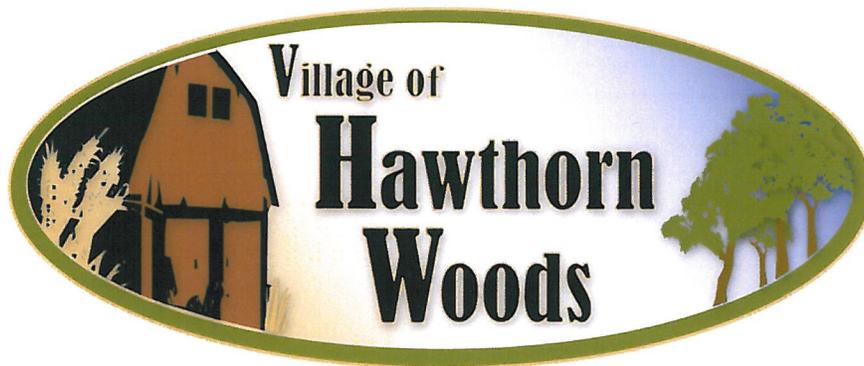


**VILLAGE OF
HAWTHORN WOODS, ILLINOIS**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2010

Prepared By

Finance Department

VILLAGE OF HAWTHORN WOODS, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
List of Elected and Appointed Officials	i
Organizational Chart	ii
Certificate of Achievement for Excellence in Financial Reporting	iii
Letter of Transmittal	iv-vii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT.....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis	MD&A 1-13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities.....	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6-7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9-10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	11
Proprietary Funds	
Statement of Net Assets	12
Statement of Revenues, Expenses and Changes in Fund Net Assets	13
Statement of Cash Flows.....	14-15

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Statement of Fiduciary Net Assets..... 16

Statement of Changes in Fiduciary Net Assets 17

Notes to Financial Statements 18-43

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual

General Fund 44

Motor Fuel Tax Fund..... 45

Community Development Fund 46

Schedule of Funding Progress

Illinois Municipal Retirement Fund..... 47

Police Pension Fund..... 48

Other Postemployment Benefit Plan 49

Schedule of Employer Contributions

Illinois Municipal Retirement Fund..... 50

Police Pension Fund..... 51

Other Postemployment Benefit Plan 52

Notes to Required Supplementary Information..... 53-54

COMBINING AND INDIVIDUAL FUND FINANCIAL
 STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund

Schedule of Revenues - Budget and Actual 55-56

Schedule of Expenditures - Budget and Actual..... 57-63

Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual

Special Service Area #4 Project Fund..... 64

Canadian National Project Fund 65

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL
 STATEMENTS AND SCHEDULES (Continued)

NONMAJOR GOVERNMENTAL FUND

Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Parks and Recreation Fund.....	68
Connection Fees Fund.....	69

MAJOR ENTERPRISE FUND

Combining Schedule of Net Assets - Aquatic Center Accounts	70
Combining Schedule of Revenues, Expenses and Changes in Net Assets - Aquatic Center Accounts	71
Combining Schedule of Cash Flows - Aquatic Center Accounts	72

FIDUCIARY FUNDS

Schedule of Changes in Plan Net Assets - Budget and Actual Police Pension Fund.....	73
Combining Schedule of Changes in Assets and Liabilities Agency Funds	74-76

STATISTICAL SECTION

Financial Trends

Net Assets by Component.....	77
Change in Net Assets	78-79
Fund Balances of Governmental Funds.....	80
Changes in Fund Balances of Governmental Funds	81-82

Revenue Capacity

Assessed Value and Actual Value of Taxable Property.....	83
Property Tax Rates - Direct and Overlapping Governments - Ela Township.....	84-85
Principal Property Taxpayers	86
Property Tax Levies and Collections.....	87

VILLAGE OF HAWTHORN WOODS, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
STATISTICAL SECTION (Continued)	
Debt Capacity	
Ratios of Outstanding Debt by Type.....	88
Ratios of Net General Bonded Debt Outstanding	89
Direct and Overlapping Governmental Activities Debt	90
Pledged Revenue Coverage	91
Schedule of Legal Debt Margin	92
Demographic and Economic Information	
Demographic and Economic Information	93
Principal Employers	94
Operating Information	
Full-Time Equivalent Employees	95
Operating Indicators.....	96
Capital Asset Statistics	97

INTRODUCTORY SECTION

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

December 31, 2010

VILLAGE OF BOARD TRUSTEES

Joseph Mancino, Mayor

Kelly Corrigan

Michael David

Dominick DiMaggio

Neil Morgan

Peter Ponzio

Steve Riess

Chief Operating Officer
Pamela O. Newton, MSOL

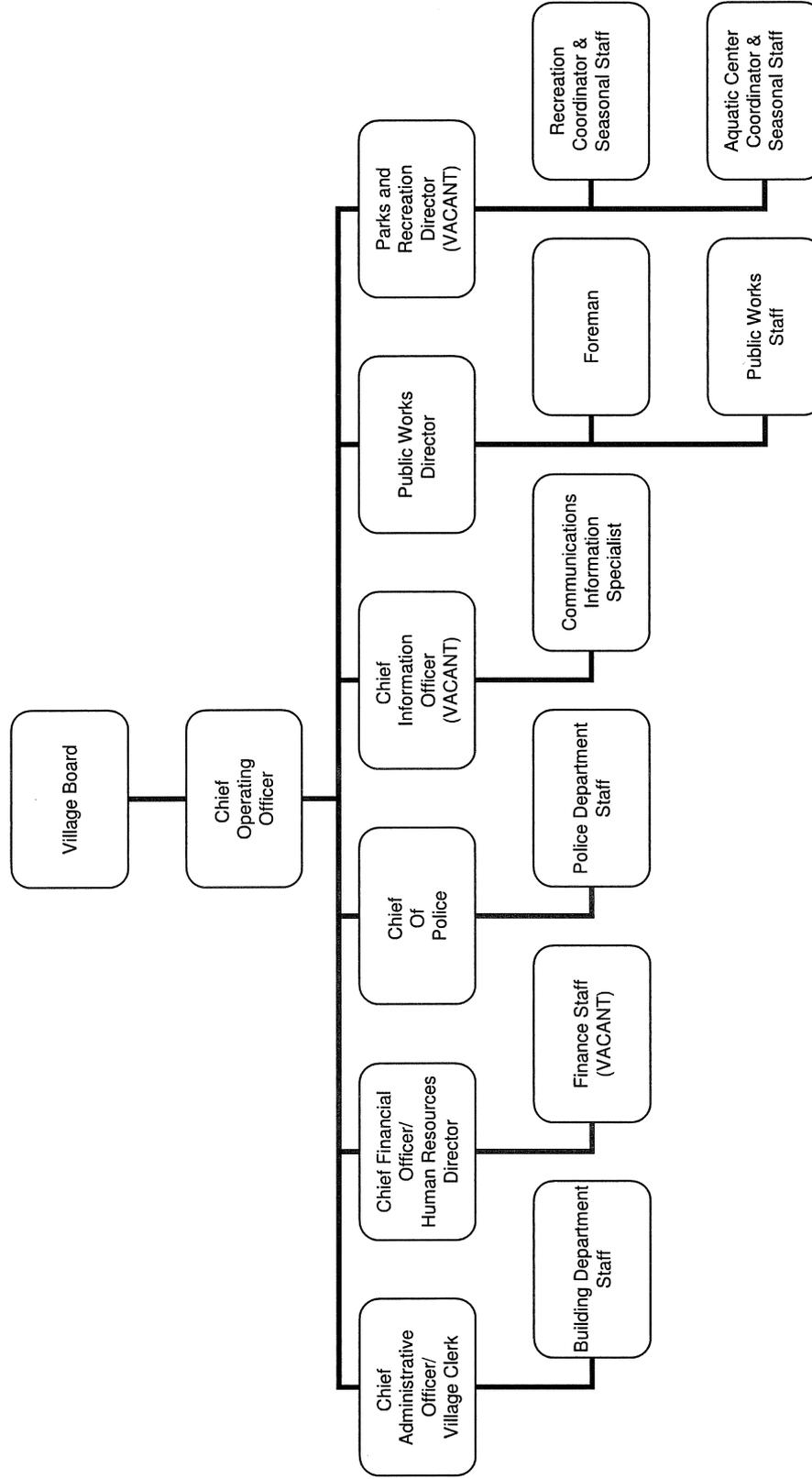
Chief Administrative Officer/Village Clerk
Donna Lobaito

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

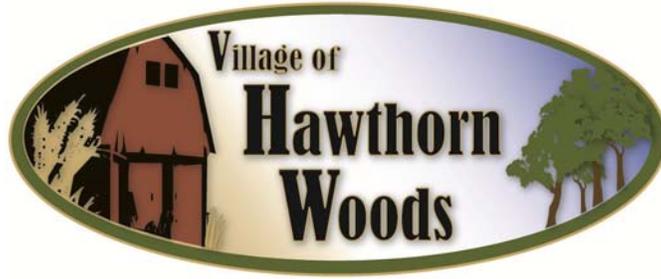
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.



President

Executive Director



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

April 19, 2011

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, 2010 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, 2010. 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 7,663. This represents a 27% increase from a decade ago. 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. With no contested elections scheduled for the spring of 2011, the elected officials currently are in a position to collectively work as a unified Board for another two years.

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 and departments. Those services include administrative, financial, police protection, public works, planning and zoning, economic development, parks and recreation, code enforcement, and cultural/community events. The Chief Operating Officer also serves as the Chief of Staff and is charged with review of the annual budget as prepared by the Chief Financial Officer.

The Village adopts a budget annually in November, but by ordinance by no later than December 31st of each year. The zero-based budget serves as the foundation for the Village's financial planning and control. The budget is prepared by each departmental Director 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. Overall, the Budget is reviewed by over 50 citizen volunteers through this comprehensive committee process.

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. The nationwide economic recession has negatively impacted the Village's revenue streams for the past several years. However, the Village is starting to see an increase in new residential construction permits the first quarter of 2011. Sales tax revenues continue to trend lower than expected. The State of Illinois is currently 3 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. This self regulated process is assessed daily and immediate adjustments are determined to monitor cash flow status.

Long-term Financial Planning

The budget for the twelve months ended December 31, 2011 is balanced. This budget was created using a budget process and model based upon the Government Finance Officers Association Distinguished Budget Award requirements. The focus for managing the 2011 budget will involve critically examining each line item searching for opportunities for cost savings and improved efficiencies and increasing revenues through non-property tax initiatives. The Village Board's directive indicates a strong Village commitment to annually increase our fund balances as a priority for long term financial health.

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, diversification of assets and purchase order policy. The Village recently adopted a fund balance policy that complies with the new Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The Village is currently in the process of reviewing and updating its Financial Policy Manual to reflect these enhanced controls.

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 hired a Parks and Recreation Program Coordinator who oversees community events and the new senior organization. The Village is increasing participation by offering an increased number of recreational programs and generating additional revenue with these offerings. The Village also has hired a Code Enforcement Officer who oversees permits and the collection of fines in the building department. The addition of this position is enhancing the professional services delivered as well as capturing potential lost revenue by inspecting job sites for paid permits. In addition, there are several land annexation requests filed with the Village. These parcels are expected to incorporate into the Village in the first and second quarters of 2011. As a result, the Village will receive all property tax revenue and potential sales tax revenues, as well as permits and fees, for these additional properties. In total, over 75 acres are under review for possible annexation into the municipality.

Economic Development initiatives are underway now that water and sewer utilities are complete within the Town Center known as the Midlothian Road Corridor. Site ready development grading operations are expected to begin second quarter of 2011 in this area. In addition, the Village's Uptown District, known as the Northern Planning Area, will be under review for utility expansion services later this year. Land parcel annexations are anticipated in this Northern area for Village expansion.

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 year ended December 31, 2009. 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.

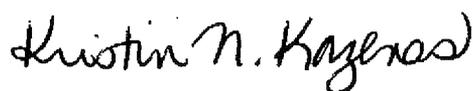
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

We express our appreciation to Mayor Joseph Mancino and the Village Board of Trustees for their support in planning and conducting the financial operations of the Village of Hawthorn Woods in a responsible and innovative manner. We are pleased to present to you the Comprehensive Annual Financial Report as we continue to pursue our goal of increasing cash reserves, controlling expenditures, and operating municipal services with a balanced budget.

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, the 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, 2010, 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, 2010, 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. The 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, appearing to read "Schuch LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
April 19, 2011

GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

Our discussion and analysis of the Village of Hawthorn Wood's financial performance provides an overview of the Village's financial activities for the year ended December 31, 2010. 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 \$17,718,144 as of December 31, 2010. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$597,193. Restricted net assets totaled \$890,710 and net assets invested in capital assets, net of related debt totaled \$16,230,241.
- The Village's net assets decreased as a result of this year's operations. While net assets of business-type activities decreased by \$192,870, or 7.0 percent, net assets of the governmental activities increased by \$113,432, or 0.70 percent. The primary reason for the decrease in business-type activities net assets relates to the interest payments on the aquatic center revenue bonds.
- Capital assets net of depreciation totaled \$18,895,834 as of December 31, 2010, an increase of \$1,798,411, due primarily to the construction in progress of \$2,260,414 related to the construction of the Midlothian Road sewer.

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 44. 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, 2010

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, 2010

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 eight 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, Park Donation Fund, Motor Fuel Tax Fund, Community Development 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, 2010

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 - 54 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 - 54. 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 55 - 76 of this report.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

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 \$17,718,144.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009
Current and Other Assets	\$ 4,748,688	\$ 6,389,396	\$ 337,873	\$ 677,076	\$ 5,086,561	\$ 7,066,472
Capital Assets	14,087,048	12,190,011	4,808,786	4,907,412	18,895,834	17,097,423
Total Assets	18,835,736	18,579,407	5,146,659	5,584,488	23,982,395	24,163,895
Long-Term Debt	519,310	500,507	2,589,727	2,828,183	3,109,037	3,328,690
Other Liabilities	3,151,292	2,933,317	3,922	6,457	3,155,214	2,939,774
Total Liabilities	3,670,602	3,433,824	2,593,649	2,834,640	6,264,251	6,268,464
Net Assets						
Invested in Capital Assets, Net of Related Debt	14,011,182	12,100,792	2,219,059	2,080,219	16,230,241	14,181,011
Restricted	601,458	2,645,314	289,252	584,414	890,710	3,229,728
Unrestricted (Deficit)	552,494	399,477	44,699	85,215	597,193	484,692
Total Net Assets	\$ 15,165,134	\$ 15,145,583	\$ 2,553,010	\$ 2,749,848	\$ 17,718,144	\$ 17,895,431

A large portion of the Village's net assets, \$16,230,241 or 91.6 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, \$890,710 or 5.0 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, 2010, the Village is reporting unrestricted net assets of \$597,193. 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, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009
Revenues						
Program Revenues						
Charges for Services	\$ 807,103	\$ 814,602	\$ 279,547	\$ 309,440	\$ 1,086,650	\$ 1,124,042
Operating Grants/Contrib.	235,912	204,609	-	-	235,912	204,609
Capital Grants/Contrib.	127,814	44,545	-	-	127,814	44,545
General Revenues						
Property Taxes	1,655,146	1,644,331	-	-	1,655,146	1,644,331
Road and Bridge Taxes	17,947	15,573	-	-	17,947	15,573
Sales Taxes	98,707	112,426	-	-	98,707	112,426
Income and Use Taxes	693,028	698,585	-	-	693,028	698,585
Replacement Taxes	1,713	1,621	-	-	1,713	1,621
Telecomm./Utility Taxes	362,993	49,460	-	-	362,993	49,460
Other General Revenues	198,263	158,789	14,208	17,126	212,471	175,915
Total Revenues	4,198,626	3,744,541	293,755	326,566	4,492,381	4,071,107
Expenses						
General Government	1,320,911	783,579	-	-	1,320,911	783,579
Building and Zoning	306,260	268,409	-	-	306,260	268,409
Public Safety	1,284,492	1,338,932	-	-	1,284,492	1,338,932
Public Works	663,329	3,485,091	-	-	663,329	3,485,091
Parks and Recreation	408,582	375,854	-	-	408,582	375,854
Interest on Long-Term Debt	5,157	5,919	-	-	5,157	5,919
Aquatics	-	-	583,088	571,328	583,088	571,328
Total Expenses	3,988,731	6,257,784	583,088	571,328	4,571,819	6,829,112
Change in Net Assets Before Transfers	209,895	(2,513,243)	(289,333)	(244,762)	(79,438)	(2,758,005)
Transfers	(96,463)	(191,620)	96,463	191,620	-	-
Change in Net Assets	113,432	(2,704,863)	(192,870)	(53,142)	(79,438)	(2,758,005)
Net Assets-Beginning as Restated	15,051,702	17,850,446	2,745,880	2,802,990	17,797,582	20,653,436
Net Assets-Ending	\$ 15,165,134	\$ 15,145,583	\$ 2,553,010	\$ 2,749,848	\$ 17,718,144	\$ 17,895,431

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

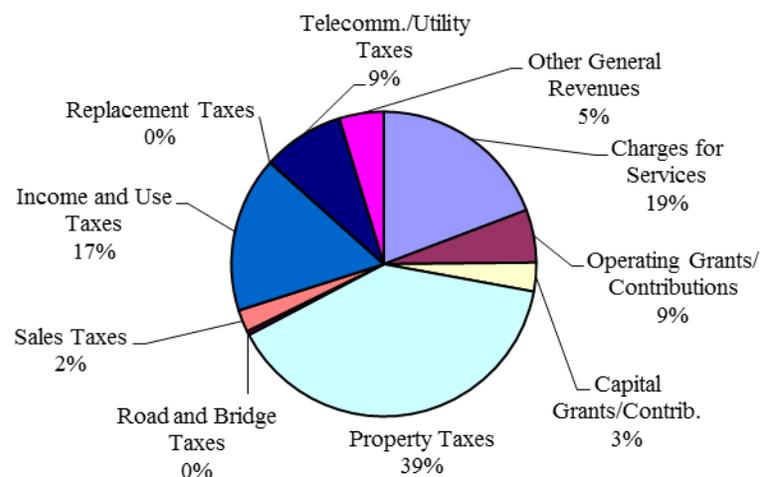
Net assets of the Village's governmental activities increased by 0.7 percent (\$15,165,134 as of December 31, 2010 compared to \$15,145,583 as of December 31, 2009). The \$113,432 increase in governmental activities net assets relates primarily to the diligent budget monitoring efforts by management, including delaying expenditures until adequate revenues were received, supplemented by new revenue sources.

Net assets of business-type activities decreased by 7.0 percent (\$2,553,010 as of December 31, 2010 compared to \$2,749,848 as of December 31, 2009). The \$192,870 decrease in business-type activities net assets is attributable in large part to depreciation expense of \$161,821 for improvements to the aquatics center and interest payments on the aquatic center revenue bonds of \$127,300.

Governmental Activities

Revenues for governmental activities totaled \$4,198,626, while the cost of all governmental functions totaled \$3,988,731. This results in an increase in net assets of \$113,432. For the year ended December 31, 2009, revenues of \$3,744,541 were less than expenses of \$6,257,784, resulting in a decrease in net assets of \$2,704,863. This decrease was due primarily to increased expenditures in the four Special Service Area capital projects funds. 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.

**Revenues by Source -
Governmental Activities December 31, 2010**



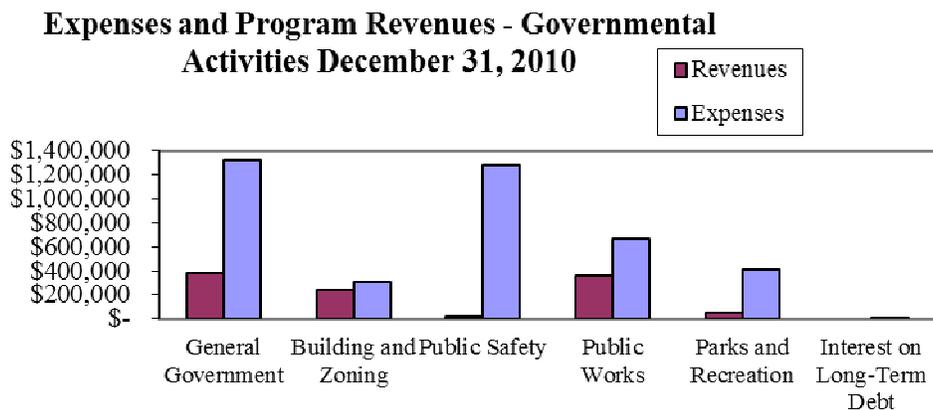
VILLAGE OF HAWTHORN WOODS, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

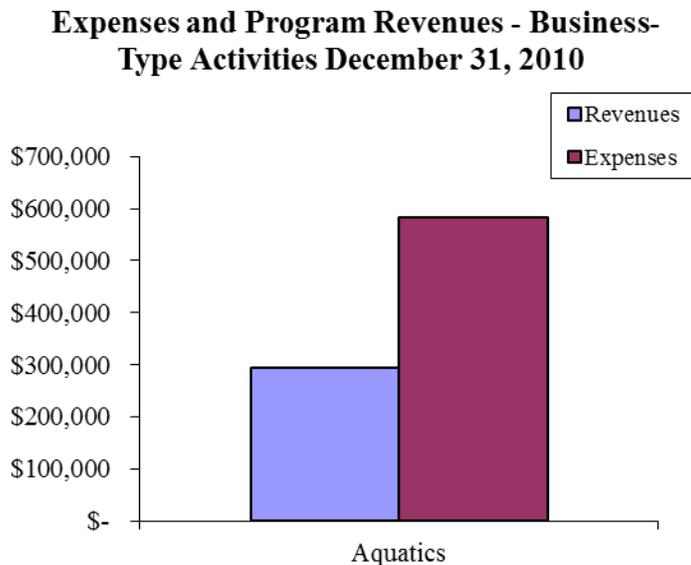
Governmental Activities – Continued

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 \$293,755, while the cost of all business-type activities totaled \$583,088. This results in a decrease in net assets of \$192,870. As stated earlier, this decrease is attributable to the depreciation expense, interest payments and operations of the aquatic center facility. For the year ended December 31, 2009, revenues of \$326,566 were less than expenses of \$571,328, resulting in a decrease in net assets of \$53,142.



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

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

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 \$1,597,396, which is \$1,858,683, or 53.78 percent, lower than last year's total of \$3,456,079. The primary reason for this decrease is the increased expenditures in the Special Service Area #4 Project Fund. Of the \$1,597,396 total, \$157,867, or 9.88 percent, of the fund balance constitutes nonspendable fund balance; \$601,458, or 37.65 percent of the fund balance is restricted for highways and streets, debt service, capital improvements, and special recreation; and \$838,071, or 52.46 percent of the fund balance is assigned for cash reserves, capital improvements or parks and recreation.

The General Fund reported an increase in fund balance for the year ended December 31, 2010 of \$50,796, an increase of 16.67 percent. The estimated increase in the General Fund fund balance in the 2010 approved budget was \$52,031. Therefore, the actual results were on target with the budget projections.

The Park Donation 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 Park Donation fund reported an decrease in fund balance in the current year of \$72,249 due primarily to a transfer of \$98,183 to the Aquatic Center Fund as required by the bond covenants. Ending fund balance at December 31, 2010 was \$17,204.

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 increase in fund balance in the current year of \$154,612. In prior years, the Motor Fuel Tax Funds had been utilized to complete the Special Service Area #1, #2 and #3 road projects. These projects were completed in fiscal year 2009. Ending fund balance at December 31, 2010 was \$301,900.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

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 \$76,237 due primarily to license, permits and fees revenue being higher than expenditures. Ending fund balance at December 31, 2010 was \$527,080.

The Special Service Area #4 Project Fund reported a decrease in fund balance in the current year of \$2,256,544. This capital project funds report the expenditures related to non-commitment bond proceeds to be used for sewer improvements. These funds reported increases in expenditures that were not offset by revenues from investment earnings and transfers. Ending fund balance is \$114,916 at December 31, 2010. This project will be complete in fiscal year 2011.

The Canadian National Project Fund accounts for funds received from Canadian National for noise mitigation projects and reported an increase in fund balance of \$10,264 due primarily to interest earnings. Ending fund balance at December 31, 2010 was \$12,241.

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 \$192,870, while the previous fiscal year reported a decrease in net assets of \$53,142. 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 and interest payments on the aquatic center revenue bonds. Unrestricted net assets in the Aquatics Fund totaled \$44,699 at December 31, 2010.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues for the year totaled \$3,225,451, compared to budgeted revenues of \$3,173,038. The positive variance of \$52,413 was comprised of a decrease in tax revenues (\$9,613 less than budgeted), license permits and fees revenues (\$10,152 less than budgeted), and investment income (\$7,377 less than budgeted) and was offset by a positive variance in miscellaneous revenues (\$79,583 more than budgeted.)

The General Fund actual expenditures for the year were \$18,512 more than budgeted (\$3,139,519 actual compared to a final budget of \$3,121,007). 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 \$25,000. In addition, there were numerous expenditures in the general government function that were less than budget. See pages 57 – 58 for more details.
- The legal function reported actual expenditures of \$217,086 compared to budget of \$172,000, resulting in a negative variance of \$45,086. This negative variance was primarily due to two significant legal issues that were not anticipated in the 2010 budget.
- The elected officials function reported actual expenditures of \$1,442 compared to budget of \$7,825, resulting in a positive variance of \$6,383. This positive variance was primarily due to deferral of planned membership dues and training due to budget constraints.
- The risk management function reported actual expenditures of \$376,764 compared to budget of \$361,119, resulting in a negative variance of \$15,645. This negative variance was primarily due to the Village's employer unemployment tax rate being higher than anticipated.
- The technology function reported actual expenditures of \$58,663 compared to budget of \$69,731, resulting in a positive variance of \$11,068. This positive variance was primarily due to a delay in the implementation of the Village's website upgrade.
- The finance function reported actual expenditures of \$141,377 compared to budget of \$130,211 resulting in a negative variance of \$11,166. This negative variance was primarily due to the performance of a capital asset appraisal and the addition of a temporary seasonal finance clerk.
- The public safety function reported actual expenditures of \$1,232,033, compared to budget of \$1,203,543 resulting in a negative variance of \$28,490. This negative variance was primarily due to capital outlay for vehicles.
- The public works function reported actual expenditures of \$573,357 compared to budgeted expenditures of \$593,750. This was primarily a result of savings resulting from the deferral of a new full time position that was budgeted for 2010, but was not filled due to budget constraints.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2010**

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, 2010 was \$18,895,834 (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 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009
Land	\$ 6,557,081	\$ 6,557,081	\$ 417,459	\$ 417,459	\$ 6,974,540	\$ 6,974,540
Construction in Progress	2,260,414	-	-	-	2,260,414	-
Buildings and Improvements	4,556,158	4,878,562	4,313,381	4,472,818	8,869,539	9,351,380
Equipment and Vehicles	713,395	754,368	77,946	17,135	791,341	771,503
Total	\$ 14,087,048	\$ 12,190,011	\$ 4,808,786	\$ 4,907,412	\$ 18,895,834	\$ 17,097,423

There was a significant addition to governmental activities capital assets construction in progress due to the Special Service Area #4 sewer construction project. This project will be completed in fiscal year 2011. Capital additions were as follows:

Governmental Activities	
Construction in Progress	\$ 2,260,414
Equipment and Vehicles	<u>163,197</u>
	<u><u>2,423,611</u></u>

Additional information on the Village’s capital assets can be found in note 4 on pages 29- 30 of this report.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2010

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the Village had total outstanding debt of \$2,645,866 as compared to \$2,894,219 the previous year, due to the payments of installment contracts for vehicle purchases and the Aquatic Center revenue bonds. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2009
Revenue Bonds	\$ -	\$ -	\$ 2,570,000	\$ 2,805,000	\$ 2,570,000	\$ 2,805,000
Installment Contracts	75,866	89,219	-	-	75,866	89,219
Total	\$ 75,866	\$ 89,219	\$ 2,570,000	\$ 2,805,000	\$ 2,645,866	\$ 2,894,219

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 \$43,121,545.

Additional information on the Village's long-term debt can be found in Note 5 on pages 30 - 33 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, 2010 and December 31, 2011 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, 2010 and December 31, 2011.

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, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 2,185,187	\$ 359,363	\$ 2,544,550
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,477,649	-	1,477,649
Accounts	368,927	-	368,927
Court fines	15,589	-	15,589
Prepaid expenses	157,867	-	157,867
Due from other governments			
Sales tax	24,118	-	24,118
Use tax	36,546	-	36,546
Income tax	270,430	-	270,430
Franchise tax	31,059	-	31,059
Telecommunication tax	67,710	-	67,710
Utility tax	34,374	-	34,374
Motor fuel tax	16,202	-	16,202
Due from (to) other funds	60,526	(60,526)	-
Due from fiduciary fund	2,504	-	2,504
Unamortized bond issuance costs	-	39,036	39,036
Capital assets not being depreciated	8,817,495	417,459	9,234,954
Capital assets (net of accumulated depreciation)	5,269,553	4,391,327	9,660,880
Total assets	18,835,736	5,146,659	23,982,395
LIABILITIES			
Accounts payable	362,278	1,679	363,957
Wages payable	60,244	207	60,451
Retainage payable	137,742	-	137,742
Deposits payable	256,358	2,036	258,394
Unearned revenue	2,334,670	-	2,334,670
Long-term liabilities			
Due within one year	16,637	105,000	121,637
Due in more than one year	502,673	2,484,727	2,987,400
Total liabilities	3,670,602	2,593,649	6,264,251
NET ASSETS			
Invested in capital assets, net of related debt	14,011,182	2,219,059	16,230,241
Restricted for			
Highways and streets	336,745	-	336,745
Debt service	17,204	-	17,204
Capital improvements	212,373	-	212,373
Special recreation	35,136	289,252	324,388
Unrestricted	552,494	44,699	597,193
TOTAL NET ASSETS	\$ 15,165,134	\$ 2,553,010	\$ 17,718,144

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,320,911	\$ 375,145	\$ -	\$ -
Building and zoning	306,260	244,825	-	-
Public safety	1,284,492	137,416	4,972	-
Public works	663,329	-	230,940	127,814
Parks and recreation	408,582	49,717	-	-
Interest	5,157	-	-	-
Total governmental activities	3,988,731	807,103	235,912	127,814
Business-Type Activities				
Aquatics	583,088	279,547	-	-
Total business-type activities	583,088	279,547	-	-
TOTAL PRIMARY GOVERNMENT	\$ 4,571,819	\$ 1,086,650	\$ 235,912	\$ 127,814

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (945,766)	\$ -	\$ (945,766)
	(61,435)	-	(61,435)
	(1,142,104)	-	(1,142,104)
	(304,575)	-	(304,575)
	(358,865)	-	(358,865)
	(5,157)	-	(5,157)
	(2,817,902)	-	(2,817,902)
	-	(303,541)	(303,541)
	-	(303,541)	(303,541)
	(2,817,902)	(303,541)	(3,121,443)
General Revenues			
Taxes			
Property	1,655,146	-	1,655,146
Road and bridge	17,947	-	17,947
Sales	98,707	-	98,707
Use	100,952	-	100,952
Amusement	2,520	-	2,520
Income	592,076	-	592,076
Replacement	1,713	-	1,713
Telecommunication and utility	362,993	-	362,993
Investment income	47,888	6,277	54,165
Miscellaneous	147,855	7,931	155,786
Transfers	(96,463)	96,463	-
Total	2,931,334	110,671	3,042,005
CHANGE IN NET ASSETS	113,432	(192,870)	(79,438)
NET ASSETS, JANUARY 1	15,145,583	2,749,848	17,895,431
Prior period adjustment	(93,881)	(3,968)	(97,849)
NET ASSETS, JANUARY 1, RESTATED	15,051,702	2,745,880	17,797,582
NET ASSETS, DECEMBER 31	\$ 15,165,134	\$ 2,553,010	\$ 17,718,144

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2010

	General	Park Donation	Motor Fuel Tax	Community Development
ASSETS				
Cash and investments	\$ 138,711	\$ 17,204	\$ 335,549	\$ 477,286
Receivables				
Property taxes	1,477,649	-	-	-
Utility taxes	34,374			
Accounts	-	-	-	144,092
Court fines	15,589	-	-	-
Prepaid items	157,867	-	-	-
Due from other governments				
Municipal sales tax	24,118	-	-	-
Illinois use tax	36,546	-	-	-
Illinois income tax	270,430	-	-	-
Franchise tax	31,059	-	-	-
Telecommunication tax	67,710	-	-	-
Motor fuel tax	-	-	16,202	-
Due from other funds	119,795	-	-	9,110
Due from fiduciary fund	2,504	-	-	-
TOTAL ASSETS	\$ 2,376,352	\$ 17,204	\$ 351,751	\$ 630,488
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 132,981	\$ -	\$ 5,584	\$ 103,408
Wages payable	56,126	-	-	-
Retainage payable	30,914	-	-	-
Deposits payable	256,358	-	-	-
Due to other funds	66,849	-	44,267	-
Deferred property taxes	1,477,649	-	-	-
Deferred grant revenue	-	-	-	-
Total liabilities	2,020,877	-	49,851	103,408
FUND BALANCES				
Nonspendable				
Prepaid items	157,867	-	-	-
Restricted				
Highway and streets	34,845	-	301,900	-
Debt service	-	17,204	-	-
Capital improvements	-	-	-	-
Special recreation	-	-	-	-
Assigned				
Cash reserves	162,763	-	-	-
Capital improvements	-	-	-	527,080
Parks and recreation	-	-	-	-
Total fund balances	355,475	17,204	301,900	527,080
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,376,352	\$ 17,204	\$ 351,751	\$ 630,488

Special Service Area #4 Project	Canadian National Project	Nonmajor Governmental	Total Governmental Funds
\$ 338,304	\$ 645,570	\$ 232,563	\$ 2,185,187
-	-	-	1,477,649
-	-	224,835	34,374
-	-	-	368,927
-	-	-	15,589
-	-	-	157,867
-	-	-	24,118
-	-	-	36,546
-	-	-	270,430
-	-	-	31,059
-	-	-	67,710
-	-	-	16,202
-	-	42,737	171,642
-	-	-	2,504
\$ 338,304	\$ 645,570	\$ 500,135	\$ 4,859,804
\$ 116,560	\$ 1,143	\$ 2,602	\$ 362,278
-	-	4,118	60,244
106,828	-	-	137,742
-	-	-	256,358
-	-	-	111,116
-	-	224,835	1,702,484
-	632,186	-	632,186
223,388	633,329	231,555	3,262,408
-	-	-	157,867
-	-	-	336,745
-	-	-	17,204
114,916	-	97,457	212,373
-	-	35,136	35,136
-	-	-	162,763
-	12,241	-	539,321
-	-	135,987	135,987
114,916	12,241	268,580	1,597,396
\$ 338,304	\$ 645,570	\$ 500,135	\$ 4,859,804

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, 2010

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,597,396
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	14,087,048
Long-term liabilities (installment contracts) are not due and payable in the current period and, therefore, not reported in the governmental funds	(75,866)
The net OPEB obligation is shown as a liability on the statement of net assets	(8,486)
The net pension obligation is shown as a liability on the statement of net assets	(423,015)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	<u>(11,943)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 15,165,134</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, 2010

	General	Park Donation	Motor Fuel Tax	Community Development
REVENUES				
Taxes	\$ 2,605,680	\$ -	\$ -	\$ -
Licenses, permits and fees	487,948	-	-	244,425
Intergovernmental	4,972	-	230,940	-
Investment income	4,623	267	2,259	2,417
Miscellaneous	122,228	25,667	-	18,473
Total revenues	3,225,451	25,934	233,199	265,315
EXPENDITURES				
Current				
General government	1,191,122	-	-	-
Building and zoning	124,497	-	-	189,078
Public safety	1,232,033	-	-	-
Public works	573,357	-	78,587	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	13,353	-	-	-
Interest and fiscal charges	5,157	-	-	-
Total expenditures	3,139,519	-	78,587	189,078
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	85,932	25,934	154,612	76,237
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(35,136)	(98,183)	-	-
Total other financing sources (uses)	(35,136)	(98,183)	-	-
NET CHANGE IN FUND BALANCES	50,796	(72,249)	154,612	76,237
FUND BALANCES, JANUARY 1	304,679	89,453	147,288	450,843
FUND BALANCES, DECEMBER 31	\$ 355,475	\$ 17,204	\$ 301,900	\$ 527,080

Special Service Area #4 Project	Canadian National Project	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 226,374	\$ 2,832,054
-	-	50,217	782,590
-	-	-	235,912
26,773	10,264	1,285	47,888
-	127,814	6,000	300,182
26,773	138,078	283,876	4,198,626
-	-	-	1,191,122
-	-	-	313,575
-	-	-	1,232,033
2,283,317	-	-	2,935,261
-	-	142,531	142,531
-	127,814	-	127,814
-	-	-	13,353
-	-	-	5,157
2,283,317	127,814	142,531	5,960,846
(2,256,544)	10,264	141,345	(1,762,220)
-	-	36,856	36,856
-	-	-	(133,319)
-	-	36,856	(96,463)
(2,256,544)	10,264	178,201	(1,858,683)
2,371,460	1,977	90,379	3,456,079
\$ 114,916	\$ 12,241	\$ 268,580	\$ 1,597,396

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, 2010

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (1,858,683)
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	2,423,611
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	13,353
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	(432,693)
The change in the net OPEB obligation is shown as an addition to expense on the statement of activities	(4,373)
The change in the net pension obligation is shown as an addition to expense on the statement of activities	(55,398)
The change in compensated absences payable is shown as a reduction in expense on the statement of activities	<u>27,615</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 113,432</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2010

	<u>Aquatics Fund</u>
CURRENT ASSETS	
Cash and investments	\$ 359,363
Total current assets	<u>359,363</u>
NONCURRENT ASSETS	
Unamortized issuance costs	39,036
Capital assets	
Capital assets not being depreciated	417,459
Capital assets being depreciated, net	<u>4,391,327</u>
Net capital assets	<u>4,808,786</u>
Total noncurrent assets	<u>4,847,822</u>
Total assets	<u>5,207,185</u>
CURRENT LIABILITIES	
Accounts payable	1,679
Wages payable	207
Deposits payable	2,036
Due to other funds	60,526
Revenue bonds payable	<u>105,000</u>
Total current liabilities	<u>169,448</u>
NONCURRENT LIABILITIES	
Net revenue bonds payable	<u>2,484,727</u>
Total noncurrent liabilities	<u>2,484,727</u>
Total liabilities	<u>2,654,175</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,219,059
Restricted for debt service	289,252
Unrestricted	<u>44,699</u>
TOTAL NET ASSETS	<u>\$ 2,553,010</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, 2010

	<u>Aquatics Fund</u>
OPERATING REVENUES	
Charges for service	\$ 279,547
Total operating revenues	<u>279,547</u>
OPERATING EXPENSES	
Personnel services	156,691
Contractual services	91,478
Commodities	31,074
Maintenance	14,724
Depreciation	<u>161,821</u>
Total operating expenses	<u>455,788</u>
OPERATING INCOME (LOSS)	<u>(176,241)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	6,277
Miscellaneous	7,931
Interest expense	<u>(127,300)</u>
Total nonoperating revenues (expenses)	<u>(113,092)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(289,333)</u>
TRANSFERS	
Transfers in	<u>96,463</u>
Total transfers	<u>96,463</u>
CHANGE IN NET ASSETS	<u>(192,870)</u>
NET ASSETS, JANUARY 1	2,749,848
Prior period adjustment	<u>(3,968)</u>
NET ASSETS, JANUARY 1, RESTATED	<u>2,745,880</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 2,553,010</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, 2010

	<u>Aquatics Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 279,559
Payments to suppliers	(132,752)
Payments to employees	(159,752)
Miscellaneous nonoperating receipts	<u>7,931</u>
Net cash from operating activities	<u>(5,014)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund transfer in	273,624
Interfund transfer (out)	<u>(116,635)</u>
Net cash from noncapital financing activities	<u>156,989</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(64,749)
Principal paid on long-term debt	(235,000)
Interest paid	<u>(127,300)</u>
Net cash from capital and related financing activities	<u>(427,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>6,277</u>
Net cash from investing activities	<u>6,277</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(268,797)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>628,160</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 359,363</u></u>
CASH AND INVESTMENTS	
Cash and cash equivalents	\$ 359,363
Investments	<u>-</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$ 359,363</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, 2010

	<u>Aquatics Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (176,241)
Miscellaneous nonoperating receipts	7,931
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Increase (decrease) in	
Depreciation and amortization	161,821
Prepaid expenses	5,000
Accounts payable	(476)
Deposits payable	12
Wages payable	<u>(3,061)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (5,014)</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2010

	Pension Trust	Agency Funds
ASSETS		
Cash and short-term investments	\$ 1,473,660	\$ 523,516
Total assets	<u>1,473,660</u>	<u>\$ 523,516</u>
LIABILITIES		
Due to other funds	2,504	\$ -
Due to others	-	523,516
Total liabilities	<u>2,504</u>	<u>\$ 523,516</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,471,156</u>	

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, 2010

	<u>Police Pension</u>
ADDITIONS	
Contributions	
Employer	\$ 163,992
Employee	<u>61,528</u>
Total contributions	<u>225,520</u>
Investment income	
Interest	<u>24,832</u>
Total investment income	<u>24,832</u>
Total additions	<u>250,352</u>
DEDUCTIONS	
Benefits and refunds	54,812
Administration	<u>13,752</u>
Total deductions	<u>68,564</u>
NET INCREASE	181,788
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>1,289,368</u>
December 31	<u><u>\$ 1,471,156</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 major governmental 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 Park Donation Fund, a special revenue 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, a special revenue fund, is used to account for state motor fuel tax allotment revenue and expenditures related to road repair and construction.

The Community Development Fund, a special revenue 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 #4 Project Fund, a capital projects 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, a capital projects 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	\$ 5,000
Equipment and vehicles	5,000

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 nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's chief financial officer through the approved fund balance policy of the Village. Any residual fund balance of the General Fund is reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village has established fund balance policies for their General Fund. The General Fund targets a reserve fund to fund operations for a period of at least four months of General Fund expenditures (not including transfers to fund capital projects). Unassigned fund balance is transferred to these reserves. These reserves are reported as a assigned fund balance.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

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, 2010:

	Investment Maturities in Years				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
Money market mutual funds	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -
Illinois Funds	40,962	40,962	-	-	-
TOTAL	\$ 190,962	\$ 190,962	\$ -	\$ -	\$ -

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.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

Investments (Continued)

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, 2010, 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.

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).

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund (Continued)

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, 2010, all of the Police Pension Fund’s bank balances were collateralized in accordance with their investment policy.

Investments

At December 31, 2010, 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.

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.

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

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 2010 property tax levy is recorded as a receivable, net of estimated uncollectibles. Based upon collection histories, the Village has provided at December 31, 2010 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 2010 taxes are intended to finance the 2011 fiscal year and are not considered available for current operations and are, therefore, shown as deferred/unearned revenue.

4. CAPITAL ASSETS

Capital asset activity for the Village for the year ended December 31, 2010 was as follows:

	January 1, restated*	Increases	Decreases	December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 6,557,081	\$ -	\$ -	\$ 6,557,081
Construction in progress	-	2,260,414	-	2,260,414
Total capital assets not being depreciated	6,557,081	2,260,414	-	8,817,495
Capital assets being depreciated				
Buildings and improvements	5,765,736	-	-	5,765,736
Equipment and vehicles	1,993,008	163,197	-	2,156,205
Total capital assets being depreciated	7,758,744	163,197	-	7,921,941
Less accumulated depreciation for				
Buildings and improvements	941,155	268,423	-	1,209,578
Equipment and vehicles	1,278,540	164,270	-	1,442,810
Total accumulated depreciation	2,219,695	432,693	-	2,652,388
Total capital assets being depreciated, net	5,539,049	(269,496)	-	5,269,553
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 12,096,130	\$ 1,990,918	\$ -	\$ 14,087,048

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

4. CAPITAL ASSETS (Continued)

	January 1, restated*	Increases	Decreases	December 31
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	4,735,324	-	-	4,735,324
Equipment	20,362	67,163	-	87,525
Total capital assets being depreciated	4,755,686	67,163	-	4,822,849
Less accumulated depreciation for				
Building and improvements	263,611	158,332	-	421,943
Equipment	6,090	3,489	-	9,579
Total accumulated depreciation	269,701	161,821	-	431,522
Total capital assets being depreciated, net	4,485,985	(94,658)	-	4,391,327
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 4,903,444	\$ (94,658)	\$ -	\$ 4,808,786

*Beginning balances are restated due to a change in accounting principle that resulted in a prior period adjustment.

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

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	
General government	\$ 10,817
Public safety	49,035
Public works	102,257
Parks and recreation	270,584
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 432,693

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, 2010 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.

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

5. LONG-TERM DEBT (Continued)

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	\$ 89,219	\$ -	\$ 13,353	\$ 75,866	\$ 14,248
Compensated absences	General	39,558	98,113	125,728	11,943	2,389
Net pension obligation	General	367,617	55,398	-	423,015	-
Other postemployment benefit	General	4,113	4,373	-	8,486	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 500,507	\$ 157,884	\$ 139,081	\$ 519,310	\$ 16,637

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	\$ 89,219	\$ -	\$ 13,353	\$ 75,866	\$ 14,248
		\$ 89,219	\$ -	\$ 13,353	\$ 75,866	\$ 14,248

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

During the year ended December 31, 2010, 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	\$ -	\$ 235,000	\$ 2,570,000	\$ 105,000
Unamortized premium on bonds	Aquatics	22,193	-	2,466	19,727	-
Compensated absences	Aquatics	990	-	990	-	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 2,828,183	\$ -	\$ 238,456	\$ 2,589,727	\$ 105,000

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

5. LONG-TERM DEBT (Continued)

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
2011	\$ 14,248	\$ 4,263	\$ 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	\$ 75,866	\$ 12,035	\$ 87,901

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 semiannually 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 \$18,664 at December 31, 2010. 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 \$65,140 at December 31, 2010. 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, 2010, this subfund had a balance of \$3,155. 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, 2010, this subfund had a balance of \$286,097 as required by the ordinance.

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

5. LONG-TERM DEBT (Continued)

f. Revenue Bonds (Continued)

Debt service to maturity on these bonds is as follows:

Fiscal Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
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	\$ 2,570,000	\$ 568,099	\$ 3,138,099

6. INTERFUND ACTIVITY

Due from/to other funds at December 31, 2010 consist of the following:

	Due From	Due To
General		
MFT	\$ 44,267	\$ -
Aquatics Center	75,528	15,002
Police Pension	2,504	-
Community Development	-	9,110
Nonmajor Governmental	-	42,737
Total General	122,299	66,849
Motor Fuel Tax		
General	-	44,267
Total Motor Fuel Tax	-	44,267
Community Development		
General	9,110	-
Total Community Development	9,110	-

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

6. INTERFUND ACTIVITY (Continued)

	<u>Due From</u>	<u>Due To</u>
Nonmajor Governmental		
General	\$ 42,737	\$ -
Total Nonmajor Governmental	<u>42,737</u>	<u>-</u>
Aquatics Center		
General	<u>15,002</u>	<u>75,528</u>
Total Aquatics Center	<u>15,002</u>	<u>75,528</u>
Police Pension		
General	<u>-</u>	<u>2,504</u>
Total Police Pension	<u>-</u>	<u>2,504</u>
TOTAL	<u>\$ 189,148</u>	<u>\$ 189,148</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.

Interfund transfers during the year ended December 31, 2010 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 35,136
Park Donation	-	98,183
Nonmajor Governmental (Parks and Recreation)	36,856	-
Aquatics Center	<u>96,463</u>	<u>-</u>
TOTAL	<u>\$ 133,319</u>	<u>\$ 133,319</u>

Transfers between funds for the year ended December 31, 2010 consist of the following:

- \$35,136 from the General Fund to the Parks and Recreation Fund is for the transfer of restricted fund balance from the Special Recreation Levy.
- \$98,183 transferred from the Park Donation Fund, \$96,463 to the Aquatics Center Fund is for the transfer of pledged revenues per the Bond Ordinance and \$1,720 to the Parks and Recreation Fund is for the transfer of the cash balance to the new fund.

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	250,000,000
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 IMRF as specified by statute. The employer contribution for the calendar year ended December 31, 2010 was 11.81% 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, 2010, 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	3
Inactive members	3
	<hr/>
TOTAL	<u>13</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, 2010, the Village's contribution was 24.09% 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, 2008	December 31, 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, Open	29 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)	2008	\$ 74,197	2008*	\$ 155,532
	2009	68,712	2009	207,993
	2010	89,506	2010	219,390
Actual contribution	2008	\$ 74,197	2008*	\$ 110,048
	2009	68,712	2009	163,992
	2010	89,506	2010	163,992
Percentage of APC contributed	2008	100.00%	2008*	70.78%
	2009	100.00%	2009	78.74%
	2010	100.00%	2010	74.74%
NPO (Asset)	2008	\$ -	2008*	\$ 323,616
	2009	-	2009	367,617
	2010	-	2010	423,015

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

The NPO (asset) at December 31, 2010 has been calculated as follows:

	Police Pension
Annual required contribution	\$ 211,652
Interest on net pension obligation	25,733
Adjustment to annual required contribution	(17,995)
Annual pension cost	219,390
Contributions made	163,992
(Increase) decrease in net pension obligation	55,398
Net pension obligation, beginning of year	367,617
NET PENSION OBLIGATION, END OF YEAR	\$ 423,015

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, 2010, 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)	\$ 1,181,264	\$ 2,821,595
Actuarial value of plan assets	700,694	1,471,156
Unfunded actuarial accrued liability (UAAL)	480,570	1,350,439
Funded ratio (actuarial value of plan assets/AAL)	59.32%	52.14%
Covered payroll (active plan members)	\$ 757,883	\$ 680,756
UAAL as a percentage of covered payroll	63.41%	198.37%

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 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>\$</u>	<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, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 and 2010 was as follows (information for 2008 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
December 31, 2010	4,373	-	0.0%	8,486

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, 2010 was calculated as follows:

Annual required contribution	\$ 4,304
Interest on net OPEB obligation	206
Adjustment to annual required contribution	<u>(137)</u>
Annual OPEB cost	4,373
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	4,373
Net OPEB obligation, beginning of year	<u>4,113</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 8,486</u>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2009 (most recent valuation date) 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 an open basis. The remaining amortization period at December 31, 2009 was 30 years.

11. PRIOR PERIOD ADJUSTMENT

The beginning net assets of the governmental activities and the business-type activities were restated by \$(93,881) and \$(3,968), respectively, for a change in accounting principle related to a change in capitalization threshold for capital assets.

12. SUBSEQUENT EVENT

On February 22, 2011, the Board of Trustees adopted Ordinance No. 1362-11 authorizing and providing for the issuance of not to exceed \$3,000,000 Refunding Revenue Bonds (Aquatic Center Project), Series 2011, for the purpose of refunding certain outstanding revenue bonds. The refunding bonds closed on March 16, 2011.

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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 2,615,293	\$ 2,615,293	\$ 2,605,680	\$ (9,613)
Licenses, permits and fees	498,100	498,100	487,948	(10,152)
Intergovernmental	5,000	5,000	4,972	(28)
Investment income	12,000	12,000	4,623	(7,377)
Miscellaneous	42,645	42,645	122,228	79,583
Total revenues	3,173,038	3,173,038	3,225,451	52,413
EXPENDITURES				
Current				
General government	977,178	1,185,920	1,191,122	5,202
Building and zoning	143,593	119,309	124,497	5,188
Public safety	1,304,793	1,203,543	1,232,033	28,490
Public works	655,062	593,750	573,357	(20,393)
Debt service				
Principal	12,404	12,404	13,353	949
Interest and fiscal charges	6,081	6,081	5,157	(924)
Total expenditures	3,099,111	3,121,007	3,139,519	18,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	73,927	52,031	85,932	33,901
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(35,136)	(35,136)
NET CHANGE IN FUND BALANCE	\$ 73,927	\$ 52,031	50,796	\$ (1,235)
FUND BALANCE, JANUARY 1			<u>304,679</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 355,475</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, 2010

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Allotments earned	\$ 167,896	\$ 230,940	\$ 63,044
Investment income	5,000	2,259	(2,741)
Total revenues	<u>172,896</u>	<u>233,199</u>	<u>60,303</u>
EXPENDITURES			
Public works			
Contract maintenance	165,965	78,587	(87,378)
Total expenditures	<u>165,965</u>	<u>78,587</u>	<u>(87,378)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,931</u>	<u>154,612</u>	<u>147,681</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 6,931</u></u>	<u>154,612</u>	<u><u>\$ 147,681</u></u>
FUND BALANCE, JANUARY 1		<u>147,288</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 301,900</u></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, 2010

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Licenses, permits and fees	\$ 245,500	\$ 244,425	\$ (1,075)
Investment income	3,200	2,417	(783)
Miscellaneous	2,000	18,473	16,473
Total revenues	250,700	265,315	14,615
EXPENDITURES			
Building and zoning			
Contractual services	125,500	189,078	63,578
Total expenditures	125,500	189,078	63,578
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	125,200	76,237	(48,963)
NET CHANGE IN FUND BALANCE	\$ 125,200	76,237	\$ (48,963)
FUND BALANCE, JANUARY 1		450,843	
FUND BALANCE, DECEMBER 31		\$ 527,080	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2010

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)
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%
2010	700,694	1,181,264	59.32%	480,570	757,883	63.41%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2010

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, 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%
December 31, 2010	1,471,156	2,821,595	52.14%	1,350,439	680,756	198.37%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2010

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%
December 31, 2010	-	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, 2010

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2010	89,506	89,506	100.00%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
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
2010	163,992	211,652	77.48%	423,015

* 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 POSTEMPLOYMENT BENEFIT PLAN

December 31, 2010

<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
2010	-	4,304	0.00%	8,486

* 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, 2010

1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for all funds except the Park Donation Fund. 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, 2010

2. EXCESS OF EXPENDITURES OVER BUDGET

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

Fund	Final Budget	Actual
General	\$ 3,121,007	\$ 3,139,519
Community Development	125,500	189,078
Canadian National Project	-	127,814

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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
TAXES				
Property taxes	\$ 1,472,868	\$ 1,472,868	\$ 1,428,772	\$ (44,096)
Road and bridge tax	15,575	15,575	17,947	2,372
Sales tax	120,000	120,000	98,707	(21,293)
Use tax	105,000	105,000	100,952	(4,048)
Income tax	600,000	600,000	592,076	(7,924)
Personal property replacement tax	1,850	1,850	1,713	(137)
Utility tax	-	-	77,342	77,342
Telecommunication tax	300,000	300,000	285,651	(14,349)
Amusement tax	-	-	2,520	2,520
Total taxes	2,615,293	2,615,293	2,605,680	(9,613)
LICENSES, PERMITS AND FEES				
Licenses				
Liquor licenses	7,000	7,000	7,000	-
Vehicle licenses	157,500	157,500	161,887	4,387
Animal licenses	10,900	10,900	10,515	(385)
Franchise licenses	109,000	109,000	113,959	4,959
Business licenses	2,700	2,700	9,450	6,750
Total licenses	287,100	287,100	302,811	15,711
Fees				
Management fees	-	-	300	300
Recapture fees	-	-	5,000	5,000
Application fees	-	-	2,075	2,075
Court fines	150,000	150,000	97,459	(52,541)
Village code violations	25,000	25,000	30,200	5,200
Adjudication fines	8,000	8,000	5,115	(2,885)
Administrative impound fees	25,000	25,000	38,350	13,350
Police protection fees	2,500	2,500	4,193	1,693
Record requests	500	500	450	(50)
Total fees	211,000	211,000	183,142	(27,858)
Permits				
Variance permits	-	-	125	125
Overweight truck permits	-	-	1,870	1,870
Total permits	-	-	1,995	1,995
Total licenses, permits and fees	498,100	498,100	487,948	(10,152)

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
INTERGOVERNMENTAL				
Grant revenue	\$ 5,000	\$ 5,000	\$ 4,972	\$ (28)
Total intergovernmental	5,000	5,000	4,972	(28)
INVESTMENT INCOME	12,000	12,000	4,623	(7,377)
MISCELLANEOUS				
Rental income	4,000	4,000	2,405	(1,595)
Security fee	-	-	718	718
Donations	2,000	2,000	6,450	4,450
Public utilities	14,395	14,395	14,089	(306)
Yard stickers	19,250	19,250	9,808	(9,442)
Insurance reimbursement	-	-	8,638	8,638
Miscellaneous	3,000	3,000	80,120	77,120
Total miscellaneous	42,645	42,645	122,228	79,583
TOTAL REVENUES	\$ 3,173,038	\$ 3,173,038	\$ 3,225,451	\$ 52,413

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Administration				
Personnel services				
Salaries	\$ 228,710	\$ 228,710	\$ 224,140	\$ (4,570)
Part-time intern	15,000	15,000	15,121	121
IMRF	27,011	27,011	26,498	(513)
Employee assistance program	600	600	-	(600)
Health insurance	16,520	270	-	(270)
Uniforms	350	350	-	(350)
FICA matching	17,496	17,496	18,185	689
Contractual services				
Contract maintenance - equipment	500	500	1,100	600
Data processing service	5,000	5,000	855	(4,145)
Other professional services	1,800	1,800	6,891	5,091
Recognition	-	-	92	92
Credit card services	9,240	9,240	10,238	998
Postage	15,340	15,340	8,493	(6,847)
Telephone - cell phone	3,000	3,000	2,897	(103)
Telephone - land line	7,992	7,992	10,672	2,680
Publishing/advertising	2,000	2,000	615	(1,385)
Printing/copying	6,300	6,300	11,255	4,955
Dues	4,835	4,835	3,161	(1,674)
Travel	6,170	6,170	256	(5,914)
Mileage reimbursement	600	600	455	(145)
Training	5,325	5,325	1,913	(3,412)
Publications	560	560	105	(455)
Sales tax rebates	300	300	-	(300)
Liability insurance	141,127	-	-	-
Rental/lease	16,660	16,660	14,673	(1,987)
Recognition dinner	500	500	423	(77)
Volunteer appreciation event	1,000	1,000	-	(1,000)
Donations	125	125	100	(25)
Yard waste stickers	14,625	14,625	8,194	(6,431)
Mortgage default property maintenance	3,000	3,000	1,709	(1,291)
Swalco fee	-	-	2,631	2,631
Other charges	1,000	1,000	579	(421)
Contingency	25,000	25,000	-	(25,000)
Commodities				
Office supplies	4,000	4,000	2,811	(1,189)
Minor equipment	200	200	-	(200)
Miscellaneous	1,100	1,100	1,958	858
Total administration	582,986	425,609	376,020	(49,589)

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Legal				
Contractual services				
Legal - general	\$ 60,000	\$ 60,000	\$ 159,608	\$ 99,608
Retainer	24,000	24,000	16,345	(7,655)
Legal - police	40,000	40,000	12,355	(27,645)
Police labor issues	20,000	20,000	5,721	(14,279)
Adjudication	3,000	3,000	3,571	571
Building and zoning	25,000	25,000	19,486	(5,514)
Total legal	172,000	172,000	217,086	45,086
Elected Officials				
Contractual services				
Dues	2,600	2,600	211	(2,389)
Travel	2,550	2,550	-	(2,550)
Training	2,175	2,175	731	(1,444)
Printing and copying	-	-	200	200
Miscellaneous	500	500	300	(200)
Total elected officials	7,825	7,825	1,442	(6,383)
Risk management				
Personnel services				
Health insurance	-	219,992	217,850	(2,142)
Dental and vision premiums	-	-	3,459	3,459
Unemployment tax	-	-	20,936	20,936
Contractual services				
Liability insurance	-	141,127	134,519	(6,608)
Total risk management	-	361,119	376,764	15,645
Police Commission				
Professional services				
Other professional services	2,500	2,500	2,043	(457)
Contractual services				
Dues	200	200	575	375
Commodities				
Other	-	-	100	100
Total police commission	2,700	2,700	2,718	18

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Human Resources				
Personnel services				
Salaries	\$ 9,750	\$ 9,750	\$ 10,263	\$ 513
IMRF	115	875	1,183	308
FICA matching	74	600	723	123
Contractual services				
Dues	-	-	145	145
Training	500	500	565	65
Contingency	-	5,000	4,173	(827)
Total human resources	10,439	16,725	17,052	327
Technology				
Contractual services				
Other professional services	16,800	16,800	35,452	18,652
Contract maintenance - equipment	15,233	15,233	12,440	(2,793)
Website	600	600	1,059	459
Internet access	960	960	-	(960)
Website upgrade	18,000	18,000	6,593	(11,407)
Capital outlay				
Software	4,500	4,500	1,065	(3,435)
Equipment	13,638	13,638	2,054	(11,584)
Total technology	69,731	69,731	58,663	(11,068)
Finance				
Personnel services				
Salaries	87,750	87,750	92,338	4,588
IMRF	9,327	8,567	10,300	1,733
FICA matching	6,042	5,516	6,537	1,021
Contractual services				
Annual audit	19,773	19,773	18,639	(1,134)
Actuary services	-	1,500	1,500	-
Capital asset appraisal	-	-	4,000	4,000
Bond financial advisor	6,000	4,500	4,000	(500)
Postage	100	100	48	(52)
Cellular phone	-	-	1,076	1,076
Publishing and advertising	1,500	1,500	468	(1,032)
Dues	1,005	1,005	1,270	265
Training	-	-	251	251
Commodities				
Office supplies	-	-	950	950
Total finance	131,497	130,211	141,377	11,166
Total general government	977,178	1,185,920	1,191,122	5,202

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
BUILDING AND ZONING				
Administration				
Personnel services				
Salaries	\$ 73,000	\$ 73,000	\$ 74,367	\$ 1,367
Overtime	-	-	277	277
IMRF	8,621	8,621	8,499	(122)
Health insurance	24,284	-	-	-
FICA matching	5,585	5,585	5,126	(459)
Contractual services				
Engineering	-	-	395	395
Planning services	5,000	5,000	1,216	(3,784)
Fire suppression	-	-	509	509
Cellular phone	-	-	689	689
Publishing/advertising	820	820	149	(671)
Printing/copying	500	500	717	217
Dues	1,183	1,183	-	(1,183)
Travel	-	-	41	41
Training	-	-	345	345
Other charges	500	500	3,063	2,563
Commodities				
Office supplies	-	-	196	196
Other charges	100	100	1,136	1,036
Capital outlay				
Vehicles	-	-	2,000	2,000
Total administration	119,593	95,309	98,725	3,416
Engineering				
Contractual services				
General engineering	12,000	12,000	25,227	13,227
Contract engineering	12,000	12,000	545	(11,455)
Total engineering	24,000	24,000	25,772	1,772
Total building and zoning	143,593	119,309	124,497	5,188
PUBLIC SAFETY				
Police administration/operations				
Personnel services				
Salaries	778,020	778,020	773,918	(4,102)
Overtime	30,997	30,997	39,551	8,554
IMRF	4,997	4,997	5,174	177
Police Pension	163,992	163,992	163,992	-
Health insurance	101,250	-	-	-
FICA matching	13,937	13,937	18,923	4,986

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Police administration/operations (Continued)				
Contractual services				
Contract maintenance - equipment	\$ 13,200	\$ 13,200	\$ 11,641	\$ (1,559)
Other professional services	3,000	3,000	1,853	(1,147)
Postage	100	100	56	(44)
Telephone	4,100	4,100	6,736	2,636
Publishing and advertising	500	500	-	(500)
Printing/copying	2,500	2,500	1,724	(776)
Contract services	92,000	92,000	84,151	(7,849)
Dues	16,000	16,000	15,291	(709)
Travel	500	500	79	(421)
Publications	500	500	137	(363)
Donations	100	100	-	(100)
Training	5,500	5,500	3,052	(2,448)
Community relations	3,500	3,500	3,701	201
Other charges	5,000	5,000	4,155	(845)
Commodities				
Office supplies	2,500	2,500	2,521	21
Auto fuel and oil	40,000	40,000	34,567	(5,433)
Minor equipment	3,000	3,000	2,654	(346)
Vehicle supplies	3,000	3,000	4,988	1,988
Maintenance supplies	100	100	-	(100)
Uniforms	9,500	9,500	2,912	(6,588)
Other charges	2,000	2,000	1,318	(682)
Capital outlay				
Vehicles	-	-	46,972	46,972
Equipment	5,000	5,000	1,967	(3,033)
Total police administration/operations	1,304,793	1,203,543	1,232,033	28,490
Total public safety	1,304,793	1,203,543	1,232,033	28,490
PUBLIC WORKS				
Administration				
Personnel services				
Salaries	344,638	344,638	320,706	(23,932)
Overtime	20,000	20,000	27,199	7,199
IMRF	37,466	37,466	29,110	(8,356)
Health insurance	61,312	-	-	-
FICA matching	25,771	25,771	25,645	(126)
Contractual services				
Signals	6,000	6,000	-	(6,000)
Vehicles	14,000	14,000	10,550	(3,450)
Equipment	3,000	3,000	2,923	(77)
Patching	2,000	2,000	1,852	(148)
Street	5,000	5,000	24,400	19,400

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Administration (Continued)				
Contractual services (Continued)				
Drainage	\$ 2,000	\$ 2,000	\$ 803	\$ (1,197)
Other	8,000	8,000	7,571	(429)
Other professional services	3,000	3,000	4,971	1,971
Telephone	2,000	2,000	3,354	1,354
Publishing/advertising	600	600	-	(600)
Printing/copying	125	125	75	(50)
Dues	1,000	1,000	1,318	318
Travel	200	200	-	(200)
Training	750	750	1,598	848
Publications	200	200	-	(200)
Public utilities	12,500	12,500	9,992	(2,508)
Rental/lease	3,000	3,000	3,885	885
Commodities				
Office supplies	1,500	1,500	1,840	340
Auto fuel and oil	26,000	26,000	28,562	2,562
Minor equipment	2,500	2,500	1,504	(996)
Small tools	2,000	2,000	1,676	(324)
Equipment supplies	2,500	2,500	1,793	(707)
Vehicle supplies	18,000	18,000	15,707	(2,293)
Maintenance supplies	5,000	5,000	4,218	(782)
Uniform allowance	7,500	7,500	4,342	(3,158)
Other charges	4,000	4,000	4,369	369
Capital outlay				
Vehicle	-	-	2,000	2,000
Total administration	621,562	560,250	541,963	(18,287)
Building and grounds				
Contractual services				
Contract maintenance - buildings	14,000	14,000	15,025	1,025
Professional services	2,500	2,500	1,476	(1,024)
Telephone	-	-	148	148
Commodities				
Maintenance supplies	7,000	7,000	3,893	(3,107)
Other charges	-	-	94	94
Capital outlay				
Other improvements	10,000	10,000	10,758	758
Total buildings and grounds	33,500	33,500	31,394	(2,106)
Total public works	655,062	593,750	573,357	(20,393)

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
DEBT SERVICE				
Principal	\$ 12,404	\$ 12,404	\$ 13,353	\$ 949
Interest	6,081	6,081	5,157	(924)
Total debt service	<u>18,485</u>	<u>18,485</u>	<u>18,510</u>	<u>25</u>
TOTAL EXPENDITURES	<u>\$ 3,099,111</u>	<u>\$ 3,121,007</u>	<u>\$ 3,139,519</u>	<u>\$ 18,512</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, 2010

	Original and Final Budget	Actual	Variance Over Under
REVENUES			
Investment income	\$ 5,000	\$ 26,773	\$ 21,773
Total revenues	<u>5,000</u>	<u>26,773</u>	<u>21,773</u>
EXPENDITURES			
Public works			
Contract maintenance - watermain	-	117,814	117,814
Engineering	-	119,996	119,996
Other	-	6,629	6,629
Capital outlay	<u>2,736,324</u>	<u>2,038,878</u>	<u>(697,446)</u>
Total expenditures	<u>2,736,324</u>	<u>2,283,317</u>	<u>(453,007)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,731,324)</u>	(2,256,544)	<u>\$ 474,780</u>
FUND BALANCE, JANUARY 1		<u>2,371,460</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 114,916</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CANADIAN NATIONAL PROJECT FUND

For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ -	\$ 10,264	\$ 10,264
Miscellaneous	-	127,814	127,814
Total revenues	-	138,078	138,078
EXPENDITURES			
Current			
Capital outlay	-	127,814	127,814
Total expenditures	-	127,814	127,814
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	10,264	<u>\$ 10,264</u>
FUND BALANCE, JANUARY 1		<u>1,977</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 12,241</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUND

Parks and Recreation Fund - used to account for the revenues received from property taxes (including the special recreation levy), recreation program fees and field lease agreement fees and the related expenditures for recreation programming, special recreation programming and park maintenance.

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Parks and Recreation	Connection Fees	Total
ASSETS			
Cash and investments	\$ 135,106	\$ 97,457	\$ 232,563
Receivables	224,835	-	224,835
Due from other funds	42,737	-	42,737
TOTAL ASSETS	\$ 402,678	\$ 97,457	\$ 500,135
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,602	\$ -	\$ 2,602
Wages payable	4,118	-	4,118
Deferred property taxes	224,835	-	224,835
Total liabilities	231,555	-	231,555
FUND BALANCES			
Restricted			
Capital improvements	-	97,457	97,457
Special recreation	35,136	-	35,136
Assigned			
Parks and recreation	135,987	-	135,987
Total fund balances	171,123	97,457	268,580
TOTAL LIABILITIES AND FUND BALANCES	\$ 402,678	\$ 97,457	\$ 500,135

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

	Parks and Recreation	Connection Fees	Total
REVENUES			
Taxes	\$ 226,374	\$ -	\$ 226,374
Licenses, permits and fees	50,217	-	50,217
Investment income	207	1,078	1,285
Miscellaneous	-	6,000	6,000
Total revenues	276,798	7,078	283,876
EXPENDITURES			
Current			
Parks and recreation	142,531	-	142,531
Total expenditures	142,531	-	142,531
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	134,267	7,078	141,345
OTHER FINANCING SOURCES (USES)			
Transfer in	36,856	-	36,856
NET CHANGE IN FUND BALANCES	171,123	7,078	178,201
FUND BALANCES, JANUARY 1	-	90,379	90,379
FUND BALANCES, DECEMBER 31	\$ 171,123	\$ 97,457	\$ 268,580

(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, 2010

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 176,564	\$ 176,564	\$ 226,374	\$ 49,810
Licenses, permits and fees	57,500	61,500	50,217	(11,283)
Investment income	-	-	207	207
Total revenues	234,064	238,064	276,798	38,734
EXPENDITURES				
Parks and recreation				
Administration				
Personnel services	49,440	49,440	34,320	(15,120)
Contractual services	5,036	5,036	7,006	1,970
Commodities	600	600	1,211	611
Capital outlay	600	600	-	(600)
Recreation				
Personnel services	5,480	11,780	9,981	(1,799)
Contractual services	11,750	20	-	(20)
Commodities	-	1,430	2,837	1,407
Capital outlay	-	-	-	-
Park maintenance				
Personnel services	67,535	67,535	2,751	(64,784)
Contractual services	8,000	8,000	1,544	(6,456)
Commodities	12,000	12,000	13,125	1,125
Capital outlay	13,000	13,000	19,275	6,275
Special recreation				
Personnel services	-	-	-	-
Contractual services	50,481	50,481	50,481	-
Commodities	-	-	-	-
Capital outlay	10,000	10,000	-	(10,000)
Total expenditures	233,922	229,922	142,531	(87,391)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	142	8,142	134,267	126,125
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	36,856	36,856
NET CHANGE IN FUND BALANCE	\$ 142	\$ 8,142	171,123	\$ 162,981
FUND BALANCE, JANUARY 1			-	
FUND BALANCE, DECEMBER 31			\$ 171,123	

(See independent auditor's report.)

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, 2010

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ -	\$ 1,078	\$ 1,078
Miscellaneous	-	6,000	6,000
Total revenues	-	7,078	7,078
EXPENDITURES			
None	-	-	-
Total expenditures	-	-	-
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u>7,078</u>	<u><u>\$ 7,078</u></u>
FUND BALANCE, JANUARY 1		<u>90,379</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 97,457</u></u>	

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS
AQUATIC CENTER ACCOUNTS

December 31, 2010

	Operating	Bond and Interest	Bond Reserve	Eliminations	Total
CURRENT ASSETS					
Cash and investments	\$ 70,111	\$ 3,155	\$ 286,097	\$ -	\$ 359,363
Due from other funds	15,002	-	-	(15,002)	-
Total current assets	85,113	3,155	286,097	(15,002)	359,363
NONCURRENT ASSETS					
Unamortized issuance costs	39,036	-	-	-	39,036
Capital assets					
Capital assets not being depreciated	417,459	-	-	-	417,459
Capital assets being depreciated	4,391,327	-	-	-	4,391,327
Net capital assets	4,808,786	-	-	-	4,808,786
Total assets	4,932,935	3,155	286,097	(15,002)	5,207,185
CURRENT LIABILITIES					
Accounts payable	1,679	-	-	-	1,679
Wages payable	207	-	-	-	207
Deposits payable	2,036	-	-	-	2,036
Revenue bonds payable	105,000	-	-	-	105,000
Due to other funds	75,528	-	-	(15,002)	60,526
Total current liabilities	184,450	-	-	(15,002)	169,448
NONCURRENT LIABILITIES					
Unamortized premium on bonds issued	19,727	-	-	-	19,727
Revenue bonds payable	2,465,000	-	-	-	2,465,000
Total noncurrent liabilities	2,484,727	-	-	-	2,484,727
Total liabilities	2,669,177	-	-	(15,002)	2,654,175
NET ASSETS					
Invested in capital assets, net of related debt Restricted	2,219,059	-	-	-	2,219,059
Debt service	-	3,155	286,097	-	289,252
Unrestricted	44,699	-	-	-	44,699
TOTAL NET ASSETS	\$ 2,263,758	\$ 3,155	\$ 286,097	\$ -	\$ 2,553,010

(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, 2010

	Operating	Bond and Interest	Bond Reserve	Eliminations	Total
OPERATING REVENUES					
Charges for service	\$ 279,547	\$ -	\$ -	\$ -	\$ 279,547
Total operating revenues	279,547	-	-	-	279,547
OPERATING EXPENSES					
Personnel services	156,691	-	-	-	156,691
Contractual services	91,103	375	-	-	91,478
Commodities	31,074	-	-	-	31,074
Maintenance	14,724	-	-	-	14,724
Depreciation	161,821	-	-	-	161,821
Total operating expenses	455,413	375	-	-	455,788
OPERATING INCOME (LOSS)	(175,866)	(375)	-	-	(176,241)
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,926	1,098	3,253	-	6,277
Miscellaneous	7,931	-	-	-	7,931
Interest expense	-	(127,300)	-	-	(127,300)
Total nonoperating revenues (expenses)	9,857	(126,202)	3,253	-	(113,092)
NET INCOME (LOSS) BEFORE TRANSFERS	(166,009)	(126,577)	3,253	-	(289,333)
TRANSFERS					
Transfers in	192,163	96,463	-	(192,163)	96,463
Transfers (out)	(67,163)	(125,000)	-	192,163	-
Total transfers	125,000	(28,537)	-	-	96,463
CHANGE IN NET ASSETS	(41,009)	(155,114)	3,253	-	(192,870)
NET ASSETS, JANUARY 1	2,308,735	158,269	282,844	-	2,749,848
Prior period adjustment	(3,968)	-	-	-	(3,968)
NET ASSETS, JANUARY 1, RESTATED	2,304,767	158,269	282,844	-	2,745,880
NET ASSETS, DECEMBER 31	\$ 2,263,758	\$ 3,155	\$ 286,097	\$ -	\$ 2,553,010

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS
AQUATIC CENTER ACCOUNTS

For the Year Ended December 31, 2010

	Operating	Bond and Interest	Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 279,559	\$ -	\$ -	\$ 279,559
Interfund loan receipts	-	-	-	-
Payments to suppliers	(132,377)	(375)	-	(132,752)
Payments to employees	(159,752)	-	-	(159,752)
Miscellaneous nonoperating receipts	7,931	-	-	7,931
Net cash from operating activities	(4,639)	(375)	-	(5,014)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	177,161	96,463	-	273,624
Transfer (out)	8,365	(125,000)	-	(116,635)
Net cash from noncapital financing activities	185,526	(28,537)	-	156,989
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(64,749)	-	-	(64,749)
Principal paid on long-term debt	(235,000)	-	-	(235,000)
Interest paid	-	(127,300)	-	(127,300)
Net cash from capital and related financing activities	(299,749)	(127,300)	-	(427,049)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,926	1,098	3,253	6,277
Net cash from investing activities	1,926	1,098	3,253	6,277
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(116,936)	(155,114)	3,253	(268,797)
CASH AND CASH EQUIVALENTS, JANUARY 1	187,047	158,269	282,844	628,160
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 70,111	\$ 3,155	\$ 286,097	\$ 359,363
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (175,866)	\$ (375)	\$ -	\$ (176,241)
Miscellaneous nonoperating receipts	7,931	-	-	7,931
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Increase (decrease) in				
Depreciation and amortization	161,821	-	-	161,821
Prepaid expenses	5,000	-	-	5,000
Accounts payable	(476)	-	-	(476)
Deposits payable	12	-	-	12
Compensated absences payable	(990)	-	-	(990)
Wages payable	(2,071)	-	-	(2,071)
NET CASH FROM OPERATING ACTIVITIES	\$ (4,639)	\$ (375)	\$ -	\$ (5,014)

(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, 2010

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer	\$ 163,992	\$ 163,992	\$ -
Employee	22,752	61,528	38,776
Total contributions	186,744	225,520	38,776
Investment income			
Interest	3,200	24,832	21,632
Total investment income	3,200	24,832	21,632
Total additions	189,944	250,352	60,408
DEDUCTIONS			
Benefits and refunds	35,733	54,812	19,079
Administration	2,500	13,752	11,252
Total deductions	38,233	68,564	30,331
NET INCREASE	<u>\$ 151,711</u>	181,788	<u>\$ 30,077</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1		<u>1,289,368</u>	
December 31		<u>\$ 1,471,156</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, 2010

ALL FUNDS

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 805,171	\$ 905,176	\$ 1,186,831	\$ 523,516
TOTAL ASSETS	\$ 805,171	\$ 905,176	\$ 1,186,831	\$ 523,516
LIABILITIES				
Due to others	\$ 805,171	\$ 905,176	\$ 1,186,831	\$ 523,516
TOTAL LIABILITIES	\$ 805,171	\$ 905,176	\$ 1,186,831	\$ 523,516

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

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 37,682	\$ 289,613	\$ 286,146	\$ 41,149
TOTAL ASSETS	\$ 37,682	\$ 289,613	\$ 286,146	\$ 41,149
LIABILITIES				
Due to others	\$ 37,682	\$ 289,613	\$ 286,146	\$ 41,149
TOTAL LIABILITIES	\$ 37,682	\$ 289,613	\$ 286,146	\$ 41,149

(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, 2010

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

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 40,644	\$ 291,417	\$ 286,146	\$ 45,915
TOTAL ASSETS	\$ 40,644	\$ 291,417	\$ 286,146	\$ 45,915
LIABILITIES				
Due to others	\$ 40,644	\$ 291,417	\$ 286,146	\$ 45,915
TOTAL LIABILITIES	\$ 40,644	\$ 291,417	\$ 286,146	\$ 45,915

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

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 39,254	\$ 289,814	\$ 286,146	\$ 42,922
TOTAL ASSETS	\$ 39,254	\$ 289,814	\$ 286,146	\$ 42,922
LIABILITIES				
Due to others	\$ 39,254	\$ 289,814	\$ 286,146	\$ 42,922
TOTAL LIABILITIES	\$ 39,254	\$ 289,814	\$ 286,146	\$ 42,922

(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, 2010

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

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 687,591	\$ 34,332	\$ 328,393	\$ 393,530
TOTAL ASSETS	\$ 687,591	\$ 34,332	\$ 328,393	\$ 393,530
LIABILITIES				
Due to others	\$ 687,591	\$ 34,332	\$ 328,393	\$ 393,530
TOTAL LIABILITIES	\$ 687,591	\$ 34,332	\$ 328,393	\$ 393,530

(See independent auditor's report.)

STATISICAL SECTION

This part of the Village of Hawthorn Woods Illinois' 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.	77-82
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	83-87
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 Seven Fiscal Years

Fiscal Year	2005	2006	2007	2008	2008*	2009	2010
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	\$ 14,011,182
Restricted	6,111,062	7,981,508	7,427,286	5,226,866	4,633,442	2,645,314	601,458
Unrestricted	4,319,926	3,603,532	996,608	(165,414)	734,102	399,477	552,494
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,795,707	\$ 19,966,111	\$ 21,301,519	\$ 17,877,917	\$ 17,840,975	\$ 15,145,583	\$ 15,165,134
BUSINESS-TYPE ACTIVITIES							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 2,723,992	\$ 2,345,316	\$ 2,364,709	\$ 2,080,219	\$ 2,219,059
Restricted	-	-	-	447,431	451,196	584,414	289,252
Unrestricted	-	-	991,922	179,705	(23,915)	85,215	44,699
TOTAL BUSINESS-TYPE ACTIVITIES	\$ -	\$ -	\$ 3,715,914	\$ 2,972,452	\$ 2,791,990	\$ 2,749,848	\$ 2,553,010
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	\$ 16,230,241
Restricted	6,111,062	7,981,508	7,427,286	5,674,297	5,084,638	3,229,728	890,710
Unrestricted	4,319,926	3,603,532	1,988,530	14,291	710,187	484,692	597,193
TOTAL PRIMARY GOVERNMENT	\$ 13,795,707	\$ 19,966,111	\$ 25,017,433	\$ 20,850,369	\$ 20,632,965	\$ 17,895,431	\$ 17,718,144

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 Seven Fiscal Years

Fiscal Year	2005	2006	2007	2008	2008*	2009	2010
EXPENSES							
Governmental Activities							
General government	\$ 2,026,879	\$ 2,038,714	\$ 868,301	\$ 934,205	\$ 671,138	\$ 783,579	\$ 1,320,911
Building and zoning	-	-	999,072	1,364,665	215,819	268,409	306,260
Public safety	1,126,909	1,282,082	1,605,160	1,820,217	1,042,970	1,338,932	1,284,492
Buildings and grounds	132,610	24,251	-	-	-	-	-
Public works	-	-	4,183,459	5,089,875	2,099,964	3,485,091	663,329
Streets and bridges	3,519,409	4,102,918	-	-	-	-	-
Parks and recreation	145,882	101,391	93,776	348,662	245,056	375,854	408,582
Interest	-	-	7,076	1,393	8,201	5,919	5,157
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>	<u>3,988,731</u>
Business-Type Activities							
Aquatics	-	-	12,525	1,048,951	438,924	571,328	583,088
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>	<u>583,088</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>	<u>\$ 4,571,819</u>
PROGRAM REVENUES							
Governmental Activities							
Charges for services							
General government	\$ 1,948,771	\$ 2,528,832	\$ 442,180	\$ 372,551	\$ 120,698	\$ 320,502	\$ 375,145
Building and zoning	-	-	1,029,777	1,327,363	283,861	265,401	244,825
Public safety	52,416	214,318	242,085	278,600	121,431	174,493	137,416
Streets and bridges	835,000	-	-	-	-	-	-
Parks and recreation	-	3,525,500	1,154	62,126	32,785	54,206	49,717
Operating grants and contributions	225,836	269,321	192,716	211,771	143,742	204,609	235,912
Capital grants and contributions	-	-	7,750,072	8,829	-	44,545	127,814
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>	<u>1,170,829</u>
Business-Type Activities							
Charges for services							
Aquatics	-	-	-	243,291	240,828	309,440	279,547
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	10,000	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>243,291</u>	<u>240,828</u>	<u>309,440</u>	<u>279,547</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 3,062,023</u>	<u>\$ 6,537,971</u>	<u>\$ 9,667,984</u>	<u>\$ 2,504,531</u>	<u>\$ 943,345</u>	<u>\$ 1,373,196</u>	<u>\$ 1,450,376</u>
NET (EXPENSES) REVENUES							
Governmental activities	\$ (3,889,666)	\$ (1,011,385)	\$ 1,901,140	\$ (7,297,777)	\$ (3,580,631)	\$ (5,194,028)	\$ (2,817,902)
Business-type activities	-	-	(2,525)	(805,660)	(198,096)	(261,888)	(303,541)
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	<u>\$ (3,889,666)</u>	<u>\$ (1,011,385)</u>	<u>\$ 1,898,615</u>	<u>\$ (8,103,437)</u>	<u>\$ (3,778,727)</u>	<u>\$ (5,455,916)</u>	<u>\$ (3,121,443)</u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Seven Fiscal Years

Fiscal Year	2005	2006	2007	2008	2008*	2009	2010
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	\$ 1,655,146
Road and bridge	16,643	17,036	19,323	24,253	26,044	15,573	17,947
Sales	179,902	125,850	122,734	134,837	99,675	112,426	98,707
Amusement	-	-	-	-	-	-	2,520
Income and local use	407,213	532,097	584,360	685,653	542,330	698,585	693,028
Replacement	1,204	1,584	1,722	1,996	1,190	1,621	1,713
Telecommunications and utility	40,877	38,319	43,887	47,303	33,390	49,460	362,993
Investment income	251,952	388,173	375,681	307,352	123,855	98,360	47,888
Miscellaneous	230,235	196,325	541,359	1,277,528	1,143,225	60,429	147,855
Transfer in (out)	-	-	-	-	-	(191,620)	(96,463)
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	2,931,334
Business-Type Activities							
Investment income	-	-	144,838	56,872	11,846	11,351	6,277
Miscellaneous	-	-	-	5,326	6,788	5,775	7,931
Transfer in (out)	-	-	-	-	-	191,620	96,463
Total business-type activities	-	-	144,838	62,198	18,634	208,746	110,671
TOTAL PRIMARY GOVERNMENT	\$ 2,243,799	\$ 2,492,910	\$ 3,152,707	\$ 3,999,076	\$ 3,562,323	\$ 2,697,911	\$ 3,042,005
CHANGE IN NET ASSETS							
Governmental activities	\$ (1,645,867)	\$ 1,481,525	\$ 4,909,009	\$ (3,360,899)	\$ (36,942)	\$ (2,704,863)	\$ 113,432
Business-type activities	-	-	142,313	(743,462)	(179,462)	(53,142)	(192,870)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ (1,645,867)	\$ 1,481,525	\$ 5,051,322	\$ (4,104,361)	\$ (216,404)	\$ (2,758,005)	\$ (79,438)

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	2002	2003	2004	2005	2006	2007	2008	2008*	2009	2010**
GENERAL FUND										
Nonspendable										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,867
Restricted										
Highway and streets	-	-	-	-	-	-	-	-	-	34,845
Assigned										
Cash reserves	-	-	-	-	-	-	-	-	-	162,763
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	1,399,599	-	-	47,383	-	55,751	126,931	-
Unreserved	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	\$ 1,545,007	\$ 1,946,967	\$ 3,848,308	\$ 3,081,955	\$ 3,965,577	\$ 1,309,032	\$ 550,432	\$ 169,882	\$ 304,679	\$ 355,475
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Highway and streets	-	-	-	-	-	-	-	-	-	301,900
Debt service	-	-	-	-	-	-	-	-	-	17,204
Capital improvements	-	-	-	-	-	-	-	-	-	212,373
Special recreation	-	-	-	-	-	-	-	-	-	35,136
Assigned										
Capital improvements	-	-	-	-	-	-	-	-	-	539,321
Parks and recreation	-	-	-	-	-	-	-	-	-	135,987
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	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	44,568	44,568	44,568	-	-	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENT FUNDS	\$ 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	\$ 1,241,921

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.

** The Village implemented GASB Statement No. 54 as of December 31, 2010.

Data Source

Audited Financial Statements

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

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2008*	2009	2010
REVENUES										
Taxes	\$ 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	\$ 2,832,054
Licenses, permits and fees	686,467	912,186	2,014,039	2,877,063	2,806,969	1,689,836	1,970,632	535,720	788,389	782,590
Intergovernmental	263,593	177,364	177,025	225,836	269,321	192,716	220,600	143,742	204,609	235,912
Developer park donations	172,276	470,053	1,113,869	32,859	68,932	-	-	-	-	-
Investment income	107,661	84,707	190,866	251,952	388,173	375,681	307,352	123,855	98,360	47,888
Contribution from property owners	-	-	10,451,383	-	-	3,345,218	-	-	-	-
Miscellaneous	131,359	133,489	879,091	197,376	3,627,393	566,719	1,347,536	1,166,280	131,187	300,182
Total revenues	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	4,198,626
EXPENDITURES										
General government	659,694	894,266	2,215,176	2,011,744	2,025,831	921,354	921,407	654,730	768,837	1,191,122
Building and zoning	-	-	-	-	-	999,072	1,365,255	215,819	215,496	313,575
Public safety	699,074	838,579	950,491	1,148,993	1,270,570	1,514,586	1,779,245	926,758	1,309,295	1,232,033
Buildings and grounds	68,565	83,825	96,463	98,159	106,155	-	-	-	-	-
Public works	-	-	-	-	-	4,181,851	5,177,240	2,026,719	3,433,189	2,935,261
Streets and bridges	1,225,586	960,302	3,219,735	3,484,958	4,184,822	-	-	-	-	-
Parks and recreation	461,521	176,602	172,309	117,186	94,096	23,337	87,001	51,976	97,978	142,531
Capital outlay	-	-	-	11,091	126,640	147,158	191,351	2,284	481	127,814
Debt service										
Principal	-	-	-	-	-	105,307	25,514	105,881	12,592	13,353
Interest and fiscal charges	-	-	-	-	-	7,076	1,393	8,201	5,919	5,157
Total expenditures	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	5,960,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(240,233)	411,519	9,770,020	(1,572,422)	1,222,767	361,258	(3,350,288)	253,838	(2,099,246)	(1,762,220)

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2008*	2009	2010
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ -	\$ -	\$ -	\$ 2,700	\$ 50,208	\$ 4,505,399	\$ 1,091,000	\$ 2,501,275	\$ 982,667	\$ 36,856
Transfers (out)	-	-	-	(2,700)	(50,208)	(4,505,399)	(1,091,000)	(2,501,275)	(1,174,287)	(133,319)
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)	(96,463)
NET CHANGE IN FUND BALANCES	\$ (240,233)	\$ 411,519	\$ 9,770,020	\$ (1,565,842)	\$ 1,353,588	\$ 361,258	\$ (3,247,479)	\$ 358,721	\$ (2,290,866)	\$ (1,858,683)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.00%	0.00%	0.00%	0.00%	0.00%	1.55%	0.30%	3.29%	0.32%	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
2000	\$ 219,737,352	\$ 659,537	\$ 1,448,702	\$ 3,854	\$ 221,849,445	-	\$ 665,548,335	33.333%
2001	234,927,913	723,388	1,777,579	3,167	237,432,047	-	712,296,141	33.333%
2002	261,846,295	824,388	1,329,231	2,912	264,002,826	0.274	792,008,478	33.333%
2003	302,228,324	1,115,573	1,694,843	4,514	305,043,254	0.265	915,129,762	33.333%
2004	326,129,442	1,647,673	1,623,579	4,633	329,405,327	0.219	988,215,981	33.333%
2005	367,957,407	3,981,627	1,936,706	4,263	373,880,003	0.170	1,121,640,009	33.333%
2006	418,880,744	3,312,752	2,409,922	4,587	424,608,005	0.148	1,273,824,015	33.333%
2007	467,631,887	5,976,372	2,068,251	6,233	475,682,743	0.139	1,427,048,229	33.333%
2008	485,176,796	6,238,869	2,417,801	8,509	493,841,975	0.132	1,481,525,925	33.333%
2009	490,533,700	6,469,860	2,947,908	8,477	499,959,945	0.888	1,499,879,835	33.333%

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

2010 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	2000	2001	2002	2003
Village Direct Rates (A)				
Corporate	0.271	0.265	0.250	0.225
Police protection	0.063	0.065	0.063	0.064
Street and bridge - Ela	0.081	0.078	0.070	0.057
Audit tax	0.000	0.000	0.000	0.000
Liability insurance	0.013	0.014	0.014	0.016
Unemployment insurance	0.000	0.000	0.000	0.000
Special recreation	0.000	0.000	0.000	0.007
Total direct rate without SSAs	0.428	0.422	0.397	0.369
Special Service Areas				
SSA #1	0.000	0.000	0.000	0.288
SSA #2	0.000	0.000	0.000	0.274
SSA #3	0.000	0.000	0.000	0.255
Total direct rate with SSAs	0.428	0.422	0.397	1.186
Overlapping Rates				
Lake County	0.521	0.516	0.502	0.490
Lake County Forest Preserve	0.231	0.221	0.232	0.225
Ela Township-Corp	0.094	0.096	0.093	0.086
Ela Township-R & B	0.011	0.012	0.013	0.011
Ela Township-Gravel	0.030	0.030	0.030	0.029
School District #95	4.022	4.484	4.366	4.092
School District #96	3.060	2.951	3.013	2.940
School District #79	2.689	2.670	2.582	2.635
Consolidated H.S. District #125	1.904	1.864	1.890	1.940
Community College #532	0.235	0.211	0.208	0.201
Ela Area Library	0.396	0.387	0.371	0.343
Countryside Fire District	0.462	0.458	0.436	0.420
Lake Zurich Fire District	0.305	0.298	0.378	0.365
Wauconda Fire District	0.494	0.492	0.466	0.450
Long Grove Fire District	0.273	0.518	0.514	0.503
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	15.155	15.630	15.491	15.916
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HAWTHORN WOODS	2.8%	2.7%	2.6%	4.1%

The Village lies in Ela Township and Fremont Township. Only Ela Township is reflected as it represents 78% of the Village's assessed valuation.

(A) Property tax rates are per \$100 of assessed valuation.
2010 property tax rates not available at the time of printing.

Data Source

Office of the County Clerk

2004	2005	2006	2007	2008	2009
0.201	0.224	0.224	0.222	0.044	0.018
0.044	0.054	0.051	0.047	0.167	0.166
0.091	0.048	0.043	0.037	0.096	0.074
0.002	0.005	0.003	0.003	0.003	0.004
0.015	0.014	0.012	0.011	0.000	0.000
0.000	0.000	0.000	0.000	0.011	0.029
0.011	0.010	0.013	0.013	0.013	0.040
0.364	0.355	0.346	0.333	0.334	0.331
0.280	0.260	0.249	0.231	0.223	0.221
0.265	0.219	0.170	0.148	0.139	0.132
0.243	0.234	0.228	0.209	0.210	0.204
1.152	1.068	0.993	0.921	0.906	0.888
0.465	0.454	0.450	0.444	0.453	0.464
0.219	0.210	0.204	0.201	0.199	0.200
0.085	0.085	0.086	0.082	0.084	0.084
0.011	0.010	0.010	0.010	0.005	0.007
0.030	0.030	0.032	0.032	0.038	0.036
4.082	4.040	3.992	3.830	3.899	3.901
3.038	3.000	2.989	2.772	2.869	2.916
2.572	2.565	2.529	2.379	2.435	2.485
2.062	2.112	2.134	2.114	2.139	2.185
0.200	0.197	0.195	0.192	0.196	0.200
0.334	0.323	0.317	0.306	0.308	0.308
0.422	0.400	0.398	0.390	0.417	0.421
0.358	0.493	0.511	0.547	0.561	0.564
0.450	0.434	0.425	0.421	0.432	0.442
0.547	0.526	0.549	0.547	0.549	0.599
16.027	15.947	15.814	15.188	15.490	15.700
4.0%	3.9%	3.8%	3.7%	3.6%	3.5%

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Seven Years Ago

Taxpayer	2009 Tax Levy			2002 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	\$ 1,651,953	1	0.33%			
Toll Brothers	1,014,489	2	0.20%			
Aqua Illinois Regional Office	797,019	3	0.16%			
Individual	592,776	4	0.12%			
Boss Hob, LLC	529,956	5	0.11%			
Individual	524,822	6	0.10%			
Individual	494,208	7	0.10%			
Individual	477,681	8	0.10%			
Individual	470,922	9	0.09%			
Individual	464,074	10	0.09%			
LaSalle				\$ 885,824	1	0.34%
Parkway Bank and Trust				712,467	2	0.27%
Raelen Homes, LLC				369,643	3	0.14%
Individual				337,787	4	0.13%
Individual				337,194	5	0.13%
Individual				311,125	6	0.12%
Individual				310,464	7	0.12%
Individual				308,570	8	0.12%
Individual				295,577	9	0.11%
Individual				293,420	10	0.11%
	<u>\$ 7,017,900</u>		<u>1.40%</u>	<u>\$ 4,162,071</u>		<u>1.59%</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 2002 tax levy.

2010 information was not available at the time of printing.

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
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	2,539,642	83.92%
2010	3,026,339	N/A	N/A

(A) Collections for the 2010 Tax Levy Year will not be received until fiscal year 2011.

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			
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
2010	-	75,866	-	2,570,000	-	2,645,866	0.80%	345

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 93 for personal income and population data.

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

Data Source

Audited Financial Statements

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, 2010

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	321,590,000	1.657%	5,328,746
School District #95	36,503,000	15.335%	5,597,735
School District #96	4,400,000	0.766%	33,704
School District #79	28,450,000	23.580%	6,708,510
H.S. District #120	7,578,106	6.709%	508,415
H.S. District #125	26,595,000	3.262%	867,529
Community College #532	6,920,000	1.744%	120,685
Mundelein Park District	2,885,000	0.057%	1,644
Countryside Fire Protection District	4,620,000	11.906%	550,057
Lake Zurich Rural Fire Protection District	995,000	22.317%	222,054
Ela Area Public Library District	9,260,000	19.793%	1,832,832
Fremont Public Library District	5,815,000	8.131%	472,818
Village Special Service Areas #1, #2, #3 & #4	<u>11,515,000</u>	100.000%	<u>11,515,000</u>
TOTAL OVERLAPPING DEBT	<u><u>\$ 467,126,106</u></u>		<u><u>\$ 33,759,729</u></u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 467,126,106</u></u>		<u><u>\$ 33,759,729</u></u>

(A) Gross debt is calculated as of December 31, 2009.

(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 2009 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
2002	\$ -	\$ -	\$ -	\$ -
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	272,027	-	-	-
2008**	291,643	-	133,238	2.19
2009	316,726	-	133,238	2.38
2010	287,478	235,000	127,300	0.79

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, 2010

Maximum allowable general obligation debt (8.625% of assessed valuation of \$499,959,945)	\$ 43,121,545
General obligation bonds	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 43,121,545</u></u>

* Information is for the 2009 tax levy

Information for the 2010 tax levy was not available at the time of printing.

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
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%
2010	7,663	330,727,417	43,159	10.6%

*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 Ten Years Ago

Employer	2010			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%			
Hawthorn Gardens	27.0	4	0.4%	18.0	3	0.3%
Barn Nursery	22.0	5	0.3%	11.0	6	0.2%
Village of Hawthorn Woods	21.0	6	0.3%	20.0	1	0.3%
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%
Oreganos				10.5	7	0.2%
Red Coat Farm				9.0	8	0.1%
Cambridge Bank				4.5	9	0.1%
CherryHill Cleaners				4.0	10	0.1%
TOTAL	<u>341</u>			<u>124</u>		

Information from 2001 is not available; therefore, the year 2000 information is presented for comparative purposes.

Data Source

Village Records

VILLAGE OF HAWTHORN WOODS, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2008*	2009	2010
GENERAL GOVERNMENT										
Administration	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Finance	1.0	1.0	1.5	1.5	2.0	2.0	1.0	1.0	1.0	1.0
Building and zoning	2.5	2.5	2.5	2.5	3.5	3.5	1.0	1.0	1.0	2.0
Parks and recreation	-	-	-	-	-	1.0	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	10.0	11.0	13.0	13.0	15.0	15.0	11.0	11.0	8.0	9.0
HIGHWAYS AND STREETS										
Administration	1.5	1.5	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Street maintenance	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0
TOTAL	23.0	24.0	27.0	27.0	30.5	32.5	22.0	22.0	19.0	21.0

*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	2002	2003	2004	2005	2006	2007	2008	2008*	2009	2010
PUBLIC SAFETY										
Police										
Physical arrests	66	78	138	135	209	232	212	146	119	115
Parking violations	N/A	N/A	N/A	N/A	150	257	508	405	871	680
Traffic violations	1,879	1,387	3,174	3,167	3,248	3,734	2,624	1,493	2,386	2,170
PUBLIC WORKS										
Vehicles maintained by dept	15.0	16.0	18.0	20.0	21.0	20.0	20.0	16.0	20.0	20.0
Street reconstruction (miles)	0.5	4.0	4.0	4.0	4.0	4.5	3.0	-	0.5	-
Street resurfacing (miles)	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	2002	2003	2004	2005	2006	2007	2008	2008*	2009	2010
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	1	1	1	1	2	2	2	2	2	2
Patrol units	10	11	13	13	15	16	10	10	8	8
PUBLIC WORKS										
Miles of streets	46.4	46.4	47.4	47.4	47.4	47.4	58.0	58.0	58.0	58.0
Streetlights	35	35	38	38	38	38	38	38	38	38
Traffic signals	2	2	2	2	2	2	2	2	2	2
WASTEWATER										
Storm sewers	19	22	22	22	24	24	24	24	24	24

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

Data Source

Various Village departments