,926
Charges for services and fees	1,180,163	1,238,743	1,650,614	1,720,380
Fines and forfeits	630,843	512,934	640,015	660,603
Investment income	247,200	150,716	71,672	106,443
Miscellaneous	1,460,270	590,787	128,747	180,687
Total revenues	29,579,409	32,173,596	33,881,971	32,040,189
EXPENDITURES				
General government	3,092,878	4,808,312	5,280,476	4,923,925
Public works	3,321,777	2,901,960	3,583,057	3,888,126
Public safety	15,643,448	16,085,156	17,232,650	17,388,396
Community development	1,385,981	1,058,951	5,566,340	968,226
Highways and streets	1,391,323	711,830	659,311	752,272
Capital outlay	1,174,993	10,329,362	14,402,668	3,188,327
Debt service				
Principal	2,660,000	1,045,000	8,095,000	730,000
Interest and fiscal charges	479,372	713,273	1,257,620	1,073,606
Total expenditures	29,149,772	37,653,844	56,077,122	32,912,878
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	429,637	(5,480,248)	(22,195,151)	(872,689)
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	3,814,247	3,480,058	5,665,632	1,198,605
Transfers (out)	(3,802,973)	(3,316,839)	(5,633,605)	(883,187)
Sale of property	-	-	-	-
Total other financing sources (uses)	9,931,274	5,123,219	7,164,802	315,418
NET CHANGE IN FUND BALANCES	\$ 10,360,911	\$ (357,029)	\$ (15,030,349)	\$ (557,271)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	11.57%	11.01%	5.93%	25.28%

*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

	2014	2014*	2015	2016	2017	2018
\$	25,948,765	\$ 20,626,507	\$ 29,302,067	\$ 30,529,164	\$ 30,894,429	\$ 32,125,890
	1,138,365	718,779	1,224,977	1,168,407	1,267,962	1,279,465
	5,380,058	3,699,934	5,950,576	5,064,919	5,042,818	5,375,448
	1,764,636	1,036,818	1,451,562	1,719,499	1,603,708	1,880,744
	590,966	536,820	700,467	766,115	907,692	1,109,612
	153,820	58,063	61,070	89,607	198,840	575,434
	153,209	176,651	441,974	523,483	730,098	594,105
	35,129,819	26,853,572	39,132,693	39,861,194	40,645,547	42,940,698
	5,247,701	2,483,520	3,344,230	3,671,745	3,946,578	4,287,169
	3,494,643	2,644,628	3,962,391	3,874,431	3,981,239	4,237,892
	17,837,161	13,027,697	19,322,453	19,551,407	20,500,538	21,372,010
	660,326	1,879,756	4,003,728	3,574,079	3,536,293	4,232,128
	796,373	427,967	628,804	728,074	885,352	619,997
	2,745,856	2,982,751	1,318,476	2,817,230	2,923,902	4,812,292
	810,000	875,000	945,000	985,000	1,030,000	1,050,000
	1,085,135	986,620	957,562	929,399	899,012	863,396
	32,677,195	25,307,939	34,482,644	36,131,365	37,702,914	41,474,884
	2,452,624	1,545,633	4,650,049	3,729,829	2,942,633	1,465,814
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,444,301	1,408,526	1,430,802	1,273,396	2,178,155	2,190,805
	(1,022,506)	(1,283,276)	(1,605,802)	(1,197,396)	(2,078,155)	(2,190,805)
	-	82,883	-	-	-	150,000
	421,795	208,133	(175,000)	76,000	100,000	150,000
\$	2,874,419	\$ 1,753,766	\$ 4,475,049	\$ 3,805,829	\$ 3,042,633	\$ 1,615,814
	6.05%	7.51%	5.82%	5.99%	5.36%	5.04%

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
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
2017	204,823,395	2,948	56,692,894	-	261,519,237	-	261,519,237	2.472

*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
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
2017	259,873,936	68,256	19,057,860	69,672,030	348,672,082	45,345	348,717,427	2.3051

*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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
VILLAGE DIRECT RATES										
General corporate rate	1.063	1.053	1.305	1.385	1.686	2.309	2.357	2.475	1.5041	1.4128
Police Pension	-	-	-	-	-	-	-	-	0.4212	0.4525
Fire Pension	-	-	-	-	-	-	-	-	0.2531	0.2794
Debt service rate	0.120	0.114	0.244	0.205	0.253	0.328	0.330	0.388	0.3345	0.3268
Total direct rate	1.183	1.167	1.549	1.590	1.939	2.637	2.687	2.863	2.513	2.472
OVERLAPPING RATES										
School District #46	4.435	4.339	5.026	5.507	6.540	7.580	7.6680	7.9470	6.8370	6.9320
School District #509	0.331	0.354	0.434	0.475	0.546	0.638	0.6380	0.6540	0.5700	0.5620
Hanover Park District	0.386	0.371	0.429	0.442	0.511	0.629	0.6240	0.6650	0.5970	0.5970
County including Forest Preserve District and TB Sanitarium	0.466	0.443	0.474	0.545	0.594	0.629	0.6370	0.6210	0.5960	0.5580
Hanover Township	0.223	0.239	0.248	0.287	0.324	0.391	0.2980	0.3180	0.2750	0.2810
Metropolitan Water Reclamation District	0.252	0.261	0.274	0.320	0.370	0.417	0.4300	0.4260	0.4060	0.4020
Northwest Mosquito Abatement District	0.008	0.008	0.009	0.010	0.011	0.013	0.0130	0.0110	0.0100	0.0100
Poplar Creek Library	0.357	0.350	0.394	0.449	0.515	0.631	0.6320	0.6630	0.5800	0.5900
Community Mental Health	0.033	0.033	0.038	0.044	0.050	0.061	0.0610	0.0580	0.0570	0.0590
Consolidated Elections	-	-	-	-	-	0.031	-	0.0340	-	0.0310
TOTAL DIRECT AND OVERLAPPING TAX RATE	7.674	7.565	8.875	9.669	11.400	13.657	13.688	14.260	12.441	12.494

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
VILLAGE DIRECT RATES										
General corporate rate	1.1095	0.5478	0.6262	0.7209	0.9039	0.9991	0.9836	0.9664	0.5699	0.4692
Fire protection	-	0.7077	0.7477	0.8068	0.9790	1.1292	1.3204	1.4449	0.9381	0.8951
Police Pension	-	-	-	-	-	-	-	-	0.3676	0.3790
Fire Pension	-	-	-	-	-	-	-	-	0.2791	0.2933
Debt service rate	0.1104	0.1200	0.2091	0.1989	0.2498	0.2658	0.2816	0.3233	0.2863	0.2685
Total direct rate	1.2199	1.3755	1.5830	1.7266	2.1327	2.3941	2.5856	2.7346	2.4410	2.3051
OVERLAPPING RATES										
School District #93	3.6442	3.7112	3.9130	4.1112	4.6112	5.0165	5.1272	5.0951	4.8165	4.6931
School District #87	1.6507	1.6749	1.8378	2.0199	2.2868	2.4877	2.5824	2.5173	2.4030	2.3402
Community College #502	0.1858	0.2127	0.2349	0.2495	0.2681	0.2956	0.2975	0.2786	0.2626	0.2431
Hanover Park District	0.3801	0.4091	0.4250	0.4554	0.5614	0.5673	0.5834	0.6099	0.5606	0.5415
County including Forest Preserve										
District and Airport	0.2923	0.2919	0.3138	0.3356	0.3639	0.3875	0.3944	0.3781	0.3538	0.3221
Wayne Township	0.1253	0.1268	0.1378	0.1479	0.1626	0.1796	0.1880	0.1847	0.1759	0.1724
Poplar Creek Library	0.3522	0.4003	0.4158	0.4553	0.5977	0.6249	0.6272	0.6601	0.5893	0.5725
TOTAL DIRECT AND OVERLAPPING TAX RATE	7.8505	8.2024	8.8611	9.5014	10.9844	11.9532	12.3857	12.4584	11.6027	11.1900

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	2018			2009		
	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.	\$ 12,923,090	1	2.12%	\$ 11,713,940	1	1.48%
Bradley Real Estate Co				11,097,950	2	1.41%
Hanover Corp center - Cabot Properties				8,047,530	3	1.02%
Menards	2,654,687	7	0.44%	7,993,491	4	1.01%
Fisher Scientific Company	3,701,710	2	0.61%	5,114,500	7	0.65%
IDI Services Group				6,942,650	5	0.88%
Wheaton Bank Trust 1238				5,529,462	6	0.70%
Northern Builders Inc				4,463,360	10	0.57%
GPT Hunter Road - Insight	2,720,250	6	0.45%			
Cardinal Capital Partners - GE Trans	3,157,350	3	0.52%			
Iron Mountain Information Mgmt	2,300,000	8	0.38%			
MS Claremont LP - Symphony	2,954,351	5	0.48%			
NewPlan Excel Realty (7000s Barrington)	3,056,421	4	0.50%			
Individual Taxpayer - Pebblewood Court Apts	-			4,779,945	9	0.61%
National Shopping Plaza	1,000,961	9	0.16%			
Hanover Square LLC	768,806	10	0.13%			
Kmart Corporation	-			5,102,508	8	0.65%
TOTAL	<u>\$ 35,237,626</u>		<u>5.79%</u>	<u>\$ 70,785,336</u>		<u>8.98%</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
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%
2017	December 31, 2018	13,386,715	13,322,460	99.52%	-	13,322,460	99.52%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,127	\$ -	\$ -	\$ 14,364	\$ 18,810
Food	606,170	585,020	597,879	472,391	503,151	561,648	574,319	576,736	583,480	582,809
Drinking and eating places	256,548	253,927	264,442	278,890	284,229	273,975	303,626	305,715	277,375	308,618
Apparel	-	-	-	-	-	522	-	-	4,142	9,826
Furniture, HH and radio	24,904	24,015	24,163	27,875	27,853	25,639	28,226	20,856	16,786	18,161
Lumber, building and hardware	416,200	444,876	459,688	517,245	525,261	533,309	604,029	615,656	628,656	642,765
Automobile and filling stations	279,146	329,497	370,963	303,586	294,965	316,758	282,731	292,880	288,816	177,235
Drugs and miscellaneous retail	416,339	470,691	503,913	571,334	598,156	571,484	512,741	519,202	524,001	618,984
Agriculture and all others	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	4,341,891
Manufacturers	79,521	57,678	29,619	29,239	69,661	77,973	138,599	72,118	71,165	75,243
TOTAL	\$ 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	\$ 6,794,342
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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,561	\$ -	\$ -	\$ 9,282	\$ (12,331)
Food	68,648	70,052	71,383	56,370	65,115	81,138	107,834	116,472	123,923	127,167
Drinking and eating places	119,158	118,713	123,355	133,067	168,674	195,334	215,732	217,608	198,415	222,819
Apparel	-	-	-	-	-	-	-	-	3,093	7,367
Furniture, HH and radio	12,452	12,006	12,082	13,938	17,842	19,228	20,863	15,643	12,583	13,615
Lumber, building and hardware	204,575	219,262	226,021	254,137	321,137	392,241	444,486	453,347	463,134	473,570
Automobile and filling stations	133,108	156,364	177,242	139,940	175,553	218,435	195,829	198,978	197,843	117,780
Drugs and miscellaneous retail	91,278	121,662	133,369	167,456	230,393	249,511	190,616	186,821	178,906	253,395
Agriculture and all others	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	3,251,305
Manufacturers	39,529	28,387	14,353	14,061	43,212	57,674	91,765	53,339	52,671	55,703
TOTAL	\$ 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	\$ 4,510,390
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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	1.75%	1.75%	1.25%	1.00%	0.75%	0.75%	0.75%	1.75%	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	9.75%	9.75%	9.25%	9.00%	8.75%	8.75%	8.75%	9.75%	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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%	0.75%	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%	7.75%	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						
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
2018	15,584,283	-	-	36,694	15,620,977	610,236,664	2.56%	1.82%	411.92

*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)
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%	486.70
2016	17,667,537	192,710	17,474,827	3.31%	460.19
2017	16,635,910	288,429	16,347,481	2.79%	430.50
2018	15,584,283	379,804	15,204,479	2.49%	400.40

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, 2018

Governmental Unit	Outstanding GO Bonded Debt		Percentage to Debt Applicable to Village	Village's Share of Debt
Village of Hanover Park	\$ 15,584,283		100.00%	\$ 15,584,283
School District #20	10,525,000		40.95%	4,309,988
School District #93	10,880,000	(4)	41.94%	4,563,072
High School District #87	51,230,000	(3)(4)	20.91%	10,712,193
High School District #108	23,445,000	(3)	22.43%	5,258,714
High School District #211	-		24.83%	-
Community School District #46	260,203,766	(2)	57.54%	149,721,247
Community College District #502	151,525,000	(3)	2.53%	3,833,583
Community College District #509	173,388,754	(2)	4.72%	8,183,949
Community College District #512	145,588,367		3.61%	5,255,740
Total school districts	<u>826,785,887</u>			<u>191,838,486</u>
Cook County	3,085,186,750		4.21%	129,886,362
DuPage County	31,845,000	(3)(4)	1.79%	570,026
Cook County Forest Preserve District	150,960,000	(3)	0.53%	800,088
DuPage County Forest Preserve District	111,711,749	(2)(3)	1.22%	1,362,883
Metropolitan Water Reclamation District	2,480,560,091	(1)	3.42%	84,835,155
Bartlett Park District	23,025,000	(3)	6.26%	1,441,365
Hanover Park Park District	1,292,960	(3)	5.63%	72,794
Schaumburg Park District	17,960,000	(3)	5.52%	991,392
Poplar Creek Library District	15,700,000		5.34%	838,380
Bloomington Fire Protection District	-		6.68%	-
Total other	<u>5,918,241,550</u>			<u>220,798,445</u>
Total overlapping debt	<u>6,745,027,437</u>			<u>412,636,931</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 6,760,611,720</u></u>			<u><u>\$ 428,221,214</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, 2018

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)
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%
2018	37,973	859,822,639	22,643	31.5	7,799	5.70%

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

Data Source

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

VILLAGE OF HANOVER PARK, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Total Village Employment	Number of Employees	Rank	Percentage of Total Village Employment
Maines Paper & Food Service	400	1	8.00%	400	1	8.00%
Fischer Scientific	300	2	6.00%	350	2	7.00%
Insight Enterprises, Inc.	254	3	5.08%	250	3	5.00%
Camcraft, Inc.	245	4	4.90%	225	4	4.50%
Fuji Film	209	6	4.18%	150	7	3.00%
Pentair/Everpure, LLC	200	7	4.00%	200	5	4.00%
Village of Hanover Park				196	6	3.92%
Jabil Packaging Solutions	180	8	3.60%			
AMPAC	122	9	2.44%			
Wilson Pet Supply				120	8	2.40%
Quintessence Publishing	100	10	2.00%			
Iron Mountain				100	9	2.00%
Round Ground Metals Inc.				98	10	1.96%
Menards	<u>210</u>	5	<u>4.20%</u>			
	<u><u>2,220</u></u>		<u><u>44.40%</u></u>	<u><u>2,089</u></u>		<u><u>41.78%</u></u>

Data Source

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

VILLAGE OF HANOVER PARK, ILLINOIS

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2014*	2015	2016	2017	2018
GENERAL GOVERNMENT										
Village Clerk	2	2	2	2	2	2	2	2	2	2
Administration	2	2	2	2	2	2	2	3	3	3
Legal	-	-	-	-	-	-	-	-	-	-
Human Resources	3	3	3	3	3	4	3	3	3	3
Information Technology	3	3	3	3	3	3	3	3	3	3
Finance	9	10	10	9	9	10	11	11	11	11
PUBLIC WORKS	37	38	38	38	36	36	36	38	34	34
POLICE	81	80	80	80	80	85	85	85	84	81
FIRE	36	37	40	41	41	41	41	41	41	41
COMMUNITY DEVELOPMENT	8	6	2	2	2	3	3	3	3	3
WATER AND SEWER	12	12	12	12	10	10	10	9	12	15
TOTAL	193	193	192	192	188	196	196	198	196	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	2010	2011	2012	2013	2014	2014*	2015	2016	2017	2018
PUBLIC WORKS										
Forestry										
Number of parkway trees planted	42	50	-	-	140	-	159	630	521	548
Number of parkway trees trimmed	1,994	2,094	2,311	2,123	1,870	1,550	1,467	1,570	959	1,435
Brush pickup program (cubic yards collected)	1,660	1,765	1,465	1,640	1,400	965	1,090	1,095	905	705
Fleet services										
Number of vehicles maintained	150	150	152	154	154	154	156	156	161	160
Preventative maintenance services	419	427	436	418	422	420	435	408	477	442
PUBLIC SAFETY										
Fire										
Number of fire calls	830	912	938	970	1,120	653	1,089	1,101	1,265	1,360
Number of EMS calls	2,045	2,255	2,347	2,356	2,458	1,845	2,434	2,455	2,293	2,197
Number of training hours	10,767	10,967	14,879	13,626	14,563	9,982	15,954	14,120	13,595	14,389
ISO rating	4	4	4	4	4	4	2	2	2	2
Police										
Part I crime	660	587	503	481	379	290	305	295	279	250
Part II crime	3,674	4,476	5,019	5,611	5,600	2,626	3,583	3,998	3,637	3,797
Calls for service	40,279	42,226	44,675	47,775	45,244	28,375	43,255	49,150	48,763	47,656
State tickets issued	6,022	6,320	7,039	9,135	7,793	4,617	6,807	7,116	7,319	6,577
Compliance tickets issued	14	26	15	16	5	-	-	1,463	-	1,497
Parking tickets issued	10,539	12,161	11,918	13,786	11,609	7,709	9,270	10,223	9,058	9,481
COMMUNITY DEVELOPMENT										
Number of building permits issued	1,233	1,808	1,405	1,502	987	684	1,654	1,896	1,971	2,020
Number of building inspections	3,246	3,845	2,585	2,791	2,965	1,829	5,896	6,076	5,773	6,033
Number of food service inspections	488	509	484	493	496	295	422	401	386	313
HIGHWAYS AND STREETS										
Sidewalk replaced (square feet)	18,377	25,100	26,361	30,159	23,600	23,690	28,159	20,661	25,260	27,929
Annual resurfacing program (\$)	563,027	647,921	550,713	917,493	799,039	900,000	-	1,082,954	842,910	908,441
Crack sealing (pounds installed)	29,400	27,000	22,700	21,777	22,680	15,600	16,080	16,666	18,000	19,050

Function/Program	2010	2011	2012	2013	2014	2014*	2015	2016	2017	2018
WATER AND SEWER										
Water main breaks	37	58	55	75	43	43	41	55	63	81
Hydrants flushed	1,462	1,484	1,475	1,475	1,475	1,599	1,475	1,482	1,546	1,488
Water meters read	66,798	68,186	69,019	67,618	40,462	40,462	41,239	107,171	118,874	157,217
Water meter service requests	6,266	6,301	6,080	6,357	3,765	3,765	4,477	3,393	3,097	5,053
Water meters replaced	32	32	22	32	25	25	102	100	136	247
Total distribution pumpage (1,000 gallons)	974,916	954,763	938,977	929,490	889,160	873,958	886,487	806,682	815,048	870,441
Average daily pumpage (1,000 gallons)	2,671	2,616	2,566	2,547	2,436	2,394	2,429	2,204	2,233	2,385
Sanitary sewer televising (feet)	41,425	50,743	65,210	17,615	2,801	600	20,831	54,051	27,692	21,579
Sanitary sewer repairs	3	3	2	1	1	1	2	5	2	8

*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	2010	2011	2012	2013	2014	2014*	2015	2016	2017	2018
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	80.13	99.36	99.36	80.13	80.13	80.13	80.13	85.22
Sidewalks (miles)	155.13	155.13	155.15	155.15	155.15	155.25	155.25	155.30	155.37	155.37
Streetlights	1,090	1,130	1,138	1,141	1,141	1,088	1,088	1,088	1,121	1,154
WATER AND SEWER										
Water mains (miles)	112.05	112.35	112.35	112.35	112.35	112.35	112.35	112.35	112.35	125.58
Fire hydrants	1,469	1,474	1,475	1,475	1,477	1,475	1,482	1,483	1,482	1,485
Sanitary sewers (miles)	93.76	93.76	93.80	93.80	93.80	93.80	94.03	94.03	94.03	93.10
Manholes	2,342	2,343	2,346	2,346	2,348	2,348	2,353	2,353	2,353	2,383

*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 Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2018 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, 2018 is fairly stated, in all material respects.

The purpose of this report is solely to describe the scope of our testing of management's assertion of compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
June 20, 2019