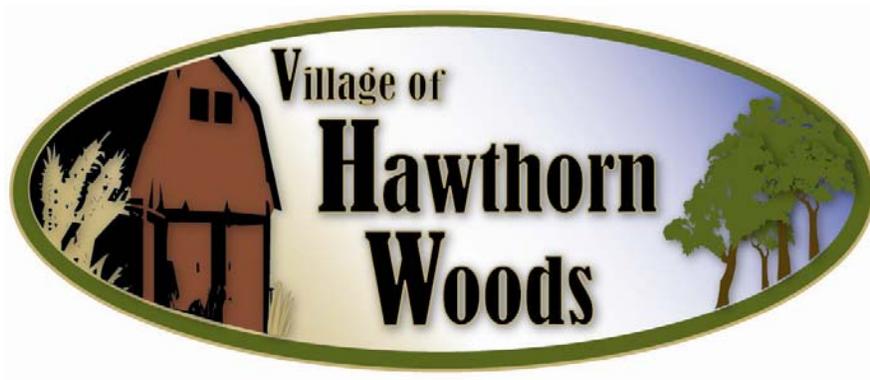


**VILLAGE OF
HAWTHORN WOODS, ILLINOIS**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2009**

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2009

Prepared By

Finance Department

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INTRODUCTORY SECTION

VILLAGE OF HAWTHORN WOODS, ILLINOIS
LIST OF ELECTED AND APPOINTED OFFICIALS

December 31, 2009

VILLAGE OF BOARD TRUSTEES

Joseph Mancino, Mayor

Dave Ansani

Kelly Corrigan

Neil Morgan

Steve Riess

Joanne Weick

Cliff Wright

Chief Operating Officer
Pamela O. Newton, MSOL

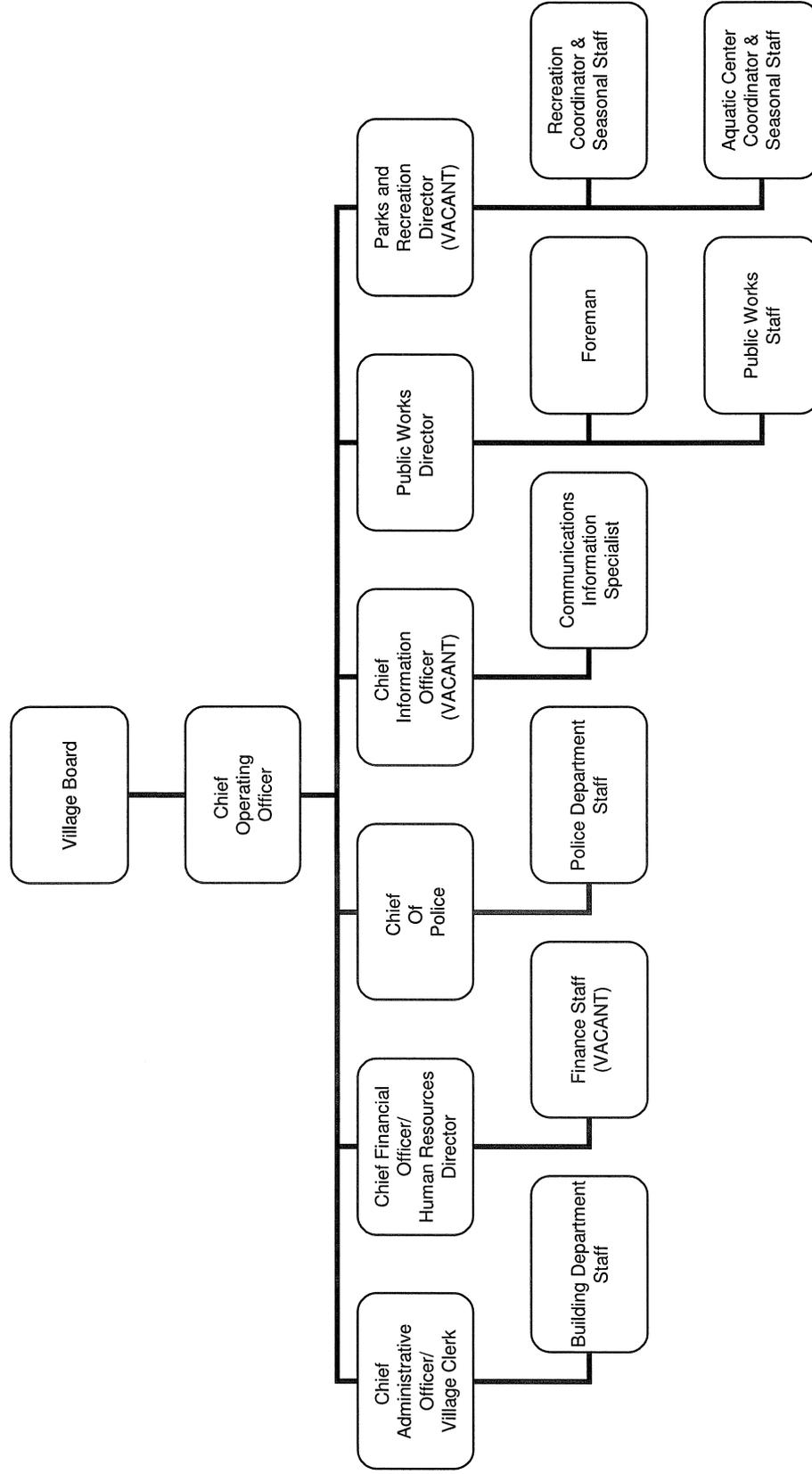
Chief Administrative Officer/Village Clerk
Donna Lobaito

Chief Financial Officer/Human Resources Director
Kristin N. Kazenas, CPA

Chief of Police
Jennifer Paulus

Director of Public Works
James Maiworm

Village of Hawthorn Woods Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Hawthorn Woods
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



2 LAGOON DRIVE - HAWTHORN WOODS, ILLINOIS 60047 - (847) 438-5500 FAX 847-438-1459

April 20, 2010

To the Honorable Mayor, Members of the Village Board, and Citizens of the Village of Hawthorn Woods, Illinois:

The annual report for the Village of Hawthorn Woods, Illinois, for the year ended December 31, 2009 is hereby submitted. The submittal of this report meets the State of Illinois requirement for all general-purpose local governments to publish, within six months of the closing of the fiscal year, a complete set of audited financial statements presented in conformity with generally accepted auditing standards.

Responsibility for the accuracy of the data in this report and completeness of its presentation lies solely with the Village of Hawthorn Woods' management. The Village has established internal controls that are designed to protect the municipality's assets from loss, theft and misuse and to compile total and reliable information. As the cost of internal control should not exceed its benefits, the controls in place have been designed to provide reasonable, rather than absolute assurance, that the financial statements presented are free from material misstatements. To the best of our knowledge, this financial report is accurate and complete in all material aspects and fairly reflects the Village's financial position and changes in financial position of the various funds of the Village and the Village as a whole.

We are pleased to report that independent audit firm Sikich LLP has issued an unqualified opinion on the Village of Hawthorn Woods' financial statements for the year ended December 31, 2009. The independent auditor's report is located at the front of the financial section of this report.

Included with the financial statements is a narrative overview and analysis of the financial statements in the form of *Management Discussion and Analysis (MD&A)*. The MD&A complements this transmittal letter and should be read in conjunction with it. The financial statements include a view at the government-wide level, the fund level, and are supplemented by notes to the financial statements.

Profile of the Government

The Village of Hawthorn Woods was incorporated on March 10, 1958 with a population of 141, which has since grown to 7,716. The Village covers an area of 7½ square miles and is located in Lake County, Illinois approximately 30 miles northwest of Chicago. Hawthorn Woods is an upscale, predominantly residential community that prides itself on the high quality of living it affords its residents. Hawthorn Woods has consistently ranked among the top Chicago area communities in per capita income and median home value. A relatively substantial amount of the 7½ square miles within the Village's boundaries is still undeveloped. The Village is actively pursuing means to spur the development, and is currently in the process of updating the Comprehensive Plan to guide this development.

The Village is governed by a Board consisting of a mayor and six trustees, all of who are elected at-large on a non-partisan basis. Policy-making and legislative authority are vested in the Village Board. The board is responsible, but not limited to, passing ordinances, adopting the budget, appointing committees, and hiring both the Chief Operating Officer and Village Attorney. The Mayor is elected to serve a four-year term and the trustees serve four-year staggered terms, with three Board members elected every other year.

The Chief Operating Officer is responsible for administering Board policy and conducting the day-to-day operations of the Village, which include a wide range of services. Those services include administrative, financial, police protection, public works, planning and zoning, economic development, parks and recreation, code enforcement, and cultural events.

The Village adopts a budget annually, by no later than December 31st of each year. The budget serves as the foundation for the Village's financial planning and control. The budget is prepared by each department and submitted to the Chief Operating Officer for review. It is reflected at a fund, function and activity level. After administrative review and adjustments, the budget is presented to each committee and the Village Board for final review. The Village Board holds public hearings and may add to, subtract from or change budgeted amounts.

Local Economy and Finances

The Village's main revenue stream is based on the choice location of its land and the premier value of its residential base. Property tax is a key source of revenue, representing 50% of budgeted revenues. The Village collected 93.91% of the total property tax levy during the year ended December 31, 2009. However, the Village management is closely monitoring the property tax collection forecast for 2010, due to an increase in foreclosures which may impact the collection rate.

The nationwide economic recession has negatively impacted the Village's revenue streams. Sales tax revenues continue to trend lower than expected. The State of Illinois is currently 5 months in arrears in its payments of the shared Income Tax revenues. The Village management is aggressively monitoring operating expenditures and delaying capital expenditures to mitigate the effects of the decline in revenues. Although the operating expenditure budget is approved annually, the Chief Operating Officer has determined that projected disbursements be delayed until actual revenue received can support said expenditures.

Long-term Financial Planning

The budget for the twelve months ended December 31, 2010 is balanced. This budget was created using an entirely new budget process and model, based upon the Government Finance Officers Association Distinguished Budget Award requirements. The election of a new Mayor and Village Board, in addition to the newly created Chief Operating Officer position, has resulted in a fresh approach to the Village's finances. The focus for 2010 will be critically examining each line item searching for opportunities for cost savings and improved efficiencies and increasing revenues through non-property tax initiatives.

Relevant Financial Policies

The Village has several policies in place to clearly set financial parameters and guidelines. Among these include a capitalization policy, investment policy, and purchase order policy. The Village is currently in the process of reviewing and updating its Financial Policy Manual. With the addition of a full time Chief Financial Officer, the Village is better positioned for continuity of oversight and sound financial management.

Major Initiatives

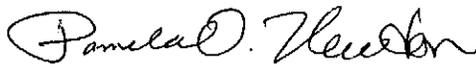
The Village restructured its operations to focus on a two tiered approach to sound fiscal management. The Village is realizing cost savings through consolidating and streamlining government contracts. In addition, the Village is pro-actively working to expand sustainable non-property tax revenue streams. The Village also added a new Recreation Coordinator position to expand its recreation program offerings. These exciting new opportunities include preschool programming, sports classes and camps, and for the first time, senior activities. In addition, there are several land annexations and residential developments under consideration, including a golf course community and diversified housing stock community centered around an equestrian center.

Awards and Acknowledgements

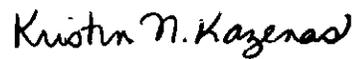
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hawthorn Woods for its comprehensive annual report for the eight months ended December 31, 2008. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

Respectfully Submitted,



Pamela O. Newton MSOL
Chief Operating Officer



Kristin N. Kazenas CPA
Chief Financial Officer

FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable Village Mayor
Members of the Board of Trustees
Village of Hawthorn Woods
Hawthorn Woods, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Hawthorn Woods, Illinois (the Village), as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Hawthorn Woods, Illinois, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules and supplemental data listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Hawthorn Woods, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents were not audited by us and, accordingly, we express no opinion thereon.

A handwritten signature in black ink that reads "Sehech LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
April 20, 2010

GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

Our discussion and analysis of the Village of Hawthorn Woods financial performance provides an overview of the Village's financial activities for the year ended December 31, 2009. Please read it in conjunction with the transmittal letter, which begins on page iv and the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's total net assets were \$17,895,431 as of December 31, 2009. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$484,692. Restricted net assets totaled \$3,229,728 and net assets invested in capital assets, net of related debt totaled \$14,181,011.
- The Village's net assets decreased as a result of this year's operations. While net assets of business-type activities decreased by \$53,142, or 1.0 percent, net assets of the governmental activities decreased by \$2,704,863, or 15.0 percent. The primary reason for the decrease in governmental activities net assets relates to the completion of the Special Service Area #1, #2 and #3 road improvement projects and the commencement of the Special Service Area #4 sewer improvement project.
- Capital assets net of depreciation totaled \$17,097,423 as of December 31, 2009, a decrease of \$548,187, due primarily to the current year depreciation expense of \$592,732 which was partially offset by capital asset additions of \$44,545. Capital asset additions were minimal during the current fiscal period due to the planned delay of capital expenditures to address budget shortfalls related to the economic downturn.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 3 - 5) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 42. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 5 of this report.

The Statement of Net Assets reports information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, are needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 of the Village include general government, building and zoning, public safety, public works, and parks and recreation. The business-type activities of the Village include aquatics operations.

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 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 reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village's near-term financing requirements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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 government'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 the comparison between governmental funds and governmental activities.

The Village maintains ten 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 Fund, Parks and Recreation Fund, Motor Fuel Tax Fund, Community Development Fund, Special Service Area #1 Project Fund, Special Service Area #2 Project Fund, Special Service Area #3 Project Fund, Special Service Area #4 Project Fund, and the Canadian National Project Fund all of which are considered major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for all of the governmental funds, except the Connection Fees nonmajor special revenue fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6 - 11 of this report.

Proprietary Funds

The Village maintains one proprietary fund type: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its aquatics operations.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Aquatics Fund, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 12 - 15 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 statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 16 - 17 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 18 - 43 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 Village's I.M.R.F. and police employee pension obligations. Required supplementary information can be found on pages 44 - 55 of this report. Budgetary comparison schedules for the General Fund, Parks and Recreation Fund, Motor Fuel Tax Fund and Community Development Fund are also presented in the required supplementary information and can be found on pages 44 - 53. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 56 - 76 of this report.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the Village of Hawthorn Woods, assets exceeded liabilities by \$17,895,431.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008
Current and Other Assets	\$ 6,389,396	\$ 7,980,625	\$ 677,076	\$ 555,955	\$ 7,066,472	\$ 8,536,580
Capital Assets	12,190,011	12,575,242	4,907,412	5,070,368	17,097,423	17,645,610
Total Assets	<u>18,579,407</u>	<u>20,555,867</u>	<u>5,584,488</u>	<u>5,626,323</u>	<u>24,163,895</u>	<u>26,182,190</u>
Long-Term Debt	500,507	471,741	2,828,183	2,830,241	3,328,690	3,301,982
Other Liabilities	2,933,317	2,243,151	6,457	3,092	2,939,774	2,246,243
Total Liabilities	<u>3,433,824</u>	<u>2,714,892</u>	<u>2,834,640</u>	<u>2,833,333</u>	<u>6,268,464</u>	<u>5,548,225</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	12,100,792	12,473,431	2,080,219	2,365,709	14,181,011	14,839,140
Restricted	2,645,314	4,633,442	584,414	451,196	3,229,728	5,084,638
Unrestricted (Deficit)	399,477	734,102	85,215	(23,915)	484,692	710,187
Total Net Assets	<u>\$ 15,145,583</u>	<u>\$ 17,840,975</u>	<u>\$ 2,749,848</u>	<u>\$ 2,792,990</u>	<u>\$ 17,895,431</u>	<u>\$ 20,633,965</u>

A large portion of the Village’s net assets, \$14,181,011 or 79.2 percent, reflects its investment in capital assets (for example, land, buildings and improvements, and equipment and vehicles), less any related debt used to acquire those assets that is 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, \$3,229,728 or 18.0 percent, of the Village’s net assets represents resources that are subject to external restrictions on how they may be used. As of December 31, 2009, the Village is reporting unrestricted net assets of \$484,692. Unrestricted net assets may be used to meet the government’s ongoing obligations to citizens and creditors.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008
Revenues						
Program Revenues						
Charges for Services	\$ 814,602	\$ 558,775	\$ 309,440	\$ 240,828	\$ 1,124,042	\$ 799,603
Operating Grants/Contrib.	204,609	143,742	-	-	204,609	143,742
Capital Grants/Contrib.	44,545	-	-	-	44,545	-
General Revenues						
Property Taxes	1,644,331	1,573,980	-	-	1,644,331	1,573,980
Road and Bridge Taxes	15,573	26,044	-	-	15,573	26,044
Sales Taxes	112,426	99,675	-	-	112,426	99,675
Income and Use Taxes	698,585	542,330	-	-	698,585	542,330
Replacement Taxes	1,621	1,190	-	-	1,621	1,190
Telecommunication Taxes	49,460	33,390	-	-	49,460	33,390
Other General Revenues	158,789	1,267,080	17,126	18,634	175,915	1,285,714
Total Revenues	<u>3,744,541</u>	<u>4,246,206</u>	<u>326,566</u>	<u>259,462</u>	<u>4,071,107</u>	<u>4,505,668</u>
Expenses						
General Government	783,579	671,138	-	-	783,579	671,138
Building and Zoning	268,409	215,819	-	-	268,409	215,819
Public Safety	1,338,932	1,042,970	-	-	1,338,932	1,042,970
Public Works	3,485,091	2,099,964	-	-	3,485,091	2,099,964
Parks and Recreation	375,854	245,056	-	-	375,854	245,056
Interest on Long-Term Debt	5,919	8,201	-	-	5,919	8,201
Aquatics	-	-	571,328	438,924	571,328	438,924
Total Expenses	<u>6,257,784</u>	<u>4,283,148</u>	<u>571,328</u>	<u>438,924</u>	<u>6,829,112</u>	<u>4,722,072</u>
Change in Net Assets						
Before Transfers	(2,513,243)	(36,942)	(244,762)	(179,462)	(2,758,005)	(216,404)
Transfers	(191,620)	-	191,620	-	-	-
Change in Net Assets	(2,704,863)	(36,942)	(53,142)	(179,462)	(2,758,005)	(216,404)
Net Assets-Beginning as Restated	<u>17,850,446</u>	<u>17,877,917</u>	<u>2,802,990</u>	<u>2,972,452</u>	<u>20,653,436</u>	<u>20,850,369</u>
Net Assets-Ending	<u>\$ 15,145,583</u>	<u>\$ 17,840,975</u>	<u>\$ 2,749,848</u>	<u>\$ 2,792,990</u>	<u>\$ 17,895,431</u>	<u>\$ 20,633,965</u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

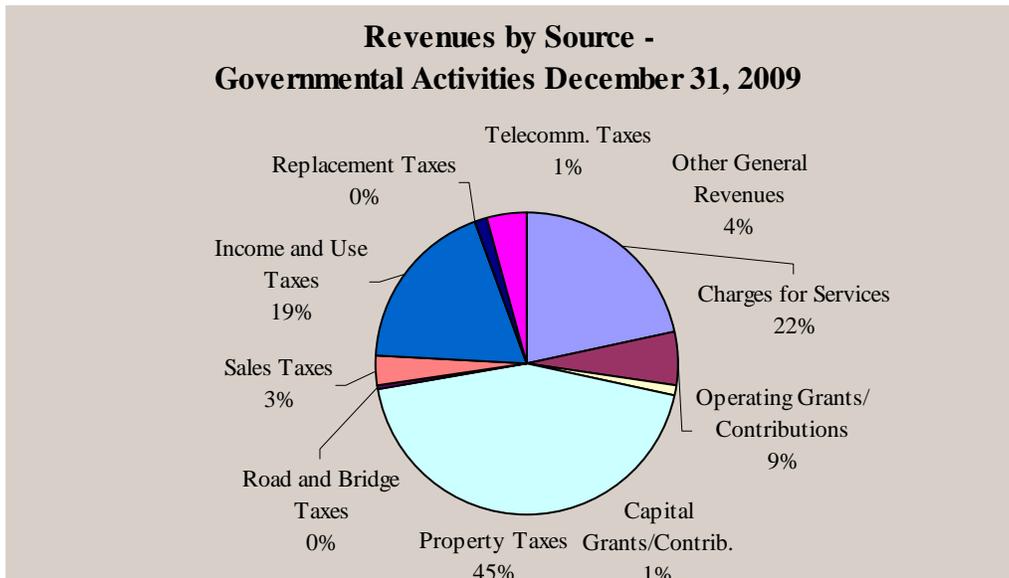
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net assets of the Village's governmental activities decreased by 15.1 percent (\$15,145,583 as of December 31, 2009 compared to \$17,850,446 as of December 31, 2008). The \$2,695,392 decrease in governmental activities net assets relates primarily to the completion of the Special Service Area #1, #2 and #3 road improvement projects and the commencement of the Special Service Area #4 sewer improvement project. Total expenditures related to these four projects were \$2,650,166.

Net assets of business-type activities decreased by 1.5 percent (\$2,749,848 as of December 31, 2009 compared to \$2,802,990 as of December 31, 2008). The \$43,142 decrease in business-type activities net assets is attributable in large part to depreciation expense of \$162,956 for improvements to the aquatics center.

Governmental Activities

Revenues for governmental activities totaled \$3,744,541, while the cost of all governmental functions totaled \$6,257,784. This results in a decrease in net assets of \$2,513,243. This decrease was due primarily to increased expenditures in the four Special Service Area capital projects funds. For the eight months ended December 31, 2008, revenues of \$4,246,206 were less than expenses of \$4,283,148, resulting in a decrease in net assets of \$36,942. The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, utility taxes and use taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from income taxes.



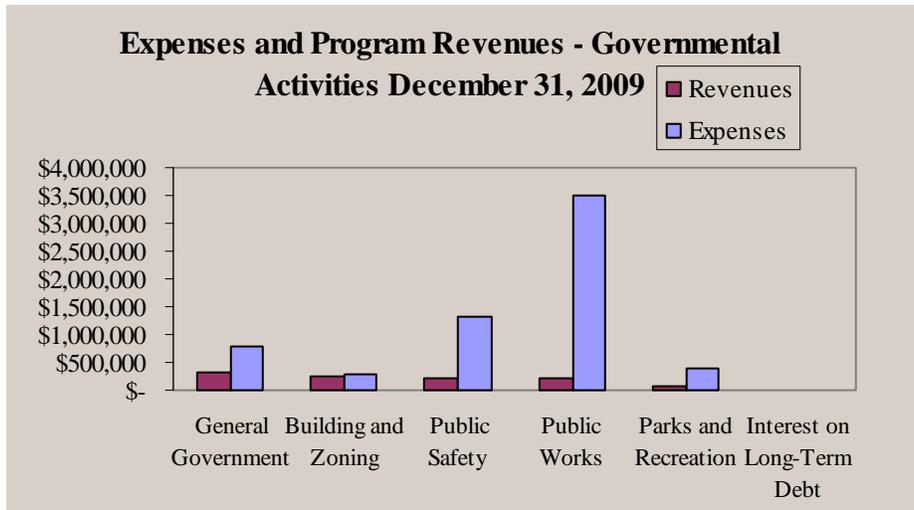
VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

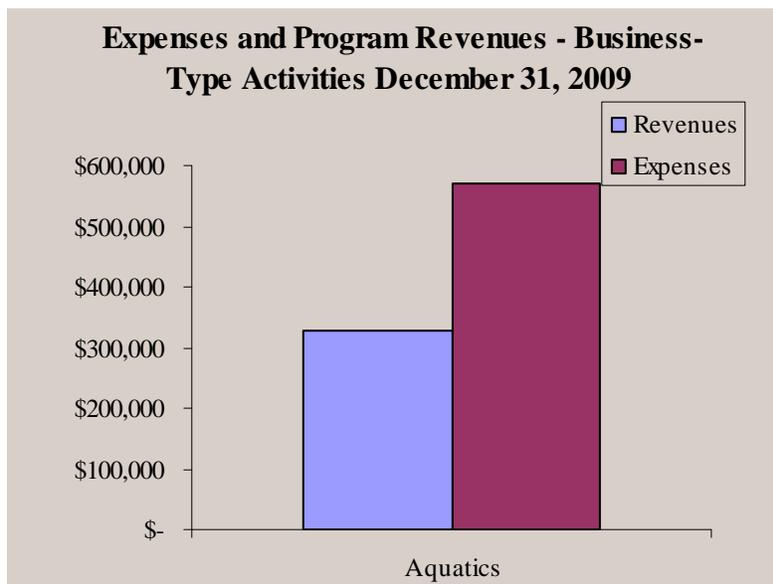
Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



Business-Type activities

Business-Type activities posted total revenues of \$326,566, while the cost of all business-type activities totaled \$571,328. This results in a decrease in net assets of \$244,762. As stated earlier, this decrease is attributable to the depreciation expense and operations of the aquatic center facility. For the eight months ended December 31, 2008, revenues of \$259,462 were less than expenses of \$438,924, resulting in a decrease in net assets of \$179,462.



The above graph compares program revenues to expenses for business-type activities.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village 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. 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.

The Village's governmental funds reported combining ending fund balances of \$3,456,079, which is \$2,281,395, or 39.76 percent, lower than last year's total of \$5,737,474. As stated earlier, the primary reason for this decrease is the increased expenditures in the four Special Service Area project funds. Of the \$3,456,079 total, \$718,970, or approximately 20.80 percent, of the fund balance constitutes unreserved fund balance. The largest portion of the Village's fund balance reflects reserves for highways and streets in the Motor Fuel Tax Fund of \$147,288 and reserves for capital improvements in the Special Service Area #4 Fund of \$2,462,890. The Parks and Recreation Fund reports a reserve for capital improvements of \$89,453. The Canadian National Project Fund also reports a reserve for capital improvements of \$1,977.

The General Fund reported an increase in fund balance for the year ended December 31, 2009 of \$125,326, an increase of 69.87 percent. The major contributor to the increase in fund balance was actual expenditures of \$3,062,440 which were \$113,131 less than budgeted expenditures of \$3,175,571.

The Parks and Recreation special revenue fund is used to account for developer donations to be used for park maintenance or improvements to neighborhood or community parks. These funds are reserved for future capital improvements and debt service payments on the Aquatic Center Bonds. The Parks and Recreation Fund reported an decrease in fund balance in the current year of \$189,008 due primarily to a transfer of \$191,620 to the Aquatic Center Fund as required by the bond covenants. Ending fund balance at December 31, 2009 was \$89,453.

The Motor Fuel Tax special revenue fund is used to account for state motor fuel tax allotment revenue and expenditures related to road repair and construction. These funds are reserved for road repair and construction. The Motor Fuel Tax Fund reported an decrease in fund balance in the current year of \$522,345 due to transfers to the Special Service Area #1, #2 and #3 funds. The motor fuel tax funds have been designated for the completion of the Special Service Area #1, #2 and #3 road construction project. Ending fund balance at December 31, 2009 was \$147,288.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

The Community Development special revenue fund is used to account for nonrecurring revenue sources such as developer donations, building permits, and contractor licenses. The Community Development Fund reported an increase in fund balance in the current year of \$94,037 due primarily to license, permit and fees revenue being higher than expenditures. Ending fund balance at December 31, 2009 was \$450,843.

The Special Service Area #1, #2, #3, and #4 Funds reported changes in fund balance in the current year of (\$271,855), (\$358,593), (\$516,527), and (\$655,338), respectively. These four capital projects funds report the expenditures related to non-commitment bond proceeds to be used for street maintenance repairs (Special Service Areas #1, #2 and #3) and sewer improvements (SSA #4). These funds reported increases in expenditures that were not offset by revenues from investment earnings and transfers. This fiscal year represents the final year of the street improvement project for Special Service Area #1, #2, and #3. Therefore, the fund balances of these funds are zero at December 31, 2009. The Special Service Area #4 fund balance is \$2,371,460 at December 31, 2009.

The Canadian National Project Fund is a newly created fund in this fiscal year. This fund accounts for funds received from Canadian National for noise mitigation projects. The entire amount of the receipts has been classified as deferred revenue, as there were no expenditures during the year ended December 31, 2009. Ending fund balance at December 31, 2009 was \$1,977.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Aquatics Fund as a major proprietary fund. The Aquatics Fund accounts for the activities of the water park operations. This fund is comprised of four sub funds which are used to segregate resources for operations and maintenance, capital improvements, and debt service.

The decrease in net assets in the Aquatics Fund during the current fiscal year was \$54,142, while the previous fiscal year reported a decrease in net assets of \$179,462. As stated earlier, the decrease in net assets in the Aquatics Fund in the current year is attributable primarily to depreciation expense for improvements made to the aquatics center. Unrestricted net assets in the Aquatics Fund totaled \$85,215 at December 31, 2009.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made one budget transfer in the General Fund during the year, to increase police salaries from \$697,920 to \$732,920 and to decrease Administration salaries from \$289,656 to \$254,656. General Fund actual revenues for the year totaled \$3,187,766, compared to budgeted revenues of \$3,258,382. The negative variance of \$70,616 was due to negative variances in tax revenues (\$45,992 less than budgeted), license permits and fees revenues (\$41,894 less than budgeted), and investment income (\$31,086 less than budgeted) being offset by a positive variance in miscellaneous revenues (\$48,665 more than budgeted.)

The General Fund actual expenditures for the year were \$113,131 less than budgeted (\$3,062,440 actual compared to a final budget of \$3,175,571). The general government, building and zoning, public safety, public works, and parks and recreation functions all reported actual expenditures that were lower than budgeted. Some significant differences between the actual expenditures and budgeted expenditures are highlighted below:

- The general government function reported actual contingency expenditures of \$0 compared to budget of \$57,000. In addition, there were numerous expenditures in the general government function that were less than budget. See pages 58 – 59 for more details.
- The public safety function reported actual salaries of \$708,711, with budgeted salaries of \$732,920. As noted above, \$35,000 was transferred from administration salaries to police salaries to offset the expenditures related to retro payments resulting from the settlement of the police union contract. Significant positive variances compared to budget were also experienced in the contract services expenditures (\$90,212 actual compared to \$102,792 budgeted) and auto, fuel and oil (\$26,296 actual compared to \$40,800 budgeted.)
- The public works function reported actual expenditures of \$783,023 compared to budgeted expenditures of \$794,211. This was due primarily to savings in the park maintenance budget (\$72,569 actual compared to \$72,569 budgeted).

VILLAGE OF HAWTHORN WOODS, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village’s investment in capital assets for its governmental and business type activities as of December 31, 2009 was \$17,097,423 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and equipment and vehicles.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008
Land	\$ 6,557,081	\$ 6,557,081	\$ 417,459	\$ 417,459	\$ 6,974,540	\$ 6,974,540
Buildings and Improvements	4,878,562	5,151,687	4,472,818	4,631,150	9,351,380	9,782,837
Equipment and Vehicles	754,368	866,474	17,135	21,759	771,503	888,233
Total	\$ 12,190,011	\$ 12,575,242	\$ 4,907,412	\$ 5,070,368	\$ 17,097,423	\$ 17,645,610

This capital asset additions were minimal for the year ended December 31, 2009 due to a planned delay of capital purchases due to the budget cuts. Capital additions were as follows:

Governmental Activities	
Equipment and Vehicles	<u>\$ 44,545</u>

Additional information on the Village’s capital assets can be found in note 4 on pages 29- 32 of this report.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2009

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the Village had total outstanding debt of \$2,894,219 as compared to \$2,906,811 the previous year, due to the payments of installment contracts for vehicle purchases. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008	Year Ended 12/31/2009	Eight Months Ended 12/31/2008
Revenue Bonds	\$ -	\$ -	\$ 2,805,000	\$ 2,805,000	\$ 2,805,000	\$ 2,805,000
Installment Contracts	89,219	101,811	-	-	89,219	101,811
Total	\$ 89,219	\$ 101,811	\$ 2,805,000	\$ 2,805,000	\$ 2,894,219	\$ 2,906,811

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$42,593,870.

Additional information on the Village's long-term debt can be found in Note 5 on pages 30 - 32 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the year ended December 31, 2009 and December 31, 2010 budgets, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Rising unemployment rates and CPI indices were taken into consideration when setting the budget, rates, and fees for the year ended December 31, 2009 and December 31, 2010.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Kristin N. Kazenas, CPA, Chief Financial Officer/Director of Human Resources, Village of Hawthorn Woods, 2 Lagoon Drive, Hawthorn Woods, Illinois 60047.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 4,286,522	\$ 628,160	\$ 4,914,682
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,645,032	-	1,645,032
Accounts	124,705	-	124,705
Court fines	13,738	-	13,738
Prepaid expenses	91,795	5,000	96,795
Due from other governments			
Sales tax	26,347	-	26,347
Use tax	19,489	-	19,489
Income tax	125,147	-	125,147
Franchise tax	26,670	-	26,670
Telecommunication tax	11,972	-	11,972
Motor fuel tax	15,475	-	15,475
Due from fiduciary fund	2,504	-	2,504
Unamortized issuance costs	-	43,916	43,916
Capital assets not being depreciated	6,557,081	417,459	6,974,540
Capital assets (net of accumulated depreciation)	5,632,930	4,489,953	10,122,883
Total assets	18,579,407	5,584,488	24,163,895
LIABILITIES			
Accounts payable	119,735	2,155	121,890
Wages payable	65,951	2,278	68,229
Compensated absences payable	568	-	568
Retainage payable	66,342	-	66,342
Deposits payable	275,689	2,024	277,713
Unearned revenue	2,405,032	-	2,405,032
Long-term liabilities			
Due within one year	21,296	235,990	257,286
Due in more than one year	479,211	2,592,193	3,071,404
Total liabilities	3,433,824	2,834,640	6,268,464
NET ASSETS			
Invested in capital assets, net of related debt	12,100,792	2,080,219	14,181,011
Restricted for			
Highways and streets	147,288	-	147,288
Capital improvements	2,462,890	-	2,462,890
Restricted tax levies	35,136	-	35,136
Debt service	-	584,414	584,414
Unrestricted	399,477	85,215	484,692
TOTAL NET ASSETS	\$ 15,145,583	\$ 2,749,848	\$ 17,895,431

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 783,579	\$ 320,502	\$ -	\$ -
Building and zoning	268,409	265,401	-	-
Public safety	1,338,932	174,493	4,691	44,545
Public works	3,485,091	-	199,918	-
Parks and recreation	375,854	54,206	-	-
Interest	5,919	-	-	-
Total governmental activities	6,257,784	814,602	204,609	44,545
Business-Type Activities				
Aquatics	571,328	309,440	-	-
Total business-type activities	571,328	309,440	-	-
TOTAL PRIMARY GOVERNMENT	\$ 6,829,112	\$ 1,124,042	\$ 204,609	\$ 44,545

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (463,077)	\$ -	\$ (463,077)
	(3,008)	-	(3,008)
	(1,115,203)	-	(1,115,203)
	(3,285,173)	-	(3,285,173)
	(321,648)	-	(321,648)
	(5,919)	-	(5,919)
	<u>(5,194,028)</u>	<u>-</u>	<u>(5,194,028)</u>
	-	(261,888)	(261,888)
	-	(261,888)	(261,888)
	<u>(5,194,028)</u>	<u>(261,888)</u>	<u>(5,455,916)</u>
General Revenues			
Taxes			
Property	1,644,331	-	1,644,331
Road and bridge	15,573	-	15,573
Sales	112,426	-	112,426
Use	87,123	-	87,123
Income	611,462	-	611,462
Replacement	1,621	-	1,621
Telecommunication	49,460	-	49,460
Investment income	98,360	11,351	109,711
Miscellaneous	60,429	5,775	66,204
Transfers	(191,620)	191,620	-
Total	<u>2,489,165</u>	<u>208,746</u>	<u>2,697,911</u>
CHANGE IN NET ASSETS	<u>(2,704,863)</u>	<u>(53,142)</u>	<u>(2,758,005)</u>
NET ASSETS, JANUARY 1	17,840,975	2,792,990	20,633,965
Prior period adjustment	9,471	10,000	19,471
NET ASSETS, JANUARY 1, RESTATED	<u>17,850,446</u>	<u>2,802,990</u>	<u>20,653,436</u>
NET ASSETS, DECEMBER 31	<u>\$ 15,145,583</u>	<u>\$ 2,749,848</u>	<u>\$ 17,895,431</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2009

	General	Parks and Recreation	Motor Fuel Tax	Community Development	Special Service Area #1 Project
ASSETS					
Cash and investments	\$ 473,033	\$ 89,453	\$ 167,676	\$ 326,288	\$ -
Receivables					
Property taxes	1,645,032	-	-	-	-
Accounts	-	-	-	124,705	-
Court fines	13,738	-	-	-	-
Prepaid items	91,795	-	-	-	-
Due from other governments					
Municipal sales tax	26,347	-	-	-	-
Illinois use tax	19,489	-	-	-	-
Illinois income tax	125,147	-	-	-	-
Franchise tax	26,670	-	-	-	-
Telecommunication tax	11,972	-	-	-	-
Motor fuel tax	-	-	15,475	-	-
Due from other funds	-	-	-	9,110	14,554
Due from fiduciary fund	2,504	-	-	-	-
TOTAL ASSETS	\$ 2,435,727	\$ 89,453	\$ 183,151	\$ 460,103	\$ 14,554
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 103,784	\$ -	\$ -	\$ 9,260	\$ 145
Wages payable	65,951	-	-	-	-
Compensated absences payable	568	-	-	-	-
Retainage payable	30,914	-	-	-	14,409
Deposits payable	275,689	-	-	-	-
Due to other funds	9,110	-	35,863	-	-
Deferred property taxes	1,645,032	-	-	-	-
Deferred grant revenue	-	-	-	-	-
Total liabilities	2,131,048	-	35,863	9,260	14,554
FUND BALANCES					
Reserved for prepaid items	91,795	-	-	-	-
Reserved for highways and streets	-	-	147,288	-	-
Reserved for capital improvements	-	89,453	-	-	-
Reserved for restricted tax levies	35,136	-	-	-	-
Unreserved					
Special Revenue Funds	-	-	-	450,843	-
General Fund	177,748	-	-	-	-
Total fund balances	304,679	89,453	147,288	450,843	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,435,727	\$ 89,453	\$ 183,151	\$ 460,103	\$ 14,554

Special Service Area #2 Project	Special Service Area #3 Project	Special Service Area #4 Project	Canadian National Project	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 2,377,716	\$ 761,977	\$ 90,379	\$ 4,286,522
-	-	-	-	-	1,645,032
-	-	-	-	-	124,705
-	-	-	-	-	13,738
-	-	-	-	-	91,795
-	-	-	-	-	26,347
-	-	-	-	-	19,489
-	-	-	-	-	125,147
-	-	-	-	-	26,670
-	-	-	-	-	11,972
-	-	-	-	-	15,475
5,538	15,771	-	-	-	44,973
-	-	-	-	-	2,504
\$ 5,538	\$ 15,771	\$ 2,377,716	\$ 761,977	\$ 90,379	\$ 6,434,369
\$ 145	\$ 145	\$ 6,256	\$ -	\$ -	\$ 119,735
-	-	-	-	-	65,951
-	-	-	-	-	568
5,393	15,626	-	-	-	66,342
-	-	-	-	-	275,689
-	-	-	-	-	44,973
-	-	-	-	-	1,645,032
-	-	-	760,000	-	760,000
5,538	15,771	6,256	760,000	-	2,978,290
-	-	-	-	-	91,795
-	-	-	-	-	147,288
-	-	2,371,460	1,977	-	2,462,890
-	-	-	-	-	35,136
-	-	-	-	90,379	541,222
-	-	-	-	-	177,748
-	-	2,371,460	1,977	90,379	3,456,079
\$ 5,538	\$ 15,771	\$ 2,377,716	\$ 761,977	\$ 90,379	\$ 6,434,369

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

December 31, 2009

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 3,456,079
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	12,190,011
Long-term liabilities (installment contracts) are not due and payable in the current period and, therefore, not reported in the governmental funds	(89,219)
The net OPEB obligation is shown as a liability on the statement of net assets	(4,113)
The net pension obligation is shown as a liability on the statement of net assets	(367,617)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	<u>(39,558)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 15,145,583</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2009

	General	Parks and Recreation	Motor Fuel Tax	Community Development	Special Service Area #1 Project
REVENUES					
Taxes	\$ 2,521,996	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	522,988	-	-	265,401	-
Intergovernmental	4,691	-	199,918	-	-
Investment income	8,914	3,083	5,404	12,336	3,157
Miscellaneous	129,177	10	-	2,000	-
Total revenues	3,187,766	3,093	205,322	279,737	3,157
EXPENDITURES					
Current					
General government	768,837	-	-	-	-
Building and zoning	84,796	-	-	130,700	-
Public safety	1,309,295	-	-	-	-
Public works	783,023	-	-	-	784,507
Parks and recreation	97,978	-	-	-	-
Capital outlay	-	481	-	-	-
Debt service					
Principal	12,592	-	-	-	-
Interest and fiscal charges	5,919	-	-	-	-
Total expenditures	3,062,440	481	-	130,700	784,507
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	125,326	2,612	205,322	149,037	(781,350)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	509,495
Transfers (out)	-	(191,620)	(727,667)	(55,000)	-
Total other financing sources (uses)	-	(191,620)	(727,667)	(55,000)	509,495
NET CHANGE IN FUND BALANCES	125,326	(189,008)	(522,345)	94,037	(271,855)
FUND BALANCES, JANUARY 1	169,882	278,461	669,633	356,806	271,855
Prior period adjustment	9,471	-	-	-	-
FUND BALANCES, JANUARY 1, RESTATED	179,353	278,461	669,633	356,806	271,855
FUND BALANCES, DECEMBER 31	\$ 304,679	\$ 89,453	\$ 147,288	\$ 450,843	\$ -

Special Service Area #2 Project	Special Service Area #3 Project	Special Service Area #4 Project	Canadian National Project	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,521,996
-	-	-	-	-	788,389
-	-	-	-	-	204,609
4,011	4,723	53,295	1,977	1,460	98,360
-	-	-	-	-	131,187
4,011	4,723	53,295	1,977	1,460	3,744,541
-	-	-	-	-	768,837
-	-	-	-	-	215,496
-	-	-	-	-	1,309,295
310,257	846,769	708,633	-	-	3,433,189
-	-	-	-	-	97,978
-	-	-	-	-	481
-	-	-	-	-	12,592
-	-	-	-	-	5,919
310,257	846,769	708,633	-	-	5,843,787
(306,246)	(842,046)	(655,338)	1,977	1,460	(2,099,246)
147,653	325,519	-	-	-	982,667
(200,000)	-	-	-	-	(1,174,287)
(52,347)	325,519	-	-	-	(191,620)
(358,593)	(516,527)	(655,338)	1,977	1,460	(2,290,866)
358,593	516,527	3,026,798	-	88,919	5,737,474
-	-	-	-	-	9,471
358,593	516,527	3,026,798	-	88,919	5,746,945
\$ -	\$ -	\$ 2,371,460	\$ 1,977	\$ 90,379	\$ 3,456,079

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (2,290,866)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	44,545
Principal paid on installment contracts is an expenditure in the governmental funds but is a decrease in the principal outstanding on the statement of net assets	12,592
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(429,776)
The change in the net OPEB obligation is shown as an addition to expense on the statement of activities	(4,113)
The change in the net pension obligation is shown as an addition to expense on the statement of activities	(44,001)
The change in compensated absences payable is shown as a reduction in expense on the statement of activities	<u>6,756</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (2,704,863)</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2009

	<u>Aquatics Fund</u>
CURRENT ASSETS	
Cash and investments	\$ 628,160
Prepaid expenses	<u>5,000</u>
Total current assets	<u>633,160</u>
NONCURRENT ASSETS	
Unamortized issuance costs	43,916
Capital assets	
Capital assets not being depreciated	417,459
Capital assets being depreciated, net	<u>4,489,953</u>
Net capital assets	<u>4,907,412</u>
Total noncurrent assets	<u>4,951,328</u>
Total assets	<u>5,584,488</u>
CURRENT LIABILITIES	
Accounts payable	2,155
Wages payable	2,278
Deposits payable	2,024
Compensated absences payable	990
Revenue bonds payable	<u>235,000</u>
Total current liabilities	<u>242,447</u>
NONCURRENT LIABILITIES	
Net revenue bonds payable	<u>2,592,193</u>
Total noncurrent liabilities	<u>2,592,193</u>
Total liabilities	<u>2,834,640</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,080,219
Restricted for debt service	584,414
Unrestricted	<u>85,215</u>
TOTAL NET ASSETS	<u><u>\$ 2,749,848</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	<u>Aquatics Fund</u>
OPERATING REVENUES	
Charges for service	\$ 309,440
Total operating revenues	<u>309,440</u>
OPERATING EXPENSES	
Personnel services	139,254
Contractual services	99,114
Commodities	22,518
Maintenance	14,248
Depreciation	<u>162,956</u>
Total operating expenses	<u>438,090</u>
OPERATING INCOME (LOSS)	<u>(128,650)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	11,351
Miscellaneous	5,775
Interest expense	<u>(133,238)</u>
Total nonoperating revenues (expenses)	<u>(116,112)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(244,762)</u>
TRANSFERS	
Transfers in	<u>191,620</u>
Total transfers	<u>191,620</u>
CHANGE IN NET ASSETS	<u>(53,142)</u>
NET ASSETS, JANUARY 1	2,792,990
Prior period adjustment	<u>10,000</u>
NET ASSETS, JANUARY 1, RESTATED	<u>2,802,990</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 2,749,848</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	<u>Aquatics Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 311,305
Interfund loan receipts	12,695
Payments to suppliers	(130,434)
Payments to employees	(137,792)
Miscellaneous nonoperating receipts	<u>5,775</u>
Net cash from operating activities	<u>61,549</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund transfer in	215,458
Interfund transfer (out)	<u>(23,838)</u>
Net cash from noncapital financing activities	<u>191,620</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid	<u>(130,825)</u>
Net cash from capital and related financing activities	<u>(130,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>11,351</u>
Net cash from investing activities	<u>11,351</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	
	133,695
CASH AND CASH EQUIVALENTS, JANUARY 1	
	<u>494,465</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	
	<u><u>\$ 628,160</u></u>
CASH AND INVESTMENTS	
Cash and cash equivalents	\$ 628,160
Investments	<u>-</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$ 628,160</u></u>

(This statement is continued on the following page.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	<u>Aquatics Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (128,650)
Miscellaneous nonoperating receipts	5,775
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Increase (decrease) in	
Depreciation and amortization	162,956
Prepaid expenses	5,000
Accounts payable	446
Due from other funds	12,695
Deposits payable	1,865
Wages payable	<u>1,462</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 61,549</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2009

	Pension Trust	Agency Funds
ASSETS		
Cash and short-term investments	\$ 192,840	\$ 805,171
Investments		
Certificates of deposit	1,099,032	-
	<hr/>	<hr/>
Total assets	1,291,872	\$ 805,171
	<hr/>	<hr/>
LIABILITIES		
Due to other funds	2,504	\$ -
Due to others	-	805,171
	<hr/>	<hr/>
Total liabilities	2,504	\$ 805,171
	<hr/>	<hr/>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<hr/>	
	\$ 1,289,368	
	<hr/>	

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND

For the Year Ended December 31, 2009

	<u>Police Pension</u>
ADDITIONS	
Contributions	
Employer	\$ 163,992
Employee	<u>72,960</u>
Total contributions	<u>236,952</u>
Investment income	
Interest	<u>35,496</u>
Total investment income	<u>35,496</u>
Total additions	<u>272,448</u>
DEDUCTIONS	
Benefits and refunds	94,547
Administration	<u>8,133</u>
Total deductions	<u>102,680</u>
NET INCREASE	169,768
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>1,119,600</u>
December 31	<u><u>\$ 1,289,368</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Hawthorn Woods, Illinois (the Village) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village is a municipal corporation governed by a Village Mayor and six trustees using the village board administrator form of government. As required by generally accepted accounting principles, these financial statements present the Village (the primary government). The Police Pension Fund has been included as a fiduciary fund due to the fiduciary responsibility exercised over the Police Pension Fund.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). However, the Village has no internal service funds. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity. The Village utilizes agency funds to account for funds received and reserved for debt service on the special service area (noncommitment) debt.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following fiduciary funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Parks and Recreation Fund is used to account for developer donations to be used for park maintenance or improvements to neighborhood or community parks.

The Motor Fuel Tax Fund is used to account for state motor fuel tax allotment revenue and expenditures related to road repair and construction.

The Community Development Fund is used to account for nonrecurring revenue sources such as developer donations, building permits and contractor licenses. Reimbursable revenues and expenditures are also recorded in this fund.

The Special Service Area #1 Project Fund is used to account for expenditures of the special service area #1 bond proceeds. These no commitment bonds were issued during the year ended April 30, 2004.

The Special Service Area #2 Project Fund is used to account for expenditures of the special service area #2 bond proceeds. These no commitment bonds were issued during the year ended April 30, 2004.

The Special Service Area #3 Project Fund is used to account for expenditures of the special service area #3 bond proceeds. These no commitment bonds were issued during the year ended April 30, 2004.

The Special Service Area #4 Project Fund is used to account for expenditures of the special service area #4 bond proceeds. These no commitment bonds were issued during the year ended April 30, 2007.

The Canadian National Project Fund is used to account for revenue and expenditures of grant monies received from Canadian National for various projects.

The Village reports the following major proprietary fund:

The Aquatics Fund accounts for the activities of the water park operations. This fund is comprised of four sub funds which are used to segregate resources for operations and maintenance, capital improvements and debt service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major proprietary fund: (Continued)

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund. Additionally, the Village reports the Special Service Area funds responsible for noncommitment debt repayment as agency funds.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements (except the agency funds which have no measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. The Village recognizes property taxes when they become both measurable and available in the period the tax is intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes and telecommunication taxes owed to the state at year end, court fines, franchise fees, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Local fines, licenses and permit revenue and miscellaneous revenues are considered to be measurable and available only when cash is received by the Village.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
 (Continued)

The Village reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with a maturity date of three months or less from the date acquired by the Village.

f. Investments

Investments with a maturity less than one-year when purchased are stated at cost or amortized cost. Investments with a maturity of one-year or greater when purchased are reported at fair value. All investments of the pension trust fund are reported at fair value.

g. Prepaid Items/Expenses

Payments made to vendors for services, if any, that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

h. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Buildings and improvements	\$ 1,000
Equipment and vehicles	1,000

VILLAGE OF HAWTHORN WOODS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	45
Improvements	20
Equipment	10
Vehicles - public safety	3
Vehicles - public works	10
Furniture	7
Office equipment	5

i. Compensated Absences

Vested or accumulated vacation leave is reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

j. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations, if any, are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, if any, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

k. Net Assets/Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, if any, represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's restricted net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt, represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

l. Interfund Transactions

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

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

m. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, if any, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS

a. Village

State statutes authorize the Village to make deposits in commercial banks and savings and loan institutions, and to make investments in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts and mutual funds and equity securities.

In addition, the Village's Board of Trustees has adopted an investment policy which provides further guidance on the investment of Village funds. It is the policy of the Village to invest its funds in a manner which will provide a competitive investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are; safety of principal, liquidity and return on investment. Investment in derivatives is not discussed in the Village investment policy. The Village allows all investments permitted under Illinois Compiled Statutes.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires all deposits with financial institutions in excess of federal depository insurance be collateralized at 110% of the uninsured bank balance, with collateral held under the guidelines of the Village's written collateral agreement.

Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2009:

	Investment Maturities in Years				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
Money market mutual funds	\$ 262,959	\$ 262,959	\$ -	\$ -	\$ -
Illinois Funds	108,428	108,428	-	-	-
TOTAL	\$ 371,387	\$ 371,387	\$ -	\$ -	\$ -

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

Investments (Continued)

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to meet daily cash flow requirements for ongoing operations in order to maximize yield on longer term investments by avoiding having to sell securities on the open market before maturity and by investing operating funds in shorter term securities, money market mutual funds or external investment pools. The Village's investment policy requires that securities purchased will not have a maturity of more than one year unless matched to a specific cash flow.

The Village does not have a formal policy regarding credit risk. However, the Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit. The money market mutual funds and Illinois Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party custodian approved by the Village Treasurer and evidenced by safekeeping receipts.

Concentration of credit risk is the risk that the Village has too high a percentage of their investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk. The Village investment policy states that no financial institution shall hold more than 50% of the total investments of the Village except for U.S. Treasury securities, collateralized pools and collateralized certificates of deposit. At December 31, 2009, the Village had greater than 5% of its overall portfolio invested in money market mutual funds and Illinois Funds, which is allowed by the Village's investment policy.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund

In accordance with the Police Pension Fund's investment policy, the Police Pension Fund may invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide a competitive investment return with the maximum security while meeting the daily cash flow demands of the Police Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are; safety of principal, return on investment, legality and meeting all funding requirements.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. At December 31, 2009, all of the Police Pension Fund's bank balances were collateralized in accordance with their investment policy.

Investments

At December 31, 2009, the Police Pension Fund had no investments in debt securities.

The Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to maximize the security of investments and the rate of return. This is accomplished by diversifying the types and maturity ranges of securities.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing primarily in certificates of deposit.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund primarily invests in certificates of deposit.

Concentration of credit risk is the risk that the Police Pension Fund has too high a percentage of their investments invested in one type of investment. The Police Pension Fund primarily invests in certificates of deposit which are all evidenced by collateral.

3. RECEIVABLES

Property Taxes

Property taxes are levied in Lake County by the last Tuesday in December, on the assessed valuation as of January 1. The tax levy becomes an enforceable lien against the property on January 1 of the year following the tax levy year. These taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the Village units their respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year. The Lake County installments are due June 1 and September 1.

The 2009 property tax levy is recorded as a receivable, net of estimated uncollectibles. Based upon collection histories, the Village has provided at December 31, 2009 an allowance of 3% of the levy for uncollectible real property taxes. All uncollected taxes relating to prior years' levies have been written off. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year end, if any, are recorded as revenue. The 2009 taxes are intended to finance the 2010 fiscal year and are not considered available for current operations and are, therefore, shown as deferred/unearned revenue.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the Village for the year ended December 31, 2009 was as follows:

	January 1	Increases	Decreases	December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 6,557,081	\$ -	\$ -	\$ 6,557,081
Total capital assets not being depreciated	6,557,081	-	-	6,557,081
Capital assets being depreciated				
Buildings and improvements	5,857,325	-	-	5,857,325
Equipment and vehicles	2,273,083	44,545	42,551	2,275,077
Total capital assets being depreciated	8,130,408	44,545	42,551	8,132,402
Less accumulated depreciation for				
Buildings and improvements	705,638	273,125	-	978,763
Equipment and vehicles	1,406,609	156,651	42,551	1,520,709
Total accumulated depreciation	2,112,247	429,776	42,551	2,499,472
Total capital assets being depreciated, net	6,018,161	(385,231)	-	5,632,930
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 12,575,242	\$ (385,231)	\$ -	\$ 12,190,011
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 417,459	\$ -	\$ -	\$ 417,459
Total capital assets not being depreciated	417,459	-	-	417,459
Capital assets being depreciated				
Buildings and improvements	4,736,705	-	-	4,736,705
Equipment	24,657	-	-	24,657
Total capital assets being depreciated	4,761,362	-	-	4,761,362
Less accumulated depreciation for				
Building and improvements	105,555	158,332	-	263,887
Equipment	2,898	4,624	-	7,522
Total accumulated depreciation	108,453	162,956	-	271,409
Total capital assets being depreciated, net	4,652,909	(162,956)	-	4,489,953
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 5,070,368	\$ (162,956)	\$ -	\$ 4,907,412

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

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

DEPRECIATION EXPENSE -		
GOVERNMENTAL ACTIVITIES		
General government		\$ 17,168
Public safety		28,351
Public works		106,330
Parks and recreation		<u>277,927</u>
TOTAL DEPRECIATION EXPENSE -		
GOVERNMENTAL ACTIVITIES		<u>\$ 429,776</u>

5. LONG-TERM DEBT

a. Special Service Area Bonds

Special Service Area (SSA) #1 - 2003A Bonds, SSA #2 - 2003B Bonds, SSA #3 - 2003C Bonds, SSA #1 - 2004A Bonds, SSA #2 - 2004B Bonds, SSA #3 - 2004C and SSA #4 - 2007 Bonds. Bonds outstanding as of December 31, 2009 totaled \$12,115,000. These bonds are not an obligation of the Village and are secured by the levy of real estate taxes on certain property within the special service areas. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

b. Changes in Long-Term Liabilities - Governmental Activities

During the fiscal year, the following changes occurred in governmental activities long-term liabilities:

	Fund Debt Retired By	Balances, January 1	Additions	Reductions	Balances, December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Installment contracts	General	\$ 101,811	\$ -	\$ 12,592	\$ 89,219	\$ 13,384
Compensated absences	General	46,314	-	6,756	39,558	7,912
Net pension obligation	General	323,616	44,001	-	367,617	-
Other postemployment benefit	General	-	4,113	-	4,113	-
TOTAL GOVERNMENTAL ACTIVITIES		<u>\$ 471,741</u>	<u>\$ 48,114</u>	<u>\$ 19,348</u>	<u>\$ 500,507</u>	<u>\$ 21,296</u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

c. Installment Contracts

Issue	Fund Debt Retired by	Balances, January 1	Issuances	Retirements	Balances, December 31	Current Portion
\$104,883 Installment Contract dated September 16, 2008 with quarterly payments of \$4,628 including interest at 6.000% due through September 16, 2015.	General	\$ 101,811	\$ -	\$ 12,592	\$ 89,219	\$ 13,384
TOTAL		\$ 101,811	\$ -	\$ 12,592	\$ 89,219	\$ 13,384

d. Changes in Long-Term Liabilities - Business-Type Activities

During the year ended December 31, 2009, the following changes occurred in business-type activities long-term liabilities:

	Fund Debt Retired By	Balances, January 1	Additions	Reductions	Balances, December 31	Current Portion
BUSINESS-TYPE ACTIVITIES						
Revenue bonds	Aquatics	\$ 2,805,000	\$ -	\$ -	\$ 2,805,000	\$ 235,000
Unamortized premium on bonds	Aquatics	24,659	-	2,466	22,193	-
Compensated absences	Aquatics	582	408	-	990	990
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 2,830,241	\$ 408	\$ 2,466	\$ 2,828,183	\$ 235,990

e. Debt Service Requirements to Maturity - Governmental Activities

Annual debt service requirements to maturity for the government activities installment contracts are as follows:

Fiscal Year Ending December 31,	Installment Contract		
	Principal	Interest	Total
2010	\$ 13,384	\$ 5,127	\$ 18,511
2011	14,217	4,294	18,511
2012	15,091	3,420	18,511
2013	16,041	2,470	18,511
2014	17,040	1,471	18,511
2015	13,446	411	13,857
TOTALS	\$ 89,219	\$ 17,193	\$ 106,412

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

f. Revenue Bonds

The Village issued \$2,805,000 Revenue Bonds (Aquatic Center Project), Series 2007, dated June 15, 2007, were issued for the purpose of financing the construction of an aquatic center and related improvements, payable in annual installments of \$110,000 to \$645,000 each December 30 beginning December 30, 2009 through December 30, 2017 with interest payable semi-annually on June 30 and December 30 of 4.75%. The revenue bonds are payable from park donations pledged to the payment of the bonds and a pledge of revenues derived from the operation of the aquatic center to be financed.

The ordinance authorizing the issuance of \$2,805,000 Revenue Bonds (Aquatic Center Project), Series 2007 provided for the creation of separate subfunds of the Aquatics Fund. A Park Donation Subfund is required for all park donations fees received by the Village. This subfund had a balance of \$86,841 at December 31, 2009. A Depreciation Subfund is required as corporate authorities deem necessary in order to provide an adequate depreciation fund for the Aquatic Center. This subfund had a balance of \$143,301 at December 31, 2009. A Bond and Interest Subfund is required to fund principal and interest payments with an initial amount required in the ordinance of \$272,027. Beginning July 1, 2007, each month a fractional amount of the principal and interest becoming due on the next payment date is to be deposited to this subfund. At December 31, 2009, this subfund has a balance of \$158,269. Finally, a Reserve Subfund is required for making transfers to the Bond and Interest Subfund in the event that the Bond and Interest Subfund is insufficient. At December 31, 2009, this subfund has a balance of \$282,844 as required by the ordinance.

Debt service to maturity on these bonds is as follows:

Fiscal Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2010	\$ 235,000	\$ 127,300	\$ 362,300
2011	105,000	122,075	227,075
2012	350,000	117,088	467,088
2013	350,000	100,462	450,462
2014	380,000	83,838	463,838
2015	370,000	65,787	435,787
2016	370,000	48,212	418,212
2017	645,000	30,637	675,637
TOTALS	\$ 2,805,000	\$ 695,399	\$ 3,500,399

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. INTERFUND ACTIVITY

Due from/to other funds at December 31, 2009 consist of the following:

	Due From	Due To
General		
Police Pension	\$ 2,504	\$ -
Community Development	-	9,110
Total General	<u>2,504</u>	<u>9,110</u>
Community Development		
General	9,110	-
Total Community Development	<u>9,110</u>	<u>-</u>
Motor Fuel Tax		
Special Service Area # 1 Project	-	14,554
Special Service Area # 2 Project	-	5,538
Special Service Area # 3 Project	-	15,771
Total Motor Fuel Tax	<u>-</u>	<u>35,863</u>
Special Service Area #1 Project		
Motor Fuel Tax	14,554	-
Total Special Service Area #1 Project	<u>14,554</u>	<u>-</u>
Special Service Area #2 Project		
Motor Fuel Tax	5,538	-
Total Special Service Area #2 Project	<u>5,538</u>	<u>-</u>
Special Service Area #3 Project		
Motor Fuel Tax	15,771	-
Total Special Service Area #3 Project	<u>15,771</u>	<u>-</u>
Police Pension		
General	-	2,504
Total Police Pension	<u>-</u>	<u>2,504</u>
TOTAL	<u>\$ 47,477</u>	<u>\$ 47,477</u>

The interfund balances result from the time lag between dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. INTERFUND ACTIVITY (Continued)

Interfund transfers during the year ended December 31, 2009 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
Parks and Recreation	\$ -	\$ 191,620
Motor Fuel Tax	-	727,667
Community Development	-	55,000
Special Service Area #1 Project	509,495	-
Special Service Area #2 Project	147,653	200,000
Special Service Area #3 Project	325,519	-
Aquatic Center	191,620	-
	<hr/>	<hr/>
TOTAL	<u>\$ 1,174,287</u>	<u>\$ 1,174,287</u>

Transfers between funds for the year ended December 31, 2009 consist of the following:

- \$191,620 from the Parks and Recreation Fund to the Aquatic Center Fund is for the transfer of pledged revenues per the Aquatic Center Revenue Bond Ordinance.
- \$727,667 transferred from the Motor Fuel Tax Fund \$(309,945) to the Special Service Area #1 Project Fund, \$(147,653) to the Special Service Area # 2 Project Fund and \$(270,519) to the Special Service Area # 3 Project Fund is for contributions for the joint road improvements in the special service areas.
- \$55,000 transferred from the Community Development Fund to the Special Service Area # 3 Fund is for developers donations.
- \$200,000 transferred from the Special Service Area # 2 Fund to the Special Service Area #1 Project Fund is to reflect actual costs on road projects in both Funds.

None of the transfers will be repaid.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to the Village's employees. These risks are provided for through a limited self-insurance program. The Village currently reports its risk management expenditures/expenses in the General Fund. There were no significant changes in insurance coverage from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of municipalities and special districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. The association administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration and litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

Levels of coverage provided by IMLRMA are as follows:

General liability	\$ 8,000,000
Auto liability	8,000,000
Public officials' liability	2,500,000
Property	25,000,000
Workers' compensation	Statutory
Employer's liability	3,000,000

The Village's payments to IMLRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes certain amounts of each occurrence and IMLRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

IMLRMA is governed by a board of directors made up of Illinois mayors and village presidents of municipalities who participate in the program. The Village does not exercise any control over the activities of IMLRMA beyond its representation on the Board of Directors.

Annual contributions are determined each year by underwriters based on the individual member's exposure to loss and experience modification factors based on past member loss experience.

The Village also pays for health insurance for employees through third-party indemnity insurance.

8. CONTINGENT LIABILITIES

Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

9. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all the plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the pension plan. IMRF however, issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the calendar year ended December 31, 2009 was 11.26% of covered payroll.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a Pension Trust Fund.

At December 31, 2009, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	6
Nonvested	2
Inactive members	5
	<hr/>
TOTAL	<u>14</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years.

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement by 3.00% of the original pension and 3.00% compounded annually thereafter and be paid upon reaching the age of at least 55 years.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. Contributions are recorded when due in accordance with statutory requirements. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Police Pension Plan are financed through investment earnings. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended December 31, 2009, the Village's contribution was 26.07% of covered payroll.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

b. Significant Investments

There are no significant investments in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan; all amounts are invested in certificates of deposit. Information for IMRF is not available.

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2007	April 30, 2008
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Closed	33 Years, Closed
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.00% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 11.60%	N/A
d) Postretirement benefit increases	3.00%	N/A

N/A - Information not available

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows for the last three years. The NPO is the cumulative difference between the APC and the contributions actually made.

	Calendar Year	Illinois Municipal Retirement	Fiscal Year	Police Pension
Annual pension cost (APC)	2007	\$ 96,833	2008	\$ 264,172
	2008	74,197	2008*	155,532
	2009	68,712	2009	207,993
Actual contribution	2007	\$ 96,833	2008	\$ 191,126
	2008	74,197	2008*	110,048
	2009	68,712	2009	163,992
Percentage of APC contributed	2007	100.00%	2008	72.35%
	2008	100.00%	2008*	70.78%
	2009	100.00%	2009	78.74%
NPO (Asset)	2006	\$ -	2008	\$ 278,132
	2007	-	2008*	323,616
	2008	-	2009	367,617

* The Village changed its fiscal year to December 31, 2008.

The NPO (asset) at December 31, 2009 has been calculated as follows:

	Police Pension
Annual required contribution	\$ 200,879
Interest on net pension obligation	22,653
Adjustment to annual required contribution	<u>(15,539)</u>
Annual pension cost	207,993
Contributions made	<u>163,992</u>
(Increase) decrease in net pension obligation	44,001
Net pension obligation beginning of year	<u>323,616</u>
NET PENSION OBLIGATION END OF YEAR	<u><u>\$ 367,617</u></u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

d. Funded Status

The funded status of the plans as of December 31, 2009, based on actuarial valuations performed as of the same date is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 9c:

	Illinois Municipal Retirement	Police Pension
Actuarial accrued liability (AAL)	\$ 1,061,048	\$ 2,518,536
Actuarial value of plan assets	602,691	1,291,872
Unfunded actuarial accrued liability (UAAL)	458,357	1,226,664
Funded ratio (actuarial value of plan assets/AAL)	56.80%	51.29%
Covered payroll (active plan members)	\$ 610,227	\$ 629,035
UAAL as a percentage of covered payroll	75.11%	195.01%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental activities.

b. Benefits Provided

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Village's retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Village's insurance provider.

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At December 31, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	\$	-
Terminated employees entitled to benefits but not yet receiving them		-
Active employees - vested		9
Active employees - nonvested		<u>11</u>
 TOTAL	 \$	 <u>20</u>
 Participating employers		 <u>1</u>

d. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of December 31, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2009. The Village's annual OPEB cost (expense) of \$4,113 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of January 1, 2009. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of December 31, 2009):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 4,113	\$ -	0.0%	\$ 4,113

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of December 31, 2009 was calculated as follows:

Annual required contribution	\$ 4,113
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	4,113
Contributions made	-
	<hr/>
Increase (decrease) in net OPEB obligation	4,113
Net OPEB obligation beginning of year	-
	<hr/>
NET OPEB OBLIGATION END OF YEAR	<u>\$ 4,113</u>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2009 was as follows:

Actuarial accrued liability (AAL)	\$ 34,068
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	34,068
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,354,564
UAAL as a percentage of covered payroll	2.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with an ultimate healthcare inflation rate of 6.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 30 years.

11. PRIOR PERIOD ADJUSTMENT

The Village increased the General Fund fund balance and governmental activities net assets as of January 1, 2009 by \$106,712 for a change in accounting principles related to prepaid expenditures/expenses. This same change also resulted in an increase to the Aquatics Fund and business type activities net assets of \$10,000. In addition, the Village also decreased the General Fund fund balance and governmental activities net assets as of January 1, 2009 by \$97,241 to record wages in the proper period.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 2,567,988	\$ 2,567,988	\$ 2,521,996	\$ (45,992)
Licenses, permits and fees	564,882	564,882	522,988	(41,894)
Intergovernmental	5,000	5,000	4,691	(309)
Investment income	40,000	40,000	8,914	(31,086)
Miscellaneous	80,512	80,512	129,177	48,665
Total revenues	3,258,382	3,258,382	3,187,766	(70,616)
EXPENDITURES				
Current				
General government	864,617	829,617	768,837	(60,780)
Building and zoning	93,996	93,996	84,796	(9,200)
Public safety	1,302,408	1,337,408	1,309,295	(28,113)
Public works	794,211	794,211	783,023	(11,188)
Parks and recreation	96,929	96,929	97,978	1,049
Debt service				
Principal	17,776	17,776	12,592	(5,184)
Interest and fiscal charges	5,634	5,634	5,919	285
Total expenditures	3,175,571	3,175,571	3,062,440	(113,131)
NET CHANGE IN FUND BALANCE	\$ 82,811	\$ 82,811	125,326	\$ 42,515
FUND BALANCE, JANUARY 1			169,882	
Prior period adjustment			9,471	
FUND BALANCE, JANUARY 1, RESTATED			179,353	
FUND BALANCE, DECEMBER 31			\$ 304,679	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over Under
REVENUES			
Investment income	\$ 6,750	\$ 3,083	\$ (3,667)
Miscellaneous	-	10	10
Total revenues	6,750	3,093	(3,657)
EXPENDITURES			
Current			
Parks and recreation	5,000	-	(5,000)
Capital outlay	1,750	481	(1,269)
Total expenditures	6,750	481	(6,269)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,612	2,612
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(191,620)	(191,620)	-
NET CHANGE IN FUND BALANCE	\$ (191,620)	(189,008)	\$ 2,612
FUND BALANCE, JANUARY 1		<u>278,461</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 89,453</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Allotments earned	\$ 195,000	\$ 199,918	\$ 4,918
Investment income	12,000	5,404	(6,596)
Total revenues	<u>207,000</u>	<u>205,322</u>	<u>(1,678)</u>
EXPENDITURES			
Public works			
None	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	207,000	205,322	(1,678)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(830,000)	(727,667)	102,333
NET CHANGE IN FUND BALANCE	<u>\$ (623,000)</u>	<u>(522,345)</u>	<u>\$ 100,655</u>
FUND BALANCE, JANUARY 1		<u>669,633</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 147,288</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Licenses, permits and fees	\$ 318,336	\$ 318,336	\$ 265,401	\$ (52,935)
Investment income	-	-	12,336	12,336
Miscellaneous	30,941	30,941	2,000	(28,941)
Total revenues	349,277	349,277	279,737	(69,540)
EXPENDITURES				
Building and zoning				
Contractual services	193,250	193,250	130,700	(62,550)
Total expenditures	193,250	193,250	130,700	(62,550)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	156,027	156,027	149,037	(6,990)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(55,000)	(55,000)
NET CHANGE IN FUND BALANCE	\$ 156,027	\$ 156,027	94,037	\$ (61,990)
FUND BALANCE, JANUARY 1			356,806	
FUND BALANCE, DECEMBER 31			\$ 450,843	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2009

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5)
2004	\$ 332,457	\$ 671,452	49.51%	\$ 338,995	\$ 649,140	52.22%
2005	455,485	841,260	54.14%	385,775	691,898	55.76%
2006	580,941	1,018,592	57.03%	437,651	813,607	53.79%
2007	741,770	1,142,615	64.92%	400,845	873,156	45.91%
2008	631,748	1,016,673	62.14%	384,925	654,875	58.78%
2009	602,691	1,061,048	56.80%	458,357	610,227	75.11%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2009

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
April 30, 2005	\$ 341,618	\$ 1,196,109	28.56%	\$ 854,491	\$ 622,159	137.34%
April 30, 2006	505,691	1,535,019	32.94%	1,029,328	811,031	126.92%
April 30, 2007	717,539	1,911,798	37.53%	1,194,259	910,385	131.18%
April 30, 2008	991,747	2,094,390	47.35%	1,102,643	763,496	144.42%
December 31, 2008	1,120,165	2,174,150	51.52%	1,053,985	656,915	160.44%
December 31, 2009	1,291,872	2,518,536	51.29%	1,226,664	629,035	195.01%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2009

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
December 31, 2009	\$ -	\$ 34,068	0.00%	\$ 34,068	\$ 1,354,564	2.52%

* The Village implemented GASB Statement No. 45 at December 31, 2009.

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2009

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2004	\$ 65,888	\$ 65,888	100.00%
2005	73,134	73,134	100.00%
2006	92,100	92,100	100.00%
2007	96,833	96,833	100.00%
2008	74,197	74,197	100.00%
2009	68,712	68,712	100.00%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2009

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 100,464	\$ 113,473	88.54%	\$ 34,204
2006	113,473	182,378	62.22%	103,909
2007	133,572	232,235	57.52%	205,086
2008	191,126	259,371	73.69%	278,132
2008*	110,048	151,347	72.71%	323,616
2009	163,992	200,879	81.64%	367,617

* The Village changed its fiscal year end to December 31, 2008.

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT PLAN

December 31, 2009

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ -	\$ 4,113	0.00%	\$ 4,113

* The Village implemented GASB Statement No. 45 at December 31, 2009.

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for all funds. All annual appropriations lapse at fiscal year end. One budget amendment was made in the current fiscal year.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. During the first quarter of the year, the Village Administrator drafts an annual budget ordinance to be adopted by the Village Board. This ordinance appropriates such sums of money as are deemed necessary to defray all necessary expenses and liabilities of the Village. The ordinance also specifies the objects and purposes for which these appropriations are made and the amount appropriated for each.
- b. Prior to the adoption of the budget ordinance, the Village makes the proposed ordinance conveniently available to public inspection and holds at least one public hearing subsequent to published notice.
- c. Subsequent to the public hearing and before final action is taken on the budget ordinance, the Village Board may revise, alter, increase or decrease the items contained therein.
- d. Final action to adopt the appropriation for the year ended December 31 is taken by the Board before March 31.
- e. The Board may subsequently transfer appropriated amounts to other appropriations but not increase the overall appropriation of an individual fund without the passage of a supplemental appropriation.
- f. The legal level of budgetary control is at the fund level.
- g. Budgetary authority lapses at year end.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

December 31, 2009

2. EXCESS OF EXPENDITURES OVER BUDGET

The following individual fund expenditures exceeded the final budget in the following amounts:

Fund	Final Budget	Actual
Special Service Area # 1 Fund	\$ 544,997	\$ 784,507
Special Service Area # 3 Fund	544,997	846,769
Special Service Area # 4 Fund	-	708,633
Police Pension Fund	38,233	102,680

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
TAXES				
Property taxes	\$ 1,465,749	\$ 1,465,749	\$ 1,644,331	\$ 178,582
Road and bridge tax	173,389	173,389	15,573	(157,816)
Sales tax	135,000	135,000	112,426	(22,574)
Use tax	90,000	90,000	87,123	(2,877)
Income tax	655,000	655,000	611,462	(43,538)
Personal property replacement tax	1,850	1,850	1,621	(229)
Telecommunication tax	47,000	47,000	49,460	2,460
Total taxes	2,567,988	2,567,988	2,521,996	(45,992)
LICENSES, PERMITS AND FEES				
Licenses				
Liquor licenses	7,700	7,700	9,000	1,300
Vehicle licenses	165,500	165,500	164,090	(1,410)
Animal licenses	11,500	11,500	10,593	(907)
Franchise licenses	105,000	105,000	107,070	2,070
Business licenses	1,100	1,100	2,800	1,700
Total licenses	290,800	290,800	293,553	2,753
Fees				
Court fines	175,000	175,000	127,328	(47,672)
Village code violations	39,000	39,000	34,265	(4,735)
Adjudication fines	2,000	2,000	9,325	7,325
Police protection fees	900	900	2,963	2,063
Record requests	682	682	612	(70)
Park program fees	56,500	56,500	54,206	(2,294)
Total fees	274,082	274,082	228,699	(45,383)
Permits				
Variance permits	-	-	736	736
Total permits	-	-	736	736
Total licenses, permits and fees	564,882	564,882	522,988	(41,894)

(This schedule is continued on the following page.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
INTERGOVERNMENTAL				
Grant revenue	\$ 5,000	\$ 5,000	\$ 4,691	\$ (309)
Total intergovernmental	5,000	5,000	4,691	(309)
INVESTMENT INCOME				
	40,000	40,000	8,914	(31,086)
MISCELLANEOUS				
Rental income	2,680	2,680	4,094	1,414
Donations	8,000	8,000	4,785	(3,215)
Public utilities	14,250	14,250	15,393	1,143
Yard stickers	9,625	9,625	10,820	1,195
Insurance reimbursement	-	-	24,130	24,130
Miscellaneous	45,957	45,957	69,955	23,998
Total miscellaneous	80,512	80,512	129,177	48,665
TOTAL REVENUES	\$ 3,258,382	\$ 3,258,382	\$ 3,187,766	\$ (70,616)

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Administration				
Personnel services				
Salaries	\$ 289,656	\$ 254,656	\$ 257,309	\$ 2,653
IMRF	31,685	31,685	28,791	(2,894)
Health insurance	28,450	28,450	35,430	6,980
FICA matching	22,159	22,159	19,379	(2,780)
Contractual services				
Contract maintenance - equipment	500	500	-	(500)
Accounting	18,831	35,660	36,911	1,251
Legal	55,000	62,238	72,381	10,143
Other professional services	110,000	93,171	87,897	(5,274)
Recognition	-	(900)	-	900
Credit card services	9,240	9,240	7,250	(1,990)
Postage	19,000	10,395	4,450	(5,945)
Telephone	11,740	11,740	10,216	(1,524)
Publishing/advertising	2,500	2,500	1,063	(1,437)
Printing/copying	7,000	5,000	5,823	823
Dues	8,120	8,671	8,731	60
Travel	3,150	1,150	319	(831)
Training	2,700	1,200	895	(305)
Publications	200	221	221	-
Sales tax rebates	5,500	7,718	7,718	-
Liability insurance	107,000	107,000	106,712	(288)
Rental/lease	15,613	15,613	16,303	690
Recognition dinner	1,000	1,000	534	(466)
Volunteer appreciation event	-	-	50	50
Donations	-	5,125	5,125	-
Yard waste stickers	14,400	13,562	8,775	(4,787)
Other charges	2,000	2,000	1,602	(398)
Contingency	57,000	57,000	-	(57,000)
Commodities				
Office supplies	4,500	4,500	4,044	(456)
Miscellaneous	2,375	3,065	9,037	5,972
Total administration	829,319	794,319	736,966	(57,353)
Elected Officials				
Personal services				
Health insurance	-	-	(3,958)	(3,958)
Dues	1,430	1,430	331	(1,099)
Travel	1,500	892	1,425	533
Training	-	255	(195)	(450)

(This schedule is continued on the following pages.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Elected Officials (Continued)				
Contractual services				
Printing and copying	\$ -	\$ 114	\$ 113	\$ (1)
Publications	150	150	-	(150)
Miscellaneous	-	239	538	299
Total elected officials	3,080	3,080	(1,746)	(4,826)
Police Commission				
Professional services				
Legal	1,000	1,000	-	(1,000)
Other professional services	2,500	2,500	1,053	(1,447)
Contractual services				
Dues	-	-	575	575
Total police commission	3,500	3,500	1,628	(1,872)
Technology				
Contractual services				
Other professional services	16,199	16,199	19,974	3,775
Contract maintenance - equipment	2,261	2,261	1,491	(770)
Other charges	9,780	9,780	10,156	376
Capital outlay				
Equipment	478	478	368	(110)
Total technology	28,718	28,718	31,989	3,271
Total general government	864,617	829,617	768,837	(60,780)
BUILDING AND ZONING				
Administration				
Personnel services				
Salaries	37,440	37,440	36,663	(777)
IMRF	4,242	4,242	4,070	(172)
Health insurance	6,200	6,361	7,574	1,213
FICA matching	2,864	2,864	2,692	(172)
Contractual services				
Engineering	13,000	13,000	3,731	(9,269)
Legal	15,000	17,762	25,306	7,544
Planning services	10,500	6,731	1,750	(4,981)

(This schedule is continued on the following pages.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
BUILDING AND ZONING (Continued)				
Administration (Continued)				
Contractual services (Continued)				
Landscape review	\$ 1,250	\$ 1,250	\$ -	\$ (1,250)
Publishing/advertising	-	410	515	105
Printing/copying	-	289	288	(1)
Dues	-	100	100	-
Travel	-	-	115	115
Other charges	3,500	3,500	1,929	(1,571)
Commodities				
Other charges	-	47	63	16
Total administration	93,996	93,996	84,796	(9,200)
Total building and zoning	93,996	93,996	84,796	(9,200)
PUBLIC SAFETY				
Police administration/operations				
Personnel services				
Salaries	697,920	732,920	708,711	(24,209)
Overtime	45,410	45,410	36,203	(9,207)
IMRF	4,650	4,650	4,673	23
Police Pension	163,992	163,992	163,992	-
Health insurance	87,000	87,000	97,299	10,299
FICA matching	12,664	12,664	15,002	2,338
Contractual services				
Contract maintenance - equipment	8,200	8,200	16,922	8,722
Legal services	60,000	60,000	54,033	(5,967)
Other professional services	3,300	3,300	2,433	(867)
Postage	100	100	69	(31)
Telephone	9,720	9,720	2,992	(6,728)
Publishing and advertising	500	500	298	(202)
Printing/copying	3,600	3,600	2,397	(1,203)
Contract services	102,792	102,792	90,212	(12,580)
Dues	16,410	16,410	15,485	(925)
Travel	500	500	25	(475)
Publications	500	500	311	(189)
Donations	100	100	100	-
Training	5,500	5,500	2,675	(2,825)
Community relations	3,500	3,500	2,691	(809)
Other charges	5,000	5,000	5,237	237
Office supplies	3,000	3,000	2,385	(615)

(This schedule is continued on the following pages.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Police administration/operations (Continued)				
Commodities				
Auto fuel and oil	\$ 40,800	\$ 40,800	\$ 26,296	\$ (14,504)
Minor equipment	1,000	1,000	1,041	41
Vehicle supplies	6,600	6,600	3,398	(3,202)
Maintenance supplies	100	100	76	(24)
Uniforms	12,550	12,550	8,319	(4,231)
Other charges	2,000	2,000	1,475	(525)
Capital outlay				
Vehicles	-	-	44,545	44,545
Equipment	5,000	5,000	-	(5,000)
Total police administration/operations	1,302,408	1,337,408	1,309,295	(28,113)
Total public safety	1,302,408	1,337,408	1,309,295	(28,113)
PUBLIC WORKS				
Administration				
Personnel services				
Salaries	286,992	286,992	289,883	2,891
Overtime	20,000	20,000	28,747	8,747
IMRF	30,784	30,784	27,036	(3,748)
Health insurance	53,000	53,000	68,898	15,898
FICA matching	23,485	23,485	23,241	(244)
Contractual services				
Signals	5,000	5,000	11,838	6,838
Vehicles	14,000	14,000	19,036	5,036
Equipment	3,000	3,000	2,666	(334)
Patching	1,000	1,000	1,646	646
Street	100,000	100,000	90,033	(9,967)
Drainage	17,000	17,000	15,021	(1,979)
Other	10,000	10,000	9,917	(83)
Other professional services	3,000	3,000	3,243	243
Telephone	2,000	2,000	2,310	310
Publishing/advertising	600	600	-	(600)
Printing/copying	125	125	-	(125)
Dues	1,225	1,225	366	(859)
Travel	200	200	-	(200)
Training	750	750	245	(505)
Publications	200	200	-	(200)
Public utilities	12,500	12,500	11,794	(706)
Rental/lease	3,000	3,000	1,224	(1,776)

(This schedule is continued on the following pages.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Administration (Continued)				
Commodities				
Office supplies	\$ 1,500	\$ 1,500	\$ 1,208	\$ (292)
Auto fuel and oil	25,000	25,000	24,755	(245)
Minor equipment	1,500	1,500	1,321	(179)
Small tools	1,000	1,000	256	(744)
Equipment supplies	2,500	2,500	2,475	(25)
Vehicle supplies	18,000	18,000	21,114	3,114
Maintenance supplies	5,000	5,000	3,750	(1,250)
Uniform allowance	7,000	7,000	5,558	(1,442)
Other charges	3,500	3,500	2,209	(1,291)
Total administration	652,861	652,861	669,790	16,929
Building and grounds				
Contractual services				
Contract maintenance - buildings	13,350	13,350	11,426	(1,924)
Professional services	15,000	15,000	24,397	9,397
Public utilities	-	-	(3)	(3)
Commodities				
Maintenance supplies	2,000	2,000	4,844	2,844
Total buildings and grounds	30,350	30,350	40,664	10,314
Park maintenance				
Commodities				
Maintenance supplies	5,000	5,000	4,403	(597)
Contractual services				
Contract maintenance	88,000	88,000	59,498	(28,502)
Public utilities	15,000	15,000	5,386	(9,614)
Capital outlay				
Other improvements	3,000	3,000	3,282	282
Total park maintenance	111,000	111,000	72,569	(38,431)
Total public works	794,211	794,211	783,023	(11,188)

(This schedule is continued on the following page.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
PARKS AND RECREATION				
Personnel services				
Salaries	\$ 12,500	\$ 12,500	\$ 18,710	\$ 6,210
IMRF	1,387	1,387	1,433	46
Health insurance	3,100	3,100	3,324	224
FICA matching	956	956	1,431	475
Special recreation				
SRACLC dues	52,750	52,750	52,737	(13)
Contractual services				
Telephone	500	500	214	(286)
Printing/copying	3,000	3,000	5,117	2,117
Training	500	500	-	(500)
Publications	36	36	80	44
Program expenses	21,250	21,250	14,076	(7,174)
Commodities				
Office supplies	250	250	14	(236)
Other charges	200	200	318	118
Capital outlay				
Equipment	500	500	524	24
Total parks and recreation	96,929	96,929	97,978	1,049
DEBT SERVICE				
Principal	17,776	17,776	12,592	(5,184)
Interest	5,634	5,634	5,919	285
Total debt service	23,410	23,410	18,511	(4,899)
TOTAL EXPENDITURES	\$ 3,175,571	\$ 3,175,571	\$ 3,062,440	\$ (113,131)

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over (Under)
PARKS AND RECREATION			
Contractual services			
Contract maintenance - grounds	\$ 5,000	\$ -	\$ (5,000)
Total parks and recreation	5,000	-	(5,000)
Capital outlay			
Equipment	1,750	481	(1,269)
Total capital outlay	1,750	481	(1,269)
TOTAL EXPENDITURES	\$ 6,750	\$ 481	\$ (6,269)

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #1 PROJECT FUND

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ 2,526	\$ 3,157	\$ 631
Total revenues	<u>2,526</u>	<u>3,157</u>	<u>631</u>
EXPENDITURES			
Public works			
Contract maintenance - streets	490,497	750,065	259,568
Engineering	54,500	28,025	(26,475)
Legal services	-	406	406
Publishing and advertising	-	444	444
Other	-	5,567	5,567
Total expenditures	<u>544,997</u>	<u>784,507</u>	<u>239,510</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(542,471)</u>	<u>(781,350)</u>	<u>(238,879)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>331,985</u>	<u>509,495</u>	<u>177,510</u>
NET CHANGE IN FUND BALANCE	<u>\$ (210,486)</u>	<u>(271,855)</u>	<u>\$ (61,369)</u>
FUND BALANCE, JANUARY 1		<u>271,855</u>	
FUND BALANCE, DECEMBER 31		<u>\$ -</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL SERVICE AREA #2 PROJECT FUND

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ 4,100	\$ 4,011	\$ (89)
Total revenues	4,100	4,011	(89)
EXPENDITURES			
Public works			
Contract maintenance - streets	490,497	275,815	(214,682)
Engineering	54,500	28,025	(26,475)
Legal services	-	406	406
Publishing and advertising	-	444	444
Other	-	5,567	5,567
Total expenditures	544,997	310,257	(234,740)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(540,897)	(306,246)	234,651
OTHER FINANCING SOURCES (USES)			
Transfers in	199,263	147,653	(51,610)
Transfers (out)	-	(200,000)	(200,000)
Total other financing sources (uses)	199,263	(52,347)	(251,610)
NET CHANGE IN FUND BALANCE	<u>\$ (341,634)</u>	<u>(358,593)</u>	<u>\$ (16,959)</u>
FUND BALANCE, JANUARY 1		<u>358,593</u>	
FUND BALANCE, DECEMBER 31		<u>\$ -</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #3 PROJECT FUND

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ 2,920	\$ 4,723	\$ 1,803
Total revenues	<u>2,920</u>	<u>4,723</u>	<u>1,803</u>
EXPENDITURES			
Public works			
Contract maintenance - street	490,497	812,327	321,830
Engineering	54,500	28,025	(26,475)
Legal	-	406	406
Publishing and advertising	-	444	
Other	-	5,567	5,567
Total expenditures	<u>544,997</u>	<u>846,769</u>	<u>301,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(542,077)	(842,046)	(299,525)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>298,752</u>	<u>325,519</u>	<u>26,767</u>
NET CHANGE IN FUND BALANCE	<u>\$ (243,325)</u>	<u>(516,527)</u>	<u>\$ (272,758)</u>
FUND BALANCE, JANUARY 1		<u>516,527</u>	
FUND BALANCE, DECEMBER 31		<u>\$ -</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA #4 PROJECT FUND

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over Under
REVENUES			
Investment income	\$ 66,000	\$ 53,295	\$ (12,705)
Total revenues	66,000	53,295	(12,705)
EXPENDITURES			
Public works			
Engineering	-	18,323	18,323
Legal	-	7,902	7,902
Other	-	2,610	2,610
Donation to SSA #4 Agency Fund	-	679,798	679,798
Total expenditures	-	708,633	708,633
NET CHANGE IN FUND BALANCE	<u>\$ 66,000</u>	(655,338)	<u>\$ (721,338)</u>
FUND BALANCE, JANUARY 1		<u>3,026,798</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 2,371,460</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUND

Connection Fees Fund - used to account for the revenues received from connection fees and the related expenditures for future water and system related maintenance.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over Under
REVENUES			
Investment income	\$ 1,500	\$ 1,460	\$ (40)
Miscellaneous	15,000	-	(15,000)
Total revenues	<u>16,500</u>	<u>1,460</u>	<u>(15,040)</u>
EXPENDITURES			
Capital outlay			
None	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 16,500</u>	1,460	<u>\$ (15,040)</u>
FUND BALANCE, JANUARY 1		<u>88,919</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 90,379</u>	

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS
AQUATIC CENTER ACCOUNTS

December 31, 2009

	Operating	Bond and Interest	Bond Reserve	Eliminations	Total
CURRENT ASSETS					
Cash and investments	\$ 187,047	\$ 158,269	\$ 282,844	\$ -	\$ 628,160
Prepaid expenses	5,000	-	-	-	5,000
Total current assets	192,047	158,269	282,844	-	633,160
NONCURRENT ASSETS					
Unamortized issuance costs	43,916	-	-	-	43,916
Capital assets					
Capital assets not being depreciated	417,459	-	-	-	417,459
Capital assets being depreciated	4,489,953	-	-	-	4,489,953
Net capital assets	4,907,412	-	-	-	4,907,412
Total assets	5,143,375	158,269	282,844	-	5,584,488
CURRENT LIABILITIES					
Accounts payable	2,155	-	-	-	2,155
Wages payable	2,278	-	-	-	2,278
Deposits payable	2,024	-	-	-	2,024
Compensated absences payable	990	-	-	-	990
Revenue bonds payable	235,000	-	-	-	235,000
Total current liabilities	242,447	-	-	-	242,447
NONCURRENT LIABILITIES					
Unamortized premium on bonds issued	22,193	-	-	-	22,193
Revenue bonds payable	2,570,000	-	-	-	2,570,000
Total noncurrent liabilities	2,592,193	-	-	-	2,592,193
Total liabilities	2,834,640	-	-	-	2,834,640
NET ASSETS					
Invested in capital assets, net of related debt Restricted	2,080,219	-	-	-	2,080,219
Debt service	143,301	158,269	282,844	-	584,414
Unrestricted	85,215	-	-	-	85,215
TOTAL NET ASSETS	\$ 2,308,735	\$ 158,269	\$ 282,844	\$ -	\$ 2,749,848

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
AQUATIC CENTER ACCOUNTS

For the Year Ended December 31, 2009

	Operating	Bond and Interest	Bond Reserve	Eliminations	Total
OPERATING REVENUES					
Charges for service	\$ 309,440	\$ -	\$ -	\$ -	\$ 309,440
Total operating revenues	309,440	-	-	-	309,440
OPERATING EXPENSES					
Personnel services	139,254	-	-	-	139,254
Contractual services	98,739	375	-	-	99,114
Commodities	22,518	-	-	-	22,518
Maintenance	14,248	-	-	-	14,248
Depreciation	162,956	-	-	-	162,956
Total operating expenses	437,715	375	-	-	438,090
OPERATING INCOME (LOSS)	(128,275)	(375)	-	-	(128,650)
NONOPERATING REVENUES (EXPENSES)					
Investment income	4,441	2,117	4,793	-	11,351
Miscellaneous	5,775	-	-	-	5,775
Interest expense	-	(133,238)	-	-	(133,238)
Total nonoperating revenues (expenses)	10,216	(131,121)	4,793	-	(116,112)
NET INCOME (LOSS) BEFORE TRANSFERS	(118,059)	(131,496)	4,793	-	(244,762)
TRANSFERS					
Transfers in	-	215,458	-	(23,838)	191,620
Transfers (out)	-	-	(23,838)	23,838	-
Total transfers	-	215,458	(23,838)	-	191,620
CHANGE IN NET ASSETS	(118,059)	83,962	(19,045)	-	(53,142)
NET ASSETS, JANUARY 1	2,416,794	74,307	301,889	-	2,792,990
Prior period adjustment	10,000	-	-	-	10,000
NET ASSETS, JANUARY 1, RESTATED	2,426,794	74,307	301,889	-	2,802,990
NET ASSETS, DECEMBER 31	\$ 2,308,735	\$ 158,269	\$ 282,844	\$ -	\$ 2,749,848

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS
AQUATIC CENTER ACCOUNTS

For the Year Ended December 31, 2009

	Operating	Bond & Interest	Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 311,305	\$ -	\$ -	\$ 311,305
Interfund loan receipts	12,695	-	-	12,695
Payments to suppliers	(130,059)	(375)	-	(130,434)
Payments to employees	(137,792)	-	-	(137,792)
Miscellaneous nonoperating receipts	5,775	-	-	5,775
Net cash from operating activities	61,924	(375)	-	61,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	215,458	-	215,458
Transfer (out)	-	-	(23,838)	(23,838)
Net cash from noncapital financing activities	-	215,458	(23,838)	191,620
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	2,413	(133,238)	-	(130,825)
Net cash from capital and related financing activities	2,413	(133,238)	-	(130,825)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,441	2,117	4,793	11,351
Net cash from investing activities	4,441	2,117	4,793	11,351
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,778	83,962	(19,045)	133,695
CASH AND CASH EQUIVALENTS, JANUARY 1	118,269	74,307	301,889	494,465
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 187,047	\$ 158,269	\$ 282,844	\$ 628,160
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (128,275)	\$ (375)	\$ -	\$ (128,650)
Miscellaneous nonoperating receipts	5,775	-	-	5,775
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Increase (decrease) in				
Depreciation and amortization	162,956	-	-	162,956
Prepaid expenses	5,000	-	-	5,000
Accounts payable	446	-	-	446
Due from other funds	12,695	-	-	12,695
Deposits payable	1,865	-	-	1,865
Compensated absences payable	408	-	-	408
Wages payable	1,054	-	-	1,054
NET CASH FROM OPERATING ACTIVITIES	\$ 61,924	\$ (375)	\$ -	\$ 61,549

(See independent auditor's report.)

FIDUCIARY FUNDS

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF CHANGES IN PLAN NET ASSETS - BUDGET AND ACTUAL
POLICE PENSION FUND

For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer	\$ 163,992	\$ 163,992	\$ -
Employee	22,752	72,960	50,208
Total contributions	186,744	236,952	50,208
Investment income			
Interest	3,200	35,496	32,296
Total investment income	3,200	35,496	32,296
Total additions	189,944	272,448	82,504
DEDUCTIONS			
Benefits and refunds	35,733	94,547	58,814
Administration	2,500	8,133	5,633
Total deductions	38,233	102,680	64,447
NET INCREASE	<u>\$ 151,711</u>	169,768	<u>\$ 18,057</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1		<u>1,119,600</u>	
December 31		<u>\$ 1,289,368</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2009

ALL FUNDS

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 256,633	\$ 1,736,196	\$ 1,187,658	\$ 805,171
TOTAL ASSETS	\$ 256,633	\$ 1,736,196	\$ 1,187,658	\$ 805,171
LIABILITIES				
Due to others	\$ 256,633	\$ 1,736,196	\$ 1,187,658	\$ 805,171
TOTAL LIABILITIES	\$ 256,633	\$ 1,736,196	\$ 1,187,658	\$ 805,171

**SPECIAL SERVICE AREA #1
PROJECT - DEBT SERVICE**

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 30,733	\$ 293,225	\$ 286,276	\$ 37,682
TOTAL ASSETS	\$ 30,733	\$ 293,225	\$ 286,276	\$ 37,682
LIABILITIES				
Due to others	\$ 30,733	\$ 293,225	\$ 286,276	\$ 37,682
TOTAL LIABILITIES	\$ 30,733	\$ 293,225	\$ 286,276	\$ 37,682

(This schedule is continued on the following pages.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS

For the Year Ended December 31, 2009

**SPECIAL SERVICE AREA #2
PROJECT - DEBT SERVICE**

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 33,958	\$ 292,962	\$ 286,276	\$ 40,644
TOTAL ASSETS	\$ 33,958	\$ 292,962	\$ 286,276	\$ 40,644
LIABILITIES				
Due to others	\$ 33,958	\$ 292,962	\$ 286,276	\$ 40,644
TOTAL LIABILITIES	\$ 33,958	\$ 292,962	\$ 286,276	\$ 40,644

**SPECIAL SERVICE AREA #3
PROJECT - DEBT SERVICE**

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 31,775	\$ 293,755	\$ 286,276	\$ 39,254
TOTAL ASSETS	\$ 31,775	\$ 293,755	\$ 286,276	\$ 39,254
LIABILITIES				
Due to others	\$ 31,775	\$ 293,755	\$ 286,276	\$ 39,254
TOTAL LIABILITIES	\$ 31,775	\$ 293,755	\$ 286,276	\$ 39,254

(This schedule is continued on the following page.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES (Continued)
 AGENCY FUNDS

For the Year Ended December 31, 2009

**SPECIAL SERVICE AREA #4
 PROJECT - DEBT SERVICE**

	Balances			Balances	
	January 1	Additions	Deductions	December 31	
ASSETS					
Cash and investments	\$ 160,167	\$ 856,254	\$ 328,830	\$ 687,591	
TOTAL ASSETS	\$ 160,167	\$ 856,254	\$ 328,830	\$ 687,591	
LIABILITIES					
Due to others	\$ 160,167	\$ 856,254	\$ 328,830	\$ 687,591	
TOTAL LIABILITIES	\$ 160,167	\$ 856,254	\$ 328,830	\$ 687,591	

(See independent auditor's report.)

STATISICAL SECTION

This part of the Village of Hawthorn Woods' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	77-83
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	84-87
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	88-92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	93-94
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	95-97

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in 2005; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

NET ASSETS BY COMPONENT

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2008*	2009
GOVERNMENTAL ACTIVITIES						
Invested in capital assets, net of related debt	\$ 3,364,719	\$ 8,381,071	\$ 12,877,625	\$ 12,816,465	\$ 12,473,431	\$ 12,100,792
Restricted	6,111,062	7,981,508	7,427,286	5,226,866	4,633,442	2,645,314
Unrestricted	4,319,926	3,603,532	996,608	(165,414)	734,102	399,477
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,795,707	\$ 19,966,111	\$ 21,301,519	\$ 17,877,917	\$ 17,840,975	\$ 15,145,583
BUSINESS-TYPE ACTIVITIES						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 2,723,992	\$ 2,345,316	\$ 2,364,709	\$ 2,080,219
Restricted	-	-	-	447,431	451,196	584,414
Unrestricted	-	-	991,922	179,705	(23,915)	85,215
TOTAL BUSINESS-TYPE ACTIVITIES	\$ -	\$ -	\$ 3,715,914	\$ 2,972,452	\$ 2,791,990	\$ 2,749,848
PRIMARY GOVERNMENT						
Invested in capital assets, net of related debt	\$ 3,364,719	\$ 8,381,071	\$ 15,601,617	\$ 15,161,781	\$ 14,838,140	\$ 14,181,011
Restricted	6,111,062	7,981,508	7,427,286	5,674,297	5,084,638	3,229,728
Unrestricted	4,319,926	3,603,532	1,988,530	14,291	710,187	484,692
TOTAL PRIMARY GOVERNMENT	\$ 13,795,707	\$ 19,966,111	\$ 25,017,433	\$ 20,850,369	\$ 20,632,965	\$ 17,895,431

Note: The Village implemented GASB Statement 34 for its year ended April 30, 2005.

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Audited Financial Statements

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET ASSETS

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2008*	2009
EXPENSES						
Governmental Activities						
General government	\$ 2,026,879	\$ 2,038,714	\$ 868,301	\$ 934,205	\$ 671,138	\$ 783,579
Building and zoning	-	-	999,072	1,364,665	215,819	268,409
Public safety	1,126,909	1,282,082	1,605,160	1,820,217	1,042,970	1,338,932
Buildings and grounds	132,610	24,251	-	-	-	-
Public works	-	-	4,183,459	5,089,875	2,099,964	3,485,091
Streets and bridges	3,519,409	4,102,918	-	-	-	-
Parks and recreation	145,882	101,391	93,776	348,662	245,056	375,854
Interest	-	-	7,076	1,393	8,201	5,919
Total governmental activities expenses	<u>6,951,689</u>	<u>7,549,356</u>	<u>7,756,844</u>	<u>9,559,017</u>	<u>4,283,148</u>	<u>6,257,784</u>
Business-Type Activities						
Aquatics	-	-	12,525	1,048,951	438,924	571,328
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>12,525</u>	<u>1,048,951</u>	<u>438,924</u>	<u>571,328</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 6,951,689</u>	<u>\$ 7,549,356</u>	<u>\$ 7,769,369</u>	<u>\$ 10,607,968</u>	<u>\$ 4,722,072</u>	<u>\$ 6,829,112</u>
PROGRAM REVENUES						
Governmental Activities						
Charges for services						
General government	\$ 1,948,771	\$ 2,528,832	\$ 442,180	\$ 372,551	\$ 120,698	\$ 320,502
Building and zoning	-	-	1,029,777	1,327,363	283,861	265,401
Public safety	52,416	214,318	242,085	278,600	121,431	174,493
Streets and bridges	835,000	-	-	-	-	-
Parks and recreation	-	3,525,500	1,154	62,126	32,785	54,206
Operating grants and contributions	225,836	269,321	192,716	211,771	143,742	204,609
Capital grants and contributions	-	-	7,750,072	8,829	-	44,545
Total governmental activities program revenues	<u>3,062,023</u>	<u>6,537,971</u>	<u>9,657,984</u>	<u>2,261,240</u>	<u>702,517</u>	<u>1,063,756</u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2008*	2009
PROGRAM REVENUES (Continued)						
Business-Type Activities						
Charges for services						
Aquatics	\$ -	\$ -	\$ -	\$ 243,291	\$ 240,828	\$ 309,440
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	10,000	-	-	-
Total business-type activities program revenues	-	-	10,000	243,291	240,828	309,440
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 3,062,023	\$ 6,537,971	\$ 9,667,984	\$ 2,504,531	\$ 943,345	\$ 1,373,196
NET (EXPENSES) REVENUES						
Governmental activities	\$ (3,889,666)	\$ (1,011,385)	\$ 1,901,140	\$ (7,297,777)	\$ (3,580,631)	\$ (5,194,028)
Business-type activities	-	-	(2,525)	(805,660)	(198,096)	(261,888)
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	\$ (3,889,666)	\$ (1,011,385)	\$ 1,898,615	\$ (8,103,437)	\$ (3,778,727)	\$ (5,455,916)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
Governmental Activities						
Taxes						
Property	\$ 1,109,660	\$ 1,193,526	\$ 1,318,803	\$ 1,457,956	\$ 1,573,980	\$ 1,644,331
Road and bridge	16,643	17,036	19,323	24,253	26,044	15,573
Sales	179,902	125,850	122,734	134,837	99,675	112,426
Income and local use	407,213	532,097	584,360	685,653	542,330	698,585
Telecommunications	40,877	38,319	43,887	47,303	33,390	49,460
Replacement	1,204	1,584	1,722	1,996	1,190	1,621
Investment income	251,952	388,173	375,681	307,352	123,855	98,360
Miscellaneous	230,235	196,325	541,359	1,277,528	1,143,225	60,429
Transfer in (out)	-	-	-	-	-	(191,620)
Gain on sale of capital assets	6,113	-	-	-	-	-
Total governmental activities	2,243,799	2,492,910	3,007,869	3,936,878	3,543,689	2,489,165

Fiscal Year	2005	2006	2007	2008	2008*	2009
GENERAL REVENUES AND OTHER CHANGES						
IN NET ASSETS (Continued)						
Business-Type Activities						
Investment income	\$ -	\$ -	\$ 144,838	\$ 56,872	\$ 11,846	\$ 11,351
Miscellaneous	-	-	-	5,326	6,788	5,775
Transfer in (out)	-	-	-	-	-	191,620
Total business-type activities	-	-	144,838	62,198	18,634	208,746
TOTAL PRIMARY GOVERNMENT	\$ 2,243,799	\$ 2,492,910	\$ 3,152,707	\$ 3,999,076	\$ 3,562,323	\$ 2,697,911
CHANGE IN NET ASSETS						
Governmental activities	\$ (1,645,867)	\$ 1,481,525	\$ 4,909,009	\$ (3,360,899)	\$ (36,942)	\$ (2,704,863)
Business-type activities	-	-	142,313	(743,462)	(179,462)	(53,142)
TOTAL PRIMARY GOVERNMENT CHANGE	\$ (1,645,867)	\$ 1,481,525	\$ 5,051,322	\$ (4,104,361)	\$ (216,404)	\$ (2,758,005)
IN NET ASSETS						

Note: The Village implemented GASB Statement 34 for its year ended April 30, 2005.

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Audited Financial Statements

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2008*	2009
GENERAL FUND										
Reserved	\$ -	\$ -	\$ -	\$ 1,399,599	\$ -	\$ -	\$ 47,383	\$ -	\$ 55,751	\$ 126,931
Unreserved	1,752,037	1,545,007	1,946,967	2,448,709	3,081,955	3,965,577	1,261,649	550,432	114,131	177,748
TOTAL GENERAL FUND	\$ 1,752,037	\$ 1,545,007	\$ 1,946,967	\$ 3,848,308	\$ 3,081,955	\$ 3,965,577	\$ 1,309,032	\$ 550,432	\$ 169,882	\$ 304,679
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 6,111,062	\$ 7,935,701	\$ 7,379,903	\$ 5,226,866	\$ 4,605,340	\$ 2,610,178
Unreserved, reported in										
Special Revenue Funds	60,465	26,711	36,270	159,041	1,354,673	-	-	66,773	445,725	541,222
Capital Projects Funds	-	-	-	7,745,908	-	-	-	(465,318)	516,527	-
Permanent Funds	44,017	44,568	44,568	44,568	-	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENT FUNDS	\$ 104,482	\$ 71,279	\$ 80,838	\$ 7,949,517	\$ 7,465,735	\$ 7,935,701	\$ 7,379,903	\$ 4,828,321	\$ 5,567,592	\$ 3,151,400

Note: The substantial increase in reserved fund balance in the Other Governmental Funds for 2004 is due to the issuance Unlimited Ad Valorem Tax Bonds, Series 2003A, 2003B and 2003C and 2004A, 2004B and 2004C for Special Service Areas 1, 2 and 3.

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Audited Financial Statements

VILLAGE OF HAWTHORN WOODS, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2008*	2009
REVENUES										
Taxes	\$ 1,417,305	\$ 1,512,851	\$ 1,587,294	\$ 1,597,921	\$ 1,714,623	\$ 1,870,093	\$ 2,090,829	\$ 2,351,998	\$ 2,276,609	\$ 2,521,996
Licenses, permits and fees	518,964	686,467	912,186	2,014,039	2,877,063	2,806,969	1,689,836	1,970,632	535,720	788,389
Intergovernmental	132,522	263,593	177,364	177,025	225,836	269,321	192,716	220,600	143,742	204,609
Developer park donations	233,679	172,276	470,053	1,113,869	32,859	68,932	-	-	-	-
Investment income	136,857	107,661	84,707	190,866	251,952	388,173	375,681	307,352	123,855	98,360
Contribution from property owners	-	-	-	10,451,383	-	-	3,345,218	-	-	-
Miscellaneous	48,049	131,359	133,489	879,091	197,376	3,627,393	566,719	1,347,536	1,166,280	131,187
Total revenues	2,487,376	2,874,207	3,365,093	16,424,194	5,299,709	9,030,881	8,260,999	6,198,118	4,246,206	3,744,541
EXPENDITURES										
General government	519,625	659,694	894,266	2,215,176	2,011,744	2,025,831	921,354	921,407	654,730	768,837
Building and zoning	-	-	-	-	-	-	999,072	1,365,255	215,819	215,496
Public safety	732,027	699,074	838,579	950,491	1,148,993	1,270,570	1,514,586	1,779,245	926,758	1,309,295
Buildings and grounds	90,516	68,565	83,825	96,463	98,159	106,155	-	-	-	-
Public works	-	-	-	-	-	-	4,181,851	5,177,240	2,026,719	3,433,189
Streets and bridges	943,819	1,225,586	960,302	3,219,735	3,484,958	4,184,822	-	-	-	-
Parks and recreation	159,022	461,521	176,602	172,309	117,186	94,096	23,337	87,001	51,976	97,978
Capital outlay	-	-	-	-	11,091	126,640	147,158	191,351	2,284	481
Debt service										
Principal	-	-	-	-	-	-	105,307	25,514	105,881	12,592
Interest and fiscal charges	-	-	-	-	-	-	7,076	1,393	8,201	5,919
Total expenditures	2,445,009	3,114,440	2,953,574	6,654,174	6,872,131	7,808,114	7,899,741	9,548,406	3,992,368	5,843,787
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	42,367	(240,233)	411,519	9,770,020	(1,572,422)	1,222,767	361,258	(3,350,288)	253,838	(2,099,246)

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2008*	2009
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 2,700	\$ 50,208	\$ 4,505,399	\$ 1,091,000	\$ 2,501,275	\$ 982,667
Transfers (out)	-	-	-	-	(2,700)	(50,208)	(4,505,399)	(1,091,000)	(2,501,275)	(1,174,287)
Sale of capital assets	-	-	-	-	6,580	-	-	-	-	-
Installment contracts issued	-	-	-	-	-	130,821	-	102,809	104,883	-
Total other financing sources (uses)	-	-	-	-	6,580	130,821	-	102,809	104,883	(191,620)
NET CHANGE IN FUND BALANCES	\$ 42,367	\$ (240,233)	\$ 411,519	\$ 9,770,020	\$ (1,565,842)	\$ 1,353,588	\$ 361,258	\$ (3,247,479)	\$ 358,721	\$ (2,290,866)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.55%	0.30%	2.86%	0.32%

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Audited Financial Statements

VILLAGE OF HAWTHORN WOODS, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Farm Property	Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate (A)	Estimated Actual Taxable Value	Estimated Actual Taxable Value
1999	\$ 209,259,518	\$ 641,842	\$ 1,265,130	\$ 3,603	\$ 211,170,093	0.427	\$ 633,510,279	33.333%
2000	\$ 219,737,352	\$ 659,537	\$ 1,448,702	\$ 3,854	\$ 221,849,445	0.428	\$ 665,548,335	33.333%
2001	234,927,913	723,388	1,777,579	3,167	237,432,047	0.422	712,296,141	33.333%
2002	261,846,295	824,388	1,329,231	2,912	264,002,826	0.397	792,008,478	33.333%
2003	302,228,324	1,115,573	1,694,843	4,514	305,043,254	1.186	915,129,762	33.333%
2004	326,129,442	1,647,673	1,623,579	4,633	329,405,327	1.152	988,215,981	33.333%
2005	367,957,407	3,981,627	1,936,706	4,263	373,880,003	1.068	1,121,640,009	33.333%
2006	418,880,744	3,312,752	2,409,922	4,587	424,608,005	0.993	1,273,824,015	33.333%
2007	467,631,887	5,976,372	2,068,251	6,233	475,682,743	0.921	1,427,048,229	33.333%
2008	485,176,796	6,238,869	2,417,801	8,509	493,841,975	0.906	1,481,525,925	33.333%

(A) Property tax rates are per \$100 of assessed valuation.

2009 property tax information not available at the time of printing.

Data Source

Office of the Lake County Clerk

VILLAGE OF HAWTHORN WOODS, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
ELA TOWNSHIP

Last Ten Levy Years

Tax Levy Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Village Direct Rates (A)										
Corporate	0.284	0.271	0.265	0.250	0.225	0.201	0.224	0.224	0.222	0.044
Police protection	0.072	0.063	0.065	0.063	0.064	0.044	0.054	0.051	0.047	0.167
Street and bridge - Ela	0.069	0.081	0.078	0.070	0.057	0.091	0.048	0.043	0.037	0.096
Audit tax	0.002	0.000	0.000	0.000	0.000	0.002	0.005	0.003	0.003	0.003
Liability insurance	0.000	0.013	0.014	0.014	0.016	0.015	0.014	0.012	0.011	0.011
Special recreation	0.000	0.000	0.000	0.000	0.007	0.011	0.010	0.013	0.013	0.013
Total direct rate without SSAs	0.427	0.428	0.422	0.397	0.369	0.364	0.355	0.346	0.333	0.334
Special Service Areas										
SSA #1	0.000	0.000	0.000	0.000	0.288	0.280	0.260	0.249	0.231	0.223
SSA #2	0.000	0.000	0.000	0.000	0.274	0.265	0.219	0.170	0.148	0.139
SSA #3	0.000	0.000	0.000	0.000	0.255	0.243	0.234	0.228	0.209	0.210
Total direct rate with SSAs	0.427	0.428	0.422	0.397	1.186	1.152	1.068	0.993	0.921	0.906
Overlapping Rates										
Lake County	0.521	0.521	0.516	0.502	0.490	0.465	0.454	0.450	0.444	0.453
Lake County Forest Preserve	0.187	0.231	0.221	0.232	0.225	0.219	0.210	0.204	0.201	0.199
Ela Township-Corp	0.100	0.094	0.096	0.093	0.086	0.085	0.085	0.086	0.082	0.084
Ela Township-R & B	0.011	0.011	0.012	0.013	0.011	0.011	0.010	0.010	0.010	0.005
Ela Township-Gravel	0.030	0.030	0.030	0.030	0.029	0.030	0.030	0.032	0.032	0.038
School District #95	3.925	4.022	4.484	4.366	4.092	4.082	4.040	3.992	3.830	3.899
School District #96	3.052	3.060	2.951	3.013	2.940	3.038	3.000	2.989	2.772	2.869
School District #79	2.709	2.689	2.670	2.582	2.635	2.572	2.565	2.529	2.379	2.435
Consolidated H.S. District #125	1.835	1.904	1.864	1.890	1.940	2.062	2.112	2.134	2.114	2.139
Community College #532	0.213	0.235	0.211	0.208	0.201	0.200	0.197	0.195	0.192	0.196
Ela Area Library	0.408	0.396	0.387	0.371	0.343	0.334	0.323	0.317	0.306	0.308
Countryside Fire District	0.470	0.462	0.458	0.436	0.420	0.422	0.400	0.398	0.390	0.417
Lake Zurich Fire District	0.315	0.305	0.298	0.378	0.365	0.358	0.493	0.511	0.547	0.561
Wauconda Fire District	0.492	0.494	0.492	0.466	0.450	0.450	0.434	0.425	0.421	0.432
Long Grove Fire District	0.275	0.273	0.518	0.514	0.503	0.547	0.526	0.549	0.547	0.549
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	14.970	15.155	15.630	15.491	15.916	16.027	15.947	15.814	15.188	15.490
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HAWTHORN WOODS	2.9%	2.8%	2.7%	2.6%	4.1%	4.0%	3.9%	3.8%	3.7%	3.6%

The Village lies in Ela Township and Fremont Township. Only Ela Township is reflected as it represents 88% of the Village's assessed valuation.

(A) Property tax rates are per \$100 of assessed valuation.

(B) SSA #1 only is included in the share of total tax rate levied by the Village.

2009 property tax rates not available at the time of printing.

Data Source

Office of the County Clerk

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2009 Tax Levy			2000 Tax Levy		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Hawthorn Woods Country Club LLC	\$ 1,643,778	1	0.33%			
Toll Brothers	915,503	2	0.19%			
Aqua Illinois Regional Office	781,339	3	0.16%			
Toll IL HWCC, LP	753,174	4	0.15%			
Stonebridge & Associates	670,170	5	0.14%			
Boss Hob, LLC	521,927	6	0.11%			
Individual	514,556	7	0.10%			
Individual	490,911	8	0.10%			
Individual	484,564	9	0.10%			
Individual	467,994	10	0.09%			
Parkway Bank and Trust Company				\$ 580,241	1	0.26%
Individual				357,391	2	0.16%
Individual				341,458	3	0.15%
Individual				288,558	4	0.13%
Individual				274,163	8	0.12%
Individual				285,692	5	0.13%
Individual				276,619	6	0.12%
Individual				274,379	7	0.12%
Individual				273,743	9	0.12%
Individual				271,211	10	0.12%
	<u>\$ 7,243,916</u>		<u>1.47%</u>	<u>\$ 3,223,455</u>		<u>1.43%</u>

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Information was not available prior to the 2000 tax levy.

Data Source

Office of the Lake County Clerk

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Levy Collections	
		Amount	Percentage of Levy
2000	\$ 946,269	\$ 946,460	100.02%
2001	997,888	998,310	100.04%
2002	1,043,522	1,043,046	99.95%
2003	1,939,804	1,935,603	99.78%
2004	2,043,287	2,041,151	99.90%
2005	2,191,419	2,188,454	99.86%
2006	2,334,932	2,332,597	99.90%
2007	2,603,490	2,569,122	98.68%
2008	2,887,089	2,711,355	93.91%
2009	3,026,339	N/A	N/A

(A) Collections for the 2008 Tax Levy Year will not be received until fiscal year 2010.

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Note: Collection of property tax in subsequent years is immaterial.

Data Source

Office of the County Clerk

VILLAGE OF HAWTHORN WOODS, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Installment Contracts Payable	General Obligation Bonds	Revenue Bonds Payable	Capital Leases			
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2002	-	-	-	-	-	-	0.00%	-
2003	-	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	-	0.00%	-
2006	-	130,821	-	-	-	130,821	0.04%	22
2007	-	25,514	-	-	-	25,514	0.01%	4
2008	-	102,809	-	2,805,000	-	2,907,809	0.98%	377
2008**	-	101,811	-	2,805,000	-	2,906,811	0.98%	377
2009	-	89,219	-	2,805,000	-	2,894,219	0.98%	375

Note: Details of the Village's outstanding debt can be found in the notes to financial statements.

* See the schedule of Demographic and Economic Information on page 91 for personal income and population data.

**The Village changed its fiscal year end to December 31, 2008.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

The Village of Hawthorn Woods has had no General Bonded Debt Outstanding in the last ten fiscal years.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2009

Governmental Unit	Gross Debt (A)	Percentage Debt Applicable to the Village of Hawthorn Woods (B)	Village of Hawthorn Woods Share of Debt
Village of Hawthorn Woods	\$ -	100.000%	\$ -
Lake County, including Forest Preserve District	236,524,438	1.550%	3,666,129
School District #95	54,113,612	15.380%	8,322,674
School District #96	13,090,000	0.690%	90,321
School District #79	31,493,594	23.210%	7,309,663
H.S. District #125	35,828,616	3.240%	1,160,847
Community College #532	12,672,475	1.640%	207,829
Ela Area Library	12,040,000	19.960%	2,403,184
Village Special Service Areas #1, #2 and #3	<u>12,695,000</u>	100.000%	<u>12,695,000</u>
TOTAL OVERLAPPING DEBT	<u><u>\$ 408,457,735</u></u>		<u><u>\$ 35,855,647</u></u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 408,457,735</u></u>		<u><u>\$ 35,855,647</u></u>

(A) Gross debt is calculated as of December 31, 2008.

(B) Determined by ratio of assessed valuation of property subject to taxation in the Village of Hawthorn Woods to valuation of property subject to taxation in overlapping unit.

(C) Overlapping percentages are based on 2008 EAVs, the most current available.

Data Source

Office of the Lake County Clerk

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Revenues*	Principal	Interest	Coverage
2001	\$ -	\$ -	\$ -	\$ -
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	272,027	-	-	-
2008**	291,643	-	133,238	2.19
2009	316,726	-	133,238	2.38

Revenue Bonds were issued June 15, 2007; no principal or interest payments were required during fiscal year 2008.

*As defined in applicable bond indentures and governing laws.

**The Village changed its fiscal year end to December 31, 2008.

Data Source: Village Records

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2009

Maximum allowable general obligation debt (8.625% of assessed valuation of \$493,841,975)	\$ 42,593,870
General obligation bonds	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 42,593,870</u></u>

* Information is for December 31, 2008.

Information for December 31, 2009 was not available at time of report .

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Personal Income	(1) Per Capita Personal Income	(2) Unemployment Rate
2001	6,002	\$ 296,174,692	\$ 49,346	0.9%
2002	6,002	296,174,692	49,346	1.0%
2003	6,002	296,174,692	49,346	0.6%
2004	6,002	296,174,692	49,346	0.9%
2005	6,002	296,174,692	49,346	1.2%
2006	6,002	296,174,692	49,346	0.8%
2007	6,002	296,174,692	49,346	4.6%
2008	7,716	296,174,692	49,346	5.1%
2008*	7,716	296,174,692	49,346	6.2%
2009	7,716	296,174,692	49,346	9.9%

*The Village changed its fiscal year end to December 31, 2008.

Data Sources

- (1) U.S. Department of Commerce, Bureau of the Census
- (2) Illinois Bureau of Employment Security

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Community Unit School District-						
Spencer Loomis	90.0	1	1.2%			
Kemper Sports	70.0	2	0.9%			
Toll Brothers	45.0	3	0.6%			
Village of Hawthorn Woods	30.0	4	0.4%	20.0	1	0.3%
Hawthorn Gardens	27.0	5	0.3%	18.0	3	0.3%
Barn Nursery	22.0	6	0.3%	11.0	6	0.2%
Country Bumpkin	20.0	7	0.3%	15.0	4	0.2%
St. Matthew Lutheran Church and School	19.0	8	0.2%	18.5	2	0.3%
RH Insurance	14.0	9	0.2%			
Toddler Tyme	13.0	10	0.2%	13.0	5	0.2%
Red Coat Farm				9.0	8	0.1%
Oregonos				10.5	7	0.2%
Cambridge Bank				4.5	9	0.1%
CherryHill Cleaners				4.0	10	0.1%
TOTAL	<u>350</u>			<u>124</u>		

The most recent information is from the Year 2000.

Data Source

Village Records

VILLAGE OF HAWTHORN WOODS, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2008*	2009
GENERAL GOVERNMENT										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Finance	1.0	1.0	1.0	1.5	1.5	2.0	2.0	1.0	1.0	1.0
Building and zoning	1.5	2.5	2.5	2.5	2.5	3.5	3.5	1.0	1.0	1.0
Parks and recreation	-	-	-	-	-	-	1.0	1.0	1.0	1.0
PUBLIC SAFETY										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Officers	9.0	10.0	11.0	13.0	13.0	15.0	15.0	11.0	11.0	8.0
HIGHWAYS AND STREETS										
Administration	1.0	1.5	1.5	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Street maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0
TOTAL	20.5	23.0	24.0	27.0	27.0	30.5	32.5	22.0	22.0	19.0

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Village Records

VILLAGE OF HAWTHORN WOODS, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2008*	2009
PUBLIC SAFETY										
Police										
Physical arrests	67	66	78	138	135	209	232	212	146	119
Parking violations	N/A	N/A	N/A	N/A	N/A	150	257	508	405	871
Traffic violations	1,506	1,879	1,387	3,174	3,167	3,248	3,734	2,624	1,493	2,386
PUBLIC WORKS										
Vehicles maintained by dept	15.0	15.0	16.0	18.0	20.0	21.0	20.0	20.0	16.0	20.0
Street reconstruction (miles)	0.5	0.5	4.0	4.0	4.0	4.0	4.5	3.0	-	0.5
Street resurfacing (miles)	1.0	1.0	3.0	3.0	3.0	3.0	1.0	2.0	6.0	4.5

N/A - Data was not available

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Various Village departments

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2008*	2009
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	1	1	1	1	1	2	2	2	2	2
Patrol units	9	10	11	13	13	15	16	10	10	8
PUBLIC WORKS										
Miles of streets	46.4	46.4	46.4	47.4	47.4	47.4	47.4	58.0	58.0	58.0
Streetlights	35	35	35	38	38	38	38	38	38	38
Traffic signals	2	2	2	2	2	2	2	2	2	2
WASTEWATER										
Storm sewers	19	19	22	22	22	24	24	24	24	24

*The Village changed its fiscal year end to December 31, 2008.

Data Source

Various Village departments