

VILLAGE OF HANOVER PARK,
ILLINOIS

MANAGEMENT LETTER



Hanover Park^{USA}

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024

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June 20, 2025

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

In planning and performing our audit of the financial statements of the Village of Hanover Park (the Village), Illinois, for the year ended December 31, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Finance Director and senior management of the Village of Hanover Park, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. COMMINGLED CASH

Comment

During our current year-end audit procedures, we noted that the Village's commingled cash allocations between various funds resulted in significant positive and negative cash balances. For example, as of December 31, 2024, the Commingled General Operating account had a book balance of \$3,921,804. This was allocated to the funds as follows:

Fund	Cash Balance(0508) 12/31/2024
General	\$ (5,857,765)
Motor Fuel Tax	(469,305)
Road and Bridge	2,487,169
Special Service Area #3	23,119
Special Service Area #4	31,342
Special Service Area #5	360,517
MWRD Fields	338,758
State Restricted	146,806
Federal Restricted	3,138
Foreign Fire Insurance Tax	8,576
Tax Increment Financing #3	1,016,679
Tax Increment Financing #4	1,242,012
Tax Increment Financing #5	573,435
General Obligation Bond Series of 2020	77,484
National Opioid Settlement	71,856
Capital Projects	(733,521)
Special Service Area #6	83,672
Waterworks and Sewerage	1,818,487
Municipal Commuter Parking Lot	497,840
Central Equipment	1,835,222
IT Equipment Replacement	366,283
Total	<u><u>3,921,804</u></u>

There are many advantages to cash commingling, such as increasing the funds available for investment opportunities. However, the allocation process should represent accurately each funds' percentage ownership of the cash balance.

Recommendation

We recommend that the Village review the process for allocation of the commingled cash balances and adjust the balances as appropriate.

Management's Response

Management acknowledges this comment and will work to correct it in the coming year.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit its ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the Village's financial statements for the year ended December 31, 2025.

2. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the Village's financial statements for the year ended December 31, 2026.