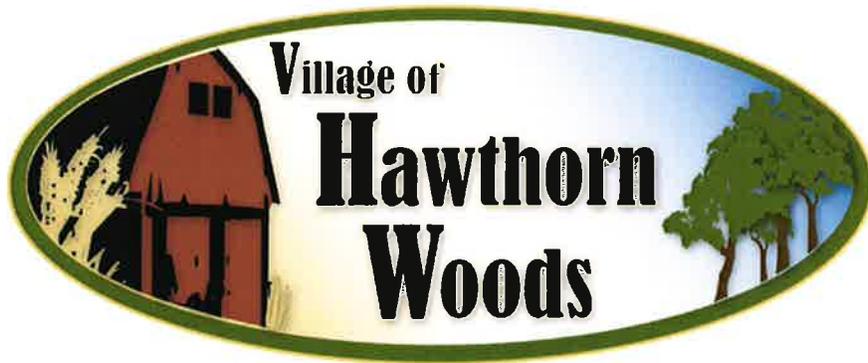


**VILLAGE OF
HAWTHORN WOODS, ILLINOIS**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2011

Prepared By

Finance Department

VILLAGE OF HAWTHORN WOODS, ILLINOIS
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INTRODUCTORY SECTION

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

December 31, 2011

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

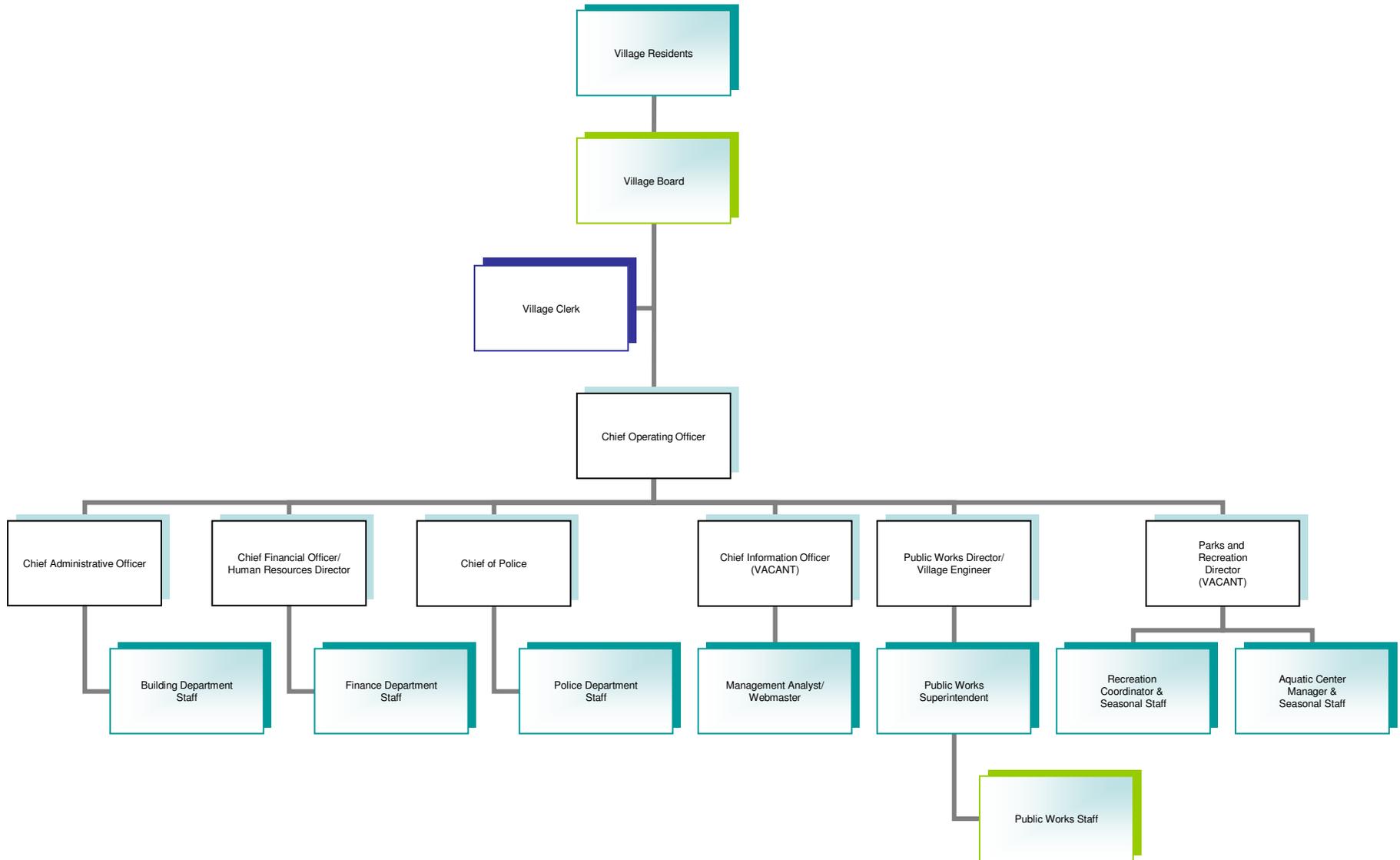
Chief Administrative Officer/Village Clerk
Donna Lobaito

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

Chief of Police
Jennifer Paulus

Director of Public Works/Village Engineer
Erika Frable, PE

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, 2010

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.

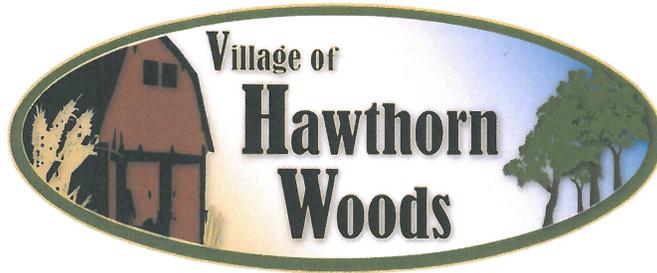


Linda C. Sandson

President

Jeffrey R. Emer

Executive Director



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

April 6, 2012

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, 2011 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, 2011. 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. The elected officials collectively work as a unified Board, volunteer their time and resources to advance good government, and remain supportive of the professionals who run daily departmental operations of the Village government.

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 experienced a 14% increase in the number of building permits issued during 2011. The State of Illinois is currently 4 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, 2012 is balanced. The focus for managing the 2012 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. Fiscal year ending in 2011 resulted in additional opportunities for accrued savings.

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. All expenditures go through a multi-tier review with efforts to secure reduced pricing on all purchase orders. Additionally, the Village has seen success in 2011 that generated non-tax revenues from business and developer donations. All Village transactions are reviewed monthly by the Finance committee, comprised of community professionals, as well as the Mayor and Board of Trustees before fund payments are formally approved for release.

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. In addition, there has been a significant land annexation in 2011 that will bring new business revenue to the Village on an annual basis that includes sticker fees for an existing commercial snowplow and landscaping fleet as well as annual cash donations for municipal events. There is an additional parcel that currently operates as a wholesale landscaping and architectural firm expected to incorporate into the Village in the second quarter of 2012. 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. When complete, these two annexations will bring in an additional 25 acres of pre-existing business zoned land into Hawthorn Woods' municipal jurisdiction.

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 now underway on one parcel with expected approvals on two others. Grading permit fees are significant and will generate additional annual revenue throughout this multi-year grading and fill project. 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 still anticipated in this Northern area for Village expansion.

Additionally, one major developer, Dartmoor Homes, appears to be struggling financially and the Village is fortunate that ICON builders will be assuming pre-existing plat authorization to continue building single family homes. Also, the Village has received notice that the Toll Brothers development company will cease new home construction and will be closing development operations until the economy for new residential construction is healthier. Their anticipated construction re-opening will be evaluated by their corporate headquarters quarterly.

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, 2010. 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



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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, 2011, 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and actuarial information listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements as a whole. The introductory section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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.



Naperville, Illinois
April 6, 2012

GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

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, 2011. 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 \$18,592,773 as of December 31, 2011. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$1,768,442. Restricted net assets totaled \$1,339,103 and net assets invested in capital assets, net of related debt totaled \$15,485,228.
- The Village's net assets increased as a result of this year's operations. While net assets of business-type activities decreased by \$74,971, or 2.9 percent, net assets of the governmental activities increased by \$949,600, or 6.3 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 \$18,410,276 as of December 31, 2011, a decrease of \$485,558, due primarily to depreciation expense for the year ended December 31, 2011 exceeding capital asset additions.

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, 2011

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, 2011

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, Parks and Recreation, Special Service Area #4 Project Fund, and the Canadian National Project Fund all of which are considered major funds.

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.

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.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

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 - 44 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 45 - 55 of this report. Budgetary comparison schedules for the General Fund, Motor Fuel Tax Fund, Community Development Fund and Parks and Recreation Fund are also presented in the required supplementary information and can be found on pages 45 - 55. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 56 - 70 of this report.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

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 \$18,592,773.

	Governmental		Business-type		Total	
	Activities		Activities			
	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2010
Current and Other Assets	\$ 5,728,669	\$ 4,748,688	\$ 765,271	\$ 337,873	\$ 6,493,940	\$ 5,086,561
Capital Assets	13,770,027	14,087,048	4,640,249	4,808,786	18,410,276	18,895,834
Total Assets	19,498,696	18,835,736	5,405,520	5,146,659	24,904,216	23,982,395
Long-Term Debt	509,723	519,310	2,863,375	2,589,727	3,373,098	3,109,037
Other Liabilities	2,874,239	3,151,292	64,106	3,922	2,938,345	3,155,214
Total Liabilities	3,383,962	3,670,602	2,927,481	2,593,649	6,311,443	6,264,251
Net Assets						
Invested in Capital Assets, Net of Related Debt	13,708,354	14,011,182	1,776,874	2,219,059	15,485,228	16,230,241
Restricted	947,427	601,458	391,676	289,252	1,339,103	890,710
Unrestricted (Deficit)	1,458,953	552,494	309,489	44,699	1,768,442	597,193
Total Net Assets	\$ 16,114,734	\$ 15,165,134	\$ 2,478,039	\$ 2,553,010	\$ 18,592,773	\$ 17,718,144

A large portion of the Village's net assets, \$15,485,228 or 83.3 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, \$1,339,103 or 7.2 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, 2011, the Village is reporting unrestricted net assets of \$1,768,442. 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, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2010
Revenues						
Program Revenues						
Charges for Services	\$ 1,475,282	\$ 807,103	\$ 232,193	\$ 279,547	\$ 1,707,475	\$ 1,086,650
Operating Grants/Contrib.	318,485	235,912	-	-	318,485	235,912
Capital Grants/Contrib.	217,542	127,814	-	-	217,542	127,814
General Revenues						
Property Taxes	1,845,400	1,655,146	-	-	1,845,400	1,655,146
Road and Bridge Taxes	17,251	17,947	-	-	17,251	17,947
Sales Taxes	113,385	98,707	-	-	113,385	98,707
Income and Use Taxes	708,246	693,028	-	-	708,246	693,028
Replacement Taxes	1,460	1,713	-	-	1,460	1,713
Telecomm./Utility Taxes	653,258	362,993	-	-	653,258	362,993
Other General Revenues	527,384	198,263	7,074	14,208	534,458	212,471
Total Revenues	5,877,693	4,198,626	239,267	293,755	6,116,960	4,492,381
Expenses						
General Government	1,435,196	1,320,911	-	-	1,435,196	1,320,911
Building and Zoning	312,618	306,260	-	-	312,618	306,260
Public Safety	1,302,247	1,284,492	-	-	1,302,247	1,284,492
Public Works	1,107,541	663,329	-	-	1,107,541	663,329
Parks and Recreation	520,390	408,582	-	-	520,390	408,582
Interest on Long-Term Debt	4,318	5,157	-	-	4,318	5,157
Aquatics	-	-	560,021	583,088	560,021	583,088
Total Expenses	4,682,310	3,988,731	560,021	583,088	5,242,331	4,571,819
Change in Net Assets Before Transfers	1,195,383	209,895	(320,754)	(289,333)	874,629	(79,438)
Transfers	(245,783)	(96,463)	245,783	96,463	-	-
Change in Net Assets	949,600	113,432	(74,971)	(192,870)	874,629	(79,438)
Net Assets-Beginning	15,165,134	15,051,702	2,553,010	2,745,880	17,718,144	17,797,582
Net Assets-Ending	\$ 16,114,734	\$ 15,165,134	\$ 2,478,039	\$ 2,553,010	\$ 18,592,773	\$ 17,718,144

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

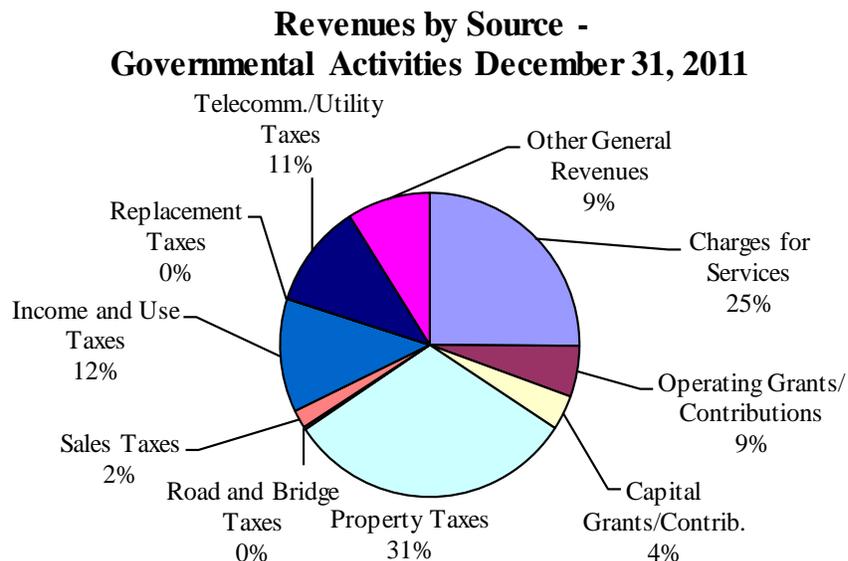
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net assets of the Village's governmental activities increased by 6.3 percent (\$16,114,734 as of December 31, 2011 compared to \$15,165,134 as of December 31, 2010). The \$949,600 increase in governmental activities net assets resulted from several factors. Consistent with the prior year, there was 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 2.7 percent (\$2,478,039 as of December 31, 2011 compared to \$2,553,010 as of December 31, 2010). The \$74,971 decrease in business-type activities net assets is attributable in large part to depreciation expense of \$168,537 for improvements to the aquatics center and interest payments on the aquatic center revenue bonds of \$96,805.

Governmental Activities

Revenues for governmental activities totaled \$5,877,693, while the cost of all governmental functions totaled \$4,682,310. This results in an increase in net assets of \$949,600. For the year ended December 31, 2010, revenues of \$4,198,626 were more than expenses of \$3,988,731, resulting in an increase in net assets of \$113,432. The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, utility taxes and use taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from income taxes.



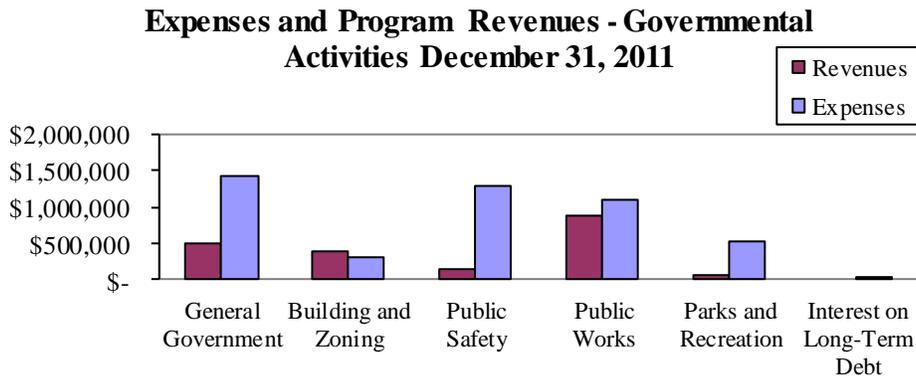
VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

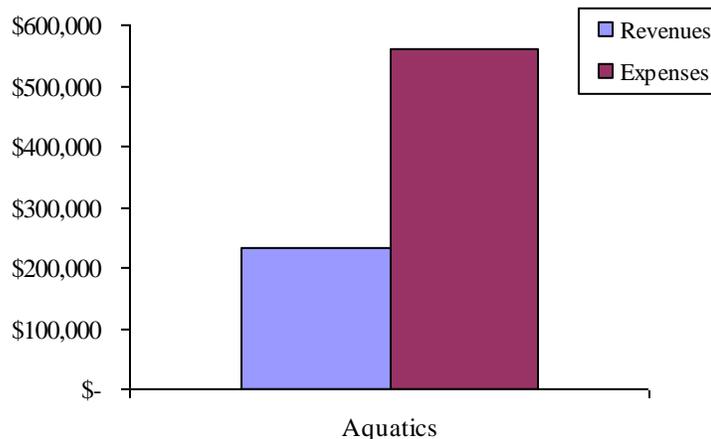
The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



Business-Type activities

Business-Type activities posted total revenues of \$239,267, while the cost of all business-type activities totaled \$560,021. This results in a decrease in net assets of \$74,971. 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, 2010, revenues of \$293,755 were less than expenses of \$538,088, resulting in a decrease in net assets of \$192,870.

**Expenses and Program Revenues - Business-
Type Activities December 31, 2011**



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

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

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 \$2,854,430, which is \$1,257,034 or 78.7 percent, higher than last year's total of \$1,597,396. The primary reason for this increase is due to an increase in fund balance in the General Fund and Community Development Fund of \$555,967 and \$449,859, respectively. Of the \$2,854,430 total, \$168,988, or 5.9 percent, of the fund balance constitutes nonspendable fund balance; \$947,427 or 33.2 percent of the fund balance is restricted for highways and streets, capital improvements, and special recreation; and \$1,738,015, or 60.9 percent of the fund balance is assigned for cash reserves and capital improvements.

The General Fund reported an increase in fund balance for the year ended December 31, 2011 of \$555,967, an increase of 156.4 percent. The estimated increase in the General Fund fund balance in the 2011 approved budget was \$274,738. Therefore, the actual results were 102.36 percent higher than the budget projections. This represents a significant step towards the Village's goal of increasing fund balance in the General Fund. There are several reasons for the positive variance: 1) tax revenues were \$76,161 higher than budgeted due to improvements in property tax, sales tax, use tax and income tax collections compared to the prior year. In addition, franchise license revenue was \$19,390 higher than budgeted due primarily to the increased collections from both Comcast and AT&T. Finally, the public utilities revenue was \$29,560 higher than budgeted due to higher collections from recycled materials. The positive revenue collections (\$178,003 higher than budgeted) were complemented by positive variances in expenditures (\$121,847 less than budgeted).

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 a decrease in fund balance in the current year of \$17,204 due primarily to a transfer of \$245,783 to the Aquatic Center Fund as required by the bond covenants. Ending fund balance at December 31, 2011 was \$0.

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 \$67,009 due to improved motor fuel tax collections (\$33,966 higher than budgeted) and cost savings in the commodities expenditures (\$63,096 less than budgeted). Ending fund balance at December 31, 2011 was \$368,909.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

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 \$449,859 due primarily to license, permits and fees revenue being higher than expenditures. Building permits were \$199,597 higher than budgeted and Miscellaneous revenues (primarily related to developer donations) were \$161,043 higher than budgeted. Ending fund balance at December 31, 2011 was \$976,939.

The Parks and Recreation Fund is used to account for all activities related to the Village's parks and recreational activities (with the exception of the Aquatic Center activities, which are reported in a separate enterprise fund). These activities are recorded in four departments: Administration, Programs, Park Maintenance and Special Recreation (which accounts for the special recreation restricted tax levy and related expenditures.) The Parks and Recreation Fund reported an increase in fund balance in the current year of \$113,404 due primarily to savings in the Park Maintenance personnel services expenses and the intentional increase in reserve for the special recreation tax levy to fund a future year Village-wide parks accessibility capital project.

The Special Service Area #4 Project Fund reported a decrease in fund balance in the current year of \$79,342. This capital project fund reports the expenditures related to non-commitment bond proceeds to be used for sewer improvements. This project was substantially complete as of December 31, 2011. Ending fund balance is \$35,574 at December 31, 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 \$6,381 due primarily to interest earnings. Ending fund balance at December 31, 2011 was \$18,622.

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 \$74,971, while the previous fiscal year reported a decrease in net assets of \$192,870. 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 \$309,489 at December 31, 2011.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis December 31, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues for the year totaled \$3,961,653, compared to budgeted revenues of \$3,783,650. The positive variance of \$178,003 was comprised of an increase in tax revenues (\$76,161 more than budgeted due to increased collections in property, sales, use and income tax), license permits and fees revenues (\$27,163 more than budgeted), and miscellaneous income (\$85,642 more than budgeted) and was offset by a negative variance in fees revenue (\$8,452 less than budgeted) and investment income (\$3,779 less than budgeted.)

The General Fund actual expenditures for the year were \$121,847 less than budgeted (\$3,423,315 actual compared to a final budget of \$3,545,162). Some significant differences between the actual expenditures and budgeted expenditures are highlighted below:

- The administration function reported actual expenditures of \$520,799 compared to a final budget of \$596,237, resulting in a positive variance of \$75,438. This positive variance was primarily due to savings in personnel services of \$43,352 due to a vacant position being unfilled for 8 months of the fiscal year and the reallocation of a part-time employee from the administration function to the finance function. In addition, there were savings in contractual services of \$33,743 due to continued vigilant monitoring/deferral of expenditures such as professional development and a \$25,000 budgeted contingency line item that was not spent.
- The legal function reported actual expenditures of \$205,899 compared to budget of \$168,200, resulting in a negative variance of \$37,699. This negative variance was primarily due to two significant legal issues that were not anticipated in the 2011 budget.
- The risk management function reported actual expenditures of \$423,536 compared to budget of \$456,590, resulting in a positive variance of \$33,054. This positive variance was primarily due to cost savings resulting from changing the Village's risk management strategy from participation in the IMLRMA risk pool to utilizing Arthur J. Gallagher to broker the Village's general liability, auto, and workers compensation insurance with One Beacon and the Illinois Public Risk Fund, respectively.
- The technology function reported actual expenditures of \$57,230 compared to budget of \$70,828, resulting in a positive variance of \$13,598. This positive variance was primarily due to the deferral of budgeted new computer purchases.
- The public safety function reported actual expenditures of \$1,273,349, compared to budget of \$1,273,349 resulting in a positive variance of \$19,794. This positive variance was primarily due to cost savings from the emergency dispatch services (there were less emergency calls in 2011 than budgeted) and deferral of purchases in various discretionary contractual services and commodities expenditure line items such as professional development and uniforms.
- The public works function reported actual expenditures of \$575,448 compared to budgeted expenditures of \$610,173. This was primarily a result of savings resulting from personnel services due to position vacancies during the fiscal year.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2011**

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, 2011 was \$18,410,276 (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 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2010
Land	\$ 6,557,081	\$ 6,557,081	\$ 417,459	\$ 417,459	\$ 6,974,540	\$ 6,974,540
Construction in Progress	2,335,850	2,260,414	-	-	2,335,850	2,260,414
Buildings and Improvements	4,290,229	4,556,158	4,155,049	4,313,381	8,445,278	8,869,539
Equipment and Vehicles	586,867	713,395	67,741	77,946	654,608	791,341
Total	\$ 13,770,027	\$ 14,087,048	\$ 4,640,249	\$ 4,808,786	\$ 18,410,276	\$ 18,895,834

Capital additions were as follows:

Governmental Activities	
Construction in Progress	\$ 75,436
Equipment and Vehicles	21,997
	<u>97,433</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, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the Village had total outstanding debt of \$2,956,673 as compared to \$2,645,866 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	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Revenue Bonds	\$ -	\$ -	\$ 2,895,000	\$ 2,570,000	\$ 2,895,000	\$ 2,570,000
Installment Contracts	61,673	75,866	-	-	61,673	75,866
Total	\$ 61,673	\$ 75,866	\$ 2,895,000	\$ 2,570,000	\$ 2,956,673	\$ 2,645,866

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 \$41,825,200.

On March 16, 2011, the Village issued \$3,000,000 Revenue Refunding Bonds (Aquatic Center Project), Series 2011 to refund the \$2,570,000 of the Revenue Bonds (Aquatic Center Project), Series 2007. The Series 2007 bond payments were to be made primarily from park donation fees. Due to the downturn in the economy, the anticipated park donation fees did not materialize, jeopardizing the Village’s ability to make the scheduled debt payments. The Series 2011 refunding bonds were issued to ensure the Village’s ability to make the required debt payments, as follows: 1) extending the term of the bonds from 15 years to 18 years, 2) adding a new utility tax revenue pledge to provide a sustainable revenue source to fund the debt payments, and 3) restructuring the principal payments more evenly.

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, 2011 and December 31, 2012 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, 2011 and December 31, 2012.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

Management's Discussion and Analysis 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 3,401,530	\$ 449,724	\$ 3,851,254
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,855,109	-	1,855,109
Accounts	149,465	460	149,925
Court fines	16,073	-	16,073
Prepaid expenses	168,988	-	168,988
Due from other governments			
Sales tax	26,977	-	26,977
Use tax	27,230	-	27,230
Income tax	178,631	-	178,631
Franchise tax	31,402	-	31,402
Telecommunication tax	67,014	-	67,014
Utility tax	31,391	-	31,391
Motor fuel tax	16,118	-	16,118
Due from (to) other funds	(241,259)	241,259	-
Unamortized bond issuance costs	-	73,828	73,828
Capital assets not being depreciated	8,892,931	417,459	9,310,390
Capital assets (net of accumulated depreciation)	4,877,096	4,222,790	9,099,886
Total assets	19,498,696	5,405,520	24,904,216
LIABILITIES			
Accounts payable	81,032	619	81,651
Wages payable	67,976	1,146	69,122
Retainage payable	29,295	-	29,295
Deposits payable	251,183	2,036	253,219
Unearned revenue	2,444,753	-	2,444,753
Accrued interest payable	-	60,305	60,305
Long-term liabilities			
Due within one year	16,961	135,000	151,961
Due in more than one year	492,762	2,728,375	3,221,137
Total liabilities	3,383,962	2,927,481	6,311,443
NET ASSETS			
Invested in capital assets, net of related debt	13,708,354	1,776,874	15,485,228
Restricted for			
Highways and streets	368,909	-	368,909
Debt service	-	391,676	391,676
Capital improvements	293,991	-	293,991
Special recreation	284,527	-	284,527
Unrestricted	1,458,953	309,489	1,768,442
TOTAL NET ASSETS	\$ 16,114,734	\$ 2,478,039	\$ 18,592,773

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,435,196	\$ 416,333	\$ 90,143	\$ -
Building and zoning	312,618	403,122	-	-
Public safety	1,302,247	153,834	5,376	-
Public works	1,107,541	446,200	222,966	217,542
Parks and recreation	520,390	55,793	-	-
Interest	4,318	-	-	-
Total governmental activities	4,682,310	1,475,282	318,485	217,542
Business-Type Activities				
Aquatics	560,021	232,193	-	-
Total business-type activities	560,021	232,193	-	-
TOTAL PRIMARY GOVERNMENT	\$ 5,242,331	\$ 1,707,475	\$ 318,485	\$ 217,542

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (928,720)	\$ -	\$ (928,720)
	90,504	-	90,504
	(1,143,037)	-	(1,143,037)
	(220,833)	-	(220,833)
	(464,597)	-	(464,597)
	(4,318)	-	(4,318)
	(2,671,001)	-	(2,671,001)
	-	(327,828)	(327,828)
	-	(327,828)	(327,828)
	(2,671,001)	(327,828)	(2,998,829)
General Revenues			
Taxes			
Property	1,845,400	-	1,845,400
Road and bridge	17,251	-	17,251
Sales	113,385	-	113,385
Use	111,736	-	111,736
Income	596,510	-	596,510
Replacement	1,460	-	1,460
Telecommunication and utility	653,258	-	653,258
Investment income	18,984	5,875	24,859
Miscellaneous	508,400	1,199	509,599
Transfers	(245,783)	245,783	-
Total	3,620,601	252,857	3,873,458
CHANGE IN NET ASSETS	949,600	(74,971)	874,629
NET ASSETS, JANUARY 1	15,165,134	2,553,010	17,718,144
NET ASSETS, DECEMBER 31	\$ 16,114,734	\$ 2,478,039	\$ 18,592,773

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2011

	General	Park Donation	Motor Fuel Tax	Community Development
ASSETS				
Cash and investments	\$ 759,787	\$ 245,783	\$ 353,006	\$ 837,750
Receivables				
Property taxes	1,557,044	-	-	-
Utility taxes	31,391	-	-	-
Accounts	-	-	-	149,465
Court fines	16,073	-	-	-
Prepaid items	168,988	-	-	-
Due from other governments				
Municipal sales tax	26,977	-	-	-
Illinois use tax	27,230	-	-	-
Illinois income tax	178,631	-	-	-
Franchise tax	31,402	-	-	-
Telecommunication tax	67,014	-	-	-
Motor fuel tax	-	-	16,118	-
Due from other funds	44,330	-	-	-
TOTAL ASSETS	\$ 2,908,867	\$ 245,783	\$ 369,124	\$ 987,215
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 75,562	\$ -	\$ -	\$ 3,989
Wages payable	57,292	-	215	4,956
Retainage payable	17,844	-	-	-
Deposits payable	249,683	-	-	-
Due to other funds	40,000	245,783	-	1,331
Deferred property taxes	1,557,044	-	-	-
Deferred grant revenue	-	-	-	-
Total liabilities	1,997,425	245,783	215	10,276
FUND BALANCES				
Nonspendable				
Prepaid items	168,988	-	-	-
Restricted				
Highway and streets	-	-	368,909	-
Capital improvements	-	-	-	-
Special recreation	-	-	-	-
Assigned				
Cash reserves	742,454	-	-	-
Capital improvements	-	-	-	976,939
Total fund balances	911,442	-	368,909	976,939
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,908,867	\$ 245,783	\$ 369,124	\$ 987,215

Parks and Recreation	Special Service Area #4 Project	Canadian National Project	Nonmajor Governmental Connection Fees	Total Governmental Funds
\$ 290,552	\$ 47,969	\$ 608,266	\$ 258,417	\$ 3,401,530
298,065	-	-	-	1,855,109
-	-	-	-	31,391
-	-	-	-	149,465
-	-	-	-	16,073
-	-	-	-	168,988
-	-	-	-	26,977
-	-	-	-	27,230
-	-	-	-	178,631
-	-	-	-	31,402
-	-	-	-	67,014
-	-	-	-	16,118
40,000	-	-	-	84,330
<u>\$ 628,617</u>	<u>\$ 47,969</u>	<u>\$ 608,266</u>	<u>\$ 258,417</u>	<u>\$ 6,054,258</u>
\$ 537	\$ 944	\$ -	\$ -	\$ 81,032
5,513	-	-	-	67,976
-	11,451	-	-	29,295
1,500	-	-	-	251,183
38,475	-	-	-	325,589
298,065	-	-	-	1,855,109
-	-	589,644	-	589,644
<u>344,090</u>	<u>12,395</u>	<u>589,644</u>	<u>-</u>	<u>3,199,828</u>
-	-	-	-	168,988
-	-	-	-	368,909
-	35,574	-	258,417	293,991
284,527	-	-	-	284,527
-	-	-	-	742,454
-	-	18,622	-	995,561
<u>284,527</u>	<u>35,574</u>	<u>18,622</u>	<u>258,417</u>	<u>2,854,430</u>
<u>\$ 628,617</u>	<u>\$ 47,969</u>	<u>\$ 608,266</u>	<u>\$ 258,417</u>	<u>\$ 6,054,258</u>

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, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,854,430
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	13,770,027
Long-term liabilities (installment contracts) are not due and payable in the current period and, therefore, not reported in the governmental funds	(61,673)
The net OPEB obligation is shown as a liability on the statement of net assets	(12,931)
The net pension obligation is shown as a liability on the statement of net assets	(425,767)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	<u>(9,352)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 16,114,734</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, 2011

	General	Park Donation	Motor Fuel Tax	Community Development
REVENUES				
Taxes	\$ 3,034,511	\$ -	\$ -	\$ -
Licenses, permits and fees	516,561	-	-	402,697
Intergovernmental	270,518	-	222,966	-
Investment income	1,221	1,232	2,958	3,236
Miscellaneous	138,842	227,347	-	196,243
Total revenues	3,961,653	228,579	225,924	602,176
EXPENDITURES				
Current				
General government	1,380,423	-	-	-
Building and zoning	138,037	-	-	130,938
Public safety	1,273,349	-	-	-
Public works	612,995	-	158,915	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	14,193	-	-	-
Interest and fiscal charges	4,318	-	-	-
Total expenditures	3,423,315	-	158,915	130,938
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	538,338	228,579	67,009	471,238
OTHER FINANCING SOURCES (USES)				
Transfers in	57,629	-	-	-
Transfers (out)	(40,000)	(245,783)	-	(21,379)
Total other financing sources (uses)	17,629	(245,783)	-	(21,379)
NET CHANGE IN FUND BALANCES	555,967	(17,204)	67,009	449,859
FUND BALANCES, JANUARY 1	355,475	17,204	301,900	527,080
FUND BALANCES, DECEMBER 31	\$ 911,442	\$ -	\$ 368,909	\$ 976,939

	Parks and Recreation	Special Service Area #4 Project	Canadian National Project	Nonmajor Governmental Connection Fees	Total Governmental Funds
\$	304,489	\$ -	\$ -	\$ -	\$ 3,339,000
	55,793	-	-	-	975,051
	-	-	-	-	493,484
	1,114	1,882	6,381	960	18,984
	-	-	42,542	446,200	1,051,174
	361,396	1,882	48,923	447,160	5,877,693
	-	-	52	-	1,380,475
	-	-	-	-	268,975
	-	-	-	-	1,273,349
	-	81,224	-	-	853,134
	251,742	-	-	-	251,742
	-	-	42,490	286,200	328,690
	-	-	-	-	14,193
	-	-	-	-	4,318
	251,742	81,224	42,542	286,200	4,374,876
	109,654	(79,342)	6,381	160,960	1,502,817
	40,000	-	-	-	97,629
	(36,250)	-	-	-	(343,412)
	3,750	-	-	-	(245,783)
	113,404	(79,342)	6,381	160,960	1,257,034
	171,123	114,916	12,241	97,457	1,597,396
\$	284,527	\$ 35,574	\$ 18,622	\$ 258,417	\$ 2,854,430

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, 2011

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,257,034
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	97,433
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	14,193
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	(414,454)
The change in the net OPEB obligation is shown as an addition to expense on the statement of activities	(4,445)
The change in the net pension obligation is shown as an addition to expense on the statement of activities	(2,752)
The change in compensated absences payable is shown as a reduction in expense on the statement of activities	<u>2,591</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 949,600</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2011

	<u>Aquatics Fund</u>
CURRENT ASSETS	
Cash and investments	\$ 449,724
Accounts receivable	460
Due from other funds	<u>245,783</u>
Total current assets	<u>695,967</u>
NONCURRENT ASSETS	
Unamortized issuance costs	73,828
Capital assets	
Capital assets not being depreciated	417,459
Capital assets being depreciated, net	<u>4,222,790</u>
Net capital assets	<u>4,640,249</u>
Total noncurrent assets	<u>4,714,077</u>
Total assets	<u>5,410,044</u>
CURRENT LIABILITIES	
Accounts payable	619
Wages payable	1,146
Deposits payable	2,036
Due to other funds	4,524
Accrued interest payable	60,305
Revenue bonds payable	<u>135,000</u>
Total current liabilities	<u>203,630</u>
NONCURRENT LIABILITIES	
Net revenue bonds payable	<u>2,728,375</u>
Total noncurrent liabilities	<u>2,728,375</u>
Total liabilities	<u>2,932,005</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,776,874
Restricted for debt service	391,676
Unrestricted	<u>309,489</u>
TOTAL NET ASSETS	<u><u>\$ 2,478,039</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

For the Year Ended December 31, 2011

	<u>Aquatics Fund</u>
OPERATING REVENUES	
Charges for service	\$ 232,193
Total operating revenues	<u>232,193</u>
OPERATING EXPENSES	
Personnel services	159,965
Contractual services	71,460
Commodities	28,368
Maintenance	34,886
Depreciation	<u>168,537</u>
Total operating expenses	<u>463,216</u>
OPERATING INCOME (LOSS)	<u>(231,023)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	5,875
Miscellaneous	1,199
Interest expense	<u>(96,805)</u>
Total nonoperating revenues (expenses)	<u>(89,731)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(320,754)</u>
TRANSFERS	
Transfers in	<u>245,783</u>
Total transfers	<u>245,783</u>
CHANGE IN NET ASSETS	(74,971)
NET ASSETS, JANUARY 1	<u>2,553,010</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 2,478,039</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, 2011

	<u>Aquatics Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 231,733
Payments to suppliers	(135,772)
Payments to employees	(159,026)
Miscellaneous nonoperating receipts	<u>7,839</u>
Net cash from operating activities	<u>(55,226)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer (out)	<u>(62,642)</u>
Net cash from noncapital financing activities	<u>(62,642)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of bonds	2,939,625
Payment to escrow agent	(2,595,771)
Principal paid on long-term debt	(105,000)
Interest paid	<u>(36,500)</u>
Net cash from capital and related financing activities	<u>202,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>5,875</u>
Net cash from investing activities	<u>5,875</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	90,361
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>359,363</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 449,724</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)	\$ (231,023)
Miscellaneous nonoperating receipts	7,839
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Increase (decrease) in	
Depreciation and amortization	168,537
Accounts receivable	(460)
Accounts payable	(1,058)
Wages payable	939
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (55,226)</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2011

	Pension Trust	Agency Funds
ASSETS		
Cash and short-term investments	\$ 1,227,883	\$ 534,217
Investments		
Certificates of deposit	259,581	-
Money market mutual funds	1,186	-
Equity mutual funds	156,276	-
Total assets	<u>1,644,926</u>	<u>\$ 534,217</u>
LIABILITIES		
Due to others	-	\$ 534,217
Total liabilities	-	<u>\$ 534,217</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,644,926</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, 2011

	<u>Police Pension</u>
ADDITIONS	
Contributions	
Employer	\$ 225,318
Employee	<u>66,440</u>
Total contributions	<u>291,758</u>
Investment income	
Net appreciation in fair value of investments	7,462
Interest	<u>14,157</u>
Total investment income	<u>21,619</u>
Total additions	<u>313,377</u>
DEDUCTIONS	
Benefits and refunds	127,068
Administration	<u>12,539</u>
Total deductions	<u>139,607</u>
NET INCREASE	173,770
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>1,471,156</u>
December 31	<u><u>\$ 1,644,926</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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 restricted or assigned 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 Village has elected to report this fund as major.

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 Village has elected to report this fund as major.

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 Parks and Recreation Fund, a special revenue fund, is 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.

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 Village has elected to report this fund as major.

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 nonmajor governmental fund:

The Connection Fees Fund, a special revenue fund, is used to account for revenue from connection fees and the related expenditures for future water and system related maintenance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 subfunds 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

<u>Asset Class</u>	<u>Capitalization Threshold</u>
Buildings and improvements	\$ 5,000
Equipment and vehicles	5,000

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 an assigned fund balance.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Net Assets/Fund Balance (Continued)

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.

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 nonspendable fund balance 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.

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's 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

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.

At December 31, 2011, the Village had no investments in debt securities subject to interest rate risk.

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.

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 Chief Financial Officer and evidenced by safekeeping receipts.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

Investments (Continued)

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.

b. Police Pension Fund

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

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. At December 31, 2011, all of the Police Pension Fund's bank balances were collateralized in accordance with their investment policy.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund (Continued)

Investments

At December 31, 2011, the Police Pension Fund had no investments in debt securities subject to interest rate risk.

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.

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 2011 property tax levy is recorded as a receivable, net of estimated uncollectibles. Based upon collection histories, the Village has provided at December 31, 2011 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 2011 taxes are intended to finance the 2012 fiscal year and are not considered available for current operations and are, therefore, shown as deferred/unearned revenue.

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

4. CAPITAL ASSETS

Capital asset activity for the Village for the year ended December 31, 2011 was as follows:

	January 1	Increases	Decreases	December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 6,557,081	\$ -	\$ -	\$ 6,557,081
Construction in progress	2,260,414	75,436	-	2,335,850
Total capital assets not being depreciated	8,817,495	75,436	-	8,892,931
Capital assets being depreciated				
Buildings and improvements	5,765,736	-	-	5,765,736
Equipment and vehicles	2,156,205	21,997	-	2,178,202
Total capital assets being depreciated	7,921,941	21,997	-	7,943,938
Less accumulated depreciation for				
Buildings and improvements	1,209,578	265,929	-	1,475,507
Equipment and vehicles	1,442,810	148,525	-	1,591,335
Total accumulated depreciation	2,652,388	414,454	-	3,066,842
Total capital assets being depreciated, net	5,269,553	(392,457)	-	4,877,096
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 14,087,048	\$ (317,021)	\$ -	\$ 13,770,027
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	87,525	-	-	87,525
Total capital assets being depreciated	4,822,849	-	-	4,822,849
Less accumulated depreciation for				
Building and improvements	421,943	158,332	-	580,275
Equipment	9,579	10,205	-	19,784
Total accumulated depreciation	431,522	168,537	-	600,059
Total capital assets being depreciated, net	4,391,327	(168,537)	-	4,222,790
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 4,808,786	\$ (168,537)	\$ -	\$ 4,640,249

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

4. CAPITAL ASSETS (Continued)

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

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	
General government	\$ 10,818
Building and zoning	43,643
Public safety	47,702
Public works	43,643
Parks and recreation	<u>268,648</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 414,454</u>

5. LONG-TERM DEBT

a. Special Service Area Bonds

Special Service Area (SSA) #1 - 2003A Bonds, SSA #2 - 2003B Bonds, SSA #3 - 2003C Bonds, SSA #1 - 2004A Bonds, SSA #2 - 2004B Bonds, SSA #3 - 2004C and SSA #4 - 2007 Bonds. Bonds outstanding as of December 31, 2011 totaled \$10,890,000. These bonds are not an obligation of the Village and are secured by the levy of real estate taxes on certain property within the special service areas. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

b. Changes in Long-Term Liabilities - Governmental Activities

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

	Fund Debt Retired By	Balances, January 1	Additions	Reductions	Balances, December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Installment contracts	General	\$ 75,866	\$ -	\$ 14,193	\$ 61,673	\$ 15,091
Compensated absences	General	11,943	47,060	49,651	9,352	1,870
Net pension obligation	General	423,015	2,752	-	425,767	-
Other postemployment benefit	General	<u>8,486</u>	<u>4,445</u>	<u>-</u>	<u>12,931</u>	<u>-</u>
 TOTAL GOVERNMENTAL ACTIVITIES		 <u>\$ 519,310</u>	 <u>\$ 54,257</u>	 <u>\$ 63,844</u>	 <u>\$ 509,723</u>	 <u>\$ 16,961</u>

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

5. LONG-TERM DEBT (Continued)

c. Installment Contracts

Issue	Fund Debt Retired by	Balances, January 1	Issuances	Retirements	Balances, December 31	Current Portion
\$104,883 Installment Contract dated September 16, 2008 with quarterly payments of \$4,628 including interest at 6.000% due through September 16, 2015.	General	\$ 75,866	\$ -	\$ 14,193	\$ 61,673	\$ 15,091
		\$ 75,866	\$ -	\$ 14,193	\$ 61,673	\$ 15,091

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

During the year ended December 31, 2011, 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	\$ 2,570,000	\$ 3,000,000	\$ 2,675,000	\$ 2,895,000	\$ 135,000
Unamortized premium on bonds	Aquatics	19,727	13,456	19,727	13,456	-
Unamortized loss on refunding	Aquatics	-	(45,081)	-	(45,081)	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 2,589,727	\$ 2,968,375	\$ 2,694,727	\$ 2,863,375	\$ 135,000

e. Debt Service Requirements to Maturity - Governmental Activities

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

Fiscal Year Ending December 31,	Installment Contract		
	Principal	Interest	Total
2012	\$ 15,091	\$ 3,420	\$ 18,511
2013	16,041	2,470	18,511
2014	17,040	1,471	18,511
2015	13,501	356	13,857
TOTALS	\$ 61,673	\$ 7,717	\$ 69,390

5. LONG-TERM DEBT (Continued)

f. Revenue Bonds

The Village issued \$2,805,000 Revenue Bonds (Aquatic Center Project), Series 2007, dated June 15, 2007, 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.

On March 16, 2011, the Village issued \$3,000,000 Revenue Refunding Bonds (Aquatic Center Project), Series 2011 to refund \$2,570,000 of the Revenue Bonds (Aquatic Center Project), Series 2007. Through the refunding, the Village extended the maturity of the bonds from 2017 to 2028. The debt service was increased by \$1,240,086. Of the proceeds, \$2,595,771 was used to currently refund the Revenue Bonds (Aquatic Center Project), Series 2007. On March 16, 2011, the principal of the Revenue Bonds (Aquatic Center Project), Series 2007 was paid off.

The ordinance authorizing the issuance of \$3,000,000 Revenue Refunding Bonds (Aquatic Center Project), Series 2011 provided for the continuation 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 \$0 at December 31, 2011 as all funds were transferred to the Bond and Interest Subfund. 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 \$193,020 at December 31, 2011. A Bond and Interest Subfund is required to fund principal and interest payments. 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, 2011, this subfund had a balance of \$145,038. 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, 2011, this subfund (including the 2007 and 2011 Reserve Subfund) had a balance of \$246,538 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
2012	\$ 135,000	\$ 120,610	\$ 255,610
2013	135,000	117,910	252,910
2014	140,000	114,535	254,535
2015	145,000	111,035	256,035
2016	150,000	105,960	255,960
2017	155,000	100,710	255,710
2018	160,000	95,285	255,285
2019	165,000	89,365	254,365
2020	170,000	82,765	252,765
2021	180,000	75,540	255,540
2022	185,000	67,890	252,890
2023	195,000	59,103	254,103
2024	205,000	49,840	254,840
2025	215,000	39,590	254,590
2026	225,000	28,840	253,840
2027	235,000	17,253	252,253
2028	100,000	5,150	105,150
TOTALS	\$ 2,895,000	\$ 1,281,381	\$ 4,176,381

6. INTERFUND ACTIVITY

Due from/to other funds at December 31, 2011 consist of the following:

	Due From	Due To
General		
Parks and Recreation	\$ 38,475	\$ 40,000
Community Development	1,331	-
Aquatics Center	4,524	-
Total General	44,330	40,000
Park Donation		
Aquatics Center	-	245,783
Total Park Donation	-	245,783

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

6. INTERFUND ACTIVITY (Continued)

	<u>Due From</u>	<u>Due To</u>
Community Development		
General	\$ -	\$ 1,331
Total Community Development	<u>-</u>	<u>1,331</u>
Parks and Recreation		
General	<u>40,000</u>	<u>38,475</u>
Total Parks and Recreation	<u>40,000</u>	<u>38,475</u>
Aquatics Center		
General	-	4,524
Park Donation	<u>245,783</u>	<u>-</u>
Total Aquatics Center	<u>245,783</u>	<u>4,524</u>
TOTAL	<u>\$ 330,113</u>	<u>\$ 330,113</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, 2011 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 57,629	\$ 40,000
Park Donation	-	245,783
Community Development	-	21,379
Parks and Recreation	40,000	36,250
Aquatics Center	<u>245,783</u>	<u>-</u>
TOTAL	<u>\$ 343,412</u>	<u>\$ 343,412</u>

6. INTERFUND ACTIVITY (Continued)

Transfers between funds for the year ended December 31, 2011 consist of the following:

- \$40,000 transfer from the General Fund to the Parks and Recreation Fund is for the transfer of funds to support the park maintenance function.
- \$245,783 transfer from the Park Donation Fund to the Aquatics Center Fund is for the transfer of pledged revenues per the Bond Ordinance.
- \$36,250 transferred from the Parks and Recreation Fund to the General Fund is for the allocation to support the special recreation costs.
- \$21,379 transfer from the Community Development Fund to the General Fund is for the transfer of escrow funds.

None of the transfers will be repaid.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to the Village's employees. The Village pays for health insurance for employees and general liability insurance through third party indemnity insurance. The District participates in the Illinois Public Risk Fund for its workers' compensation insurance coverage. 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 Illinois Public Risk Fund is a self-funded workers' compensation pool for public entities. The purpose of the Fund is to provide for the defense and payment when due of all compensation and other benefits under the Illinois Workers' Compensation and Occupational Diseases Laws on behalf of fire protection districts, public entities and agencies, and other units of state and local government with the State of Illinois. There are approximately 500 members. A Board of Trustees oversees the operation of the Fund and governs it in accordance with State of Illinois Regulations.

Members' cost is proportional, based on contributions developed by payroll audits. Rates and any discounts approved by the Board of Trustees are used to determine standard premiums for each member. Each member's experience modifications are used. Members also participate in policyholder dividends based on the Fund's and individual member's experience. Members can also be assessed if the assets of the Fund are less than the reserves required to be maintained. The Village is not aware of any additional amounts due to the Fund at December 31, 2011.

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 their website at www.imrf.org.

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. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) 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.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten 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 contributions for 2011 was 12.23% of covered payroll.

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, 2011, 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	8
Nonvested	1
Inactive members	-
	<hr/>
TOTAL	<u><u>10</u></u>

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older 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 to a maximum of 75.00% of such salary. 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 and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. 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 to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended December 31, 2011, the Village's contribution was 32.98% 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 and equity mutual funds. 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, 2009	December 31, 2009
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	30 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 10.00%	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)	2009	\$ 68,712	2009	\$ 207,993
	2010	89,506	2010	219,390
	2011	106,308	2011	228,070
Actual contribution	2009	\$ 68,712	2009	\$ 163,992
	2010	89,506	2010	163,992
	2011	106,308	2011	225,318
Percentage of APC contributed	2009	100.00%	2009	78.74%
	2010	100.00%	2010	74.74%
	2011	100.00%	2011	98.79%
NPO (asset)	2009	\$ -	2009	\$ 367,617
	2010	-	2010	423,015
	2011	-	2011	425,767

The NPO (asset) at December 31, 2011 has been calculated as follows:

	Police Pension
Annual required contribution	\$ 219,588
Interest on net pension obligation	29,611
Adjustment to annual required contribution	(21,129)
Annual pension cost	228,070
Contributions made	225,318
Increase (decrease) in net pension obligation	2,752
Net pension obligation, beginning of year	423,015
NET PENSION OBLIGATION, END OF YEAR	\$ 425,767

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, 2011, 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)	\$ 1,329,960	\$ 3,015,894
Actuarial value of plan assets	902,347	1,714,204
Unfunded actuarial accrued liability (UAAL)	427,613	1,301,780
Funded ratio (actuarial value of plan assets/AAL)	67.85%	56.84%
Covered payroll (active plan members)	\$ 869,242	\$ 683,219
UAAL as a percentage of covered payroll	49.19%	190.54%

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 the age of 65 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	11
	<hr/>
TOTAL	20
	<hr/>
Participating employers	1
	<hr/>

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, 2010 and 2011 was as follows:

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
December 31, 2011	4,445	-	0.0%	12,931

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, 2011 was calculated as follows:

Annual required contribution	\$ 4,304
Interest on net OPEB obligation	424
Adjustment to annual required contribution	<u>(283)</u>
Annual OPEB cost	4,445
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	4,445
Net OPEB obligation, beginning of year	<u>8,486</u>
 NET OPEB OBLIGATION, END OF YEAR	 <u><u>\$ 12,931</u></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.

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, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 2,958,350	\$ 2,958,350	\$ 3,034,511	\$ 76,161
Licenses, permits and fees	497,600	497,600	516,561	18,961
Intergovernmental	4,500	269,500	270,518	1,018
Investment income	5,000	5,000	1,221	(3,779)
Miscellaneous	53,200	53,200	138,842	85,642
Total revenues	<u>3,518,650</u>	<u>3,783,650</u>	<u>3,961,653</u>	<u>178,003</u>
EXPENDITURES				
Current				
General government	1,284,315	1,469,315	1,380,423	(88,892)
Building and zoning	120,520	120,520	138,037	17,517
Public safety	1,293,143	1,293,143	1,273,349	(19,794)
Public works	563,673	643,673	612,995	(30,678)
Debt service				
Principal	12,783	12,783	14,193	1,410
Interest and fiscal charges	5,728	5,728	4,318	(1,410)
Total expenditures	<u>3,280,162</u>	<u>3,545,162</u>	<u>3,423,315</u>	<u>(121,847)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>238,488</u>	<u>238,488</u>	<u>538,338</u>	<u>299,850</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	36,250	36,250	57,629	21,379
Transfers (out)	-	-	(40,000)	(40,000)
Total other financing sources (uses)	<u>36,250</u>	<u>36,250</u>	<u>17,629</u>	<u>(18,621)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 274,738</u>	<u>\$ 274,738</u>	<u>555,967</u>	<u>\$ 281,229</u>
FUND BALANCE, JANUARY 1			<u>355,475</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 911,442</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, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Allotments earned	\$ 189,000	\$ 222,966	\$ 33,966
Investment income	2,500	2,958	458
Total revenues	<u>191,500</u>	<u>225,924</u>	<u>34,424</u>
EXPENDITURES			
Public works			
Personnel services	17,130	10,859	(6,271)
Contractual services	28,000	66,152	38,152
Commodities	145,000	81,904	(63,096)
Total expenditures	<u>190,130</u>	<u>158,915</u>	<u>(31,215)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 1,370</u></u>	67,009	<u><u>\$ 65,639</u></u>
FUND BALANCE, JANUARY 1		<u>301,900</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 368,909</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, 2011

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Licenses, permits and fees	\$ 203,100	\$ 402,697	\$ 199,597
Investment income	2,500	3,236	736
Miscellaneous	35,200	196,243	161,043
Total revenues	240,800	602,176	361,376
EXPENDITURES			
Building and zoning			
Personnel services	5,995	19,112	13,117
Contractual services	140,275	111,826	(28,449)
Total expenditures	146,270	130,938	(15,332)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	94,530	471,238	376,708
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(21,379)	(21,379)
NET CHANGE IN FUND BALANCE	\$ 94,530	449,859	\$ 355,329
FUND BALANCE, JANUARY 1		527,080	
FUND BALANCE, DECEMBER 31		\$ 976,939	

(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, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 314,302	\$ 314,302	\$ 304,489	\$ (9,813)
Licenses, permits and fees	45,647	46,143	55,793	9,650
Investment income	-	-	1,114	1,114
Total revenues	359,949	360,445	361,396	951
EXPENDITURES				
Parks and recreation				
Administration				
Personnel services	41,910	41,910	42,232	322
Contractual services	8,170	8,170	8,394	224
Commodities	1,500	1,500	500	(1,000)
Recreation				
Personnel services	-	-	10,915	10,915
Commodities	16,709	16,709	10,142	(6,567)
Park maintenance				
Personnel services	148,810	148,810	91,781	(57,029)
Contractual services	2,000	2,000	172	(1,828)
Commodities	16,000	16,000	19,198	3,198
Capital outlay	13,000	13,000	11,177	(1,823)
Special recreation				
Contractual services	50,481	50,481	50,481	-
Capital outlay	22,000	22,000	6,750	(15,250)
Total expenditures	320,580	320,580	251,742	(68,838)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,369	39,865	109,654	69,789
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	40,000	40,000
Transfers (out)	(36,250)	(36,250)	(36,250)	-
Total other financing sources (uses)	(36,250)	(36,250)	3,750	40,000
NET CHANGE IN FUND BALANCE	\$ 3,119	\$ 3,615	113,404	\$ 109,789
FUND BALANCE, JANUARY 1			171,123	
FUND BALANCE, DECEMBER 31			\$ 284,527	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2011

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)
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%
2011	902,347	1,329,960	67.85%	427,613	869,242	49.19%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2011

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, 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%
December 31, 2011	1,714,204	3,015,984	56.84%	1,301,780	683,219	190.54%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2011

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	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information is not available as no actuarial valuation was performed

* 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, 2011

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2011	106,308	106,308	100.00%

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
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
2011	225,318	219,588	102.61%	425,767

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

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2011

<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
2011	-	4,304	0.00%	12,931

* 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, 2011

1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget was adopted for all funds except the Park Donation Fund, Special Service Area #4 Project Fund, Canadian National Project Fund and the Connection Fees Fund. All annual appropriations lapse at fiscal year end. Two budget amendments were made in the current fiscal year.

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

- a. During the fourth quarter of the prior fiscal year, the Chief Financial Officer drafts an annual budget ordinance for the subsequent year 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 typically taken by the Board before year end.
- 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.

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, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
TAXES				
Property taxes	\$ 1,470,000	\$ 1,470,000	\$ 1,540,911	\$ 70,911
Road and bridge tax	45,000	45,000	17,251	(27,749)
Sales tax	100,000	100,000	113,385	13,385
Use tax	82,750	82,750	111,736	28,986
Income tax	575,000	575,000	596,510	21,510
Personal property replacement tax	1,500	1,500	1,460	(40)
Utility tax	384,000	384,000	381,093	(2,907)
Telecommunication tax	297,600	297,600	272,165	(25,435)
Amusement tax	2,500	2,500	-	(2,500)
Total taxes	2,958,350	2,958,350	3,034,511	76,161
LICENSES, PERMITS AND FEES				
Licenses				
Liquor licenses	7,000	7,000	9,750	2,750
Vehicle licenses	160,000	160,000	164,110	4,110
Animal licenses	10,400	10,400	10,363	(37)
Franchise licenses	106,000	106,000	125,390	19,390
Business licenses	9,000	9,000	9,950	950
Total licenses	292,400	292,400	319,563	27,163
Fees				
Administration fee	-	-	238	238
Court fines	115,000	115,000	101,892	(13,108)
Village code violations	35,000	35,000	41,920	6,920
Adjudication fines	5,000	5,000	5,430	430
Administrative impound fees	45,000	45,000	42,425	(2,575)
Police protection fees	4,500	4,500	4,208	(292)
Record requests	450	450	385	(65)
Total fees	204,950	204,950	196,498	(8,452)
Permits				
Variance permits	250	250	500	250
Total permits	250	250	500	250
Total licenses, permits and fees	497,600	497,600	516,561	18,961

(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, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
INTERGOVERNMENTAL				
Grant revenue	\$ 4,500	\$ 269,500	\$ 270,518	\$ 1,018
Total intergovernmental	4,500	269,500	270,518	1,018
INVESTMENT INCOME				
	5,000	5,000	1,221	(3,779)
MISCELLANEOUS				
Rental income	1,500	1,500	6,375	4,875
Security fee	1,000	1,000	250	(750)
Public utilities	15,000	15,000	44,560	29,560
Yard stickers	15,000	15,000	8,797	(6,203)
Insurance reimbursement	-	-	493	493
Miscellaneous	20,700	20,700	78,367	57,667
Total miscellaneous	53,200	53,200	138,842	85,642
TOTAL REVENUES	\$ 3,518,650	\$ 3,783,650	\$ 3,961,653	\$ 178,003

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Administration				
Personnel services	\$ 303,910	\$ 303,910	\$ 260,558	\$ (43,352)
Contractual services	102,427	112,427	78,684	(33,743)
Commodities	4,900	4,900	6,557	1,657
Capital outlay	-	175,000	175,000	-
Total administration	411,237	596,237	520,799	(75,438)
Legal				
Contractual services	168,200	168,200	205,899	37,699
Elected officials				
Personnel services	-	-	-	-
Contractual services	3,775	3,775	710	(3,065)
Total elected officials	3,775	3,775	710	(3,065)
Village clerk				
Personnel services	5,990	5,990	6,225	235
Contractual services	520	520	961	441
Total village clerk	6,510	6,510	7,186	676
Risk management				
Personnel services	5,990	5,990	6,254	264
Contractual services	450,600	450,600	416,178	(34,422)
Capital outlay	-	-	1,104	1,104
Total risk management	456,590	456,590	423,536	(33,054)
Police commission				
Contractual services	2,700	2,700	1,171	(1,529)
Total police commission	2,700	2,700	1,171	(1,529)
Human resources				
Personnel services	29,095	29,095	29,953	858
Contractual services	9,850	9,850	5,967	(3,883)
Total human resources	38,945	38,945	35,920	(3,025)

(This schedule is continued on the following pages.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Technology				
Contractual services	\$ 34,828	\$ 34,828	\$ 23,658	\$ (11,170)
Capital outlay	36,000	36,000	33,572	(2,428)
Total technology	70,828	70,828	57,230	(13,598)
Finance				
Personnel services	97,355	97,355	99,867	2,512
Contractual services	27,925	27,925	28,222	297
Commodities	250	250	(117)	(367)
Total finance	125,530	125,530	127,972	2,442
Total general government	1,284,315	1,469,315	1,380,423	(88,892)
BUILDING AND ZONING				
Administration				
Personnel services	94,970	94,970	96,480	1,510
Contractual services	9,250	9,250	4,757	(4,493)
Commodities	1,300	1,300	426	(874)
Total administration	105,520	105,520	101,663	(3,857)
Engineering				
Contractual services	15,000	15,000	36,374	21,374
Total building and zoning	120,520	120,520	138,037	17,517
PUBLIC SAFETY				
Police administration/operations				
Personnel services	1,061,643	1,061,643	1,067,887	6,244
Contractual services	151,900	151,900	130,766	(21,134)
Commodities	50,600	50,600	52,699	2,099
Capital outlay	29,000	29,000	21,997	(7,003)
Total police administration/operations	1,293,143	1,293,143	1,273,349	(19,794)
Total public safety	1,293,143	1,293,143	1,273,349	(19,794)

(This schedule is continued on the following page.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS				
Administration				
Personnel services	\$ 396,048	\$ 396,048	\$ 360,906	\$ (35,142)
Contractual services	51,125	137,125	121,957	(15,168)
Commodities	77,000	77,000	92,585	15,585
Capital outlay	6,000	-	-	-
Total administration	530,173	610,173	575,448	(34,725)
Building and grounds				
Contractual services	16,500	16,500	19,584	3,084
Commodities	7,000	7,000	8,596	1,596
Capital outlay	10,000	10,000	9,367	(633)
Total buildings and grounds	33,500	33,500	37,547	4,047
Total public works	563,673	643,673	612,995	(30,678)
DEBT SERVICE				
Principal	12,783	12,783	14,193	1,410
Interest	5,728	5,728	4,318	(1,410)
Total debt service	18,511	18,511	18,511	-
TOTAL EXPENDITURES	\$ 3,280,162	\$ 3,545,162	\$ 3,423,315	\$ (121,847)

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS
AQUATIC CENTER ACCOUNTS

December 31, 2011

	Operating	Depreciation	Bond and Interest
CURRENT ASSETS			
Cash and investments	\$ (84,097)	\$ 325,606	\$ (38,423)
Accounts receivable	460	-	-
Due from other funds	135,398	-	245,783
Total current assets	51,761	325,606	207,360
NONCURRENT ASSETS			
Unamortized issuance costs	73,828	-	-
Capital assets			
Capital assets not being depreciated	417,459	-	-
Capital assets being depreciated	4,222,790	-	-
Net capital assets	4,640,249	-	-
Total assets	4,765,838	325,606	207,360
CURRENT LIABILITIES			
Accounts payable	619	-	-
Wages payable	1,146	-	-
Deposits payable	2,036	-	-
Due to other funds	5,319	132,586	2,017
Accrued interest payable	-	-	60,305
Revenue bonds payable	135,000	-	-
Total current liabilities	144,120	132,586	62,322
NONCURRENT LIABILITIES			
Unamortized premium on bonds issued	13,456	-	-
Deferred loss on refunding	(45,081)	-	-
Revenue bonds payable	2,760,000	-	-
Total noncurrent liabilities	2,728,375	-	-
Total liabilities	2,872,495	132,586	62,322
NET ASSETS			
Invested in capital assets, net of related debt	1,776,874	-	-
Restricted			
Debt service	-	-	145,038
Unrestricted	116,469	193,020	-
TOTAL NET ASSETS	\$ 1,893,343	\$ 193,020	\$ 145,038

(This schedule is continued on the following page.)

	2007 Bond Reserve	2011 Bond Reserve	Eliminations	Total
\$	107	\$ 246,531	\$ -	\$ 449,724
	-	-	-	460
	-	-	(135,398)	245,783
	107	246,531	(135,398)	695,967
	-	-	-	73,828
	-	-	-	417,459
	-	-	-	4,222,790
	-	-	-	4,640,249
	107	246,531	(135,398)	5,410,044
	-	-	-	619
	-	-	-	1,146
	-	-	-	2,036
	-	-	(135,398)	4,524
	-	-	-	60,305
	-	-	-	135,000
	-	-	(135,398)	203,630
	-	-	-	13,456
	-	-	-	(45,081)
	-	-	-	2,760,000
	-	-	-	2,728,375
	-	-	(135,398)	2,932,005
	-	-	-	1,776,874
	107	246,531	-	391,676
	-	-	-	309,489
\$	107	\$ 246,531	\$ -	\$ 2,478,039

(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, 2011

	Operating	Depreciation	Bond and Interest
OPERATING REVENUES			
Charges for service	\$ 232,193	\$ -	\$ -
Total operating revenues	232,193	-	-
OPERATING EXPENSES			
Personnel services	159,965	-	-
Contractual services	71,460	-	-
Commodities	28,368	-	-
Maintenance	-	34,886	-
Depreciation	168,537	-	-
Total operating expenses	428,330	34,886	-
OPERATING INCOME (LOSS)	(196,137)	(34,886)	-
NONOPERATING REVENUES (EXPENSES)			
Investment income	226	619	1,101
Miscellaneous	1,199	-	-
Interest expense	-	-	(96,805)
Total nonoperating revenues (expenses)	1,425	619	(95,704)
NET INCOME (LOSS) BEFORE TRANSFERS	(194,712)	(34,267)	(95,704)
TRANSFERS			
Transfers in	-	288,423	342,587
Transfers (out)	(37,090)	(199,749)	(105,000)
Total transfers	(37,090)	88,674	237,587
CHANGE IN NET ASSETS	(231,802)	54,407	141,883
NET ASSETS, JANUARY 1	2,125,145	138,613	3,155
NET ASSETS, DECEMBER 31	\$ 1,893,343	\$ 193,020	\$ 145,038

(This schedule is continued on the following page.)

2007 Bond Reserve	2011 Bond Reserve	Eliminations	Total
\$ -	\$ -	\$ -	\$ 232,193
-	-	-	232,193
-	-	-	159,965
-	-	-	71,460
-	-	-	28,368
-	-	-	34,886
-	-	-	168,537
-	-	-	463,216
-	-	-	(231,023)
2,433	1,496	-	5,875
-	-	-	1,199
-	-	-	(96,805)
2,433	1,496	-	(89,731)
2,433	1,496	-	(320,754)
-	245,035	(630,262)	245,783
(288,423)	-	630,262	-
(288,423)	245,035	-	245,783
(285,990)	246,531	-	(74,971)
286,097	-	-	2,553,010
\$ 107	\$ 246,531	\$ -	\$ 2,478,039

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS
AQUATIC CENTER ACCOUNTS

For the Year Ended December 31, 2011

	Operating	Depreciation	Bond and Interest
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 231,733	\$ -	\$ -
Payments to suppliers	(100,886)	(34,886)	-
Payments to employees	(159,026)	-	-
Miscellaneous nonoperating receipts	1,199	6,640	-
Net cash from operating activities	<u>(26,980)</u>	<u>(28,246)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	5,550	288,423	96,804
Transfers (out)	(307,048)	-	(102,983)
Net cash from noncapital financing activities	<u>(301,498)</u>	<u>288,423</u>	<u>(6,179)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of bonds	2,939,625	-	-
Payment to escrow agent	(2,595,771)	-	-
Principal paid on long-term debt	(105,000)	-	-
Interest paid	-	-	(36,500)
Net cash from capital and related financing activities	<u>238,854</u>	<u>-</u>	<u>(36,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	226	619	1,101
Net cash from investing activities	<u>226</u>	<u>619</u>	<u>1,101</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(89,398)	260,796	(41,578)
CASH AND CASH EQUIVALENTS, JANUARY 1			
	5,301	64,810	3,155
CASH AND CASH EQUIVALENTS, DECEMBER 31			
	<u>\$ (84,097)</u>	<u>\$ 325,606</u>	<u>\$ (38,423)</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (196,137)	\$ (34,886)	\$ -
Miscellaneous nonoperating receipts	1,199	6,640	-
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Increase (decrease) in			
Depreciation and amortization	168,537	-	-
Accounts receivable	(460)	-	-
Accounts payable	(1,058)	-	-
Wages payable	939	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (26,980)</u>	<u>\$ (28,246)</u>	<u>\$ -</u>

(This schedule is continued on the following page.)

2007 Bond Reserve	2011 Bond Reserve	Eliminations	Total
\$ -	\$ -	\$ -	\$ 231,733
-	-	-	(135,772)
-	-	-	(159,026)
-	-	-	7,839
-	-	-	(55,226)
-	245,035	(635,812)	-
(288,423)	-	635,812	(62,642)
(288,423)	245,035	-	(62,642)
-	-	-	2,939,625
-	-	-	(2,595,771)
-	-	-	(105,000)
-	-	-	(36,500)
-	-	-	202,354
2,433	1,496	-	5,875
2,433	1,496	-	5,875
(285,990)	246,531	-	90,361
286,097	-	-	359,363
\$ 107	\$ 246,531	\$ -	\$ 449,724
\$ -	\$ -	\$ -	\$ (231,023)
-	-	-	7,839
-	-	-	168,537
-	-	-	(460)
-	-	-	(1,058)
-	-	-	939
\$ -	\$ -	\$ -	\$ (55,226)

(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, 2011

	Original and Final Budget	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer	\$ 211,652	\$ 225,318	\$ 13,666
Employee	69,000	66,440	(2,560)
Total contributions	<u>280,652</u>	<u>291,758</u>	<u>11,106</u>
Investment income			
Net appreciation in fair value of investments	-	7,462	7,462
Interest	8,000	14,157	6,157
Total investment income	<u>8,000</u>	<u>21,619</u>	<u>13,619</u>
Total additions	<u>288,652</u>	<u>313,377</u>	<u>24,725</u>
DEDUCTIONS			
Benefits and refunds	36,805	127,068	90,263
Administration	26,450	12,539	(13,911)
Total deductions	<u>63,255</u>	<u>139,607</u>	<u>76,352</u>
NET INCREASE	<u><u>\$ 225,397</u></u>	<u>173,770</u>	<u><u>\$ (51,627)</u></u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1		<u>1,471,156</u>	
December 31		<u><u>\$ 1,644,926</u></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, 2011

ALL FUNDS

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 523,516	\$ 1,197,297	\$ 1,186,596	\$ 534,217
TOTAL ASSETS	\$ 523,516	\$ 1,197,297	\$ 1,186,596	\$ 534,217
LIABILITIES				
Due to others	\$ 523,516	\$ 1,197,297	\$ 1,186,596	\$ 534,217
TOTAL LIABILITIES	\$ 523,516	\$ 1,197,297	\$ 1,186,596	\$ 534,217

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

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 41,149	\$ 287,564	\$ 284,886	\$ 43,827
TOTAL ASSETS	\$ 41,149	\$ 287,564	\$ 284,886	\$ 43,827
LIABILITIES				
Due to others	\$ 41,149	\$ 287,564	\$ 284,886	\$ 43,827
TOTAL LIABILITIES	\$ 41,149	\$ 287,564	\$ 284,886	\$ 43,827

(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, 2011

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

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 45,915	\$ 289,177	\$ 284,886	\$ 50,206
TOTAL ASSETS	\$ 45,915	\$ 289,177	\$ 284,886	\$ 50,206
LIABILITIES				
Due to others	\$ 45,915	\$ 289,177	\$ 284,886	\$ 50,206
TOTAL LIABILITIES	\$ 45,915	\$ 289,177	\$ 284,886	\$ 50,206

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

	Balances		Balances	
	January 1	Additions	Deductions	December 31
ASSETS				
Cash and investments	\$ 42,922	\$ 287,795	\$ 284,886	\$ 45,831
TOTAL ASSETS	\$ 42,922	\$ 287,795	\$ 284,886	\$ 45,831
LIABILITIES				
Due to others	\$ 42,922	\$ 287,795	\$ 284,886	\$ 45,831
TOTAL LIABILITIES	\$ 42,922	\$ 287,795	\$ 284,886	\$ 45,831

(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, 2011

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

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 393,530	\$ 332,761	\$ 331,938	\$ 394,353
TOTAL ASSETS	\$ 393,530	\$ 332,761	\$ 331,938	\$ 394,353
LIABILITIES				
Due to others	\$ 393,530	\$ 332,761	\$ 331,938	\$ 394,353
TOTAL LIABILITIES	\$ 393,530	\$ 332,761	\$ 331,938	\$ 394,353

(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.	71-82
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 Eight Fiscal Years

Fiscal Year	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES				
Invested in capital assets, net of related debt	\$ 3,364,719	\$ 8,381,071	\$ 12,877,625	\$ 12,816,465
Restricted	6,111,062	7,981,508	7,427,286	5,226,866
Unrestricted	4,319,926	3,603,532	996,608	(165,414)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,795,707	\$ 19,966,111	\$ 21,301,519	\$ 17,877,917
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 2,723,992	\$ 2,345,316
Restricted	-	-	-	447,431
Unrestricted	-	-	991,922	179,705
TOTAL BUSINESS-TYPE ACTIVITIES	\$ -	\$ -	\$ 3,715,914	\$ 2,972,452
PRIMARY GOVERNMENT				
Invested in capital assets, net of related debt	\$ 3,364,719	\$ 8,381,071	\$ 15,601,617	\$ 15,161,781
Restricted	6,111,062	7,981,508	7,427,286	5,674,297
Unrestricted	4,319,926	3,603,532	1,988,530	14,291
TOTAL PRIMARY GOVERNMENT	\$ 13,795,707	\$ 19,966,111	\$ 25,017,433	\$ 20,850,369

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

	2008*		2009		2010		2011
\$	12,473,431	\$	12,100,792	\$	14,011,182	\$	13,708,354
	4,633,442		2,645,314		601,458		947,427
	734,102		399,477		552,494		1,458,953
\$	17,840,975	\$	15,145,583	\$	15,165,134	\$	16,114,734
\$	2,364,709	\$	2,080,219	\$	2,219,059	\$	1,776,874
	451,196		584,414		289,252		391,676
	(23,915)		85,215		44,699		309,489
\$	2,791,990	\$	2,749,848	\$	2,553,010	\$	2,478,039
\$	14,838,140	\$	14,181,011	\$	16,230,241	\$	15,485,228
	5,084,638		3,229,728		890,710		1,339,103
	710,187		484,692		597,193		1,768,442
\$	20,632,965	\$	17,895,431	\$	17,718,144	\$	18,592,773

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET ASSETS

Last Eight Fiscal Years

Fiscal Year	2005	2006	2007	2008
EXPENSES				
Governmental Activities				
General government	\$ 2,026,879	\$ 2,038,714	\$ 868,301	\$ 934,205
Building and zoning	-	-	999,072	1,364,665
Public safety	1,126,909	1,282,082	1,605,160	1,820,217
Buildings and grounds	132,610	24,251	-	-
Public works	-	-	4,183,459	5,089,875
Streets and bridges	3,519,409	4,102,918	-	-
Parks and recreation	145,882	101,391	93,776	348,662
Interest	-	-	7,076	1,393
Total governmental activities expenses	6,951,689	7,549,356	7,756,844	9,559,017
Business-Type Activities				
Aquatics	-	-	12,525	1,048,951
Total business-type activities expenses	-	-	12,525	1,048,951
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 6,951,689	\$ 7,549,356	\$ 7,769,369	\$ 10,607,968
PROGRAM REVENUES				
Governmental Activities				
Charges for services				
General government	\$ 1,948,771	\$ 2,528,832	\$ 442,180	\$ 372,551
Building and zoning	-	-	1,029,777	1,327,363
Public safety	52,416	214,318	242,085	278,600
Streets and bridges	835,000	-	-	-
Public works	-	-	-	-
Parks and recreation	-	3,525,500	1,154	62,126
Operating grants and contributions	225,836	269,321	192,716	211,771
Capital grants and contributions	-	-	7,750,072	8,829
Total governmental activities program revenues	3,062,023	6,537,971	9,657,984	2,261,240
Business-Type Activities				
Charges for services				
Aquatics	-	-	-	243,291
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	10,000	-
Total business-type activities program revenues	-	-	10,000	243,291
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 3,062,023	\$ 6,537,971	\$ 9,667,984	\$ 2,504,531
NET (EXPENSES) REVENUES				
Governmental activities	\$ (3,889,666)	\$ (1,011,385)	\$ 1,901,140	\$ (7,297,777)
Business-type activities	-	-	(2,525)	(805,660)
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	\$ (3,889,666)	\$ (1,011,385)	\$ 1,898,615	\$ (8,103,437)

2008*	2009	2010	2011
\$ 671,138	\$ 783,579	\$ 1,320,911	\$ 1,435,196
215,819	268,409	306,260	312,618
1,042,970	1,338,932	1,284,492	1,302,247
-	-	-	-
2,099,964	3,485,091	663,329	1,107,541
-	-	-	-
245,056	375,854	408,582	520,390
8,201	5,919	5,157	4,318
4,283,148	6,257,784	3,988,731	4,682,310
438,924	571,328	583,088	560,021
438,924	571,328	583,088	560,021
\$ 4,722,072	\$ 6,829,112	\$ 4,571,819	\$ 5,242,331
\$ 120,698	\$ 320,502	\$ 375,145	\$ 416,333
283,861	265,401	244,825	403,122
121,431	174,493	137,416	153,834
-	-	-	-
-	-	-	446,200
32,785	54,206	49,717	55,793
143,742	204,609	235,912	318,485
-	44,545	127,814	217,542
702,517	1,063,756	1,170,829	2,011,309
240,828	309,440	279,547	232,193
-	-	-	-
-	-	-	-
240,828	309,440	279,547	232,193
\$ 943,345	\$ 1,373,196	\$ 1,450,376	\$ 2,243,502
\$ (3,580,631)	\$ (5,194,028)	\$ (2,817,902)	\$ (2,671,001)
(198,096)	(261,888)	(303,541)	(327,828)
\$ (3,778,727)	\$ (5,455,916)	\$ (3,121,443)	\$ (2,998,829)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Eight Fiscal Years

Fiscal Year	2005	2006	2007	2008
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental Activities				
Taxes				
Property	\$ 1,109,660	\$ 1,193,526	\$ 1,318,803	\$ 1,457,956
Road and bridge	16,643	17,036	19,323	24,253
Sales	179,902	125,850	122,734	134,837
Amusement	-	-	-	-
Income and local use	407,213	532,097	584,360	685,653
Replacement	1,204	1,584	1,722	1,996
Telecommunications and utility	40,877	38,319	43,887	47,303
Investment income	251,952	388,173	375,681	307,352
Miscellaneous	230,235	196,325	541,359	1,277,528
Transfer in (out)	-	-	-	-
Gain on sale of capital assets	6,113	-	-	-
Total governmental activities	2,243,799	2,492,910	3,007,869	3,936,878
Business-Type Activities				
Investment income	-	-	144,838	56,872
Miscellaneous	-	-	-	5,326
Transfer in (out)	-	-	-	-
Total business-type activities	-	-	144,838	62,198
TOTAL PRIMARY GOVERNMENT	\$ 2,243,799	\$ 2,492,910	\$ 3,152,707	\$ 3,999,076
CHANGE IN NET ASSETS				
Governmental activities	\$ (1,645,867)	\$ 1,481,525	\$ 4,909,009	\$ (3,360,899)
Business-type activities	-	-	142,313	(743,462)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ (1,645,867)	\$ 1,481,525	\$ 5,051,322	\$ (4,104,361)

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

	2008*	2009	2010	2011
\$	1,573,980	\$ 1,644,331	\$ 1,655,146	\$ 1,845,400
	26,044	15,573	17,947	17,251
	99,675	112,426	98,707	113,385
	-	-	2,520	-
	542,330	698,585	693,028	708,246
	1,190	1,621	1,713	1,460
	33,390	49,460	362,993	653,258
	123,855	98,360	47,888	18,984
	1,143,225	60,429	147,855	508,400
	-	(191,620)	(96,463)	(245,783)
	-	-	-	-
	<u>3,543,689</u>	<u>2,489,165</u>	<u>2,931,334</u>	<u>3,620,601</u>
	11,846	11,351	6,277	5,875
	6,788	5,775	7,931	1,199
	-	191,620	96,463	245,783
	<u>18,634</u>	<u>208,746</u>	<u>110,671</u>	<u>252,857</u>
\$	<u>3,562,323</u>	<u>2,697,911</u>	<u>3,042,005</u>	<u>3,873,458</u>
\$	(36,942)	(2,704,863)	113,432	949,600
	<u>(179,462)</u>	<u>(53,142)</u>	<u>(192,870)</u>	<u>(74,971)</u>
\$	<u>(216,404)</u>	<u>(2,758,005)</u>	<u>(79,438)</u>	<u>874,629</u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
GENERAL FUND					
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Highway and streets	-	-	-	-	-
Assigned					
Cash reserves	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	-	1,399,599	-	-	47,383
Unreserved	1,946,967	2,448,709	3,081,955	3,965,577	1,261,649
TOTAL GENERAL FUND	\$ 1,946,967	\$ 3,848,308	\$ 3,081,955	\$ 3,965,577	\$ 1,309,032
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Highway and streets	-	-	-	-	-
Debt service	-	-	-	-	-
Capital improvements	-	-	-	-	-
Special recreation	-	-	-	-	-
Assigned					
Capital improvements	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Reserved	-	-	6,111,062	7,935,701	7,379,903
Unreserved, reported in					
Special Revenue Funds	36,270	159,041	1,354,673	-	-
Capital Projects Funds	-	7,745,908	-	-	-
Permanent Funds	44,568	44,568	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 80,838	\$ 7,949,517	\$ 7,465,735	\$ 7,935,701	\$ 7,379,903

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

2008	2008*	2009	2010**	2011
\$ -	\$ -	\$ -	\$ 157,867	\$ 168,988
-	-	-	34,845	-
-	-	-	162,763	742,454
-	-	-	-	-
-	55,751	126,931	-	-
550,432	114,131	177,748	-	-
<u>\$ 550,432</u>	<u>\$ 169,882</u>	<u>\$ 304,679</u>	<u>\$ 355,475</u>	<u>\$ 911,442</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	301,900	368,909
-	-	-	17,204	-
-	-	-	212,373	293,991
-	-	-	35,136	284,527
-	-	-	539,321	995,561
-	-	-	135,987	-
5,226,866	4,605,340	2,610,178	-	-
66,773	445,725	541,222	-	-
(465,318)	516,527	-	-	-
-	-	-	-	-
<u>\$ 4,828,321</u>	<u>\$ 5,567,592</u>	<u>\$ 3,151,400</u>	<u>\$ 1,241,921</u>	<u>\$ 1,942,988</u>

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
REVENUES					
Taxes	\$ 1,587,294	\$ 1,597,921	\$ 1,714,623	\$ 1,870,093	\$ 2,090,829
Licenses, permits and fees	912,186	2,014,039	2,877,063	2,806,969	1,689,836
Intergovernmental	177,364	177,025	225,836	269,321	192,716
Developer park donations	470,053	1,113,869	32,859	68,932	-
Investment income	84,707	190,866	251,952	388,173	375,681
Contribution from property owners	-	10,451,383	-	-	3,345,218
Miscellaneous	133,489	879,091	197,376	3,627,393	566,719
Total revenues	3,365,093	16,424,194	5,299,709	9,030,881	8,260,999
EXPENDITURES					
General government	894,266	2,215,176	2,011,744	2,025,831	921,354
Building and zoning	-	-	-	-	999,072
Public safety	838,579	950,491	1,148,993	1,270,570	1,514,586
Buildings and grounds	83,825	96,463	98,159	106,155	-
Public works	-	-	-	-	4,181,851
Streets and bridges	960,302	3,219,735	3,484,958	4,184,822	-
Parks and recreation	176,602	172,309	117,186	94,096	23,337
Capital outlay	-	-	11,091	126,640	147,158
Debt service					
Principal	-	-	-	-	105,307
Interest and fiscal charges	-	-	-	-	7,076
Total expenditures	2,953,574	6,654,174	6,872,131	7,808,114	7,899,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	411,519	9,770,020	(1,572,422)	1,222,767	361,258

2008	2008*	2009	2010	2011
\$ 2,351,998	\$ 2,276,609	\$ 2,521,996	\$ 2,832,054	\$ 3,339,000
1,970,632	535,720	788,389	782,590	975,051
220,600	143,742	204,609	235,912	493,484
-	-	-	-	-
307,352	123,855	98,360	47,888	18,984
-	-	-	-	-
1,347,536	1,166,280	131,187	300,182	1,051,174
6,198,118	4,246,206	3,744,541	4,198,626	5,877,693
921,407	654,730	768,837	1,191,122	1,380,475
1,365,255	215,819	215,496	313,575	268,975
1,779,245	926,758	1,309,295	1,232,033	1,273,349
-	-	-	-	-
5,177,240	2,026,719	3,433,189	2,935,261	853,134
-	-	-	-	-
87,001	51,976	97,978	142,531	251,742
191,351	2,284	481	127,814	328,690
25,514	105,881	12,592	13,353	14,193
1,393	8,201	5,919	5,157	4,318
9,548,406	3,992,368	5,843,787	5,960,846	4,374,876
(3,350,288)	253,838	(2,099,246)	(1,762,220)	1,502,817

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 2,700	\$ 50,208	\$ 4,505,399
Transfers (out)	-	-	(2,700)	(50,208)	(4,505,399)
Sale of capital assets	-	-	6,580	-	-
Installment contracts issued	-	-	-	130,821	-
Total other financing sources (uses)	-	-	6,580	130,821	-
NET CHANGE IN FUND BALANCES	\$ 411,519	\$ 9,770,020	\$ (1,565,842)	\$ 1,353,588	\$ 361,258
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.00%	0.00%	0.00%	0.00%	1.55%

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

Data Source

Audited Financial Statements

2008	2008*	2009	2010	2011
\$ 1,091,000	\$ 2,501,275	\$ 982,667	\$ 36,856	\$ 97,629
(1,091,000)	(2,501,275)	(1,174,287)	(133,319)	(343,412)
-	-	-	-	-
102,809	104,883	-	-	-
102,809	104,883	(191,620)	(96,463)	(245,783)
\$ (3,247,479)	\$ 358,721	\$ (2,290,866)	\$ (1,858,683)	\$ 1,257,034
0.30%	3.29%	0.32%	0.32%	0.43%

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
2001	\$ 234,927,913	\$ 723,388	\$ 1,777,579	\$ 3,167	\$ 237,432,047	0.422	\$ 712,296,141	33.333%
2002	261,846,295	824,388	1,329,231	2,912	264,002,826	0.397	792,008,478	33.333%
2003	302,228,324	1,115,573	1,694,843	4,514	305,043,254	0.369	915,129,762	33.333%
2004	326,129,442	1,647,673	1,623,579	4,633	329,405,327	0.364	988,215,981	33.333%
2005	367,957,407	3,981,627	1,936,706	4,263	373,880,003	0.355	1,121,640,009	33.333%
2006	418,880,744	3,312,752	2,409,922	4,587	424,608,005	0.346	1,273,824,015	33.333%
2007	467,631,887	5,976,372	2,068,251	6,233	475,682,743	0.333	1,427,048,229	33.333%
2008	485,176,796	6,080,326	2,417,801	8,509	493,683,432	0.334	1,481,050,296	33.333%
2009	490,523,955	6,478,337	2,947,908	9,745	499,959,945	0.331	1,499,879,835	33.333%
2010	475,634,164	6,378,401	2,868,569	48,726	484,929,860	0.381	1,454,789,580	33.333%

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

2011 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	2001	2002	2003	2004
Village Direct Rates (A)				
Corporate	0.265	0.250	0.225	0.201
Police protection	0.065	0.063	0.064	0.044
Street and bridge - Ela	0.078	0.070	0.057	0.091
Audit tax	0.000	0.000	0.000	0.002
Liability insurance	0.014	0.014	0.016	0.015
Unemployment insurance	0.000	0.000	0.000	0.000
Special recreation	0.000	0.000	0.007	0.011
Total direct rate without SSAs	0.422	0.397	0.369	0.364
Special Service Areas				
SSA #1	0.000	0.000	0.288	0.280
SSA #2	0.000	0.000	0.274	0.265
SSA #3	0.000	0.000	0.255	0.243
Total direct rate with SSAs	0.422	0.397	1.186	1.152
Overlapping Rates				
Lake County	0.516	0.502	0.490	0.465
Lake County Forest Preserve	0.221	0.232	0.225	0.219
Ela Township-Corp	0.096	0.093	0.086	0.085
Ela Township-R & B	0.012	0.013	0.011	0.011
Ela Township-Gravel	0.030	0.030	0.029	0.030
School District #95	4.484	4.366	4.092	4.082
School District #96	2.951	3.013	2.940	3.038
School District #79	2.670	2.582	2.635	2.572
Consolidated H.S. District #125	1.864	1.890	1.940	2.062
Community College #532	0.211	0.208	0.201	0.200
Ela Area Library	0.387	0.371	0.343	0.334
Countryside Fire District	0.458	0.436	0.420	0.422
Lake Zurich Fire District	0.298	0.378	0.365	0.358
Wauconda Fire District	0.492	0.466	0.450	0.450
Long Grove Fire District	0.518	0.514	0.503	0.547
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	15.630	15.491	15.916	16.027
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HAWTHORN WOODS	2.7%	2.6%	4.1%	4.0%

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.
2011 property tax rates not available at the time of printing.

Data Source

Office of the County Clerk

2005	2006	2007	2008	2009	2010
0.224	0.224	0.222	0.044	0.018	0.086
0.054	0.051	0.047	0.167	0.166	0.147
0.048	0.043	0.037	0.096	0.074	0.079
0.005	0.003	0.003	0.003	0.004	0.004
0.014	0.012	0.011	0.000	0.000	0.025
0.000	0.000	0.000	0.011	0.029	0.000
0.010	0.013	0.013	0.013	0.040	0.040
0.355	0.346	0.333	0.334	0.331	0.381
0.260	0.249	0.231	0.223	0.221	0.229
0.219	0.170	0.148	0.139	0.132	0.135
0.234	0.228	0.209	0.210	0.204	0.214
1.068	0.993	0.921	0.906	0.888	0.959
0.454	0.450	0.444	0.453	0.464	0.505
0.210	0.204	0.201	0.199	0.200	0.198
0.085	0.086	0.082	0.084	0.084	0.091
0.010	0.010	0.010	0.005	0.007	0.008
0.030	0.032	0.032	0.038	0.036	0.039
4.040	3.992	3.830	3.899	3.901	4.136
3.000	2.989	2.772	2.869	2.916	3.086
2.565	2.529	2.379	2.435	2.485	2.663
2.112	2.134	2.114	2.139	2.185	2.306
0.197	0.195	0.192	0.196	0.200	0.218
0.323	0.317	0.306	0.308	0.308	0.329
0.400	0.398	0.390	0.417	0.421	0.422
0.493	0.511	0.547	0.561	0.564	0.607
0.434	0.425	0.421	0.432	0.442	0.480
0.526	0.549	0.547	0.549	0.599	0.616
15.947	15.814	15.188	15.490	15.700	16.663
3.9%	3.8%	3.7%	3.6%	3.5%	3.7%

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Seven Years Ago

Taxpayer	2010 Tax Levy			2003 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	\$ 1,684,827	1	0.35%			
Toll Brothers	1,415,436	2	0.29%			
Toll Brothers	848,197	3	0.17%			
Aqua Illinois Regional Office	755,243	4	0.16%			
Individual	611,651	5	0.13%			
Kildeer Two, LLC	550,058	6	0.11%			
Individual	537,511	7	0.11%			
Individual	526,945	8	0.11%			
Boss Hob, LLC	487,719	9	0.10%			
Individual	483,756	10	0.10%			
Hawthorn Grove Associates, LLC				\$ 1,224,852	1	0.40%
LaSalle				1,194,604	2	0.39%
Parkway Bank and Trust Company				770,133	3	0.25%
Raelen Homes, LLC				681,805	4	0.22%
Individual				511,923	5	0.17%
Starwood Development, Inc.				403,266	6	0.13%
Individual				385,328	7	0.13%
Individual				382,656	8	0.13%
Individual				350,717	9	0.11%
Individual				350,211	10	0.11%
	<u>\$ 7,901,343</u>		<u>1.63%</u>	<u>\$ 6,255,495</u>		<u>2.04%</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 2003 tax levy.

2011 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 (B)	Levy Collections	
		Amount	Percentage of Levy
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	2,887,799	2,711,355	93.89%
2009	2,523,480	2,539,642	100.64%
2010	2,855,937	2,869,938	100.49%
2011 (A)	2,859,307	N/A	N/A

(A) Collections for the 2011 Tax Levy Year will not be received until fiscal year 2012.

(B) Tax Levied reflects total amount extended and billed by Lake County.

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			
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	0.76%	377
2008**	-	101,811	-	2,805,000	-	2,906,811	0.76%	377
2009	-	89,219	-	2,805,000	-	2,894,219	0.76%	375
2010	-	75,866	-	2,570,000	-	2,645,866	0.80%	345
2011	-	61,673	-	2,895,000	-	2,956,673	0.89%	386

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, 2011

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 School District #95	321,590,000	1.657%	5,328,746
School District #96	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	11,515,000	100.000%	11,515,000
TOTAL OVERLAPPING DEBT	<u>\$ 467,126,106</u>		<u>\$ 33,759,729</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 467,126,106</u>		<u>\$ 33,759,729</u>

(A) Gross debt is calculated as of December 31, 2010.

(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 2010 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
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
2011	233,618	105,000	96,805	1.16

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, 2011

Maximum allowable general obligation debt (8.625% of assessed valuation of \$484,929,860)	\$ 41,825,200
General obligation bonds	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 41,825,200</u>

* Information is for the 2010 tax levy

Information for the 2011 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
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	380,753,736	49,346	5.1%
2008*	7,716	380,753,736	49,346	6.2%
2009	7,716	380,753,736	49,346	9.9%
2010	7,663	330,727,417	43,159	10.6%
2011	7,663	330,727,417	43,159	8.6%

*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 Eleven Years Ago

Employer	2011			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	22.0	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>342</u>			<u>124</u>		

Information from 2002 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	2003	2004	2005	2006	2007	2008	2008*	2009	2010	2011
GENERAL GOVERNMENT										
Administration	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	2.0
Finance	1.0	1.5	1.5	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Building and zoning	2.5	2.5	2.5	3.5	3.5	1.0	1.0	1.0	2.0	2.0
Parks and recreation	-	-	-	-	1.0	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	11.0	13.0	13.0	15.0	15.0	11.0	11.0	8.0	9.0	9.0
PUBLIC WORKS										
Administration	1.5	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Street maintenance	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	5.0
TOTAL	24.0	27.0	27.0	30.5	32.5	22.0	22.0	19.0	21.0	22.0

*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	2003	2004	2005	2006	2007	2008	2008*	2009	2010	2011
PUBLIC SAFETY										
Police										
Physical arrests	78	138	135	209	232	212	146	119	115	138
Parking violations	N/A	N/A	N/A	150	257	508	405	871	680	638
Traffic violations	1,387	3,174	3,167	3,248	3,734	2,624	1,493	2,386	2,170	2,009
PUBLIC WORKS										
Vehicles maintained by dept	16.0	18.0	20.0	21.0	20.0	20.0	16.0	20.0	20.0	20.0
Street reconstruction (miles)	4.0	4.0	4.0	4.0	4.5	3.0	-	0.5	-	-
Street resurfacing (miles)	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	2003	2004	2005	2006	2007	2008	2008*	2009	2010	2011
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	1	1	1	2	2	2	2	2	2	2
Patrol units	11	13	13	15	16	10	10	8	8	8
PUBLIC WORKS										
Miles of streets	46.4	47.4	47.4	47.4	47.4	58.0	58.0	58.0	58.0	58.0
Streetlights	35	38	38	38	38	38	38	38	38	38
Traffic signals	2	2	2	2	2	2	2	2	2	2
WASTEWATER										
Storm sewers	22	22	22	24	24	24	24	24	24	24

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

Data Source

Various Village departments