

**Village of Hanover Park**

Municipal Building  
2121 West Lake Street  
Hanover Park, Illinois  
60133-4398

Rodney S. Craig  
Village President

Eira L. Corral  
Village Clerk

630-372-4200  
Fax 630-372-4215

Ronald A. Moser  
Village Manager



**VILLAGE OF HANOVER PARK**  
**VILLAGE BOARD**  
**REGULAR WORKSHOP MEETING**  
Municipal Building: 2121 W. Lake Street  
Hanover Park, IL 60133

**Thursday, November 17, 2011**  
**6:00 p.m.**

**AGENDA**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. AGENDA ITEM REVIEW**
- 4. BOARD MEMBER CONCERNS**
- 5. DISCUSSION TOPICS**
  - a. Proposed 2011 Property Tax Levy and Abatement Ordinances**
  - b. Comprehensive Annual Financial Report**
- 6. STAFF UPDATES**
  - a. Development Commission Update**
  - b. Special Events Policy**
  - c. Webber-Seavey Award**
  - d. New Hiring Firefighter Act**
- 7. ADJOURNMENT**

**TO:** Village President and Board of Trustees

**FROM:** Ron Moser, Village Manager  
Rebekah Young, Finance Director

**SUBJECT:** Proposed 2011 Property Tax Levy and Abatement Ordinances

**ACTION**

**REQUESTED:**  Approval  Concurrence  Discussion  Information

**MEETING DATE:** Board Workshop - November 17, 2011

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**Executive Summary**

Staff is requesting the Village Board allow Staff to proceed with an Ordinance Authorizing the Levy and Assessment of Property Taxes for the Corporate and Municipal Purposes of the Village of Hanover Park, a Home Rule Municipality, located in Cook and DuPage Counties, Illinois, for the fiscal year beginning May 1, 2010 and ending April 30, 2011 and an Ordinance Abating a Portion of the Annual Tax for 2011 for General Obligation Refunding Bonds Series 2010 and General Obligation Bonds Series 2010A, and separate Ordinances Authorizing the Levy and Assessment of property taxes for Special Service Area number three, Special Service Area number four, Special Service Area number five and Special Service Area number six for the same period.

**Discussion**

Staff is recommending a 2011 net corporate and debt service property tax levy of \$10,938,391. The 2011 corporate property tax levy of \$9,553,253 has an increase of \$350,000 or 3.8% from the 2010 approved property tax levy of \$9,203,253 due to the recovered Tax Incremental Value (RTIV) for the closure of TIF #2. The net increase in the 2011 corporate levy compared to the 2010 extended net property tax levy is \$136,105, or 1.45%.

A proposed ordinance for the 2011 gross property tax levy before abatements (reductions), which levies property taxes for debt service and general governmental purposes in the amount of \$11,287,098 is attached. The amounts appearing in the *Amount Appropriated* column in the 2011 Tax Levy Ordinance are taken from the approved Fiscal Year 2012 Budget. The amount of the annual budget intended to be paid by property taxes is in the *Amount Levied* column. The proposed amounts are included as property tax revenue in the Fiscal Year 2012 budget. Property tax revenues are requested for the General Fund, 2004 General Obligation Bond Debt Service Fund, 2010 General Obligation Refunding Bond Debt Service Fund, 2010A General Obligation Bond Debt Service Fund and the 2011 General Obligation Bond Debt Fund.

	<b>2010 Approved Tax Levy</b>	<b>2010 Extended Tax Levy</b>	<b>2011 Proposed Tax Levy</b>
<b>Corporate</b>	\$ 9,203,253	\$ 9,417,148	\$ 9,553,253
<b>Debt Service</b>			
<b>2001</b>	\$ 453,053	\$ 469,288	\$ -
<b>2002</b>	\$ 683,100	\$ 689,474	\$ -
<b>2004</b>	\$ 278,474	\$ 288,453	\$ -
<b>2010</b>	\$ 818,453	\$ 818,453	\$ 795,110
<b>2010A</b>	\$ 298,306	\$ 308,996	\$ 299,138
<b>2011</b>	\$ -	\$ -	\$ 639,597
<b>Gross Tax Levy</b>	\$ 11,734,639	\$ 11,991,812	\$ 11,287,098
<b>Abatements</b>			
<b>2002 Bonds</b>	\$ (505,182)	\$ (505,182)	\$ -
<b>2010 Bonds</b>	\$ (422,233)	\$ (404,836)	\$ (139,602)
<b>2010A Bonds</b>	\$ -	\$ -	\$ (209,105)
<b>Net Corporate and Bond and Interest Property Tax Levy</b>	\$ 10,807,224	\$ 11,081,794	\$ 10,938,391

A proposed abatement ordinance reduces the 2011 property tax levy for 2010 General Obligation Bond Debt Service Fund by \$139,602 and the 2010A General Obligation Bond Debt Service Fund by \$209,105. Build America Bonds interest refunds and fund reserves will be used to replace the amount abated. The net 2011 debt service property tax levy totals \$1,385,138 as follows:

2010 General Obligation Bonds property tax levy	\$655,508
2010A Refunding General Obligation Bonds property tax levy	\$90,032
2011 General Obligation Bonds property tax levy	<u>\$639,597</u>
<b>Total</b>	<u><b>\$1,385,138</b></u>

The 2011 Property Tax Ordinances must be filed with the Cook County Clerk and the DuPage County Clerk by the last Tuesday in December, 2011 (December 27<sup>th</sup>, 2011).

### **Recommended Action**

Staff requests that the Village Board allow staff to proceed with drafting an Ordinance Authorizing the Levy and Assessment of Taxes for the Corporate and Municipal Purposes of the Village of Hanover Park, a Home Rule Municipality, Cook and DuPage Counties, Illinois, for the fiscal year beginning May 1, 2011 and ending April 30, 2012 and an Ordinance Abating a Portion of the Annual Tax for 2011 for General Obligation Refunding Bonds, Series 2010 and General Obligation Bonds Series 2010A and separate Ordinances Authorizing the Levy and Assessment of property taxes for Special Service Area number three, Special Service Area number four, Special Service Area number five and Special Service Area number six for the same period.

*Attachment: An Ordinance Authorizing the Levy and Assessment of Taxes for the Corporate and Municipal Purposes of the Village of Hanover Park, a Home Rule Municipality, Cook and DuPage Counties, Illinois, for the Fiscal Year Beginning May 1, 2011 and Ending April 30, 2012*  
*An Ordinance Abating a Portion of the Annual Tax for 2011 for General Obligation Refunding Bonds, Series 2010*  
*An Ordinance Abating a Portion of the Annual Tax for 2011 for General Obligation Bonds, Series 2010A*  
*Ordinances Authorizing the Levy and Assessment of property taxes for Special Service Area number three, Special Service Area number four, Special Service Area number five and Special Service Area number six*

**ORDINANCE NO. O 11-**

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT OF TAXES FOR THE CORPORATE AND MUNICIPAL PURPOSES OF THE VILLAGE OF HANOVER PARK, A HOME RULE MUNICIPALITY, COOK AND DUPAGE COUNTIES, ILLINOIS, FOR THE FISCAL YEAR BEGINNING MAY 1, 2011 AND ENDING APRIL 30, 2012**

**WHEREAS**, the President and Board of Trustees of Hanover Park, Cook and DuPage Counties, State of Illinois, did on the 21st of April, 2011 after notice of publication and public hearing adopt a Budget in lieu of an Annual Appropriation Ordinance for said Village for the fiscal year beginning May 1, 2011; and

**WHEREAS**, the amount of said budget is ascertained to be the aggregate sum of \$67,157,267; and

the Village of Hanover Park is a Home Rule Unit by virtue of the provisions of the 1970 Constitution of the State of Illinois; and may exercise power and perform any function pertaining to its government and affairs including the power to tax and incur debt; and adopts this Ordinance pursuant to its home rule powers.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, a Home Rule Municipality, Cook and DuPage Counties, Illinois, as follows:

**SECTION 1:** That there be and there is hereby levied upon all taxable property within the corporate limits of said Village, subject to taxation for the year 2011, the total sum of \$11,287,098 for all purposes of the Village of Hanover Park, mentioned in said Budget as appropriated for the current fiscal year and in the specific amounts levied for the various purposes heretofore named being included herein by being placed in a separate column under the heading "Amount Levied" which appears over the same, the tax so levied for the current fiscal year of said Village and for the certain appropriations specified herein to be collected from said Tax Levy, the total of which has been ascertained as aforementioned and being summarized as follows:

**SECTION 2:** That the amount of eleven million, two hundred eighty-seven thousand, ninety-eight dollars (\$11,287,098) ascertained as aforesaid, be and the same is hereby levied and assessed on all property subject to taxation within the Village of Hanover Park according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

**SECTION 3:** That this Levy Ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code, provided, however, any tax rate limitation or any other substantive limitations to tax levies in the Illinois Municipal Code in conflict with

this Ordinance shall not be applicable to this Ordinance pursuant to Section 6 of Article VII of the Constitution of the State of Illinois, and the County Clerks of Cook and DuPage Counties are hereby directed to extend taxes at such rates as is necessary to produce the sums herein provided.

**SECTION 4:** That there is hereby certified to the County Clerks of Cook County and DuPage County Illinois, the several sums, aforesaid, constituting said total amount and they said total amount of eleven million, two hundred eighty-seven thousand, ninety-eight dollars (\$11,287,098) which said total amount the said Village of Hanover Park requires to be raised by taxation for the current fiscal year of said Village, and the Village Clerk of said Village, is hereby ordered and directed to file with the Clerks of Cook and DuPage Counties, on or before the last Tuesday in December, a certified copy of this Ordinance.

**SECTION 5:** That in the determination of the aggregate levy contained herein, the Budget Officer and the President and Board of Trustees have taken into account the receipt of funds and funds estimated to be received pursuant to "An act in relation to the abolition of ad valorem personal property tax and the replacement of revenues lost thereby, and amending and repealing certain acts and parts of acts in connection therewith".

**SECTION 6:** That should any term provision, clause, or section of the Ordinance be held invalid, void, or defective by a court of competent jurisdiction each holding, decree, or finding shall not affect any remaining term, provision, clause, or section hereof.

**SECTION 7:** That this Ordinance shall be in full force and effect from and after its passage and approval according to law.

**SECTION 8:** That the Village Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

ADOPTED this \_\_\_\_\_ day of December, 2011, pursuant to a roll call vote as follows:  
A YES:  
NAYS:  
ABSENT:  
NAYS:  
ABSENT:  
ABSTENTION:



**ORDINANCE NO. \_**

**AN ORDINANCE ABATING A PORTION OF THE ANNUAL TAX FOR  
2011 FOR GENERAL OBLIGATION BONDS, SERIES 2010**

**WHEREAS**, the Village of Hanover Park will have sufficient funds on hand to pay a portion of the tax levied by Ordinance 0-10-09, An Ordinance Providing for the Issuance of \$10,000,000 General Obligation Bonds, Series 2010, (Build America Bonds) of the Village of Hanover Park, Cook and DuPage Counties, Illinois, providing for the Levy and collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved April 15, 2010; and

**WHEREAS**, the total of the levy of the tax for the year 2011 provided in the Ordinance is unnecessary.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois as follows:

**SECTION 1:** That the County Clerks of Cook and DuPage Counties are hereby authorized and directed to abate a portion of the tax of \$795,110.00 for the year 2011 as provided and levied in the Ordinance 0-10-09, An Ordinance Providing for the Issuance of General Obligation Bonds, Series 2010, of the Village of Hanover Park, Cook and DuPage Counties, Illinois, Authorizing the and providing for the Levy and Collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved April 15, 2010; said tax shall be abated by reducing said sum \$139,602.10 and extending a tax in the amount of \$655,507.90 for the year 2011.

**SECTION 2:** That the Village Clerk is authorized and directed to file a certified copy of this Ordinance with the County Clerk of Cook and DuPage Counties Illinois.

**SECTION 3:** That the Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

**SECTION 4:** This Ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner and form required by law.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2011, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2011

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Village President

ATTESTED, filed in my office, and

published in pamphlet form this

day of \_\_\_\_\_, 2011

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Village Clerk

**ORDINANCE NO. \_**

**AN ORDINANCE ABATING A PORTION OF THE ANNUAL TAX FOR  
2011 FOR GENERAL OBLIGATION BONDS, SERIES 2010A**

**WHEREAS**, the Village of Hanover Park will have sufficient funds on hand to pay a portion of the tax levied by Ordinance 0-10-29, An Ordinance Providing for the Issuance of \$5,000,000 General Obligation Bonds, Series 2010A, (Build America Bonds) of the Village of Hanover Park, Cook and DuPage Counties, Illinois, providing for the Levy and collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved November 18, 2010 and

**WHEREAS**, the total of the levy of the tax for the year 2011 provided in the Ordinance is unnecessary.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois as follows:

**SECTION 1:** That the County Clerks of Cook and DuPage Counties are hereby authorized and directed to abate a portion of the tax of \$299,137.50 for the year 2011 as provided and levied in the Ordinance 0-10-29, An Ordinance Providing for the Issuance of General Obligation Bonds, Series 2010A, of the Village of Hanover Park, Cook and DuPage Counties, Illinois, Authorizing the and providing for the Levy and Collection of a Direct Annual Tax for the Payment of the Principal of and Interest on said Bonds, approved November 18, 2010; said tax shall be abated by reducing said sum \$209,105.41 and extending a tax in the amount of \$90,032.09 for the year 2011.

**SECTION 2:** That the Village Clerk is authorized and directed to file a certified copy of this Ordinance with the County Clerks of Cook and DuPage Counties, Illinois.

**SECTION 3:** That the Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

**SECTION 4:** This Ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner and form required by law.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2011, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2011

---

Village President

ATTESTED, filed in my office, and

published in pamphlet form this

day of \_\_\_\_\_, 2011

---

Village Clerk

**ORDINANCE NO. O 11-**

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT  
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2012  
IN AND FOR THE VILLAGE OF HANOVER PARK  
SPECIAL SERVICE AREA NUMBER THREE**

**WHEREAS**, Ordinance O-98-35 entitled, "An Ordinance Establishing Special Service Area Number Three in the Village of Hanover Park, Illinois," was approved by the President and Board of Trustees on June 18, 1998; and

**WHEREAS**, Ordinance O-98-35 provides in Section 7 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of five per cent (5.0%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Three.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

**SECTION 1:** That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Three, subject to the taxation for the year 2011, the sum total of \$20,400 for the following purposes:

	Amount <u>Appropriated</u>	Amount <u>Levied</u>
Contractual Services	\$23,175	<u>\$20,400</u>
Total amount to be levied by taxation for Special Service Area Number Three		<u>\$20,400</u>

**SECTION 2:** That the amount of twenty thousand, four hundred dollars (\$20,400) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Three according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

**SECTION 3:** That the tax levied herein is pursuant to provisions of Article VII, Section 6(a) and 6(l) of the Constitution of the State of Illinois, the Special Service Area Tax Law (35 ILCS 200/27-5 et seq.) and Ordinance O-98-35 establishing the Village of Hanover Park's Special Service Area Number Three.

**SECTION 4:** That it is hereby certified to the County Clerk of Cook County Illinois the sum of aforesaid, which totals amount the Village of Hanover Park Special Service Area Number Three requires to be raised by taxes for the current fiscal year and the Village Clerk of the Village of Hanover Park is hereby directed to file with the County Clerk of the County of Cook on or before the time required by law a certified copy of this Ordinance.

**SECTION 5:** This Ordinance shall be in full force and effect from and after its passage and approval according to law.

**SECTION 6:** That the Village Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

ADOPTED this     day of                     , 2011 pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this     day     of                     , 2011

\_\_\_\_\_  
Village President

ATTESTED, filed in my office, and  
published in pamphlet form this  
day of                     , 2011

\_\_\_\_\_  
Village Clerk

**ORDINANCE NO. O 11-**

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT  
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2012  
IN AND FOR THE VILLAGE OF HANOVER PARK  
SPECIAL SERVICE AREA NUMBER FOUR**

**WHEREAS**, Ordinance O-99-53 entitled, "An Ordinance Establishing Special Service Area Number Four in the Village of Hanover Park, Illinois," was approved by the President and Board of Trustees on September 2, 1999; and

**WHEREAS**, Ordinance O-99-53 provides in Section 7 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of four per cent (4.0%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Four.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

**SECTION 1:** That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Four, subject to the taxation for the year 2011, the sum total of \$29,800 for the following purposes:

	Amount <u>Appropriated</u>	Amount <u>Levied</u>
Contractual services	\$30,600	<u>\$29,800</u>
Total amount to be levied by taxation for Special Service Area Number Four		<u>\$29,800</u>

**SECTION 2:** That the amount of twenty-nine thousand, eight hundred dollars (\$29,800) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Four according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.

**SECTION 3:** That the tax levied herein is pursuant to provisions of Article VII, Section 6(a) and 6(l) of the Constitution of the State of Illinois, the Special Service Area Tax Law (35 ILCS 200/27-5 et seq.) and Ordinance O-99-53 establishing the Village of Hanover Park's Special Service Area Number Four.

**SECTION 4:** That it is hereby certified to the County Clerk of Cook County Illinois the sum of aforesaid, which total amount the Village of Hanover Park Special Service Area Number Four requires to be raised by taxes for the current fiscal year and the Village Clerk of the Village of Hanover Park is hereby directed to file with the County Clerk of the County of Cook on or before the time required by law a certified copy of this Ordinance.

**SECTION 5:** This Ordinance shall be in full force and effect from and after its passage and approval according to law.

**SECTION 6:** That the Village Clerk be and is hereby directed to publish this Ordinance in pamphlet form.

ADOPTED this     day of                                     , 2011, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

ABSTENTION:

APPROVED by me this     day of                                     , 2011

\_\_\_\_\_  
Village President

ATTESTED, filed in my office, and  
published in pamphlet form this  
day of                                     , 2011

\_\_\_\_\_  
Village Clerk

**ORDINANCE NO. O 11-**

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT  
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2012  
IN AND FOR THE VILLAGE OF HANOVER PARK  
SPECIAL SERVICE AREA NUMBER FIVE**

**WHEREAS**, Ordinance O-05-58 entitled, "An Ordinance Establishing Special Service Area Number Five in the Village of Hanover Park, Illinois," was approved by the President and Board of Trustees on November 17, 2005; and

**WHEREAS**, Ordinance O-05-58 provides in Section 7 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of one and seven-tenths per cent (1.7%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Five.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

**SECTION 1:** That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Five, subject to the taxation for the year 2011, the sum total of \$84,000 for the following purposes:

	<u>Amount</u> <u>Appropriated</u>	<u>Amount</u> <u>Levied</u>
Scavenger Services	\$105,014	\$84,000
Improvements	<u>\$68,966</u>	<u>\$0</u>
Total amount to be levied by taxation for Special Service Area Number Five		<u>\$84,000</u>

**SECTION 2:** That the amount of eighty-four thousand dollars (\$84,000) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Five according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.



**ORDINANCE NO.   O 11-**

**AN ORDINANCE AUTHORIZING THE LEVY AND ASSESSMENT  
OF TAXES FOR THE FISCAL YEAR ENDING APRIL 30, 2012  
IN AND FOR THE VILLAGE OF HANOVER PARK  
SPECIAL SERVICE AREA NUMBER SIX**

**WHEREAS**, Ordinance O-09-44 entitled, “An Ordinance Establishing Special Service Area Number Six in the Village of Hanover Park, Cook County, Illinois,” was approved by the President and Board of Trustees on December 17, 2009; and

**WHEREAS**, Ordinance O-09-44 provides in Section 5 that the President and Board of Trustees may levy a direct annual tax not to exceed an annual rate of five and eighty-five-tenths per cent (5.85%) of the assessed value, as equalized, of the taxable property in Special Service Area Number Six.

**NOW, THEREFORE, BE IT ORDAINED** by the President and Board of Trustees of the Village of Hanover Park, Cook and DuPage Counties, Illinois, as follows:

**SECTION 1:** That there be and is hereby levied upon all taxable property in the Village of Hanover Park Special Service Area Number Six, subject to the taxation for the year 2011, the sum total of \$77,013 for the following purposes:

	Amount <u>Appropriated</u>	Amount <u>Levied</u>
Contractual Services	\$ 36,288	\$37,000
Transfer to General	<u>\$43,464</u>	<u>\$40,013</u>
Total amount to be levied by taxation for Special Service Area Number Six		<u>\$77,013</u>

**SECTION 2:** That the amount of seventy-seven thousand, thirteen dollars (\$77,013) ascertained as aforesaid, be and the same is hereby levied and assessed upon all property subject to taxation within the Village of Hanover Park Special Service Area Number Six according to the value of said property as the same is assessed and equalized for state and county purposes for the current year.





**TO:** Village President and Board of Trustees

**FROM:** Ron Moser, Village Manager  
Rebekah Young, Finance Director

**SUBJECT:** Comprehensive Annual Financial Report for the Fiscal Year Ended April 30, 2011

**ACTION**

**REQUESTED:**  Approval  Concurrence  Discussion  Information

**MEETING DATE:** Board Workshop - November 17, 2011

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**Executive Summary**

Comprehensive Annual Financial Report for the Fiscal Year Ended April 30, 2011

**Discussion**

Staff is pleased to present the Village of Hanover Park's annual audit for the fiscal year ended April 30, 2011. The Village believes that the Comprehensive Annual Financial Report (CAFR) format used for the annual audit provides financial information and disclosures to aid the reader in understanding the results of the financial operations of the Village.

The Village's Fiscal Year 2011 CAFR incorporates all the required reporting standards and disclosures promulgated and required by the Governmental Accounting Standards Board (GASB), the standard-setting body for governmental units. Staff believes that this document meets all the criteria, including the unqualified (clean) opinion by the independent auditors, for receiving the Government Finance Officers Association's Certificate of Achievement in Financial Reporting. The Village has received this annual award on 25 previous occasions and the last 20 consecutive fiscal years.

**Letter of Transmittal**

The primary function of the Letter of Transmittal, located in the Introductory Section of the CAFR, is to introduce the Comprehensive Annual Financial Report to the reader. The Letter of Transmittal is the formal transmittal of the CAFR which presents the profile of the Village as well as information on the local economy and major initiatives during the fiscal year. A section on awards and acknowledgements is also provided.

**Management Discussion and Analysis (MD&A)**

GASB Statement Number 34 requires that a narrative introduction, in the form of a Management's Discussion and Analysis (MD&A), be located in the Financial Section of the CAFR. The MD&A includes financial highlights, an overview of the financial statements, a financial analysis of the Village's entity-wide and fund financial statements, and information on capital assets and debt administration. I encourage you to read the MD&A because it provides an overview of the Village's financial activity during the fiscal year and displays the Village's financial position as of the end of the fiscal year.

Attachment: Letter of Transmittal, Management Discussion and Analysis (MD&A)

October 10, 2011

The Honorable Village President  
Village Board of Trustees and Village Manager  
Village of Hanover Park, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Village of Hanover Park for the fiscal year ended April 30, 2011 is hereby submitted. State law requires an annual audit for local governments. The audit must be conducted in accordance with generally-accepted auditing standards (GAAS), include all of the accounts and funds of the Village, and be completed within six months after the end of the fiscal year. The Village is required to issue a report on its financial position and activity presented in conformance with generally-accepted accounting principles (GAAP). This report presents a comprehensive picture of the Village's financial activities and has been published to fulfill the requirement for the fiscal year ended April 30, 2011.

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 unqualified ("clean") opinion on the Village's financial statements for the year ended April 30, 2011. The independent auditor's report is located in the beginning of the financial section of this report. The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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

The Village of Hanover Park was incorporated in 1958 and operates under the Board-Manager form of government. The Village is a home-rule community as defined by the Illinois 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 Board, for overseeing the day-to-day operations of the Village, and for appointing the heads of the Village's departments. 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, and other infrastructure, Village planning and zoning, and general administrative services. The Village also operates a water and sewer utility and a municipal commuter parking lot.

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 must be adopted by the Village Board by April 30th 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 193 full-time positions and 43 part-time positions, excluding seasonal workers, in the Fiscal Year 2011 annual budget. There are four different labor unions that represent sworn police officers, firefighters, paid on-call firefighters, and Public Works employees.

### **Local Economy**

Nearly 500 businesses are located in the Village of Hanover Park. There is more than 4,000,000 square feet of business park development located in three industrial areas

within the Village and 17 shopping centers ranging in size from 6,000 to 200,000 square feet. Numerous food establishments are located within the Village including family friendly, ethnic, and fast food restaurants.

Construction continues in a new mixed-use development, Church Street Station. In fiscal year 2010, Church Street Station acquired a new developer who resumed building in 2010 after Construction was halted during fiscal year 2009 due to the prior developer filing for bankruptcy. This development is located across the street from the municipal train station. In addition, Construction of the new Police Station has been ongoing throughout the fiscal year and is expected to be completed in the winter of 2011-2012.

The impact of the nationwide recession on the Villages tax revenues appears to be winding down in some areas and turning upward in others.

- Municipal sales tax revenues totaled \$4,905,059 which was an increase from the prior year of \$1,844,443. \$1,344,139 of this significant increase was due to an adjustment made to change the accounting for sales tax incentive agreement revenues and expenditures.
- Home rule sales tax revenues totaled \$2,101,878 which represents an increase of \$874,314. \$675,382 of this significant increase was due to an adjustment made to change for the accounting for sales tax incentive agreement revenues and expenditures.
- Food and Beverage Tax revenues increased from \$1,047,406 in Fiscal Year 2010 to \$1,072,674 in Fiscal Year 2011. This was \$6,779 under the budget amount.
- Simplified telecommunications tax revenues decreased from \$1,220,183 in Fiscal Year 2010 to \$1,104,014 in 2011. This was a decrease of \$116,169 or 9.5%.

The Village equalized assessed valuation increased \$21 million, or 2.73%, from \$789 million in the 2008 levy year to \$810 million in the 2009 levy year. This increase is due to increases in assessments and new construction. Property values were reassessed in both Cook and DuPage Counties in 2008.

<u>Levy Year</u>	<u>Equalized Assessed Valuation</u>	<u>Increase in Equalized Assessed Valuation</u>	<u>% Increase</u>
2004	\$617,180,365	\$55,730,989	9.93%
2005	\$656,485,204	\$39,304,839	6.37%
2006	\$687,946,444	\$31,461,240	4.79%
2007	\$746,188,021	\$58,241,577	8.47%
2008	\$789,204,793	\$43,016,774	5.76%
2009	\$810,756,275	\$21,551,482	2.73%

## Long-Term Financial Planning and Relevant Financial Policies

The unreserved, undesignated fund balance of the General Fund continues to exceed 25.0% of the subsequent year's budgeted expenditures which is the policy established by the Village Board to provide financing for unanticipated expenditures and accommodate shortfalls in revenues.

<u>Fiscal Year Ended</u>	<u>Unreserved Fund Balance</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Percent</u>
April 30, 2006	\$8,205,924	\$21,434,564	38.28%
April 30, 2007	\$9,045,003	\$23,638,981	38.26%
April 30, 2008	\$7,849,607	\$24,336,641	32.25%
April 30, 2009	\$7,920,285	\$24,275,288	32.63%
April 30, 2010	\$7,492,166	\$23,554,950	31.80%
April 30, 2011	\$7,831,351	\$25,498,295	30.71%

The Village has a “pay-as-you-go” philosophy in financing capital projects. The use of the General Capital Projects Fund and Central Equipment 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. Each year the CIP is updated to incorporate new capital projects, changing goals and priorities, and additional funding sources.

### Major Initiatives

The Village of Hanover Park continues to manage its fiscal operations well and operate cost effectively in Fiscal Year 2011. The Village, with its budgeted full-time staffing of 193, serves its citizens with 5.0 full-time employees per 1,000 in population. New and continuing projects during the fiscal year reflect the Village's continued commitment to its citizens that the Village is an enviable place to live, work, and transact business and include:

- The Village president and Board of Trustees approved a revised/reduced pay plan which helped the Village realize a significant cost savings with new personnel.
- The Village installed 40 new streetlights on Irving Park Road and Barrington Road as part of the IDOT Project to modernize the traffic signals on Irving Park Road.
- The Village continues construction of a new police station facility. The cost of this new building is estimated to be \$19 million. At the conclusion of field work,

progress on this new project included securing a \$10 million dollar bond issue and the preparation of the site. The new police station facility is scheduled to be completed in the winter of 2011.

- The Village also developed a non-emergency (non-911) ambulance transport program. The Fire Department has transported several patients to and from medical facilities with this new program.

### Awards and Acknowledgements

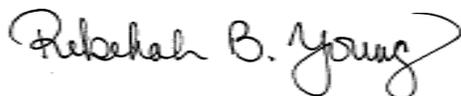
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hanover Park for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2010. This was the 20<sup>th</sup> consecutive fiscal year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the Village must publish an easily-readable and efficiently-organized CAFR. This report satisfies both generally-accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village also received the GFOA's Award for Distinguished Budget Presentation for its Fiscal Year 2011 budget document. This was the 20th consecutive year the Village received this award. In order to qualify for the Distinguished Budget Presentation Award, the Village's document was judged to be proficient in several categories, including a policy document, a financial plan, an operational guide, and a communication device.

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

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

Respectfully submitted,



Rebekah B. Young, CPA  
Director of Finance

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

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

### **FINANCIAL HIGHLIGHTS**

- The assets of the Village exceeded its liabilities at April 30, 2011 by \$100,906,485 (net assets). Of this amount, \$19,298,748 (unrestricted net assets) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$1,580,245 during the fiscal year.
- The governmental activities net assets increased by \$1,837,814 to \$71,113,055. The governmental activities unrestricted net assets decreased \$5,536,410 to \$13,059,714.
- The business-type activities net assets decreased by \$257,569 to \$29,793,430.
- The Village's combined governmental funds ending fund balance decreased by \$357,029 to \$30,195,639 as of April 30, 2011.
- At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,831,351 or 33.49% of General Fund Fiscal Year 2011 budgeted expenditures and other financing uses. This represents an increase of \$339,185.
- The Village's total long-term debt increased by \$3,865,547 to \$27,745,425 during the current fiscal year.

### **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 Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to 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 assets may serve as a useful indicator of whether or not the financial position of the Village is improving.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year 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 assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the 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 the majority of these activities. The business-type activities reflect private sector-type operations (Waterworks and Sewerage Fund and 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 3-5 of the 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 of 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 fiscal year. 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 18 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 Municipal Building Funds, 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 6-9 of this report.

### **Proprietary Funds**

The Village maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented in business-type activities in the Government-Wide Financial Statements. The Village uses enterprise funds to account for its Waterworks and Sewerage and Municipal Railroad Parking Lot activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for its vehicle replacement program, compensated absences and post-employment benefits. Each Internal Service Fund predominantly serves governmental rather than business-type functions and has been 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 Waterworks and Sewerage Fund is considered a major fund of the Village and is presented in a separate column in the Fund Financial Statements. The Municipal Railroad Parking Lot Fund is the Village's only non-major enterprise fund. The Internal Service Funds are combined in a single, aggregate presentation in the Proprietary Fund Financial Statements. Individual fund data for the Municipal Railroad Parking Lot Fund and the Internal Service Funds is presented elsewhere in the report. The basic proprietary fund financial statements can be found on pages 10-13 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 accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 14-15 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 16-57 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Village's assets exceeded its liabilities by \$100,906,485 as of April 30, 2011. The largest

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portion of the Village's net assets reflects its investment in capital assets (\$67,943,665 or 67.3%), including land, buildings, infrastructure, and equipment, less any related debt used to acquire those assets that are still outstanding. 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 assets (\$13,664,072 or 13.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$19,298,748 or 19.1%) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets both for the government as a whole, as well as for its separate governmental and business-type activities.

The Village's combined net assets increased by \$1,580,245 as a result of the governmental activities increasing \$1,837,814 and business-type activities decreasing \$257,569. The Village's net assets from governmental activities were \$71,113,055, an increase of \$1,837,814.

The following table reflects the condensed Statement of Net Assets:

<b>Village of Hanover Park</b>						
<b>Statement of Net Assets as of April 30, 2011</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
<b>Assets</b>						
Current and Other Assets	\$ 49,308,994	\$ 50,977,919	\$ 8,159,463	\$ 7,417,104	\$ 57,468,457	\$ 58,395,023
Capital Assets	52,270,879	59,177,719	25,584,781	25,779,425	77,855,660	84,957,144
<b>Total Assets</b>	<b>101,579,873</b>	<b>110,155,638</b>	<b>33,744,244</b>	<b>33,196,529</b>	<b>135,324,117</b>	<b>143,352,167</b>
<b>Liabilities</b>						
Current Liabilities	10,298,911	13,699,412	998,550	1,000,845	11,297,461	14,700,257
Long-Term Liabilities	21,185,183	25,343,171	2,694,695	2,402,254	23,879,878	27,745,425
<b>Total Liabilities</b>	<b>31,484,094</b>	<b>39,042,583</b>	<b>3,693,245</b>	<b>3,403,099</b>	<b>35,177,339</b>	<b>42,445,682</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	44,420,879	44,389,269	23,062,850	23,554,396	67,483,729	67,943,665
Restricted	7,078,776	13,664,072	-	-	7,078,776	13,664,072
Unrestricted	18,596,124	13,059,714	6,988,149	6,239,034	25,584,273	19,298,748
<b>Total Net Assets</b>	<b>\$ 70,095,779</b>	<b>\$ 71,113,055</b>	<b>\$ 30,050,999</b>	<b>\$ 29,793,430</b>	<b>\$ 100,146,778</b>	<b>\$ 100,906,485</b>

The net assets of business-type activities were \$29,793,430 a decrease of \$257,569 from Fiscal Year 2010 mostly due to higher than expected snow removal expenses and lower than budgeted permit sales in the Commuter Parking Lot Fund.

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The Village can use the unrestricted net assets of \$6,239,034 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 Assets on page 3.

**Changes in Net Assets**

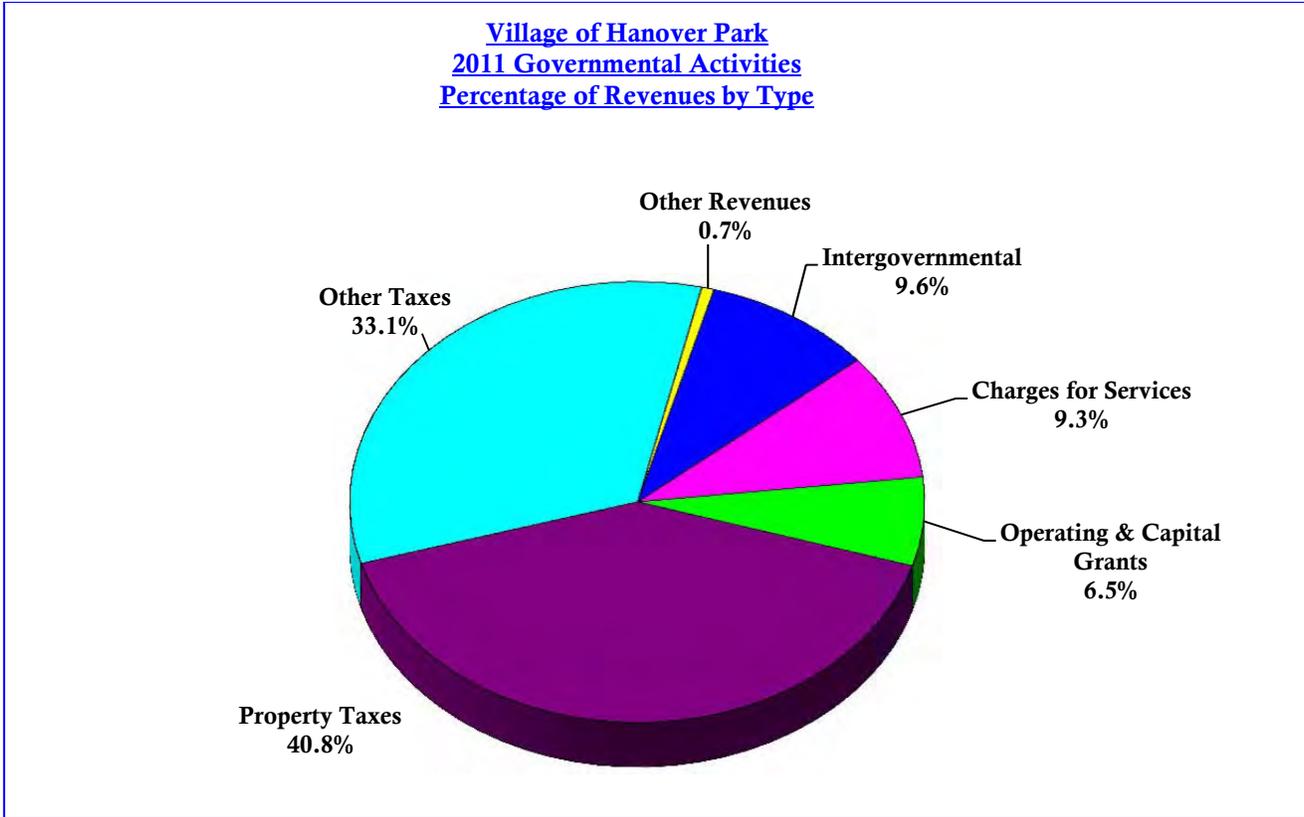
<b>Village of Hanover Park</b>						
<b>Changes in Net Assets for the Fiscal Year Ended April 30, 2010</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>
Revenues and Net Transfers						
Program Revenues						
Charges for Services	\$ 2,848,963	\$ 3,005,180	\$ 7,860,844	\$ 8,257,357	\$ 10,709,807	\$ 11,262,537
Operating Grants	1,032,614	1,546,945	-	-	1,032,614	1,546,945
Capital Grants	-	543,452	-	-	-	543,452
General Revenues						
Property Taxes	13,068,529	13,130,988	-	-	13,068,529	13,130,988
Other Taxes	7,814,917	10,640,501	-	-	7,814,917	10,640,501
Intergovernmental	3,123,520	3,077,195	-	-	3,123,520	3,077,195
Other Revenue	1,880,049	229,335	66,352	29,442	1,946,401	258,777
<b>Total Revenues</b>	<b>29,768,592</b>	<b>32,173,596</b>	<b>7,927,196</b>	<b>8,286,799</b>	<b>37,695,788</b>	<b>40,460,395</b>
Expenses						
General Government	3,208,066	4,618,393	-	-	3,208,066	4,618,393
Public Works	4,718,013	5,160,147	-	-	4,718,013	5,160,147
Public Safety	15,805,836	17,146,057	-	-	15,805,836	17,146,057
Community Development	1,608,453	1,085,698	-	-	1,608,453	1,085,698
Highways and Streets	2,019,122	1,582,651	-	-	2,019,122	1,582,651
Interest	517,780	906,055	-	-	517,780	906,055
Water and Sewer	-	-	7,847,111	8,044,254	7,847,111	8,044,254
Commuter Parking Lot	-	-	329,761	336,895	329,761	336,895
<b>Total Expenses</b>	<b>27,877,270</b>	<b>30,499,001</b>	<b>8,176,872</b>	<b>8,381,149</b>	<b>36,054,142</b>	<b>38,880,150</b>
Change in Net Assets before Transfers	1,891,322	1,674,595	(249,676)	(94,350)	1,641,646	1,580,245
Net Transfers	11,274	163,219	(11,274)	(163,219)	-	-
Change in Net Assets	1,902,596	1,837,814	(260,950)	(257,569)	1,641,646	1,580,245
Net Assets, May 1	68,193,183	69,275,241	30,311,949	30,050,999	98,505,132	99,326,240
Net Assets, April 30	<b>\$ 70,095,779</b>	<b>\$ 71,113,055</b>	<b>\$ 30,050,999</b>	<b>\$ 29,793,430</b>	<b>\$ 100,146,778</b>	<b>\$ 100,906,485</b>

**Governmental Activities**

Governmental activities increased the Village's net assets by \$1,837,814 to \$71,113,055. Key elements contributing to this net change are as follows:

**Revenues**

For the fiscal year ended April 30, 2011 revenues from governmental activities totaled \$32,173,596, an increase of \$2,405,004. This represents a change of 8%. Property taxes continue to be the Village's largest revenue source totaling \$13,130,988 and representing 41% of total governmental activity revenue. Other Taxes, including sales tax, utility tax, food and beverage tax, hotel tax, and real estate transfer tax total \$10,640,501 or 33.1% of the total governmental activities revenues. Intergovernmental revenues, including State Income Tax and Replacement Tax, represent 9.6%.



Property tax revenues increased by \$62,459 to \$13,130,988 in Fiscal Year 2011, compared to \$13,068,529 received in Fiscal Year 2010. This increase resulted from a budgeted increase in property taxes in the General Fund and higher TIF increment generated in TIF #2.

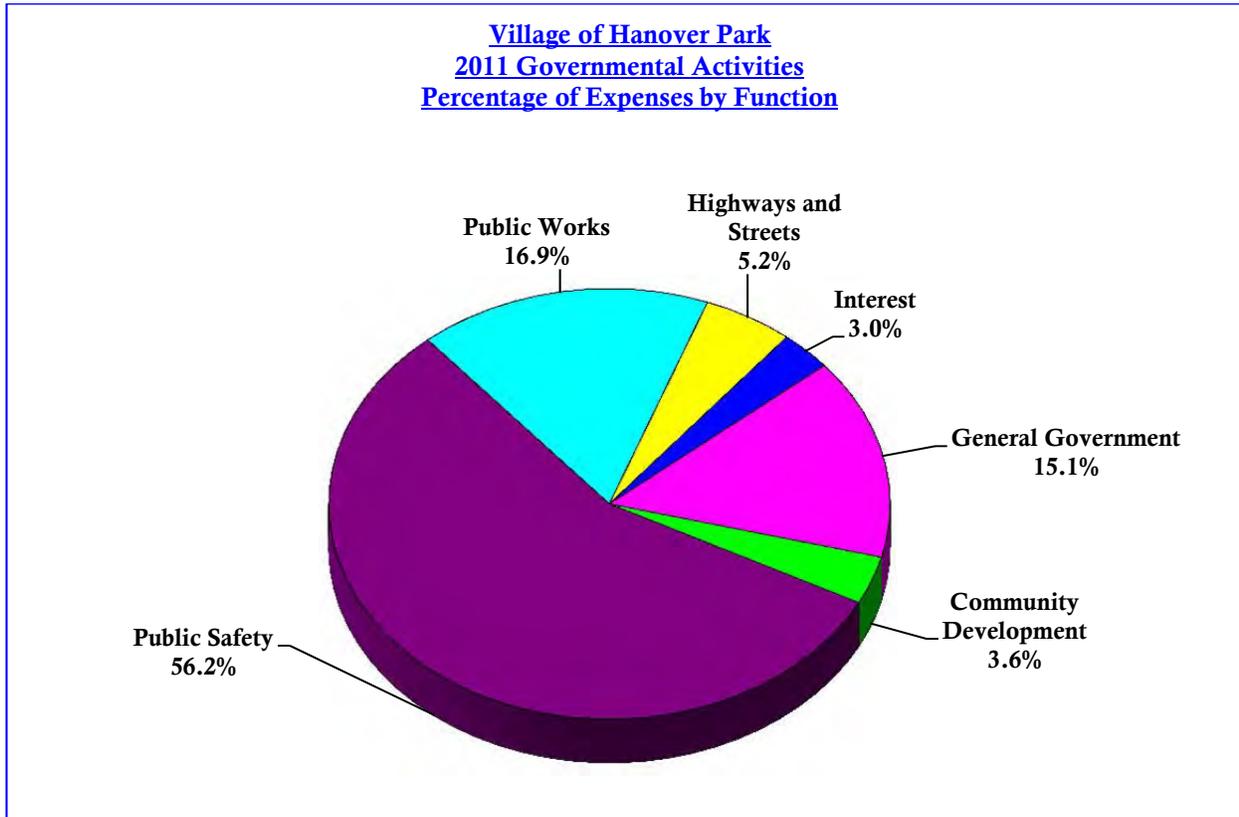
Sales and use tax revenues have increased from the prior fiscal year by \$2,816,339. \$2,019,521 of this increase was due to a change in how the Village accounted for sales tax incentive agreements. The remaining \$796,818 increase was due to higher consumer spending as the Village has started to experience a slight upturn from the economic recession. The real estate transfer tax revenues have also increased showing home sales are starting to become more frequent. State income tax and utility taxes decreased from the prior fiscal year due to the remaining effects of the softened economy.

Village of Hanover Park  
Changes in Select Governmental Activities Revenues

	Fiscal Year		Increase (Decrease)	% Increase (Decrease)
	2010	2011		
Sales and Use Tax	\$ 4,744,662	\$ 7,561,001	\$ 2,816,339	59.4%
State Income Tax	3,040,184	2,984,408	(55,776)	-1.8%
Utility Taxes	1,821,364	1,750,085	(71,279)	-3.9%
Real Estate Transfer Tax	167,871	223,762	55,891	33.3%

*Expenses*

For the fiscal year ended April 30, 2011, expenses from governmental activities totaled \$30,499,001 an increase of \$2,621,731 from Fiscal Year 2010. \$2,019,521 of this increase was included with general government and was due to a change in how the Village accounted for sales tax incentive agreements. The remaining increase was due to higher operating costs in public works and public safety, including an increase in police and firefighters' pension costs of approximately \$380,000. These higher operating costs were somewhat offset by an increase in revenues.



**Business-Type Activities**

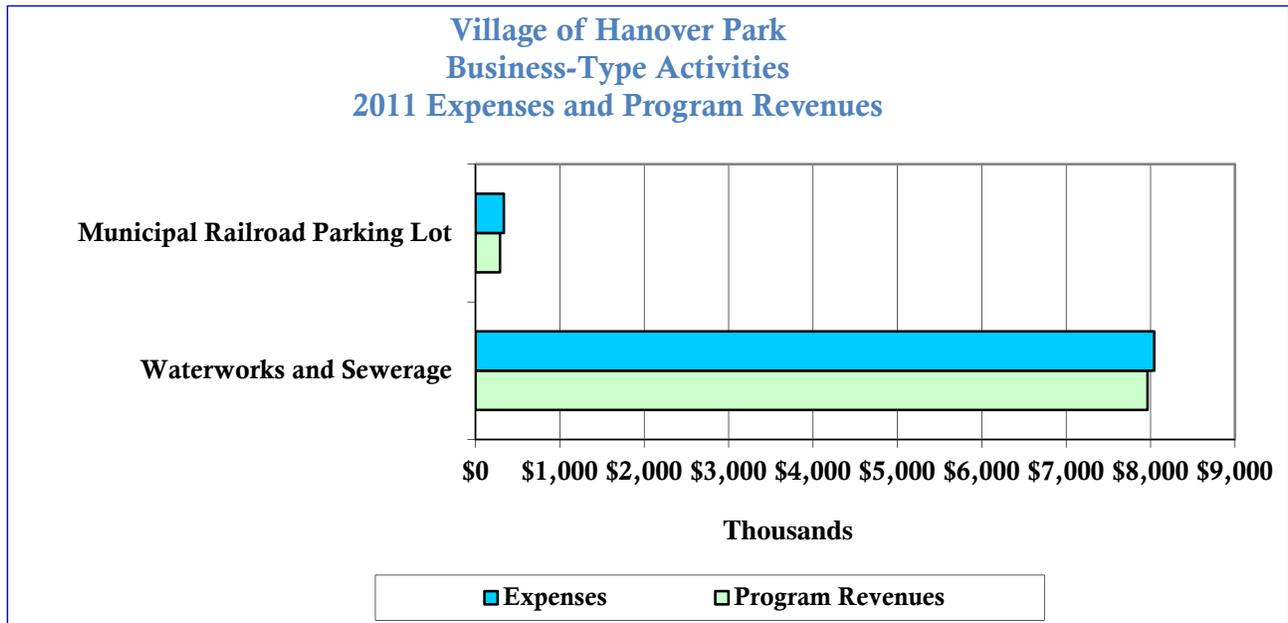
Business-type activities net assets decreased \$257,569 to \$29,793,430. Key elements of this net change are as follows:

**Revenues**

Water sales increased \$319,467 or 7.1%, from \$4,477,459 in fiscal year 2010 to \$4,796,926 in fiscal year 2011. The Village continued the treatment of leachate from an IEPA regulated landfill that closed in 1999. The landfill is adjacent to our wastewater treatment plant. Fiscal year 2010 revenues decreased from \$332,967 to \$320,853 due to a decrease in the volume of leachate being treated. Interest revenues continue to decline with declining interest rates. Sewer Service revenues increased from \$2,452,517 in fiscal year 2010 to \$2,547,045 due to an anticipated water and sewer rate increase. Operating revenues for the Municipal Railroad Parking Lot Fund increased \$19,488 or 7% from \$272,798 to \$292,286. This increase is primarily due to an increase in parking fee revenues. Though the parking fee revenues were under the budgeted amount, they still showed significant increase over the Fiscal Year 2010, which has shown signs of more people pursuing alternate methods of travel with the higher gas prices.

*Expenses*

Expenses from all business-type activities increased \$204,277 or 2% to \$8,381,149. This increase is due to increases in salaries, benefits, and other accounts. Expenses in the Waterworks and Sewerage Fund and Municipal Railroad Parking Lot Fund currently exceed program revenues.



**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. In particular, 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.

As of the end of the current fiscal year, the governmental funds reflect a combined fund balance of \$30,195,639, a decrease of \$1,177,567 from the prior year. Of the total fund balance, \$7,227,711 is unreserved indicating availability for continuing Village services. The 2011 unreserved fund balance for Village's Governmental Funds increased by \$339,185. This increase is primarily sales tax revenues higher than anticipated and a reduction in overall costs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The reserved fund balance of \$22,967,928 includes \$3,506,216 for highways and streets, \$284,558 for debt service, \$7,211,800 for community development, \$10,821,008 for capital outlay and \$1,144,346 reserved for prepaid/inventory/advances. The amount Due from Other Governments in the General Fund increased by \$506,164 from Fiscal Year 2010 due to a reclassification of the miscellaneous intergovernmental receivable to Due from Other Governments in the current fiscal year.

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**Management's Discussion And Analysis**  
**April 30, 2011**

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$106,925 from Fiscal Year 2010 to \$8,671,426. This increase is due primarily to higher than anticipated sales tax revenues and a reduction in overall costs. Village Board policy requires that the General Fund unreserved 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. Following is a chart showing a history of the General Fund unreserved fund balance:

	<u>Unreserved Fund Balance Fiscal Years 2008 - 2011</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues	\$ 22,073,157	\$ 23,095,317	\$ 23,079,135	\$ 25,555,351
Expenditures and Transfers	<u>23,191,783</u>	<u>23,067,891</u>	<u>23,266,651</u>	<u>24,627,888</u>
Results of Operations	(1,118,626)	27,426	(187,516)	927,463
Fund Balance - Beginning	<u>9,843,217</u>	<u>8,724,591</u>	<u>8,752,017</u>	<u>7,743,963</u>
Fund Balance - Ending	<u><u>\$8,724,591</u></u>	<u><u>\$8,752,017</u></u>	<u><u>\$8,564,501</u></u>	<u><u>\$8,671,426</u></u>
Reserved	\$874,984	\$831,732	\$1,072,335	\$840,075
Unreserved	<u>7,849,607</u>	<u>7,920,285</u>	<u>7,492,166</u>	<u>7,831,351</u>
Total Fund Balance	<u><u>\$8,724,591</u></u>	<u><u>\$8,752,017</u></u>	<u><u>\$8,564,501</u></u>	<u><u>\$8,671,426</u></u>
Unreserved Fund Balance as a				
Percentage of Budgeted Expenditures	32.25%	32.63%	31.81%	30.71%

The Motor Fuel Tax Fund experienced a \$99,757, or 4% increase in fund balance. This increase was due to overall increases in fuel revenues over the previous fiscal year and over the budgeted amount.

The fund balance of the Municipal Building Fund decreased by \$546,769 or 5% to \$10,750,043. This is due to the issuance of bonds in the amounts of \$5,000,000, transfers in in the amount of \$900,000 and construction costs for the new Police Department building in the amount of \$6,429,777. The remaining fund balance will continue to be spent on the construction of the Police Department in Fiscal Year 2012.

**Proprietary Funds**

At April 30, 2011 the Enterprise Funds total net assets decreased by \$257,569 or 1.0% to \$29,793,430. Water and Sewer Sales remained fairly level, other revenues were higher than anticipated, and interest revenues were down.

Village of Hanover Park  
Waterworks and Sewerage Fund Revenues

	Fiscal Year		Increase (Decrease)	% Increase Decrease
	2010	2011		
Water Sales	\$ 4,477,459	\$ 4,796,926	\$ 319,467	7.1%
Sewer Sales	2,452,517	2,547,045	94,528	3.9%
Leachate Treatment	332,967	320,853	(12,115)	-3.6%
Interest	41,321	19,653	(21,668)	-52.4%
Other Revenues	347,296	309,972	(37,324)	-10.7%
Total	<u>\$ 7,651,560</u>	<u>\$ 7,994,449</u>	<u>\$ 342,889</u>	<u>4.5%</u>

The non-major enterprise fund experienced a loss. Parking fee revenue increased slightly from the prior fiscal year due to an increase in parking lot revenues, showing an increase in the usage of the parking lot. The increase in revenues was offset by expenses continuing to exceed revenues. The net assets of the internal service funds decreased because revenue plus non-operating revenue and interest in the Central Equipment Fund did not exceed expenses in the current year. The operating expenses in the Capital Equipment Fund increased \$178,084. This fund also includes the Village's Other Post-Employment Benefit (OPEB) liability for the General Fund which increased \$237,091 over the prior fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund actual revenues were \$2,749,663 greater than the final budgeted amounts. Overall, tax revenues, including property, sales, and utility taxes, were over the original budget by a total of \$2,477,533. Property tax revenues were under budget due to the timing of property tax receipts. The entire 2009 levy is included in the budget although only approximately one quarter is recognized as revenue in the fiscal year. The remainder of the property tax revenue is collections from the 2008 tax levy. Municipal and Home Rule Sales Tax revenues exceeded the budget amount by \$2,773,415, partially due to an accounting adjustment of \$2,019,521. In addition, actual State Income Tax revenues were \$171,695 under the budgeted amount and Charges for Services was \$204,543 higher due primary to a increase in vehicle impoundment fees and ambulance services. Expenditures were higher than budgeted partially due to an accounting adjustment. The increase was reduced by a revised/reduced salary plan and overall decreased spending. Other Financing Uses were lower than budgeted due to lower than expected expenditures in the General Capital Projects. The General Fund reimburses the General Capital Projects Fund for budgeted purchases.

<u>Village of Hanover Park</u> <u>General Fund Budgetary Highlights</u>				
	2011	2011	Actual	
	Original Budget	Final Budget	2011	2010
Revenues	\$ 22,805,688	\$ 22,805,688	\$ 25,555,351	\$ 23,079,135
Expenditures	22,730,469	22,730,469	24,460,050	22,864,356
Excess of Revenues over Expenditures	\$ 75,219	\$ 75,219	\$ 1,095,301	\$ 214,779
Other Financing Sources (Uses)	(184,508)	(184,508)	(167,838)	(402,295)
Net Change in Fund Balance	\$ (109,289)	\$ (109,289)	\$ 927,463	\$ (187,516)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2011, amounts to \$84,957,144.

The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, and infrastructure. This amount represents a net increase (including additions and deductions) of \$7,101,484.

<u>Village of Hanover Park</u> <u>Capital Assets (Net of Depreciation)</u>						
	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 28,507,162	\$ 28,773,961	\$ 2,254,633	\$ 2,254,633	\$ 30,761,795	\$ 31,028,594
Construction in progress	189,994	6,611,367	-	-	189,994	6,611,367
Buildings	7,780,633	7,522,440	7,643,336	7,390,372	15,423,969	14,912,812
Improvements other than Buildings	1,086,161	1,427,067	14,629,324	15,057,534	15,715,485	16,484,601
Machinery and Equipment	3,597,236	3,943,741	1,057,488	1,076,886	4,654,724	5,020,627
Infrastructure	11,109,693	10,899,143	-	-	11,109,693	10,899,143
Total	\$ 52,270,879	\$ 59,177,719	\$ 25,584,781	\$ 25,779,425	\$ 77,855,660	\$ 84,957,144

Major capital asset events during the current fiscal year included the following:

- New police vehicles were purchased.
- Construction began on the property adjacent to the Village Hall Complex on the land for the new Police Station.
- New salt dome was built behind the Village Hall Complex.

The governmental activities net capital assets increased from last year by \$6,906,840 primarily due to the construction starting for the new Police Station. The net increase in the business-type activities of \$194,644 is due primarily to an increase in improvements. The increase in accumulated depreciation reduced the overall impact on net capital assets. Detailed information regarding the change in capital assets for governmental and business-type activities is included in the Notes to the Financial Statements on pages 31-32.

**Long-Term Debt**

<u>Village of Hanover Park</u>						
<u>Outstanding Debt</u>						
<u>General Obligation Bonds, Revenue Bonds, Loans, and Notes</u>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
General Obligation Bonds	\$ 19,140,000	\$ 23,095,000	\$ -	\$ -	\$ 19,140,000	\$ 23,095,000
IEPA Loan	-	-	2,521,931	2,225,029	2,521,931	2,225,029
<b>Total</b>	<b>\$ 19,140,000</b>	<b>\$ 23,095,000</b>	<b>\$ 2,521,931</b>	<b>\$ 2,225,029</b>	<b>\$ 21,661,931</b>	<b>\$ 25,320,029</b>

The Village currently has five general obligation bond series and two Illinois EPA loan series outstanding. The Village's total outstanding debt, excluding the net pension obligation and compensated absences liability, increased by \$3,658,098 or 17% during the fiscal year. The key factor in this increase was the addition of general obligation bond series 2010 and 2010A, issued to fund the construction of the new police facility.

The Village, under its home rule authority, does not have a legal debt limit. During Fiscal Year 2010, the Village obtained a bond rating of AA from Standard & Poor's which was an upgrade from their 2007 rating of AA-. Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 34-37.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Village's composition is primarily residential with a smaller commercial component. The property tax revenue derived from the residential, commercial, and industrial properties is exceedingly stable. Other tax revenues, including municipal and home-rule sales tax and use tax is expected to increase due to a new industrial business and the relatively recession-proof nature of our sales tax businesses. State income tax revenue, state-shared revenue, is expected to remain relatively constant. The commercial component of the Village includes building material sales, discount grocery stores, restaurants, and other retail businesses.

Real estate transfer tax revenues are expected to slightly increase but still remain low during Fiscal Year 2011 due to the continued reduction in real estate sales and residential property values.

A water rate study was completed during Fiscal Year 2007. This study evaluated our water and sewer rate structure and provided recommended water and sewer rate alternatives which sufficiently fund

future operating and capital needs. As a result of this study, an adjustment to water and sewer rates has been included in the Fiscal Year 2011 budget which includes an 8.0% increase in water rates and a 4.5% increase in sewer rates. Revenue is expected to increase due to the change in rates. Commuter parking lot fee changes were approved during the budget process and will go into effect October 1, 2010 and will continue into Fiscal Year 2012.

Budgeted expenditures include increases due to salary adjustments which are part of employee labor agreements. Employee health insurance and pension costs are also expected to increase. Contractual Services expenditures are expected to remain fairly flat.

### **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 requests for additional financial information should be directed to Rebekah Young, Finance Director, Village of Hanover Park, 2121 West Lake Street, Hanover Park, Illinois 60133.