

**Hanover Township
Financial Statement and
Independent Auditor's Report
For the Year Ended March 31, 2006**

**Hanover Township
Table of Contents
For the Year Ended March 31, 2006**

	Page(s)
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 11
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
 FUND FINANCIAL STATEMENTS	
Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17 - 29
 REQUIRED SUPPLEMENTARY INFORMATION	
Major Funds	
Town Fund	
Budgetary Comparison Schedule	30
Schedule of Expenditures	31 - 34
Senior Services Fund	
Budgetary Comparison Schedule	35
Schedule of Expenditures	36
Road and Bridge Fund	
Budgetary Comparison Schedule	37
Schedule of Expenditures	38
Mental Health Fund	
Budgetary Comparison Schedule	39
Schedule of Expenditures	40 - 41
 SUPPLEMENTAL SCHEDULES	
Non-Major Funds	
Combining Balance Sheet	42
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	43
General Assistance Fund	
Schedule of Revenues, Expenditures and Change in Fund Balance	
Budget and Actual	44
Schedule of Expenditures	45

**Hanover Township
Table of Contents (Continued)
For the Year Ended March 31, 2006**

Page(s)

SUPPLEMENTAL SCHEDULES (CONTINUED)

Retirement Fund	
Schedule of Revenues, Expenditures and Change in Fund Balance Budget and Actual	46
Vehicle Replacement Fund	
Schedule of Revenues, Expenditures and Change in Fund Balance Budget and Actual	47



KNUTTE & ASSOCIATES, P.C.

Certified Public Accountants

7900 S. Cass Avenue

Darien, Illinois 60561

(630) 960-3317

FAX (630) 960-9960

www.knutte.com

INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Hanover Township
Bartlett, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hanover Township as of and for the year ended March 31, 2006 which collectively comprise the Township's financial statements, as listed in the table of contents. These financial statements are the responsibility of Hanover Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hanover Township as of March 31, 2006, and the results of operations for the year then ended in conformity with accounting principles accepted in the United States of America.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise Hanover Township's basic financial statements. The combining and individual fund financial schedules for the year ended March 31, 2006 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic statements. The combining and individual fund financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended March 31, 2006 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kuntze & Associates, P.C.

HANOVER TOWNSHIP

Management Discussion & Analysis

Introduction

Hanover Township's management and discussion analysis (MD&A) provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. The MD&A should be read as a narrative introduction to the financial statements that follow. The purpose of this report is to assist the reader in focusing on significant accounting issues, provide an overview of the Township's financial activity, identify changes in the Township's financial position, identify any material deviations from the approved budget and identify individual fund issues or concerns.

The MD&A is an element of the new reporting model accepted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative data between the current and prior years is required to be presented in the MD&A.

Financial Highlights

- The Township's total assets exceeded its total liabilities at the end of the most recent fiscal year by \$13,922,041 . The Township's total net assets increased \$1,120,023 or 8.75% over the previous year.
- Property Taxes levied and collected were \$4,797,545 compared to the prior year of \$4,501,648 for an increase of \$295,897 .
- At March 31, 2006, the Township's governmental funds reported combined ending fund balances of \$5,056,450 a decrease of \$359,609 from the prior year. This decrease is largely due to expenditures in the early retirement of a Bank Note from the prior fiscal year to construct the Senior Center .
- The Township's outstanding long-term debt decreased by \$1,049,601 to total \$204,416 as of March 31, 2006.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements and notes to the financials. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances. The two new government-wide financial statements, Statement of Net Assets and Statement of Activities represent an overview of the Township as a whole, separating its operations between governmental and business-type activities. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating.

The *Statement of Activities* presents changes in the Township's net assets during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and intergovernmental revenues, such as grants, from business type activities that are intended to recover all or significant portion of their costs through user fees and charges. Governmental activities include general government, youth services, senior and disability services, mental health services including individual & family counseling, general assistance, and property tax related matters. Business-type activities reflect the Township's private sector operations, where the fees for services typically cover all or most of the cost of operation including depreciation are none. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund Township programs.

The government-wide financial statements are presented on pages 12 and 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

A Township has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Township's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. Budgetary comparison schedules for other special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Township's adopted annual appropriated budget.

The basic governmental fund financial statements are presented on pages 14 through 15 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Township charges customers a fee. There are two types of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the governmental-wide statements. Services are provided to customers external to the Township organization. Internal service funds provide services to customers within the Township's organization. The Township does **not** use proprietary or internal service funds at this time.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its employees. Other supplementary information includes detail by fund for receivables, payables, transfers

and payments within the reporting entity. Supplementary information can be found on pages 30 through 41 of this report.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 42.

Government-wide Financial Analysis

This Township implemented the new financial reporting model used in this report beginning with the fiscal year ended March 31, 2005. Over time as year-to-year financial information accumulated on a consistent basis, changes in net assets may be observed and used to discuss changing financial position of the Township as a whole.

Statement of Net Assets

As noted earlier, the Township's total net assets increased \$1,120,023 or 8.75% over the previous year to \$13,922,041 .

HANOVER TOWNSHIP
Statement of Net Assets
For the Year Ending March 31, 2006

	Governmental Activities
Current and Other Assets	\$ 8,234,030
Capital Assets	6,024,673
Total Assets	14,258,703
Current and Other Liabilities	183,350
Long-Term Liabilities	153,312
Total Liabilities	336,662
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,024,673
Unrestricted Net Assets	7,897,368
	\$ 13,922,041

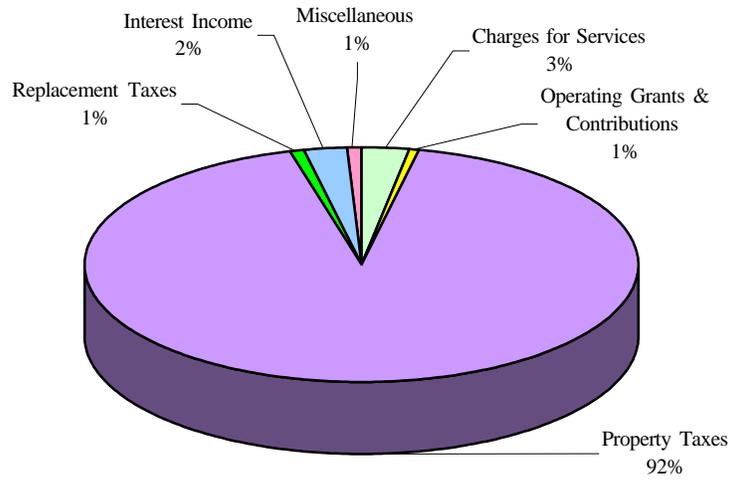
Statement of Activities

The Township's total governmental activity net assets increased \$1,120,023 or 8.75% over the previous year to \$13,922,041 .

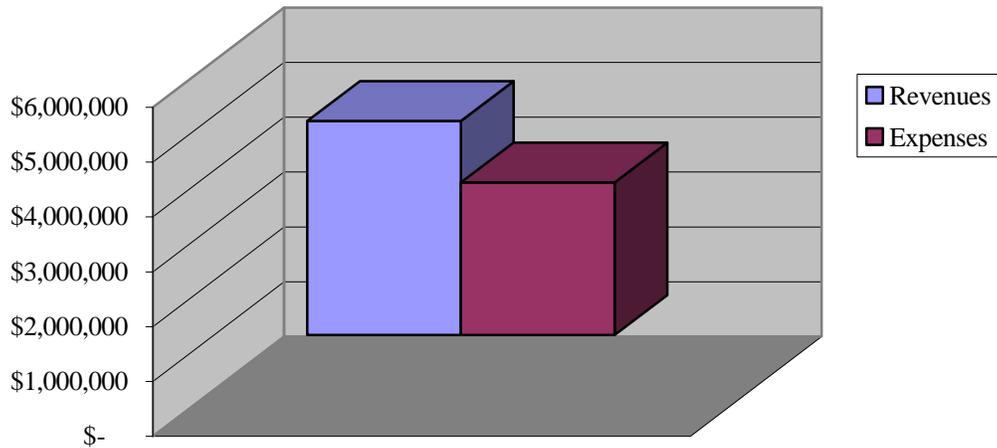
HANOVER TOWNSHIP
Statement of Activities
For the Year Ending March 31, 2006

Revenues	Governmental Activities
Program Revenues	
Charges for Services	\$ 144,590
Operating Grants & Contributions	32,696
General Revenues	
Property Taxes	4,802,422
Replacement Taxes	56,370
Interest Income	120,075
Miscellaneous	46,803
Total Revenue	<u>\$ 5,202,956</u>
Expenses	
Governmental Activities	
Township Services	4,067,442
Interest on Long-Term Debt	15,491
Total Expense	<u>4,082,933</u>
Special Item	
Loss on Disposal of Capital Assets	<u>-</u>
Increase in Net Assets	\$ 1,120,023
Net Assets - Beginning of Year	<u>12,802,018</u>
Net Assets - March 31, 2006	<u>\$ 13,922,041</u>

Revenues by Source - Governmental Activities



Revenues and Expenses - All Governmental Activities



Governmental Activities

As stated previously, Governmental Activities increased the Township's net assets by \$1,120,023. Key elements of the entity-wide performance are as follows:

- The total revenues increased by \$463,234 or 9.8% from \$4,739,722 in fiscal year 2005 to \$5,202,956 in fiscal year 2006.
- Property tax revenue increased 12.7% from the prior fiscal year provided by the adjustment of tax deferrals.
- Grant revenues decreased from \$223,350 from the prior fiscal year, to \$32,696 with the completion of the Senior Center.
- The total expenditures increased by 16% or \$565,627 from \$3,517,306 in fiscal year 2005 to \$4,082,933 in fiscal year 2006. This increase is mostly attributed to utilities, salaries, and operating costs associated with the opening of the Senior Center and normal departmental growth.

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$5,056,450. All of these funds are unreserved and undesignated, indicating the availability for continuing the Township's operations.

The total ending fund balance of governmental funds shows a decrease of \$359,609 from the prior fiscal year. This decrease is primarily the result of the early repayment of a \$1,112,083 bank loan used to finance construction of the Senior Center the previous fiscal year and financial information described in the analysis of the Township's governmental activities.

Major Governmental Funds

The General, Senior Services, Road & Bridge and Mental Health funds are the primary funds of the Township.

The General Fund operating deficit as of March 31, 2006 was \$936,799, a decrease of \$1,342,413 from the prior year surplus. This was due to the repayment of a \$1,112,083 bank note.

The Senior Services Fund operating gain of \$46,315 was net of a \$100,000 operating transfer from the General Fund.

The Road & Bridge Fund operating gain of \$313,739 increased \$175,170 over the prior year. This increase was due to the decreased need for road project expenditures.

The Mental Health Fund operating gain of \$149,821 increased \$53,945 over the prior year. This was due to increased revenues.

General Fund Budgetary Highlights

During the 2006 Budget year, the Township did not revise the annual operating budget.

The general fund is reported as a major fund, and accounts for Township service operations as outlined on page 31 thru 34.

Revenues in the general fund were \$2,321,780, which were under budget by \$7,072 or .3%. Expenditures were \$3,100,216, which was \$449,729 (12.7%) under budget. The overall net budget variance in the General Fund was a favorable \$442,657.

The General Fund's deficit of revenues and other financing sources over expenditures and other financing uses was \$936,799. The fund balance decreased to \$948,650 at the end of the fiscal year from \$1,888,449 the prior year. The re-issuance of outside debt was not necessary (see page 31).

Capital Asset

The Township's investment in capital assets, net of accumulated depreciation for governmental -type activities as of March 31, 2006 was \$6,024,673. No major capital assets events occurred during the fiscal year with the completion of the Senior Center last year.

Debt Administration

As of March 31, 2006, the Township has no general obligation bond issues outstanding.

Initiatives

In November 2002, Hanover Township passed a referendum to increase its property tax for the purpose of supporting senior services. This levy made possible the construction and support of our community Senior Center. These funds then contributed to the aforementioned revenues listed in the analysis above.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was not aware of any existing circumstances that would adversely affect its financial health in the near future.

Contacting the Township's Financial Management

This financial report is designed to provide a general overview of the Township's finances, comply with finance related laws and regulations and demonstrate the Township's commitment to public accountability. If you have any questions about this

report or would like to request additional information, please contact Lee Howard CPA,
Financial Consultant, Hanover Township , 250 South Route 59. Bartlett, IL 60103.

Hanover Township
Statement of Net Assets
March 31, 2006

	Total Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 5,167,230
Property Taxes Receivable, (net of allowance for uncollectibles)	3,045,334
Prepaid Expenditures	<u>21,466</u>
Total Current Assets	<u>8,234,030</u>
Non-Current Assets	
Capital Assets	
Capital Assets Not Being Depreciated (Land)	633,541
Other Capital Assets, Net of Depreciation	<u>5,391,132</u>
Total Non-Current Assets	<u>6,024,673</u>
TOTAL ASSETS	<u>14,258,703</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	125,900
Accrued Expenses	<u>57,450</u>
Total Current Liabilities	<u>183,350</u>
Non-Current Liabilities	
Long-Term Accrued Expenses	<u>153,312</u>
Total Non-Current Liabilities	<u>153,312</u>
TOTAL LIABILITIES	<u>336,662</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	6,024,673
Unrestricted Net Assets	<u>7,897,368</u>
TOTAL NET ASSETS	<u><u>\$ 13,922,041</u></u>

See Accompanying Notes To The Financial Statements.

Hanover Township
Statement of Activities
For the Year Ended March 31, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
Governmental Activities				
Township Services	\$ 4,067,442	\$ 144,590	\$ 32,696	\$ (3,890,156)
Interest on Long-Term Debt	15,491	0	0	(15,491)
Total Governmental Activities	<u>\$ 4,082,933</u>	<u>\$ 144,590</u>	<u>\$ 32,696</u>	<u>(3,905,647)</u>
GENERAL REVENUES				
Taxes				
Property taxes levied for general purposes				4,802,422
Replacement taxes for general purposes				56,370
Interest Income				120,075
Other Revenue				46,803
TOTAL GENERAL REVENUES				<u>5,025,670</u>
CHANGE IN NET ASSETS				1,120,023
NET ASSETS				
BEGINNING OF YEAR				10,150,712
PRIOR PERIOD ADJUSTMENT				2,651,306
BEGINNING OF YEAR, RESTATED				<u>12,802,018</u>
END OF YEAR				<u>\$ 13,922,041</u>

See Accompanying Notes To The Financial Statements.

**Hanover Township
Governmental Funds
Balance Sheet
March 31, 2006**

	<u>Town</u>	<u>Senior Services</u>	<u>Road and Bridge</u>	<u>Mental Health</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
ASSETS						
Cash	\$ 2,048,259	\$ 605,800	\$ 1,148,019	\$ 646,283	\$ 718,869	\$ 5,167,230
Property Taxes Receivable	1,498,271	455,374	379,976	438,209	273,504	3,045,334
Due From Other Funds	0	0	1,014,557	0	0	1,014,557
Prepaid Expenditures	7,682	0	5,109	0	8,675	21,466
TOTAL ASSETS	<u>3,554,212</u>	<u>1,061,174</u>	<u>2,547,661</u>	<u>1,084,492</u>	<u>1,001,048</u>	<u>9,248,587</u>
LIABILITIES						
Accounts Payable	90,452	22,349	7,110	5,863	126	125,900
Accrued Expenses	2,282	1,496	(173)	58	2,683	6,346
Deferred Property Taxes	1,498,271	455,374	379,976	438,209	273,504	3,045,334
Due To Other Funds	1,014,557	0	0	0	0	1,014,557
TOTAL LIABILITIES	<u>2,605,562</u>	<u>479,219</u>	<u>386,913</u>	<u>444,130</u>	<u>276,313</u>	<u>4,192,137</u>
FUND BALANCES						
Unreserved, Undesignated	948,650	0	0	0	0	948,650
Unreserved, Special Revenue Funds	0	581,955	2,160,748	640,362	724,735	4,107,800
TOTAL FUND BALANCES	<u>948,650</u>	<u>581,955</u>	<u>2,160,748</u>	<u>640,362</u>	<u>724,735</u>	<u>5,056,450</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,554,212</u>	<u>\$ 1,061,174</u>	<u>\$ 2,547,661</u>	<u>\$ 1,084,492</u>	<u>\$ 1,001,048</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	6,024,673
Deferred Property Tax Revenue is not recorded on the Statement of Net Assets.	3,045,334
Compensated Absences are not liabilities for the current period and therefore are reported in the funds.	<u>(204,416)</u>

NET ASSETS OF GOVERNMENTAL FUNDS \$ 13,922,041

See Accompanying Notes To The Financial Statements.

**Hanover Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2006**

	<u>Town</u>	<u>Senior Services</u>	<u>Road and Bridge</u>	<u>Mental Health</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
REVENUES						
Property Taxes	\$ 2,168,655	\$ 658,959	\$ 554,795	\$ 639,040	\$ 399,070	\$ 4,420,519
Replacement Taxes	19,464	0	20,981	11,678	4,247	56,370
Therapy Fees	22,108	0	0	0	0	22,108
Bus Fees	735	0	0	0	9,809	10,544
Passport Fees	35,940	0	0	0	0	35,940
Grant Income	0	18,450	0	0	0	18,450
Youth Commission	21,888	0	0	0	0	21,888
Permits and Traffic Fines	0	0	41,926	0	0	41,926
Rental Income	10,120	0	0	11,480	0	21,600
Interest	37,266	12,579	43,998	6,219	20,013	120,075
Miscellaneous	5,604	3,668	0	5,615	36,746	51,633
TOTAL REVENUES	<u>2,321,780</u>	<u>693,656</u>	<u>661,700</u>	<u>674,032</u>	<u>469,885</u>	<u>4,821,053</u>
EXPENDITURES						
Current:						
Administration	1,281,025	0	0	0	297,690	1,578,715
Youth Commission	514,423	0	0	0	0	514,423
Senior Center	0	668,096	0	0	0	668,096
Road and Bridge	0	0	283,304	0	0	283,304
Mental Health	0	0	0	523,736	0	523,736
Home Relief	0	0	0	0	106,944	106,944
Capital Outlay	174,599	79,245	64,657	475	56,299	375,275
Debt Service						
Principal	1,112,083	0	0	0	0	1,112,083
Interest	18,086	0	0	0	0	18,086
TOTAL EXPENDITURES	<u>3,100,216</u>	<u>747,341</u>	<u>347,961</u>	<u>524,211</u>	<u>460,933</u>	<u>5,180,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(778,436)	(53,685)	313,739	149,821	8,952	(359,609)
OTHER FINANCING SOURCES (USES)						
Transfers In	0	100,000	0	0	58,363	158,363
Transfers (Out)	(158,363)	0	0	0	0	(158,363)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(158,363)</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>58,363</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>(936,799)</u>	<u>46,315</u>	<u>313,739</u>	<u>149,821</u>	<u>67,315</u>	<u>(359,609)</u>
FUND BALANCES, MARCH 31, 2005	1,883,620	535,640	1,846,562	490,228	672,133	5,428,183
PRIOR PERIOD ADJUSTMENT	1,829	0	447	313	(14,713)	(12,124)
FUND BALANCES RESTATED	<u>1,885,449</u>	<u>535,640</u>	<u>1,847,009</u>	<u>490,541</u>	<u>657,420</u>	<u>5,416,059</u>
END OF YEAR	<u>\$ 948,650</u>	<u>\$ 581,955</u>	<u>\$ 2,160,748</u>	<u>\$ 640,362</u>	<u>\$ 724,735</u>	<u>\$ 5,056,450</u>

See Accompanying Notes To The Financial Statements.

Hanover Township
Reconciliation of the Statement of Receipts, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
March 31, 2006

Net Change in Fund Balances - Total Governmental Funds (Combined Statement of Receipts, Expenditures and Changes in Fund Balances)	\$ (359,609)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation of capital assets is not considered an expenditure in the fund financial statements.	(313,984)
Loss on disposal of capital assets is not considered an expenditure in the fund financial statements.	(2,268)
Purchases of capital assets are treated as an expenditure in the fund financial statements.	361,785
Prior year accrued interest on long-term liabilities is shown as an expenditure in the current year year fund statements.	2,595
Property taxes that do not provide current financial resources are not reported as property tax revenue in the fund financial statements.	381,903
Debt payments are considered an expenditure in the fund financial statements.	1,112,083
Compensated absences payable are not due and payable in the current period and therefore, are not reported on the governmental funds.	<u>(62,482)</u>
Change in Net Assets of Governmental Activities (Statement of Activities)	<u>\$ 1,120,023</u>

See Accompanying Notes To The Financial Statements.

Hanover Township
Notes To The Financial Statements
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hanover Township, Bartlett, Illinois (the Township) operates under the Township Act (60 ILCS) and the Revenue Code (35 ILCS) of the Illinois Compiled Statutes (ILCS). The Township provides the following services as authorized by its charter: youth services, senior and disabled services, mental health services including individual and family counseling, general assistance, property tax related matters and general administrative services.

The accounting and reporting policies of the Township included in the accompanying basic financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The Township follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Township has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Township is not required to be included as a component unit of any other entity.

B. Changes in Accounting Methods

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). Hanover Township has implemented GASB 34 effective April 1, 2004.

The implementation of GASB 34 adds two "Government-Wide" financial statements as basic financial statements required for all governmental units. They are the Statement of Net Assets, which presents the financial condition of the governmental activities of the Township at fiscal year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Changes in Accounting Methods (Continued)

The reporting model for GASB 34 classifies funds as governmental activities. Further, all non-fiduciary funds are classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Both new statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the Township used the modified accrual basis accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

C. Basis of Presentation

GOVERNMENT -WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Township does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the Township are financed. The Township's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the Township's governmental funds follows:

Town Fund

The Town Fund is the general operating fund of the Township. It is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Funds included in this fund category are:

Senior Services Fund	General Assistance Fund
Road and Bridge Fund	Retirement Fund
Mental Health Fund	Vehicle Replacement Fund

MAJOR FUNDS

The Township reports the following major governmental funds:

- The Town Fund accounts for the resourced traditionally associated with the Township's operations that are not required legally or by sound financial management to be accounted for in another fund.
- The Senior Services Fund accounts for the revenue and expenditures needed to finance the construction of the senior services center as well as the services and programs in the area of senior services.
- The Road and Bridge Fund accounts for the revenues and expenditures needed to finance the maintenance and construction of the Township's roads and bridges.
- The Mental Health Fund accounts for the revenues and expenditures needed to finance the services and programs in the areas of mental health, developmental disabilities and alcohol and substance abuse.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

NON-MAJOR FUNDS

The Township reports the following non-major funds:

- General Assistance Fund
- Retirement Fund
- Vehicle Replacement Fund

D. Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the Township's operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Property taxes, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. The Township considers property taxes available if they are due and collected by year end. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

The Township reports unearned revenues on its Statement of Net Assets and deferred revenues on its Governmental Funds Balance Sheet. For governmental fund financial statements, deferred revenues occur when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Township before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increases and decreases in net total assets.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements, but are excluded from the governmental funds financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Budget and Budgetary Accounting

Budgetary information for individual funds is prepared on the same basis as the basic financial statements. Annual appropriated budgets are adopted at the fund level for the town and special revenue funds. The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.
2. The proposed budget is presented to governing body for review.
3. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.
4. The budget may be amended by the governing body.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. The annual budget is legally enacted and provides for a legal level of control at the fund level. All appropriations lapse at fiscal year end

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash, Cash Equivalents, and Investments

The Township considers all highly liquid investments with an initial maturity date within three months of the date acquired by the Township and investment pools to be cash equivalents.

I. Interfund Receivables/Payables

Amounts due to and due from other funds arise during the course of the Township's operations because of numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that these transactions have not been repaid as of April 30, 2005, an interfund receivable and payable have been recorded.

J. Interfund Transactions

Interfund services are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements are reported as transfers.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond April 30, 2006 are recorded as prepaid items.

L. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the Township has adopted a capitalization threshold of \$1,000 for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to May 1, 2004, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government wide financial statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is currently encouraged, but not required.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10 to 30 years
Furniture and Equipment	7 to 20 years
Infrastructure	20 years

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

M. Compensated Absences

Vacation time is earned by the employees of the Township based on the length of employment and employment status. Any unused vacation time is paid to the employees upon termination.

The Township allows for carryover of unused sick time, subject to maximum limits. Upon termination employees are paid for sick time at a nominal rate.

N. Long-Term Liabilities

In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

O. Property Taxes

The Township's property taxes are levied each calendar year on all taxable real property located within the Township and accrued as deferred revenue in the fiscal year of levy. Property taxes due within the current fiscal year and collected by year end are recorded as revenue.

The Cook County Assessor is responsible for assessment of all taxable real property within Cook County.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Property Taxes (continued)

The Cook County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the Cook County Collector as the basis for issuing tax bills to Cook County taxpayers.

The Cook County Collector collects all property taxes and submits them to the County Treasurer, who remits them to the Township. Taxes must be levied by the last Tuesday in December and are payable in two installments, on March 1 and August 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. An allowance for uncollectible taxes has been stated at .5% of the tax levy to reflect actual collection experience. Property tax receivable balances in the financial statements appear net of this allowance.

P. Equity Classifications

GOVERNMENT -WIDE FINANCIAL STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets – consists of capital assets, net of accumulated depreciation, net of related debt.
- Restricted net assets – consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net assets – consists of all other net assets that do not meet the definition of restricted or invested in capital assets.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance may further be classified as reserved and unreserved.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 2 - DEPOSITS

The Township maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Township's funds.

Permitted Deposits and Investments – Statutes authorize the Township to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

At March 31, 2006, the carrying amount of the Township's deposits was \$5,167,180, not including a petty cash fund of \$50 and the bank balance was \$5,292,959. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

The following table categorizes the Township's cash and cash equivalents according to levels of custodial credit risk.

	Carrying Amount	Bank Balances
Category:		
Deposits covered by depository insurance or collateralized, with securities held by the Township or by its agent in the Township's name.	\$ 482,997	\$ 482,997
Deposits which are collateralized, with securities held by the pledging financial institution's trust department or agent in the Township's name.	3,867,237	3,993,016
Deposits which are uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.	816,946	816,946
Total Bank Deposits	\$ 5,167,180	\$ 5,292,959

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 3 - CAPITAL ASSETS

A summary of the changes in capital assets for the year follows. Total depreciation expense for the year was \$313,984.

	Capital Assets April 1, 2005	Additions	Deletions	Capital Assets March 31, 2006
Governmental Activities				
Capital Assets not Subject to Depreciation				
Land	\$ 633,541	\$ 0	\$ 0	\$ 633,541
Total Capital Assets not Being Depreciated	633,541	0	0	633,541
Capital Assets Subject to Depreciation				
Buildings	4,755,299	0	0	4,755,299
Building Improvements	153,989	103,816	0	257,805
Office Furniture and Equipment	514,370	133,409	(54,144)	593,635
Trucks and Equipment	313,248	59,050	0	372,298
Buses	261,046	56,299	0	317,345
Infrastructure	138,466	9,211	0	147,677
Total Capital Assets Being Depreciated	6,136,418	361,785	(54,144)	6,444,059
Less Accumulated Depreciation				
Buildings	(186,125)	(158,510)	0	(344,635)
Building Improvements	(37,943)	(18,362)	0	(56,305)
Office Furniture and Equipment	(275,551)	(57,094)	50,729	(281,916)
Trucks and Equipment	(155,430)	(43,687)	0	(199,117)
Buses	(131,594)	(28,871)	0	(160,465)
Infrastructure	(3,029)	(7,460)	0	(10,489)
Total Accumulated Depreciaton	(789,672)	(313,984)	50,729	(1,052,927)
Net Capital Assets - Governmental Activities	<u>\$ 5,980,287</u>	<u>\$ 47,801</u>	<u>\$ (3,415)</u>	<u>\$ 6,024,673</u>

NOTE 4 - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities is as follows:

	Balance 3/31/2005	Additions	Reductions	Balance 3/31/2006	Due Within One Year
Note Payable EFS Bank \$1,200,000 dated July 19, 2004, 2.8%	\$ 1,112,083	\$ 0	\$ 1,112,083	\$ 0	\$ 0
Compensated absences	141,934	97,965	35,483	204,416	51,104
Total Long-Term Debt	<u>\$ 1,254,017</u>	<u>\$ 97,965</u>	<u>\$ 1,147,566</u>	<u>\$ 204,416</u>	<u>\$ 51,104</u>

The note at EFS Bank was paid off during the fiscal year.

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 5 - RETIREMENT FUND COMMITMENT

A. Plan Description

The Township's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Township is required to contribute at an actuarially determined rate. The employer rate for the calendar year 2005 was 9.89% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 27 years.

For December 31, 2005, the Township's annual pension cost of \$160,443 was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002 -2004 experience study.

B. Trend Information

Actual Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2005	\$ 160,443	100%	\$ 0
12/31/2004	150,878	100%	0
12/31/2003	127,502	100%	0
12/31/2002	116,018	100%	0
12/31/2001	120,861	100%	0
12/31/2000	111,474	100%	0
12/31/1999	110,229	100%	0
12/31/1998	99,084	100%	0
12/31/1997	86,690	100%	0
12/31/1996	88,640	100%	0

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 5 - RETIREMENT FUND COMMITMENT (CONTINUED)

C. Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ 1,943,392	\$ 2,335,829	\$ 392,437	83.20%	\$ 1,622,271	24.19%
12/31/2004	1,756,568	2,125,249	368,681	82.65%	1,428,767	25.80%
12/31/2003	1,941,528	2,185,525	243,997	88.84%	1,287,899	18.95%
12/31/2002	1,933,627	2,289,279	355,652	84.46%	1,182,651	30.07%
12/31/2001	1,923,674	2,160,392	236,718	89.04%	1,195,462	19.80%
12/31/2000	1,643,500	1,884,289	240,789	87.22%	1,139,812	21.13%
12/31/1999	1,309,838	1,624,560	314,722	80.63%	1,060,921	29.66%
12/31/1998	1,169,890	1,437,912	268,022	81.36%	935,637	28.65%
12/31/1997	947,288	1,294,528	347,240	73.18%	883,168	39.32%
12/31/1996	836,470	1,184,501	348,031	70.62%	890,855	39.07%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$1,973,220. On a market basis, the funded ratio would be 84.48%.

D. Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and early retirements are expected to occur.

NOTE 6 - FUND BALANCES

At March 31, 2006, no funds had a deficit balance.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

At March 31, 2006 the Township had the following interfund receivables/payables:

Fund	Interfund Receivable	Interfund Payable
Town Fund	\$ 0	\$ 1,014,557
Road and Bridge Fund	1,014,557	0
	<u>\$ 1,014,557</u>	<u>\$ 1,014,557</u>

The interfund balances shown above resulted from a loan between the Road and Bridge Fund and the Town Fund. This loan paid off the loan that the Township had with EFS Bank

Hanover Township
Notes To The Financial Statements (Continued)
For the Year Ended March 31, 2006

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

NOTE 9 – INTERFUND RENT

The Hanover Township Mental Health Board entered into a ten year lease with Hanover Township starting June 1, 2001 and ending May 31, 2011. The terms of the lease call for monthly rent of \$833. This activity is recorded in the fund financial statements and eliminated in the government wide financial statements.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

Fund Balances of the Town Fund, General Assistance Fund, Road and Bridge Fund, Mental Health Fund were increased by \$1,829, \$370, \$447, \$313 and the Retirement Fund Balance was decreased by \$15,083 to correct the liability for IMRF at March 31, 2005

In addition to the above, the Government Wide Financial Statement Net Assets were increased by \$2,663,430 to remove the deferred property taxes which were incorrectly recorded as a reduction of income on the prior year statement of activities .

**Hanover Township
Town Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 2,198,831	\$ 2,198,831	\$ 2,168,655	\$ (30,176)
Replacement Taxes	16,021	16,021	19,464	3,443
Therapy Fees	30,000	30,000	22,108	(7,892)
Pace Bus Fees	2,500	2,500	735	(1,765)
Passport Fees	20,000	20,000	35,940	15,940
Youth Commission	20,000	20,000	21,888	1,888
Rental Income	12,500	12,500	10,120	(2,380)
Interest Income	21,000	21,000	37,266	16,266
Other Income	8,000	8,000	5,604	(2,396)
TOTAL REVENUES	2,328,852	2,328,852	2,321,780	(7,072)
EXPENDITURES				
Administration				
Compensation of Officials	98,802	98,802	98,509	293
Town Office Help	400,884	400,884	441,991	(41,107)
Town Hall Expense	167,300	167,300	199,250	(31,950)
Legal and Audit	51,140	51,140	68,210	(17,070)
Insurance and Employee Benefits	262,850	262,850	261,586	1,264
Assessor's Office	120,082	120,082	99,852	20,230
Astor Avenue Project	125,112	125,112	3,950	121,162
Building Expenses	16,000	16,000	14,251	1,749
Clerk's Department	73,636	73,636	77,209	(3,573)
Veterans' Affairs	16,214	16,214	16,217	(3)
Youth Commission	567,259	567,259	514,423	52,836
Capital Outlay	414,666	414,666	174,599	240,067
Debt Service	1,236,000	1,236,000	1,130,169	105,831
TOTAL EXPENDITURES	3,549,945	3,549,945	3,100,216	449,729
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	(1,221,093)	(1,221,093)	(778,436)	442,657
OTHER FINANCING SOURCES				
Issuance of Debt	1,200,000	1,200,000	0	(1,200,000)
Transfers Out	(433,363)	(433,363)	(158,363)	275,000
TOTAL OTHER FINANCING SOURCES	766,637	766,637	(158,363)	(925,000)
NET CHANGE IN FUND BALANCE	\$ (454,456)	\$ (454,456)	(936,799)	\$ (482,343)
FUND BALANCE, BEGINNING OF YEAR			1,883,620	
PRIOR PERIOD ADJUSTMENT BEGINNING OF YEAR, RESTATED			1,829	
			<u>1,885,449</u>	
END OF YEAR			<u>\$ 948,650</u>	

**Hanover Township
Town Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Compensation of Officials	\$ 98,802	\$ 98,802	\$ 98,509	\$ 293
Town Office Help				
Postage	3,502	3,502	8,891	(5,389)
Office Supplies	5,568	5,568	7,472	(1,904)
Printing	1,545	1,545	738	807
Salaries	327,409	327,409	350,240	(22,831)
Travel Expense	2,575	2,575	4,134	(1,559)
Dues, Subscriptions and Publications	4,835	4,835	2,204	2,631
Pre Employment Charges	515	515	995	(480)
Education and Training	4,120	4,120	9,151	(5,031)
Consulting	5,000	5,000	5,602	(602)
Financial Administration	5,150	5,150	7,137	(1,987)
Community Affairs	35,000	35,000	33,130	1,870
Pace Bus Expense	2,575	2,575	0	2,575
Other Expenses	3,090	3,090	12,297	(9,207)
Total Town Office Help	400,884	400,884	441,991	(41,107)
Town Hall Expense				
Telephone	40,000	40,000	29,345	10,655
Utilities	60,000	60,000	96,260	(36,260)
High Speed Internet	2,600	2,600	2,490	110
Equipment Rental	3,400	3,400	3,348	52
Equipment Maintenance	21,000	21,000	20,581	419
Home Delivered Meals	4,500	4,500	6,655	(2,155)
Janitorial Supplies	8,000	8,000	9,012	(1,012)
Trash Removal	4,800	4,800	2,260	2,540
Building Maintenance	22,000	22,000	27,734	(5,734)
Vehicle Maintenance	1,000	1,000	1,565	(565)
Total Town Hall Expense	167,300	167,300	199,250	(31,950)
Legal and Audit				
Audit	12,000	12,000	21,611	(9,611)
Legal	39,140	39,140	46,599	(7,459)
Total Legal and Audit	51,140	51,140	68,210	(17,070)

**Hanover Township
Town Fund
Schedule of Expenditures (Continued)
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Insurance and Employee Benefits				
General Insurance	\$ 45,000	\$ 45,000	\$ 54,486	\$ (9,486)
Medical, Dental and Life Insurance	197,000	197,000	158,468	38,532
Unemployment Compensation	20,000	20,000	47,797	(27,797)
Flex Plan	850	850	835	15
Total Insurance and Employee Benefits	262,850	262,850	261,586	1,264
Assessor's Office				
Office Supplies	5,430	5,430	2,340	3,090
Printing and Newsletter	778	778	498	280
Salaries	94,925	94,925	89,476	5,449
Travel Expense	2,709	2,709	1,239	1,470
Dues, Subscriptions and Publications	3,115	3,115	2,119	996
Training	2,101	2,101	415	1,686
Equipment Rental	3,144	3,144	1,908	1,236
Equipment Maintenance	6,829	6,829	1,788	5,041
Professional Services	1,051	1,051	69	982
Total Assessor's Office	120,082	120,082	99,852	20,230
Astor Avenue Project				
Salaries	105,650	105,650	0	105,650
Staff Training	1,000	1,000	0	1,000
Staff Expense	1,500	1,500	1,872	(372)
After School Program	7,962	7,962	0	7,962
Supplies	5,000	5,000	649	4,351
Consultants	500	500	0	500
Professional Services	3,500	3,500	1,429	2,071
Total Astor Avenue Project	125,112	125,112	3,950	121,162
Building Expenses				
Telephone	5,000	5,000	3,901	1,099
Utilities	8,500	8,500	7,586	914
Building Maintenance and Supplies	2,500	2,500	2,764	(264)
Total Building Expenses	16,000	16,000	14,251	1,749

**Hanover Township
Town Fund
Schedule of Expenditures (Continued)
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Clerk's Department				
Salaries	59,078	59,078	62,050	(2,972)
Postage	500	500	563	(63)
Office Supplies	773	773	1,512	(739)
Printing and Legal Notices	6,500	6,500	5,431	1,069
Travel and Seminars	725	725	352	373
Dues, Subscriptions and Publications	412	412	200	212
Community Affairs	2,500	2,500	3,085	(585)
Equipment Maintenance and Repair	1,648	1,648	1,953	(305)
Passport Expenditures	0	0	138	(138)
Other Expenses	1,500	1,500	1,925	(425)
Total Clerk's Department	73,636	73,636	77,209	(3,573)
Veterans' Affiars				
Salaries	15,914	15,914	16,217	(303)
Travel Expense	100	100	0	100
Other Expenses	200	200	0	200
Total Veterans' Affiars	16,214	16,214	16,217	(3)
Youth Commission				
Salaries	477,438	477,438	442,859	34,579
Expenses	12,875	12,875	13,062	(187)
Staff Expenses	3,605	3,605	3,722	(117)
Staff Education	5,150	5,150	3,092	2,058
Consulting	3,090	3,090	2,750	340
Answering Service	1,236	1,236	2,418	(1,182)
Printing	1,545	1,545	1,459	86
Postage	1,648	1,648	919	729
Books and Journals	464	464	463	1
Equipment Maintenance	1,030	1,030	168	862
Psychiatric Backup	23,175	23,175	16,175	7,000
Insurance	2,575	2,575	2,004	571
Open Gym Program	20,600	20,600	14,461	6,139
Tutoring	12,828	12,828	10,871	1,957
Total Youth Commission	567,259	567,259	514,423	52,836

Hanover Township
Town Fund
Schedule of Expenditures (Continued)
Budget and Actual
For the Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Capital Outlay				
Building and Permanent Improvements	280,585	280,585	28,390	252,195
Capital Expenditures	5,000	5,000	11,866	(6,866)
Equipment Purchases	129,081	129,081	134,343	(5,262)
Total Capital Outlay	414,666	414,666	174,599	240,067
Debt Service				
Debt Service - Principal	1,200,000	1,200,000	1,112,083	87,917
Debt Service - Interest	36,000	36,000	18,086	17,914
Total Debt Service	1,236,000	1,236,000	1,130,169	105,831
TOTAL EXPENDITURES	\$ 3,549,945	\$ 3,549,945	\$ 3,100,216	\$ 449,729

**Hanover Township
Senior Services Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 672,657	\$ 672,657	\$ 658,959	\$ (13,698)
Grant Income	262,512	262,512	18,450	(244,062)
Interest Income	2,000	2,000	12,579	10,579
Other Income	4,000	4,000	3,668	(332)
TOTAL REVENUES	<u>941,169</u>	<u>941,169</u>	<u>693,656</u>	<u>(247,513)</u>
EXPENDITURES				
Administration	608,012	608,012	543,091	64,921
Social Services	56,700	56,700	65,325	(8,625)
Transportation	52,098	52,098	59,680	(7,582)
Capital Outlay	371,183	371,183	79,245	291,938
TOTAL EXPENDITURES	<u>1,087,993</u>	<u>1,087,993</u>	<u>747,341</u>	<u>340,652</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	(146,824)	(146,824)	(53,685)	93,139
OTHER FINANCING SOURCES				
Transfers In	375,000	375,000	100,000	(275,000)
TOTAL OTHER FINANCING SOURCES	<u>375,000</u>	<u>375,000</u>	<u>100,000</u>	<u>(275,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 228,176</u>	<u>\$ 228,176</u>	46,315	<u>\$ (181,861)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>535,640</u>	
END OF YEAR			<u>\$ 581,955</u>	

**Hanover Township
Senior Services Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Administration				
Salaries	\$ 501,517	\$ 501,517	\$ 452,037	\$ 49,480
IMRF	49,600	49,600	38,890	10,710
FICA	38,366	38,366	29,237	9,129
Recruitment	1,030	1,030	4,754	(3,724)
Postage, Printing and Supplies	8,695	8,695	12,804	(4,109)
Dues, Subscriptions and Publications	1,000	1,000	791	209
Travel/Seminars	5,804	5,804	4,572	1,232
Miscellaneous	2,000	2,000	6	1,994
Total Administration	608,012	608,012	543,091	64,921
Social Services				
Programming	34,488	34,488	37,535	(3,047)
Outreach	2,694	2,694	1,134	1,560
Volunteer Services	6,468	6,468	7,429	(961)
Club 59	13,050	13,050	19,227	(6,177)
Total Social Services	56,700	56,700	65,325	(8,625)
Transporation				
Emergency Maintenance Fund	13,090	13,090	0	13,090
Vehicle Maintenance	39,008	39,008	59,680	(20,672)
Total Transporation	52,098	52,098	59,680	(7,582)
Capital Outlay				
Equipment Purchase	21,800	21,800	9,455	12,345
Computer Equipment	2,341	2,341	1,722	619
Architectural Fees	15,000	15,000	0	15,000
Building Construction	200,000	200,000	0	200,000
Building Improvement	147,042	147,042	68,068	78,974
Total Capital Outlay	386,183	386,183	79,245	306,938
TOTAL EXPENDITURES	\$ 1,102,993	\$ 1,102,993	\$ 747,341	\$ 355,652

**Hanover Township
Road and Bridge Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 547,976	\$ 547,976	\$ 554,795	\$ 6,819
Replacement Taxes	14,500	14,500	20,981	6,481
Interest Income	13,000	13,000	43,998	30,998
Permits and Traffic Fines	1,500	1,500	41,926	40,426
TOTAL REVENUES	<u>576,976</u>	<u>576,976</u>	<u>661,700</u>	<u>84,724</u>
EXPENDITURES				
Maintenance of Roads	552,567	552,567	206,346	346,221
Administration	85,250	85,250	76,958	8,292
Capital Outlay	118,120	118,120	64,657	53,463
TOTAL EXPENDITURES	<u>755,937</u>	<u>755,937</u>	<u>347,961</u>	<u>407,976</u>
NET CHANGE IN FUND BALANCE	<u>\$ (178,961)</u>	<u>\$ (178,961)</u>	313,739	<u>\$ 492,700</u>
FUND BALANCE, BEGINNING OF YEAR			1,846,562	
PRIOR PERIOD ADJUSTMENT BEGINNING OF YEAR, RESTATED			<u>447</u>	
			<u>1,847,009</u>	
END OF YEAR			<u>\$ 2,160,748</u>	

**Hanover Township
Road and Bridge Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Maintenance of Roads				
Controlled Substance Testing	\$ 1,500	\$ 1,500	\$ 309	\$ 1,191
Salaries	130,000	130,000	124,287	5,713
Materials & Supplies	12,000	12,000	6,133	5,867
Gas and Oil	8,000	8,000	9,561	(1,561)
Machine Rental	1,700	1,700	2,124	(424)
Engineering	10,000	10,000	0	10,000
Contract Work	325,367	325,367	11,675	313,692
Equipment Maintenance	15,000	15,000	12,488	2,512
Street Lighting	3,000	3,000	5,701	(2,701)
Building Maintenance	5,000	5,000	2,157	2,843
Signs, Striping and Tree Removal	6,000	6,000	10,756	(4,756)
Bridge Repair and Maintenance	15,000	15,000	0	15,000
Salt	20,000	20,000	21,155	(1,155)
	<u>552,567</u>	<u>552,567</u>	<u>206,346</u>	<u>346,221</u>
Total Maintenance of Roads				
Administration				
Unemployment Compensation	1,300	1,300	507	793
IMRF Expense	15,000	15,000	11,233	3,767
FICA Expense	9,000	9,000	8,674	326
Postage	1,000	1,000	673	327
Legal	5,000	5,000	8,919	(3,919)
Insurance	40,000	40,000	37,011	2,989
Audit	2,500	2,500	952	1,548
Telephone	2,500	2,500	2,126	374
Dues, Subscriptions and Publications	500	500	375	125
Travel Expense	1,500	1,500	20	1,480
Printing	200	200	0	200
Uniforms and Safety Equipment	1,000	1,000	146	854
Utilities	5,000	5,000	5,410	(410)
Office Supplies	500	500	883	(383)
Miscellaneous	250	250	29	221
	<u>85,250</u>	<u>85,250</u>	<u>76,958</u>	<u>8,292</u>
Total Administration				
Capital Outlay				
Equipment Purchase	114,120	114,120	64,657	49,463
Construction Equipment	4,000	4,000	0	4,000
Building and Permanent Improvement	10,000	10,000	0	10,000
	<u>128,120</u>	<u>128,120</u>	<u>64,657</u>	<u>63,463</u>
Total Capital Outlay				
TOTAL EXPENDITURES	<u>\$ 765,937</u>	<u>\$ 765,937</u>	<u>\$ 347,961</u>	<u>\$ 417,976</u>

**Hanover Township
Mental Health Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 634,583	\$ 634,583	\$ 639,040	\$ 4,457
Replacement Taxes	9,810	9,810	11,678	1,868
Rental Income	0	0	11,480	11,480
Interest Income	2,156	2,156	6,219	4,063
Other Income	11,400	11,400	5,615	(5,785)
TOTAL REVENUES	657,949	657,949	674,032	\$ 16,083
EXPENDITURES				
Service Contracts/Grant by Agency	448,000	448,000	405,916	42,084
Administration	103,567	103,567	88,056	15,511
Building Occupancy	33,400	33,400	29,764	3,636
Capital Improvements	11,000	11,000	475	10,525
TOTAL EXPENDITURES	595,967	595,967	524,211	71,756
NET CHANGE IN FUND BALANCE	\$ 61,982	\$ 61,982	\$ 149,821	\$ 87,839
FUND BALANCE,				
BEGINNING OF YEAR			490,228	
PRIOR PERIOD ADJUSTMENT			313	
BEGINNING OF YEAR, RESTATED			<u>490,541</u>	
END OF YEAR			<u>\$ 640,362</u>	

**Hanover Township
Mental Health Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Service Contracts/Grant by Agency				
Community Crisis Center	\$ 39,000	\$ 39,000	\$ 38,609	\$ 391
Children's Advocacy Center	47,000	47,000	47,027	(27)
Open Door Clinic	1,000	1,000	1,000	0
Association for Individual Development	32,000	32,000	32,000	0
Catholic Charities	1,000	1,000	1,000	0
Clearbook	5,000	5,000	5,000	0
Jayne Shover Easter Seal Center	37,000	37,000	37,000	0
Renz Addiction Counseling Center	50,000	50,000	49,500	500
Dayone Network, Inc.	5,500	5,500	5,500	0
Northwest CASA	8,000	8,000	8,000	0
Pace, Transpiration	33,000	33,000	18,031	14,969
Ecker Mental Health Center	54,500	54,500	54,500	0
Hanover Township Youth Services	20,000	20,000	20,000	0
Contract Support Services	20,000	20,000	2,500	17,500
Community Education	3,000	3,000	664	2,336
Centro De Informacion	19,000	19,000	19,000	0
The Bridge	13,000	13,000	13,000	0
Senior Services Association	17,000	17,000	21,250	(4,250)
Family Services	13,000	13,000	13,000	0
LSSI	6,000	6,000	3,080	2,920
Epilepsy Foundation	1,000	1,000	1,000	0
Larkin Center	1,500	1,500	1,500	0
Summit Center	1,500	1,500	1,500	0
Tide Project	13,000	13,000	5,505	7,495
Journeys from PADS to Hope	1,000	1,000	750	250
PADS of Elgin	6,000	6,000	6,000	0
Total Service Contracts/Grants by Agency	448,000	448,000	405,916	42,084
Administration				
Hanover Township Services	6,000	6,000	1,908	4,092
Legal	2,000	2,000	0	2,000
Travel & Conferences	3,500	3,500	2,884	616
Auditing	250	250	0	250
Subscriptions and Publications	500	500	107	393
Salaries	57,646	57,646	57,647	(1)
Employee Benefits	8,000	8,000	7,060	940
Unemployment Compensation	550	550	0	550
IMRF Expense	5,760	5,760	5,770	(10)
FICA Expense	4,611	4,611	4,341	270
Supplies	750	750	340	410
Subtotal	\$ 89,567	\$ 89,567	\$ 80,057	\$ 9,510

**Hanover Township
Mental Health Fund
Schedule of Expenditures (continued)
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Subtotal Carried Forward	\$ 89,567	\$ 89,567	\$ 80,057	\$ 9,510
Administration (continued)				
Postage	1,500	1,500	440	1,060
Dues	3,600	3,600	3,601	(1)
Printing	900	900	750	150
Marketing and Grant Development	5,000	5,000	215	4,785
Other Expenses	3,000	3,000	2,993	7
Total Administration	<u>103,567</u>	<u>103,567</u>	<u>88,056</u>	<u>15,511</u>
Building Occupancy				
Utilities	10,000	10,000	10,144	(144)
Insurance	1,000	1,000	0	1,000
Building Maintenance	4,500	4,500	2,255	2,245
Janitorial	7,000	7,000	4,968	2,032
Rent	10,000	10,000	10,000	0
Agency Support Service	900	900	2,397	(1,497)
Total Building Occpancy	<u>33,400</u>	<u>33,400</u>	<u>29,764</u>	<u>3,636</u>
Capital Improvements	<u>11,000</u>	<u>11,000</u>	<u>475</u>	<u>10,525</u>
TOTAL EXPENDITURES	<u>\$ 595,967</u>	<u>\$ 595,967</u>	<u>\$ 524,211</u>	<u>\$ 71,756</u>

**Hanover Township
 Non-Major Governmental Funds
 Combining Balance Sheet
 March 31, 2006**

Special Revenue Funds

	General Assistance	Retirement	Vehicle Replacement	Total
ASSETS				
Cash	\$ 391,292	\$ 164,167	\$ 163,410	\$ 718,869
Property Taxes Receivable	133,885	139,619	0	273,504
Prepaid Expenditures	8,675	0	0	8,675
TOTAL ASSETS	<u>533,852</u>	<u>303,786</u>	<u>163,410</u>	<u>1,001,048</u>
LIABILITIES				
Accounts Payable	126	0	0	126
Accrued Expenses	359	2,324	0	2,683
Deferred Property Taxes	133,885	139,619	0	273,504
TOTAL LIABILITIES	<u>134,370</u>	<u>141,943</u>	<u>0</u>	<u>276,313</u>
FUND BALANCE	<u>399,482</u>	<u>161,843</u>	<u>163,410</u>	<u>724,735</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 533,852</u>	<u>\$ 303,786</u>	<u>\$ 163,410</u>	<u>\$ 1,001,048</u>

**Hanover Township
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2006**

	<u>Special Revenue Funds</u>			
	<u>General Assistance</u>	<u>Retirement</u>	<u>Vehicle Replacement</u>	<u>Total</u>
REVENUES				
Property Taxes	\$ 196,990	\$ 202,080	\$ 0	\$ 399,070
Replacement Taxes	4,247	0	0	4,247
Bus Fares	0	0	9,809	9,809
Interest Income	8,897	10,572	544	20,013
Other Income	11,746	0	25,000	36,746
TOTAL REVENUES	<u>221,880</u>	<u>212,652</u>	<u>35,353</u>	<u>469,885</u>
EXPENDITURES				
Administrative	98,795	198,895	0	297,690
Home Relief	106,944	0	0	106,944
Capital Outlay	0	0	56,299	56,299
TOTAL EXPENDITURES	<u>205,739</u>	<u>198,895</u>	<u>56,299</u>	<u>460,933</u>
EXCESS (DEFICIENCIES) OF RECEIPTS OVER EXPENDITURES	<u>16,141</u>	<u>13,757</u>	<u>(20,946)</u>	<u>8,952</u>
OTHER FINANCING SOURCES				
Transfer In	0	0	58,363	58,363
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>58,363</u>	<u>58,363</u>
NET CHANGES IN FUND BALANCES	16,141	13,757	37,417	67,315
FUND BALANCES, BEGINNING OF YEAR	382,971	163,169	125,993	672,133
PRIOR PERIOD ADJUSTMENT BEGINNING OF YEAR, RESTATED	370	(15,083)	0	(14,713)
	<u>383,341</u>	<u>148,086</u>	<u>125,993</u>	<u>657,420</u>
END OF YEAR	<u>\$ 399,482</u>	<u>\$ 161,843</u>	<u>\$ 163,410</u>	<u>\$ 724,735</u>

**Hanover Township
 General Assistance Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 190,375	\$ 190,375	\$ 196,990	\$ 6,615
Replacement Taxes	3,567	3,567	4,247	680
Interest Income	3,500	3,500	8,897	5,397
Other Income	2,000	2,000	11,746	9,746
TOTAL REVENUES	<u>199,442</u>	<u>199,442</u>	<u>221,880</u>	<u>22,438</u>
EXPENDITURES				
Administration	131,541	131,541	98,795	32,746
Home Relief	140,731	140,731	106,944	33,787
TOTAL EXPENDITURES	<u>272,272</u>	<u>272,272</u>	<u>205,739</u>	<u>66,533</u>
NET CHANGE IN FUND BALANCE	<u>\$ (72,830)</u>	<u>\$ (72,830)</u>	16,141	<u>\$ 88,971</u>
FUND BALANCE,				
BEGINNING OF YEAR			382,971	
PRIOR PERIOD ADJUSTMENT			370	
BEGINNING OF YEAR, RESTATED			<u>383,341</u>	
END OF YEAR			<u>\$ 399,482</u>	

**Hanover Township
General Assistance Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Administration				
Salaries	\$ 102,000	\$ 102,000	\$ 76,371	\$ 25,629
IMRF Expense	10,088	10,088	6,970	3,118
FICA Expense	7,803	7,803	5,635	2,168
Unemployment Compensation	825	825	0	825
Office Supplies	800	800	971	(171)
Equipment Purchase & Rental	4,000	4,000	4,000	0
Travel	2,000	2,000	1,166	834
Utilities	0	0	758	(758)
Equipment Maintenance	200	200	736	(536)
Printing	250	250	55	195
Legal Expenses	50	50	41	9
Professional Services	2,500	2,500	838	1,662
Dues, Subscriptions & Publications	825	825	265	560
Community Affairs	200	200	989	(789)
	<u>131,541</u>	<u>131,541</u>	<u>98,795</u>	<u>32,746</u>
Home Relief				
Rent	60,000	60,000	82,750	(22,750)
Utilities	5,000	5,000	5,077	(77)
Clothing	500	500	0	500
Travel Expense	600	600	785	(185)
Medical	4,000	4,000	3,003	997
Burial	500	500	200	300
Insurance	60,631	60,631	3,668	56,963
Emergency Assistance	8,000	8,000	10,700	(2,700)
Miscellaneous	1,500	1,500	761	739
	<u>140,731</u>	<u>140,731</u>	<u>106,944</u>	<u>33,787</u>
TOTAL EXPENDITURES	<u>\$ 272,272</u>	<u>\$ 272,272</u>	<u>\$ 205,739</u>	<u>\$ 66,533</u>

**Hanover Township
Retirement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 206,239	\$ 206,239	\$ 202,080	\$ (4,159)
Interest Income	3,200	3,200	10,572	7,372
TOTAL REVENUES	<u>209,439</u>	<u>209,439</u>	<u>212,652</u>	<u>3,213</u>
EXPENDITURES				
Social Security and Medicare	89,013	89,013	84,634	4,379
IMRF	115,078	115,078	114,261	817
TOTAL EXPENDITURES	<u>204,091</u>	<u>204,091</u>	<u>198,895</u>	<u>5,196</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,348</u>	<u>\$ 5,348</u>	13,757	<u>\$ 8,409</u>
FUND BALANCE,				
BEGINNING OF YEAR			163,169	
PRIOR PERIOD ADJUSTMENT			<u>(15,083)</u>	
BEGINNING OF YEAR, RESTATED			<u>148,086</u>	
END OF YEAR			<u>\$ 161,843</u>	

**Hanover Township
Vehicle Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Bus Fares	\$ 7,500	\$ 7,500	\$ 9,809	\$ 2,309
Interest Income	660	660	544	(116)
Other Income	0	0	25,000	25,000
TOTAL REVENUES	<u>8,160</u>	<u>8,160</u>	<u>35,353</u>	<u>27,193</u>
EXPENDITURES				
Vehicle Purchase	<u>60,000</u>	<u>60,000</u>	<u>56,299</u>	<u>3,701</u>
TOTAL EXPENDITURES	<u>60,000</u>	<u>60,000</u>	<u>56,299</u>	<u>3,701</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	(51,840)	(51,840)	(20,946)	30,894
OTHER FINANCING SOURCES				
Transfers In	<u>58,353</u>	<u>58,353</u>	<u>58,363</u>	<u>(10)</u>
TOTAL OTHER FINANCING SOURCES	<u>58,353</u>	<u>58,353</u>	<u>58,363</u>	<u>(10)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,513</u>	<u>\$ 6,513</u>	37,417	<u>\$ 30,884</u>
FUND BALANCE, BEGINNING OF YEAR			<u>125,993</u>	
END OF YEAR			<u>\$ 163,410</u>	