

FY 2018
ANNUAL TAX INCREMENT FINANCE
REPORT



STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

Name of Municipality: Hanover Park Reporting Fiscal Year: **2018**
 County: Cook & DuPage Fiscal Year End: **12/31/2018**
 Unit Code: 016/225/32

TIF Administrator Contact Information			
First Name: <u>Shubhra</u>	Last Name: <u>Govind</u>		
Address: <u>2020 W. Lake St</u>	Title: <u>Director of Community and Economic Dev.</u>		
Telephone: <u>630-823-5780</u>	City: <u>Hanover Park</u>	Zip: <u>60133</u>	
E-mail- required <u>sgovind@hpil.org</u>			

I attest to the best of my knowledge, that this FY 2018 report of the redevelopment project area(s)
 in the City/Village of: Hanover Park, Illinois
 is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or
 Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].

Shubhra Govind 6/26/19

Written signature of TIF Administrator Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*

FILL OUT ONE FOR EACH TIF DISTRICT		
Name of Redevelopment Project Area	Date Designated	Date Terminated
Irving Park Road East RPA (TIF #5)	1/10/2013	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: The Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

**SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]
FY 2018**

Name of Redevelopment Project Area (below):

*Irving Park Road East RPA (TIF #5)

Primary Use of Redevelopment Project Area*: Mixed

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

If "Combination/Mixed" List Component Types: Commercial, Retail, Residential

Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):
 Tax Increment Allocation Redevelopment Act x
 Industrial Jobs Recovery Law

Please utilize the information below to properly label the Attachments.

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment (labeled Attachment A).	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification (labeled Attachment B).		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion (labeled Attachment C).		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement (labeled Attachment D).		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) (labeled Attachment E).	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information (labeled Attachment F).	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G).	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report (labeled Attachment H).		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached and (labeled Attachment J).	X	
An analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, then Analysis MUST be attached and (labeled Attachment J).	X	
Has a cumulative of \$100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund (labeled Attachment K).	X	
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).	X	
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose the list only, not actual agreements (labeled Attachment M).	X	

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))

Provide an analysis of the special tax allocation fund.

FY 2018

TIF NAME:

***Irving Park Road East RPA (TIF #5)**

Special Tax Allocation Fund Balance at Beginning of Reporting Period \$ (69,952)

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 11,616	\$ 42,546	19%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 117	\$ 248	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)	\$ 2,629	\$ 182,629	81%

All Amount Deposited in Special Tax Allocation Fund \$ 14,362

Cumulative Total Revenues/Cash Receipts \$ 225,423 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 11,226

Transfers to Municipal Sources

Distribution of Surplus

Total Expenditures/Disbursements \$ 11,226

Net/Income/Cash Receipts Over/(Under) Cash Disbursements \$ 3,136

FUND BALANCE, END OF REPORTING PERIOD* \$ (66,817)

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) (c) and 65 ILCS 5/11-74.6-22 (d) (5)(c))

FY 2018

TIF NAME:

*Irving Park Road East RPA (TIF #5)

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
(by category of permissible redevelopment project costs)

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
Legal Services -Bernie Paul	10,953	
Professional Service - legal filing record of easement covenant	273	
		\$ 11,226
2. Annual administrative cost.		
		\$ -
3. Cost of marketing sites.		
		\$ -
4. Property assembly cost and site preparation costs.		
		\$ -

SECTION 3.2 A

PAGE 2

7. Costs of eliminating or removing contaminants and other impediments.		
		\$ -
8. Cost of job training and retraining projects.		
		\$ -
9. Financing costs.		
		\$ -
10. Capital costs.		
		\$ -
11. Cost of reimbursing school districts for their increased costs caused by TIF assisted housing projects.		
		\$ -
12. Cost of reimbursing library districts for their increased costs caused by TIF assisted housing projects.		
		\$ -

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d)

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FY 2018

TIF NAME:

*Irving Park Road East RPA (TIF #5)

FUND BALANCE BY SOURCE

\$	(66,817)
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Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

Amount of Original Issuance	Amount Designated

Total Amount Designated for Obligations

\$	-	\$	-
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2. Description of Project Costs to be Paid

Budgeted TIF costs for future TIF Projects		\$ 62,200,000

Total Amount Designated for Project Costs

\$	62,200,000
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TOTAL AMOUNT DESIGNATED

\$	62,200,000
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SURPLUS/(DEFICIT)

\$	(62,266,817)
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SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2018

TIF NAME:

***Irving Park Road East RPA (TIF #5)**

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

Check here if no property was acquired by the Municipality within the Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)

FY 2018

TIF Name: ***Irving Park Road East RPA (TIF #5)**

Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.

Select ONE of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.
2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)
2a. The number of projects undertaken by the municipality within the Redevelopment Project Area:

LIST the projects undertaken by the Municipality Within the Redevelopment Project Area:

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
TOTAL:			
Private Investment Undertaken (See Instructions)	\$ 2,220,000	\$ 1,000,000	\$ 44,000,000
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*: Verandah Senior Housing, 900 Irving Park Rd.

Private Investment Undertaken (See Instructions)	\$ 2,220,000	\$ 1,000,000	\$ 44,000,000
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 2*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 7*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 8*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 9*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 10*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 11*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 12*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 13*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 14*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 15*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 16*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 17*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 18*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 19*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 20*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 21*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 22*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 23*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 24*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 25*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. ***even though optional MUST be included as part of the complete TIF report**

**SECTION 6
FY 2018**

TIF NAME: *Irving Park Road East RPA (TIF #5)

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area
Year redevelopment project area was designated

		Base EAV	Reporting Fiscal Year EAV
2012	\$	5,570,970	\$ 3,618,636

List all overlapping tax districts in the redevelopment project area.
 If overlapping taxing district received a surplus, list the surplus.

_____ Check if the overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention:

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed
Legal description of redevelopment project area	
Map of District	



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 L. Corral Sepúlveda


Trustees
James Kemper
Fanny Y. López Benítez
Herb Porter
Bob Prigge
Rick Roberts
Sharmin Shahjahan

Village Manager
Juliana A. Maller

ATTACHMENT B

I, Rodney S. Craig, the elected Chief Executive Officer of the Village of Hanover Park, County of Cook and County of DuPage, State of Illinois, do hereby certify that to the best of my knowledge, the Village's Irving Park Road East RPA (TIF #5) Report complies with the requirements pertaining to the Illinois Tax Incremental Redevelopment Allocation Act during the fiscal year beginning January 1, 2018 and ending December 31, 2018.


Village President


Date

Attachment D – Activities Statement

TIF #5 –Irving Park Road East Corridor RPA

Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken [65 ILCS 5/11-74.4-5 (d) (A and B) and 5/11-74.6-22 (d) (7) (A and B)]

*The Village of Hanover Park, Illinois Irving Park Road East Tax Incremental
Redevelopment Project and Plan (“TIF #5”) was adopted on January 10, 2013.*

During the fiscal year beginning January 1, 2018 and ending December 31, 2018 (FY2018), various activities and projects were undertaken in furtherance of the objectives of TIF #5, including the following:

- 1) Staff continued promoting available property in the TIF 5 area for development and recruiting businesses in vacant spaces.
- 2) Construction began for the first phase of a 215-unit Senior Housing development at 900 Irving Park Road. The first building, consisting of 5 units is almost complete and foundation work for a second building has begun. The previously vacant 11-acre parcel (old Menards site), was approved in 2017 for: 55 market-rate townhomes, 75 one-bedroom and two-bedrooms condominiums, 85 assisted living units, a 10,000 square foot club house, 200,000 square feet of new open space, natural walking paths, several amenities and a one-acre commercial retail pad. This development is estimated to have a construction cost of over \$42 million. A Redevelopment Agreement was approved for \$6.3 million in TIF assistance after demonstration of financial gap. The reimbursement will occur in the form of developer note(s), and the financial assistance will be limited to the increment generated solely from this development. The development will improve the property with a new vibrant, mixed-use senior housing community.
- 3) A new restaurant – Safari Kabobs – opened at 664 Wise Rd.



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VILLAGE OF HANOVER PARK

**Joint Review Board Meeting
Tax Increment Financing District (TIF) # 5
Irving Park Road East Corridor RPA**

Municipal Building: 2121 Lake Street, Rm. 214, Hanover Park, IL 60133

Tuesday, November 13, 2018

3:15 p.m.

MINUTES

1. CALL TO ORDER: ROLL CALL

Mayor Craig called the meeting to order at 3:38 p.m.

Present:

Ric King School Dist. 54
Beth Valenziano Schaumburg Township District Library
Village President Rodney Craig

Staff:

Village Manager Juliana Maller
Village Attorney Bernard Paul
Community & Economic Development Director Shubhra Govind
Finance Director Remy Navarrete
Village Planner Ellen Weber
Administrative Assistant Kathleen Arnold

2. SELECTION OF CHAIR:

Motion by Ric King, seconded by Beth Valenziano to select Mayor Craig as Chair.
Voice Vote: All ayes.

3. ACCEPTANCE OF AGENDA:

Motion by Ric King, seconded by Beth Valenziano to accept the Agenda.
Voice Vote; All ayes.

4. APPROVAL OF MINUTES – December 11, 2017:

Motion by Ric King, seconded by Beth Valenziano to approve the minutes of December 11, 2017.

Voice Vote. All ayes.

5. SELECTION OF PUBLIC MEMBER:

Rich Kamphaus invited but not present. The individuals registered as interested parties were notified but none were present.

6. REVIEW OF TIF REPORTS

Community & Economic Development Director Shubhra Govind reviewed the TIF Financial Report and noted the following activities for TIF 5:

During the fiscal year beginning January 1, 2017 and ending December 31, 2017 (FY2017), various activities and projects were undertaken in furtherance of the objectives of TIF #5, including the following:

- 1) Village approved a 215-unit Senior Housing development at 900 Irving Park Road. The previously vacant 11-acre parcel (old Menards site), has been approved for: 55 market-rate townhomes, 75 one-bedroom and two-bedrooms condominiums, 85 assisted living units, a 10,000 square foot club house, 200,000 square feet of new open space, natural walking paths, several amenities and a one-acre commercial retail pad. This development is estimated to have a construction cost of over \$42 million. A Redevelopment Agreement has been approved for \$6.3 million in TIF assistance after demonstration of financial gap. The reimbursement will occur in the form of developer note(s), and the financial assistance will be limited to the increment generated solely from this development. Mass grading and some detention work has begun. Phase-I is anticipated to begin in Spring 2018 for the construction of townhomes.
- 2) Long John Silvers located at 800 Irving Park Rd. invested about \$20,000 in interior improvements.

7. QUESTIONS/DISCUSSION:

Ric King questioned if the Verandah Retirement Community will be for 55 and older only?

Director Govind responded that yes, that is in the covenants for living there but children under 55 can come and stay up to 30 days.

8. PUBLIC COMMENTS:

Bob O'Brien from the Hanover Park Park District questioned what was the completed building at 900 Irving Park Road in the Verandah Retirement Community?

Director Govind responded that the completed building was the first townhouse building which includes a model unit, which can be viewed upon appointment only.

Bob O'Brien asked if any of the units have sold yet?

Director Govind responded yes, the developer had informed that several units have been sold or have contracts for sale.

Village Manager Maller explained the project will be completed in Phases with their intent to complete Phase 1 this year which includes the Townhomes and the roadways. Next year Phase 2

will be initiated for the remainder of the townhomes to be followed by Phase 3 for the completion of the Condo Building.

9. ADJOURNMENT: 3:50 p.m.

Motion by Ric King to adjourn, seconded by Beth Valenziano.

Voice Vote: All ayes.

Recorded and Transcribed by:

**Kathleen Arnold, Administrative Assistant
this 13th day of November, 2018.**

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



Village of Hanover Park Administration

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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.

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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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
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/>	<hr/>	<hr/>
Total revenues	14,500	14,500	14,361
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Community development			
Contractual services	100,000	100,000	11,226
	<hr/>	<hr/>	<hr/>
Total expenditures	100,000	100,000	11,226
	<hr/>	<hr/>	<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.)

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ATTACHMENT L

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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