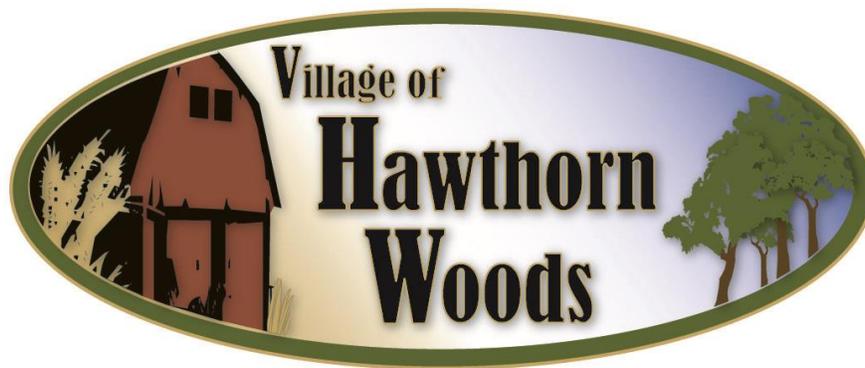


**VILLAGE OF  
HAWTHORN WOODS, ILLINOIS**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2013**

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2013

Prepared By

The 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, 2013

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**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

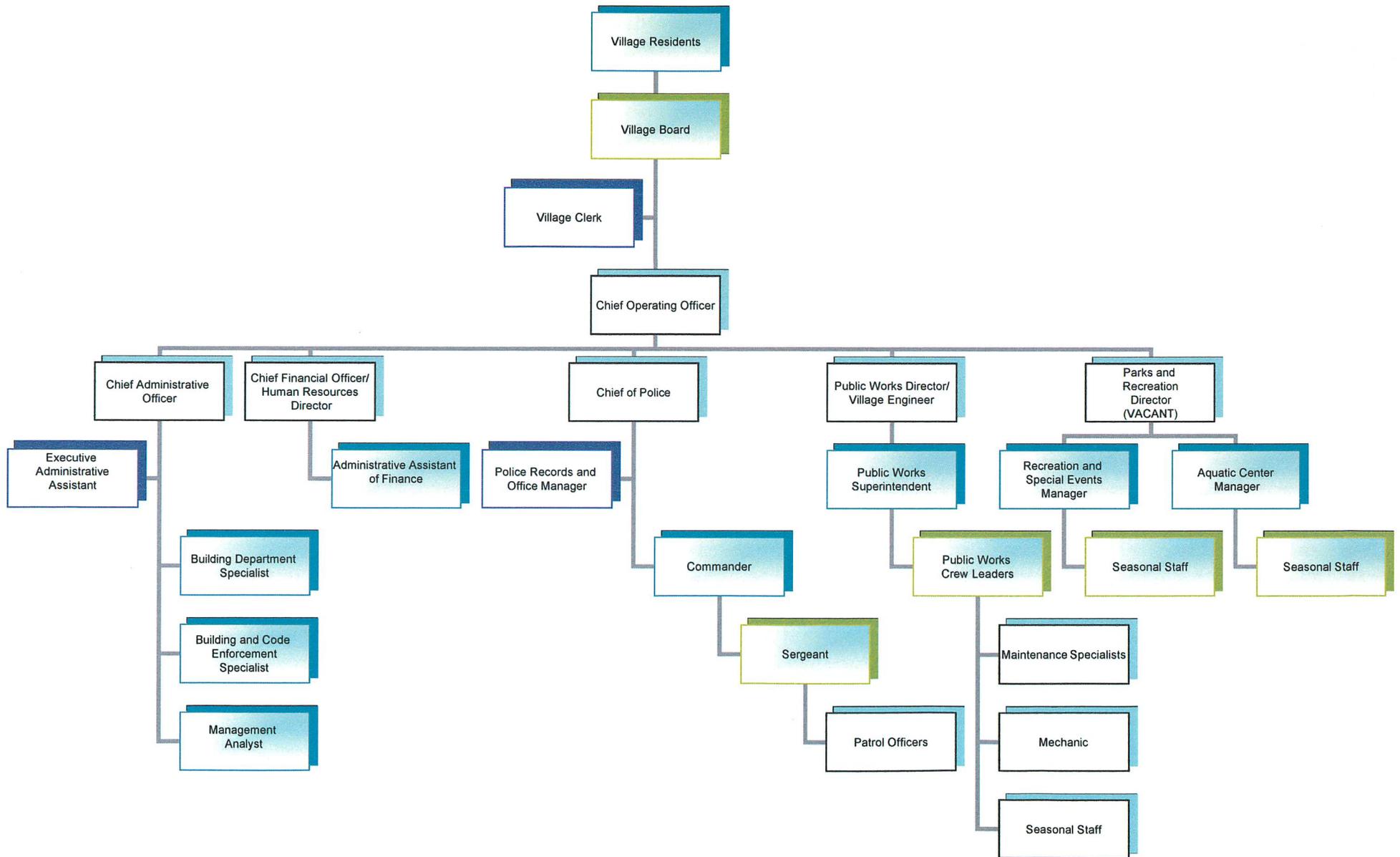
Chief Administrative Officer/Village Clerk  
Donna Lobaito

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





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

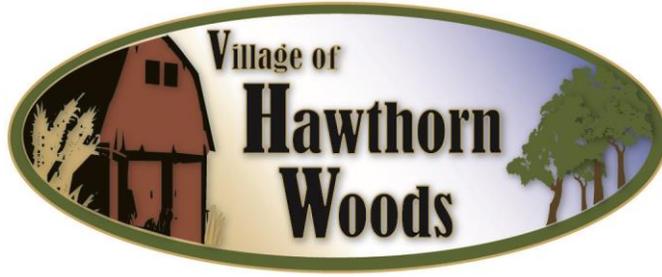
Presented to

**Village of Hawthorn Woods  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



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

April 5, 2014

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, 2013 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 unmodified opinion on the Village of Hawthorn Woods' financial statements for the year ended December 31, 2013. 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 development, and is currently in the process of updating the Comprehensive Plan to guide this development. This process of public input is being facilitated by the consulting firm of Houseal Lavigne & Associates.

The Village is governed by a Board consisting of a mayor and six trustees, all of whom are elected at-large on a non-partisan basis. Policy-making and legislative authority are vested in the Village Board. The board is responsible for, 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 Economic Development Director for the Village. The Chief Operating Officer is also 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 no later than December 31<sup>st</sup> 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 had negatively impacted the Village's revenue streams for the past several years. However, the Village has recently experienced an upturn in new housing starts, building additions and renovations. The Village is currently considering several new development plans that will spur economic development growth for the foreseeable future.

In addition, sales tax revenues and income tax revenue collections have improved over the prior years. In February 2014, a new Mariano's grocery store opened at the corner of Route 22 and Quentin Road. The Village will receive a percentage of the sales tax revenues generated due to an intergovernmental agreement with the Villages of Lake Zurich and Kildeer. Although the economy is showing signs of improvement, the Village remains vigilant in aggressively monitoring operating and capital expenditures to sustain its financial stability.

## **Long-term Financial Planning**

The budget for the twelve months ended December 31, 2014 is balanced. The focus for managing the 2014 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 for the past five years indicated a strong Village commitment to annually increase our fund balances as a priority for long term financial health. The Village is pleased to report that as of December 31, 2013, the fund balance in the general fund is \$1,755,584, which is equal to 46% of the 2014 expenditure budget. This balance exceeds the Village's goal of 35% of the following year's annual operating budget.

## **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 2013 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 is pro-actively working to expand sustainable non-property tax revenue streams. In addition, there has been land annexation in 2013 that will bring new revenues to the Village. 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.

Economic Development initiatives are underway now that water and sewer utilities are complete within the Town Center known as the Downtown Main on Midlothian corridor. Site ready development grading operations are now underway on the future site of the new municipal campus, a 62 acre parcel located at the geographical center of Downtown, across from the Aquatic Center. This parcel was donated to the

Village at no cost as a result of negotiations with the land owners. 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, ICON builders, continues to be the leader in building single family homes. Hawthorn Woods leads the surrounding communities in new housing construction starts as a result of their home building success. Hawthorn Woods has experienced a 30% increase in new home construction from 2011 to 2013. Several National Homebuilders are in discussions with Hawthorn Woods for development approvals in 2014.

Two major initiatives were successful in 2013 that will general a sustainable revenue stream for the next several decades. Hawthorn Woods will receive 20% of sales tax revenues from Mariano's grocery store and outlots in Lake Zurich upon completion in 2013 and 22% of sales tax from the DiMucci site in unincorporated Lake County. The financial impacts, once developed, will result in positive cash flow opportunities.

#### **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, 2013. This was the sixth (8th) consecutive year the Village received this prestigious award. 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, the Village Board of Trustees and the Finance Committee 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 excellence within a balanced budget.

Respectfully Submitted,



Pamela O. Newton, MSOL  
Chief Operating Officer



Kristin N. Kazenas, CPA  
Chief Financial Officer

## **FINANCIAL SECTION**



630.566.8400 // [www.sikich.com](http://www.sikich.com)

1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## **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, 2013 and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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 as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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.

### *Other Information*

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 schedules 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 and schedules 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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Naperville, Illinois  
March 25, 2014

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

# **VILLAGE OF HAWTHORN WOODS, ILLINOIS**

## **Management's Discussion and Analysis December 31, 2013**

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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, 2013. 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 position was \$19,261,712 as of December 31, 2013. Unrestricted net position (net position used to meet ongoing operations) totaled \$2,678,367. Restricted net position totaled \$1,451,380 and net position invested in capital assets totaled \$15,131,965.
- The Village's net position increased as a result of this year's operations. While net position of business-type activities decreased by \$18,002, or 0.8 percent, net position of the governmental activities increased by \$384,622, or 2.3 percent. The primary reason for the decrease in business-type activities net position relates to increased expenses for wastewater hauling due to extreme weather-related flooding in the Spring of 2013.
- Capital assets net of depreciation totaled \$17,729,293 as of December 31, 2013, a decrease of \$298,107, due primarily to depreciation expense for the year ended December 31, 2013 exceeding capital asset additions.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position 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 6. 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, 2013

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### 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 Position reports information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 2013

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds – Continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Park Donation Fund, Motor Fuel Tax Fund, Community Development Fund, Parks and Recreation, Debt Service Fund, and the Canadian National Project Fund all of which are considered major funds. The Village also reports three non-major governmental funds: the Connection Fees Fund, the Capital Improvements Fund, and the Ike Planning Grant Fund.

The Village adopts an annual appropriated budget for all of the governmental funds, (except the Connection Fees Fund, the Ike Planning Grant Fund and the Debt Service 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, 2013**

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### **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 - 45 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 46 - 57 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 46 - 49. 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 58 - 76 of this report.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position 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 \$19,261,712.

	Net Position					
	Governmental		Business-type		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current and Other Assets	\$ 13,238,311	\$ 6,476,170	\$ 425,328	\$ 492,895	\$ 13,663,639	\$ 6,969,065
Capital Assets	13,339,396	13,550,313	4,389,897	4,477,087	17,729,293	18,027,400
Deferred Outflows	-	-	39,446	41,474	39,446	41,474
Total Assets & Deferred Outflows	26,577,707	20,026,483	4,854,671	5,011,456	31,432,378	25,037,939
Other Liabilities	885,510	1,018,941	2,065	5,242	887,575	1,024,183
Long-Term Debt	6,804,206	538,011	2,636,774	2,772,380	9,440,980	3,310,391
Deferred Inflows	1,842,111	1,808,273	-	-	1,842,111	1,808,273
Total Liabilities & Deferred Inflows	9,531,827	3,365,225	2,638,839	2,777,622	12,170,666	6,142,847
Net Position						
Invested in Capital Assets	13,339,396	13,503,716	1,792,569	1,746,181	15,131,965	15,249,897
Restricted	1,190,127	1,082,734	261,253	256,819	1,451,380	1,339,553
Unrestricted (Deficit)	2,516,357	2,074,808	162,010	230,834	2,678,367	2,305,642
Total Net Position	\$ 17,045,880	\$ 16,661,258	\$ 2,215,832	\$ 2,233,834	\$ 19,261,712	\$ 18,895,092

A large portion of the Village's net position, \$15,131,965 or 78.6 percent, reflects its investment in capital assets (for example, land, buildings and improvements, and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$1,451,380 or 7.5 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. As of December 31, 2013, the Village is reporting unrestricted net position of \$2,678,367 or 13.9 percent. Unrestricted net position 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, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2012
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,270,648	\$ 942,476	\$ 290,121	\$ 272,583	\$ 1,560,769	\$ 1,215,059
Operating Grants/Contrib.	265,617	239,527	-	-	265,617	239,527
Capital Grants/Contrib.	344,094	428,619	-	5,374	344,094	433,993
General Revenues						
Property Taxes	1,852,159	1,839,594	-	-	1,852,159	1,839,594
Road and Bridge Taxes	17,196	22,321	-	-	17,196	22,321
Sales Taxes	127,735	116,166	-	-	127,735	116,166
Income and Use Taxes	860,915	794,060	-	-	860,915	794,060
Replacement Taxes	1,725	1,546	-	-	1,725	1,546
Telecomm./Utility Taxes	607,417	603,957	-	-	607,417	603,957
Other General Revenues	281,974	152,623	42,723	5,439	324,697	158,062
Total Revenues	5,629,480	5,140,889	332,844	283,396	5,962,324	5,424,285
<b>Expenses</b>						
General Government	1,547,590	1,202,576	-	-	1,547,590	1,202,576
Building and Zoning	511,300	370,625	-	-	511,300	370,625
Public Safety	1,287,164	1,341,417	-	-	1,287,164	1,341,417
Public Works	846,084	1,009,570	-	-	846,084	1,009,570
Parks and Recreation	689,946	547,137	-	-	689,946	547,137
Interest on Long-Term Debt	102,925	3,435	-	-	102,925	3,435
Aquatics	-	-	610,695	573,378	610,695	573,378
Total Expenses	4,985,009	4,474,760	610,695	573,378	5,595,704	5,048,138
<b>Change in Net Position</b>						
Before Transfers	644,471	666,129	(277,851)	(289,982)	366,620	376,147
Transfers	(259,849)	(119,605)	259,849	119,605	-	-
Change in Net Position	384,622	546,524	(18,002)	(170,377)	366,620	376,147
Net Position-Beginning	16,661,258	16,114,734	2,233,834	2,478,039	18,895,092	18,592,773
Prior Period Adjustment	-	-	-	(73,828)	-	(73,828)
Net Position-Beginning, as Restated	16,661,258	16,114,734	2,233,834	2,404,211	18,895,092	18,518,945
Net Position-Ending	\$ 17,045,880	\$ 16,661,258	\$ 2,215,832	\$ 2,233,834	\$ 19,261,712	\$ 18,895,092

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2013

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

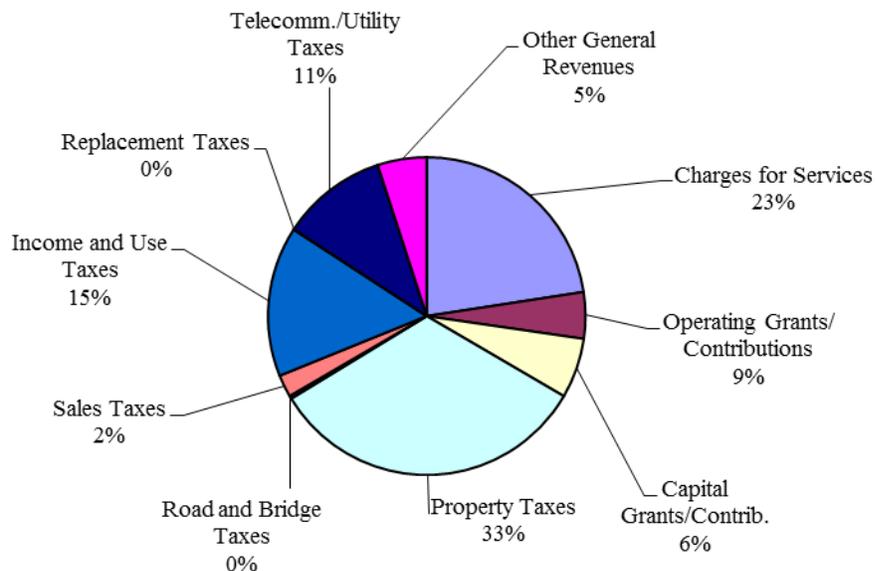
Net position of the Village's governmental activities increased by 2.3 percent (\$17,045,880 as of December 31, 2013 compared to \$16,661,258 as of December 31, 2012). The \$384,622 increase in governmental activities net position resulted from several factors. Consistent with the prior year, there was diligent budget monitoring efforts by management, including delaying expenditures until adequate revenues were received, supplemented by new revenue sources.

Net position of business-type activities decreased by 0.8 percent (\$2,215,832 as of December 31, 2013 compared to \$2,233,834 as of December 31, 2012). The \$18,002 decrease in business-type activities net position is attributable to increased expenses for wastewater hauling due to extreme weather-related flooding in the Spring of 2013.

#### Governmental Activities

Revenues for governmental activities totaled \$5,629,480, while the cost of all governmental functions totaled \$4,985,009. This results in an increase in net position before transfers of \$644,471. For the year ended December 31, 2012, revenues of \$5,140,889 were more than expenses of \$4,474,760, resulting in an increase in net position before transfers of \$666,129. The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, utility taxes and use taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from income taxes.

**Revenues by Source -  
Governmental Activities December 31, 2013**



# VILLAGE OF HAWTHORN WOODS, ILLINOIS

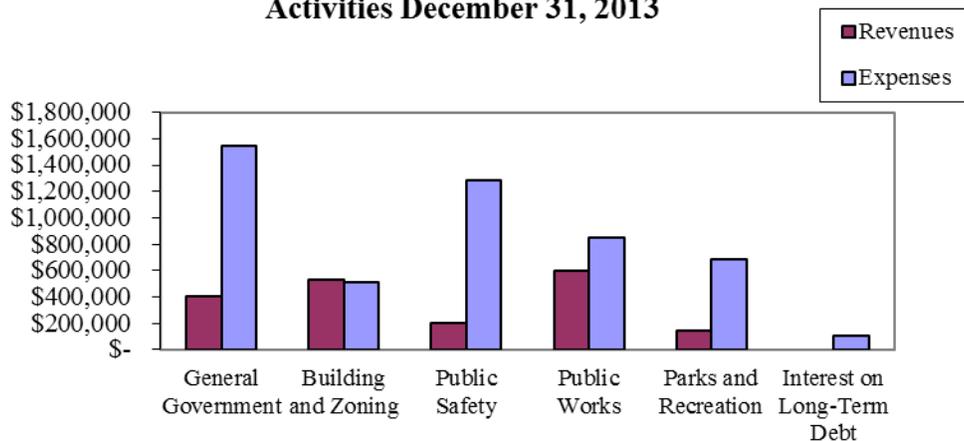
## Management's Discussion and Analysis December 31, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

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

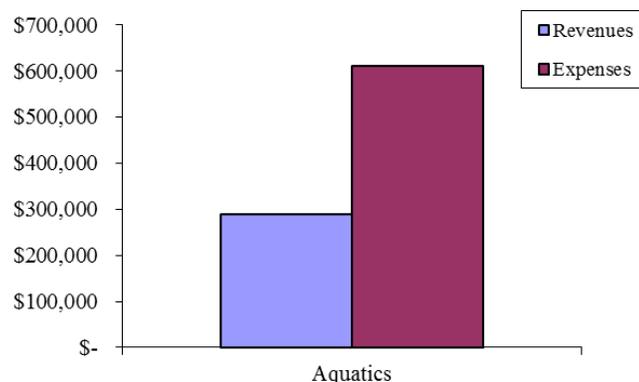
**Expenses and Program Revenues - Governmental  
Activities December 31, 2013**



#### Business-Type activities

Business-Type activities posted total revenues of \$332,844, while the cost of all business-type activities totaled \$610,695. This results in a decrease in net position before transfers of \$277,851. As stated earlier, this decrease is attributable to the depreciation expense, principal and interest payments and operations of the aquatic center facility. For the year ended December 31, 2012, revenues of \$283,396 were less than expenses of \$573,378, resulting in a decrease in net position before transfers of \$289,982.

**Expenses and Program Revenues - Business-  
Type Activities December 31, 2013**



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

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2013

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### 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, unrestricted (assigned and unassigned) 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 \$10,510,690, which is \$6,861,734 or 188.0 percent, higher than last year's total of \$3,648,956. The primary reason for this increase is due to the new Debt Service Fund with an ending fund balance of \$6,240,000. Of the \$10,510,690 total, \$52,477, or 0.5 percent, of the fund balance constitutes nonspendable fund balance; \$7,430,127 or 70.7 percent of the fund balance is restricted for highways and streets, debt service, capital improvements, and special recreation; \$2,499,969, or 23.8 percent of the fund balance is assigned for cash reserves, capital improvements and recreation; and \$528,117 or 5.0 percent is unassigned.

The General Fund reported an increase in fund balance for the year ended December 31, 2013 of \$116,239, an increase of 7.1 percent. The estimated increase in the General Fund fund balance in the 2013 approved budget was \$62,660. Therefore, the actual results were 85.5 percent higher than the budget projections. There are several reasons for the positive variance: tax revenues were \$80,686 higher than budgeted due to improvements in sales tax, use tax and income tax collections compared to the prior year. In addition, village code violation revenue was \$26,095 higher than budgeted due primarily to the increased enforcement resulting from funding a Code Enforcement Officer position. The positive revenue collections (\$90,722 higher than budgeted) were complemented by positive variances in expenditures (\$275,182 less than budgeted). As of December 31, 2013, the Village achieved its fund balance goal of an ending fund balance at least 35% of the following year's expenditure budget, \$1,192,322 of the ending fund balance in the General Fund is assigned for cash reserves.

The Park Donation fund is used to account for developer donations to be used for park maintenance or improvements to neighborhood or community parks. These funds are reserved for future capital improvements and debt service payments on the Aquatic Center Bonds. The Park Donation fund reported an increase in fund balance in the current year of \$2,777 due primarily to a donation for a memorial park bench. Ending fund balance at December 31, 2013 was \$3,097.

## VILLAGE OF HAWTHORN WOODS, ILLINOIS

### Management's Discussion and Analysis December 31, 2013

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#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

##### Governmental Funds – Continued

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 \$29,827 due to improved motor fuel tax collections (\$44,408 higher than budgeted) and cost savings in the expenditures (\$70,833 less than budgeted). Ending fund balance at December 31, 2013 was \$498,996.

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 \$343,243 due primarily to license, permits and fees revenue being higher than expenditures. Permits were \$458,236 higher than budgeted and miscellaneous revenues (primarily related to developer donations) were \$15,847 higher than budgeted. Contractual services expenditures were \$142,217 higher than budgeted due to increased inspections required by the additional permit revenue. Ending fund balance at December 31, 2013 was \$1,212,011.

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 \$111,773 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 Debt Service Fund is used to account for the \$6,240,000 2013 debt certificates. In November 2013, the Village purchased special service area number 1, 2 and 3 current refunding bonds, (the "Refunded Bonds"). The refunded bonds were purchased with proceeds generated from the issuance of debt certificates (the "Certificates") issued by the Village. The Certificates will be repaid from the repayment of the Refunded Bonds held by the Village. The Refunded Bonds are payable from the respective special service area bond levies. Ending fund balance at December 31, 2013 was \$6,240,000.

The Canadian National Project Fund accounts for funds received from Canadian National for noise mitigation projects and reported a decrease in fund balance of \$2,015 due primarily to the distribution of the noise mitigation funds. Ending fund balance at December 31, 2013 was \$18,869.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2013

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

#### 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 position in the Aquatics Fund during the current fiscal year was \$18,002, while the previous fiscal year reported a decrease in net position of \$170,377. As stated earlier, the decrease in net position in the Aquatics Fund in the current year is attributable primarily to increased expenses for wastewater hauling due to extreme weather-related flooding in the Spring of 2013. Unrestricted net position in the Aquatics Fund totaled \$162,010 at December 31, 2013.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues for the year totaled \$3,815,191, compared to budgeted revenues of \$3,724,469. The positive variance of \$90,722 was comprised of an increase in tax revenues (\$80,686 more than budgeted due to increased collections in sales, use and income tax), license permits and fees revenues (\$3,886 more than budgeted), intergovernmental income (\$12,022 more than budgeted) investment income (\$1,127 more than budgeted) and was offset by a negative variance in miscellaneous revenue (\$6,999 less than budgeted.)

The General Fund actual expenditures for the year were \$275,182 less than budgeted (\$3,299,967 actual compared to a final budget of \$3,575,149). Some significant differences between the actual expenditures and budgeted expenditures are highlighted below:

- The legal function reported actual expenditures of \$97,713 compared to budget of \$254,000, resulting in a positive variance of \$156,287. This positive variance was primarily due the fact that there were no significant legal issues during 2013.
- The public safety function reported actual expenditures of \$1,257,287, compared to budget of \$1,333,266 resulting in a positive variance of \$57,979. This positive variance was primarily due to cost savings controlling overtime expenditures and savings from contractual services, commodities and capital outlay.
- The public works function reported actual expenditures of \$601,709 compared to budgeted expenditures of \$630,070 resulting in a positive variance of \$28,361. This positive variance was primarily due to cost savings in contractual services for vehicle maintenance due to the addition of a full time mechanic position.

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**Management's Discussion and Analysis  
December 31, 2013**

**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, 2013 was \$17,729,293 (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 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2012
Land	\$ 6,557,081	\$ 6,557,081	\$ 417,459	\$ 417,459	\$ 6,974,540	\$ 6,974,540
Sanitary Sewer System	2,280,235	2,347,301	-	-	2,280,235	2,347,301
Buildings and Improvements	3,793,583	4,022,148	3,838,385	3,996,717	7,631,968	8,018,865
Equipment and Vehicles	708,497	623,783	134,053	62,911	842,550	686,694
<b>Total</b>	<b>\$ 13,339,396</b>	<b>\$ 13,550,313</b>	<b>\$ 4,389,897</b>	<b>\$ 4,477,087</b>	<b>\$ 17,729,293</b>	<b>\$ 18,027,400</b>

Capital additions were as follows:

Governmental Activities	
Buildings and Improvements	\$ 39,080
Equipment and Vehicles	<u>219,047</u>
	<u>258,127</u>
Business-Type Activities	
Equipment and Vehicles	<u>\$ 79,948</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, 2013

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### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Debt Administration

At year-end, the Village had total outstanding debt of \$8,865,000 as compared to \$2,806,597 the previous year. During 2013, the Village repaid the Installment Contracts and issued \$6,240,000 in Debt Certificates as part of the Special Service Area #1, #2, and #3 bonds refunding. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2012
Revenue Bonds	\$ -	\$ -	\$ 2,625,000	\$ 2,760,000	\$ 2,625,000	\$ 2,760,000
Debt Certificates	6,240,000	-	-	-	6,240,000	-
Installment Contracts	-	46,597	-	-	-	46,597
Total	\$ 6,240,000	\$ 46,597	\$ 2,625,000	\$ 2,760,000	\$ 8,865,000	\$ 2,806,597

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 \$34,697,121.

On March 16, 2012, the Village issued \$3,000,000 Revenue Refunding Bonds (Aquatic Center Project), Series 2013 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 2013 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.

On November 12 2013, the Village purchased special service area number 1, 2 and 3 current refunding bonds, (the "Refunded Bonds"). The refunded bonds were purchased with proceeds generated from the issuance of debt certificates (the "Certificates") issued by the Village. The Certificates will be repaid from the repayment of the Refunded Bonds held by the Village. The Refunded Bonds are payable from the respective special service area bond levies.

Additional information on the Village's long-term debt can be found in Note 5 on pages 30 - 34 of this report.

## **VILLAGE OF HAWTHORN WOODS, ILLINOIS**

### **Management's Discussion and Analysis December 31, 2013**

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#### **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, 2013 and December 31, 2014 budgets, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Signs of economic recovery such as increased building permits and lower unemployment rates and CPI indices were taken into consideration when setting the budget, rates, and fees for the year ended December 31, 2013 and December 31, 2014.

#### **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 POSITION

December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 10,771,231	\$ 430,585	\$ 11,201,816
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,842,111	-	1,842,111
Accounts	232,097	-	232,097
Court fines	13,692	-	13,692
Prepaid expenses	52,477	-	52,477
Due from other governments			
Sales tax	31,042	-	31,042
Use tax	33,930	-	33,930
Income tax	85,652	-	85,652
Franchise tax	33,999	-	33,999
Telecommunication tax	60,963	-	60,963
Utility tax	34,089	-	34,089
Motor fuel tax	19,176	-	19,176
Grants	22,595	-	22,595
Due from (to) other funds	5,257	(5,257)	-
Capital assets not being depreciated	6,557,081	417,459	6,974,540
Capital assets (net of accumulated depreciation)	6,782,315	3,972,438	10,754,753
<b>Total assets</b>	<b>26,577,707</b>	<b>4,815,225</b>	<b>31,392,932</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	-	39,446	39,446
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>39,446</b>	<b>39,446</b>
<b>Total assets and deferred outflows of resources</b>	<b>26,577,707</b>	<b>4,854,671</b>	<b>31,432,378</b>
<b>LIABILITIES</b>			
Accounts payable	170,752	643	171,395
Wages payable	91,500	1,262	92,762
Unearned revenue - other	-	160	160
Deposits payable	319,638	-	319,638
Unearned revenue - grants	303,620	-	303,620
Long-term liabilities			
Due within one year	607,586	140,000	747,586
Due in more than one year	6,196,620	2,496,774	8,693,394
<b>Total liabilities</b>	<b>7,689,716</b>	<b>2,638,839</b>	<b>10,328,555</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - property taxes	1,842,111	-	1,842,111
<b>Total deferred inflows of resources</b>	<b>1,842,111</b>	<b>-</b>	<b>1,842,111</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>9,531,827</b>	<b>2,638,839</b>	<b>12,170,666</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,339,396	1,792,569	15,131,965
Restricted for			
Highways and streets	498,996	-	498,996
Debt service	3,097	261,253	264,350
Capital improvements	249,360	-	249,360
Special recreation	438,674	-	438,674
Unrestricted	2,516,357	162,010	2,678,367
<b>TOTAL NET POSITION</b>	<b>\$ 17,045,880</b>	<b>\$ 2,215,832</b>	<b>\$ 19,261,712</b>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,547,590	\$ 395,253	\$ 12,146	\$ -
Building and zoning	511,300	528,395	-	-
Public safety	1,287,164	177,440	23,855	-
Public works	846,084	44,000	229,616	321,094
Parks and recreation	689,946	125,560	-	23,000
Interest	102,925	-	-	-
Total governmental activities	4,985,009	1,270,648	265,617	344,094
Business-Type Activities				
Aquatics	610,695	290,121	-	-
Total business-type activities	610,695	290,121	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 5,595,704</b>	<b>\$ 1,560,769</b>	<b>\$ 265,617</b>	<b>\$ 344,094</b>

	<b>Net (Expense) Revenue and Change in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	\$ (1,140,191)	\$ -	\$ (1,140,191)
	17,095	-	17,095
	(1,085,869)	-	(1,085,869)
	(251,374)	-	(251,374)
	(541,386)	-	(541,386)
	(102,925)	-	(102,925)
	<u>(3,104,650)</u>	<u>-</u>	<u>(3,104,650)</u>
	-	(320,574)	(320,574)
	-	(320,574)	(320,574)
	<u>(3,104,650)</u>	<u>(320,574)</u>	<u>(3,425,224)</u>
General Revenues			
Taxes			
Property	1,852,159	-	1,852,159
Road and bridge	17,196	-	17,196
Sales	127,735	-	127,735
Use	130,782	-	130,782
Income	730,133	-	730,133
Replacement	1,725	-	1,725
Telecommunication and utility	607,417	-	607,417
Amusement	1,312	-	1,312
Investment income	8,465	964	9,429
Miscellaneous	272,197	41,759	313,956
Transfers in (out)	(259,849)	259,849	-
Total	<u>3,489,272</u>	<u>302,572</u>	<u>3,791,844</u>
CHANGE IN NET POSITION	384,622	(18,002)	366,620
NET POSITION, JANUARY 1	<u>16,661,258</u>	<u>2,233,834</u>	<u>18,895,092</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 17,045,880</u>	<u>\$ 2,215,832</u>	<u>\$ 19,261,712</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2013

	General	Park Donation	Motor Fuel Tax	Community Development	Parks and Recreation	Debt Service	Canadian National Project	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>									
<b>ASSETS</b>									
Cash and investments	\$ 2,055,760	\$ 3,139	\$ 494,571	\$ 941,815	\$ 460,563	\$ 6,240,000	\$ 315,004	\$ 260,379	\$ 10,771,231
Receivables									
Property taxes	1,509,005	-	-	-	333,106	-	-	-	1,842,111
Utility taxes	34,089	-	-	-	-	-	-	-	34,089
Accounts	-	-	-	213,507	18,590	-	-	-	232,097
Court fines	13,692	-	-	-	-	-	-	-	13,692
Prepaid items	35,145	-	-	-	17,332	-	-	-	52,477
Due from other governments									
Municipal sales tax	31,042	-	-	-	-	-	-	-	31,042
Illinois use tax	33,930	-	-	-	-	-	-	-	33,930
Illinois income tax	85,652	-	-	-	-	-	-	-	85,652
Franchise tax	33,999	-	-	-	-	-	-	-	33,999
Telecommunication tax	60,963	-	-	-	-	-	-	-	60,963
Motor fuel tax	-	-	19,176	-	-	-	-	-	19,176
Grants	12,146	-	-	-	-	-	-	10,449	22,595
Due from other funds	8,925	-	2,955	170,295	-	-	-	52,912	235,087
Total assets	3,914,348	3,139	516,702	1,325,617	829,591	6,240,000	315,004	323,740	13,468,141
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,914,348</b>	<b>\$ 3,139</b>	<b>\$ 516,702</b>	<b>\$ 1,325,617</b>	<b>\$ 829,591</b>	<b>\$ 6,240,000</b>	<b>\$ 315,004</b>	<b>\$ 323,740</b>	<b>\$ 13,468,141</b>

	General	Park Donation	Motor Fuel Tax	Community Development	Parks and Recreation	Debt Service	Canadian National Project	Nonmajor Governmental	Total Governmental Funds
<b>LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 93,516	\$ 42	\$ 16,002	\$ 24,245	\$ 2,290	\$ -	\$ 9,915	\$ 24,742	\$ 170,752
Wages payable	81,777	-	1,704	3,360	4,659	-	-	-	91,500
Unearned revenue - grants	73,134	-	-	-	-	-	230,486	-	303,620
Deposits payable	231,037	-	-	86,001	2,600	-	-	-	319,638
Due to other funds	170,295	-	-	-	3,309	-	55,734	492	229,830
Total liabilities	649,759	42	17,706	113,606	12,858	-	296,135	25,234	1,115,340
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - property taxes	1,509,005	-	-	-	333,106	-	-	-	1,842,111
Total deferred inflows of resources	1,509,005	-	-	-	333,106	-	-	-	1,842,111
Total liabilities and deferred inflows of resources	2,158,764	42	17,706	113,606	345,964	-	296,135	25,234	2,957,451
<b>FUND BALANCES</b>									
Nonspendable									
Prepaid items	35,145	-	-	-	17,332	-	-	-	52,477
Restricted									
Highway and streets	-	-	498,996	-	-	-	-	-	498,996
Debt service	-	3,097	-	-	-	6,240,000	-	-	6,243,097
Capital improvements	-	-	-	-	-	-	-	249,360	249,360
Special recreation	-	-	-	-	438,674	-	-	-	438,674
Assigned									
Cash reserves	1,192,322	-	-	-	-	-	-	-	1,192,322
Capital improvements	-	-	-	1,212,011	-	-	18,869	49,146	1,280,026
Recreation	-	-	-	-	27,621	-	-	-	27,621
Unassigned	528,117	-	-	-	-	-	-	-	528,117
Total fund balances	1,755,584	3,097	498,996	1,212,011	483,627	6,240,000	18,869	298,506	10,510,690
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
	\$ 3,914,348	\$ 3,139	\$ 516,702	\$ 1,325,617	\$ 829,591	\$ 6,240,000	\$ 315,004	\$ 323,740	\$ 13,468,141

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 POSITION**

December 31, 2013

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 10,510,690
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	13,339,396
Long-term liabilities (debt certificates) are not due and payable in the current period and, therefore, not reported in the governmental funds	(6,240,000)
The premium on debt issued is shown as a liability on the statement of net position	(71,663)
The net pension obligation is shown as a liability on the statement of net position	(455,797)
The net OPEB obligation is shown as a liability on the statement of net position	(23,815)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	<u>(12,931)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 17,045,880</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, 2013

	<b>General</b>	<b>Park Donation</b>	<b>Motor Fuel Tax</b>	<b>Community Development</b>
<b>REVENUES</b>				
Taxes	\$ 3,194,230	\$ -	\$ -	\$ -
Licenses, permits and fees	548,311	-	-	721,557
Intergovernmental	27,022	-	229,616	-
Contributions from property owners	-	-	-	-
Investment income	3,627	-	970	1,667
Miscellaneous	42,001	3,219	-	55,047
<b>Total revenues</b>	<b>3,815,191</b>	<b>3,219</b>	<b>230,586</b>	<b>778,271</b>
<b>EXPENDITURES</b>				
Current				
General government	1,183,795	-	-	77,813
Building and zoning	239,176	-	-	229,516
Public safety	1,275,287	-	-	-
Public works	601,709	-	200,759	-
Parks and recreation	-	442	-	52,699
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>3,299,967</b>	<b>442</b>	<b>200,759</b>	<b>360,028</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>515,224</b>	<b>2,777</b>	<b>29,827</b>	<b>418,243</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt certificates issued at par	-	-	-	-
Premium of debt certificates issued	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(398,985)	-	-	(75,000)
<b>Total other financing sources (uses)</b>	<b>(398,985)</b>	<b>-</b>	<b>-</b>	<b>(75,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>116,239</b>	<b>2,777</b>	<b>29,827</b>	<b>343,243</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,639,345</b>	<b>320</b>	<b>469,169</b>	<b>868,768</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,755,584</b>	<b>\$ 3,097</b>	<b>\$ 498,996</b>	<b>\$ 1,212,011</b>

<b>Parks and Recreation</b>	<b>Debt Service</b>	<b>Canadian National Project</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ 274,228	\$ -	\$ -	\$ -	\$ 3,468,458
128,710	-	-	-	1,398,578
-	-	-	20,955	277,593
-	30,580	-	-	30,580
759	-	806	636	8,465
-	-	278,539	44,000	422,806
403,697	30,580	279,345	65,591	5,606,480
-	-	2,195	20,955	1,284,758
-	-	-	-	468,692
-	-	-	-	1,275,287
-	-	-	-	802,468
306,060	-	-	-	359,201
-	-	279,165	177,467	456,632
-	-	-	46,597	46,597
-	102,243	-	682	102,925
306,060	102,243	281,360	245,701	4,796,560
97,637	(71,663)	(2,015)	(180,110)	809,920
-	6,240,000	-	-	6,240,000
-	71,663	-	-	71,663
16,827	-	-	200,000	216,827
(2,691)	-	-	-	(476,676)
14,136	6,311,663	-	200,000	6,051,814
111,773	6,240,000	(2,015)	19,890	6,861,734
371,854	-	20,884	278,616	3,648,956
\$ 483,627	\$ 6,240,000	\$ 18,869	\$ 298,506	\$ 10,510,690

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, 2013

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<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 6,861,734</b>
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	235,127
Contributions of capital assets are reported as capital contributions in the statement of activities	23,000
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 position	46,597
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	(469,044)
The issuance of long-term debt including unamortized premium is reported as an other financing source in governmental funds but as an increase in principal outstanding in the statement of activities	(6,311,663)
The change in the net OPEB obligation is shown as an increase to expense on the statement of activities	(6,494)
The change in the net pension obligation is shown as an increase to expense on the statement of activities	(24,579)
The change in compensated absences payable is shown as a decrease in expense on the statement of activities	29,944
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 384,622</b>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

December 31, 2013

	<u>Aquatics Fund</u>
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 430,585
Total current assets	<u>430,585</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	
Capital assets not being depreciated	417,459
Capital assets being depreciated, net	<u>3,972,438</u>
Net capital assets	<u>4,389,897</u>
Total noncurrent assets	<u>4,389,897</u>
Total assets	<u>4,820,482</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refunding	<u>39,446</u>
Total deferred outflows of resources	<u>39,446</u>
Total assets and deferred outflows of resources	<u>4,859,928</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	643
Wages payable	1,262
Unearned revenue - other	160
Due to other funds	5,257
Revenue bonds payable	<u>140,000</u>
Total current liabilities	<u>147,322</u>
<b>NONCURRENT LIABILITIES</b>	
Net revenue bonds payable	<u>2,496,774</u>
Total noncurrent liabilities	<u>2,496,774</u>
Total liabilities	<u>2,644,096</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
None	<u>-</u>
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,644,096</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,792,569
Restricted for debt service	261,253
Unrestricted	<u>162,010</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,215,832</u>

See accompanying notes to financial statements.

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

For the Year Ended December 31, 2013

---

	<b>Aquatics Fund</b>
<b>OPERATING REVENUES</b>	
Charges for service	\$ 290,121
Total operating revenues	<u>290,121</u>
<b>OPERATING EXPENSES</b>	
Personnel services	169,105
Contractual services	112,233
Commodities	31,589
Maintenance	11,297
Depreciation	167,138
Total operating expenses	<u>491,362</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(201,241)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	964
Miscellaneous	354
Insurance proceeds	41,405
Interest expense	(119,333)
Total nonoperating revenues (expenses)	<u>(76,610)</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(277,851)</u>
<b>TRANSFERS IN</b>	
Transfers in	<u>259,849</u>
Total transfers	<u>259,849</u>
<b>CHANGE IN NET POSITION</b>	(18,002)
<b>NET POSITION, JANUARY 1</b>	<u>2,233,834</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 2,215,832</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, 2013

---

	<b>Aquatics Fund</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 290,121
Payments to suppliers	(158,299)
Payments to employees	(169,102)
Miscellaneous nonoperating receipts	354
	<hr/>
Net cash from operating activities	(36,926)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund loan receipts (repayments)	947
Transfers in	259,849
	<hr/>
Net cash from noncapital financing activities	260,796
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on long-term debt	(135,000)
Insurance proceeds	41,405
Purchase of capital assets	(79,948)
Interest paid	(117,910)
	<hr/>
Net cash from capital and related financing activities	(291,453)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	963
	<hr/>
Net cash from investing activities	963
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(66,620)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	497,205
	<hr/>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 430,585
	<hr/> <hr/>

(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, 2013

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	<b>Aquatics Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (201,241)
Miscellaneous nonoperating receipts	354
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Increase (decrease) in	
Depreciation and amortization	167,138
Accounts payable	(3,180)
Wages payable	3
	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (36,926)</b>
	<hr/> <hr/>
<b>NONCASH ACTIVITIES</b>	
Capital contributions	\$ -
	<hr/> <hr/>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2013

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	<b>Pension Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and short-term investments	\$ 1,969,119	\$ 342,186
Investments		
Certificates of deposit	24,933	-
Money market mutual funds	154,541	-
Equity mutual funds	64,074	-
	<hr/>	
Total assets	2,212,667	<u>\$ 342,186</u>
<b>LIABILITIES</b>		
Due to others	-	<u>\$ 342,186</u>
Total liabilities	-	<u>\$ 342,186</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>		
	<u>\$ 2,212,667</u>	

See accompanying notes to financial statements.

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUND**

For the Year Ended December 31, 2013

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	<b>Police Pension</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 217,155
Employee	78,712
	<hr/>
Total contributions	295,867
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Investment income	
Net appreciation in fair value of investments	50,232
Interest	25,109
	<hr/>
Total investment income	75,341
	<hr/>
Total additions	371,208
	<hr/>
<b>DEDUCTIONS</b>	
Benefits and refunds	72,160
Administration	14,377
	<hr/>
Total deductions	86,537
	<hr/>
<b>NET INCREASE</b>	284,671
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	
January 1	1,927,996
	<hr/>
December 31	\$ 2,212,667
	<hr/> <hr/>

See accompanying notes to financial statements.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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### 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.

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

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**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.

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 position 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.

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

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**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 Debt Service Fund is used to account for the payment of principal and interest on the 2013 Debt Certificates.

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 funds:

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.

The Capital Improvements Fund, a capital projects fund, is used to account for revenues (transfers from other funds) and expenditures for capital improvements.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Ike Planning Grant Fund, a special revenue fund, is used to account for revenues and expenditures related to the Illinois Department of Commerce and Economic Opportunity (DCEO) Ike Planning Grant.

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 unavailable revenue and unearned revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. 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 and deferred inflows of resource for unearned and unavailable revenue are 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 using the consumption method.

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

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**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
Sewer infrastructure	35
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.

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

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**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, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures/expenses.

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 Position/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 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)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

k. Net Position/Fund Balance (Continued)

In the government-wide financial statements, restricted net position is 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

m. 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.

n. 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, investment grade obligations of state, provincial and local governments and public authorities, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts and mutual funds and equity securities.

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

#### **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.

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

**2. DEPOSITS AND INVESTMENTS (Continued)**

a. Village (Continued)

Investments (Continued)

At December 31, 2013, the Village had the following investments in debt securities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
State and local obligation	\$ 6,240,000	\$ 606,000	\$ 3,372,000	\$ 2,262,000	\$ -
<b>TOTAL</b>	<b>\$ 6,240,000</b>	<b>\$ 606,000</b>	<b>\$ 3,372,000</b>	<b>\$ 2,262,000</b>	<b>\$ -</b>

The state and local obligation securities are not rated.

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.

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

**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Police Pension Fund (Continued)

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund’s deposits may not be returned to it. At December 31, 2013, all of the Police Pension Fund’s bank balances were collateralized in accordance with their investment policy.

Investments

At December 31, 2013, 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.

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

**3. RECEIVABLES**

Property Taxes

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

The 2013 property tax levy is recorded as a receivable, net of estimated uncollectibles. Based upon collection histories, the Village has provided at December 31, 2013 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 2013 taxes are intended to finance the 2014 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable revenue.

**4. CAPITAL ASSETS**

Capital asset activity for the Village for the year ended December 31, 2013 was as follows:

	January 1	Increases	Decreases	December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 6,557,081	\$ -	\$ -	\$ 6,557,081
Total capital assets not being depreciated	<u>6,557,081</u>	<u>-</u>	<u>-</u>	<u>6,557,081</u>
Capital assets being depreciated				
Sanitary sewer system	2,347,301		-	2,347,301
Buildings and improvements	5,765,736	39,080	-	5,804,816
Equipment and vehicles	2,094,545	219,047	-	2,313,592
Total capital assets being depreciated	<u>10,207,582</u>	<u>258,127</u>	<u>-</u>	<u>10,465,709</u>
Less accumulated depreciation for				
Sanitary sewer system	-	67,066	-	67,066
Buildings and improvements	1,743,588	267,645	-	2,011,233
Equipment and vehicles	1,470,762	134,333	-	1,605,095
Total accumulated depreciation	<u>3,214,350</u>	<u>469,044</u>	<u>-</u>	<u>3,683,394</u>
Total capital assets being depreciated, net	<u>6,993,232</u>	<u>(210,917)</u>	<u>-</u>	<u>6,782,315</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 13,550,313</u>	<u>\$ (210,917)</u>	<u>\$ -</u>	<u>\$ 13,339,396</u>

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

**4. CAPITAL ASSETS (Continued)**

	January 1	Increases	Decreases	December 31
<b>BUSINESS-TYPE ACTIVITIES</b>				
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	92,900	79,948	-	172,848
Total capital assets being depreciated	4,828,224	79,948	-	4,908,172
Less accumulated depreciation for				
Building and improvements	738,607	158,332	-	896,939
Equipment	29,989	8,806	-	38,795
Total accumulated depreciation	768,596	167,138	-	935,734
Total capital assets being depreciated, net	4,059,628	(87,190)	-	3,972,438
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 4,477,087	\$ (87,190)	\$ -	\$ 4,389,897

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

<b>DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 3,592
Building and zoning	79,614
Public safety	42,608
Public works	79,615
Parks and recreation	263,615
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 469,044</b>

**5. LONG-TERM DEBT**

a. Special Service Area Bonds

As of December 31, 2012, the following Special Service Area bonds were outstanding: 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 Bonds and SSA #4 - 2006 Bonds.

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

**5. LONG-TERM DEBT (Continued)**

a. Special Service Area Bonds (Continued)

During the year ended December 31, 2013, the Village issued the SSA #1 Refunding Bonds, Series 2013A, to refund the SSA #1 - 2003A Bonds and SSA #1 - 2004A Bonds. Also, the Village issued the SSA #2 Refunding Bonds, Series 2013B, to refund the SSA #2 - 2003B Bonds and SSA #2 - 2004B Bonds. Finally, the Village issued the SSA #3 Refunding Bonds, Series 2013C, to refund the SSA #3 - 2003C Bonds and SSA #3 - 2004C Bonds.

The SSA bonds outstanding as of December 31, 2013 totaled \$9,470,000. 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
<b>GOVERNMENTAL ACTIVITIES</b>						
Installment contracts	General	\$ 46,597	\$ -	\$ 46,597	\$ -	\$ -
Debt certificates	General	-	6,240,000	-	6,240,000	605,000
Unamortized premium on debt certificates	General	-	71,663	-	71,663	-
Compensated absences	General	42,875	121,951	151,895	12,931	2,586
Net pension obligation	General	431,218	24,579	-	455,797	-
Other postemployment benefit	General	17,321	6,494	-	23,815	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>		<b>\$ 538,011</b>	<b>\$ 6,464,687</b>	<b>\$ 198,492</b>	<b>\$ 6,804,206</b>	<b>\$ 607,586</b>

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 6.00% due through September 16, 2015. This was paid in full in 2013.	General	\$ 46,597	\$ -	\$ 46,597	\$ -	\$ -
		<b>\$ 46,597</b>	<b>\$ -</b>	<b>\$ 46,597</b>	<b>\$ -</b>	<b>\$ -</b>

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

**5. LONG-TERM DEBT (Continued)**

d. Debt Certificates

Issue	Fund Debt Retired by	Balances, January 1	Issuances	Retirements	Balances, December 31	Current Portion
\$6,240,000 debt certificates dated November 12, 2013 with principal and interest due June 30 and December 30 including interest at 2.00% to 3.25% due through December 30, 2022.	General	\$ -	\$ 6,240,000	\$ -	\$ 6,240,000	\$ 605,000
		\$ -	\$ 6,240,000	\$ -	\$ 6,240,000	\$ 605,000

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

During the year ended December 31, 2013, 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
<b>BUSINESS-TYPE ACTIVITIES</b>						
Revenue bonds	Aquatics	\$ 2,760,000	\$ -	\$ 135,000	\$ 2,625,000	\$ 140,000
Unamortized premium on bonds	Aquatics	12,380	-	606	11,774	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>		<u>\$ 2,772,380</u>	<u>\$ -</u>	<u>\$ 135,606</u>	<u>\$ 2,636,774</u>	<u>\$ 140,000</u>

f. Debt Service Requirements to Maturity - Governmental Activities

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

Fiscal Year Ending December 31,	Debt Certificates		
	Principal	Interest	Total
2014	\$ 605,000	\$ 190,183	\$ 795,183
2015	645,000	154,994	799,994
2016	655,000	142,044	797,044
2017	670,000	127,119	797,119
2018	690,000	106,869	796,869
2019	710,000	86,019	796,019
2020	730,000	64,569	794,569
2021	755,000	42,444	797,444
2022	780,000	18,687	798,687
<b>TOTALS</b>	<u>\$ 6,240,000</u>	<u>\$ 932,928</u>	<u>\$ 7,172,928</u>

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

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**5. LONG-TERM DEBT (Continued)**

g. 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. The Park Donation Fund is required for all park donations fees received by the Village. This subfund had a balance of \$3,097 at December 31, 2013. 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 \$127,944 at December 31, 2013. 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, 2013, this subfund had a balance of \$4,250. 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, 2013, this subfund (including the 2011 Reserve Subfund) had a balance of \$257,003 as required by the ordinance.

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

**5. LONG-TERM DEBT (Continued)**

g. Revenue Bonds (Continued)

Debt service to maturity on these bonds is as follows:

Fiscal Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
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
<b>TOTALS</b>	<b>\$ 2,625,000</b>	<b>\$ 1,042,861</b>	<b>\$ 3,667,861</b>

**6. INTERFUND ACTIVITY**

Due from/to other funds at December 31, 2013 consist of the following:

	Due From	Due To
<b>General</b>		
Community Development	\$ -	\$ 170,295
Parks and Recreation	1,253	-
Canadian National Project	1,923	-
Nonmajor Governmental Funds	492	-
Aquatics Center	5,257	-
<b>Total General</b>	<b>8,925</b>	<b>170,295</b>
<b>Motor Fuel Tax</b>		
Parks and Recreation	2,056	-
Canadian National Project	899	-
<b>Total Motor Fuel Tax</b>	<b>2,955</b>	<b>-</b>

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

**6. INTERFUND ACTIVITY (Continued)**

	Due From	Due To
Community Development		
General	\$ 170,295	\$ -
Total Community Development	<u>170,295</u>	<u>-</u>
Parks and Recreation		
General	-	1,253
Motor Fuel Tax	-	2,056
Total Parks and Recreation	<u>-</u>	<u>3,309</u>
Canadian National Project		
General	-	1,923
Motor Fuel Tax	-	899
Nonmajor Governmental	-	52,912
Total Canadian National Project	<u>-</u>	<u>55,734</u>
Nonmajor Governmental Funds		
Capital Projects Fund		
Canadian National Project	52,912	-
Connection Fees Fund		
General	-	492
Total Nonmajor Governmental Funds	<u>52,912</u>	<u>492</u>
Aquatics Center		
General	-	5,257
Total Aquatics Center	<u>-</u>	<u>5,257</u>
<b>TOTAL</b>	<u><u>\$ 235,087</u></u>	<u><u>\$ 235,087</u></u>

Significant interfund payables/receivables as of December 31, 2013 consist of the following:

- \$52,912 is due from the Canadian National Project Fund to the Capital Improvement Fund (Nonmajor Governmental) for repayment of costs for the Village security system. This will be repaid within a year.
- \$170,295 is due from General Fund to the Community Development Fund to reflect the developer escrow liability in the proper fund. This will be repaid within a year.

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

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**6. INTERFUND ACTIVITY (Continued)**

Interfund transfers during the year ended December 31, 2013 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 398,985
Community Development	-	75,000
Parks and Recreation	16,827	2,691
Nonmajor Government		
Capital Improvements	200,000	-
Aquatics Center	259,849	-
	<hr/>	<hr/>
<b>TOTAL</b>	<b>\$ 476,676</b>	<b>\$ 476,676</b>

Significant transfers between funds for the year ended December 31, 2013 consist of the following:

- \$398,985 transfer from the General Fund to Capital Improvement Fund is for capital projects (\$125,000), to the Aquatics Center for debt service payments (\$257,158) and to the Parks and Recreation fund to move a prepaid expense to the fund (\$16,827).
- \$75,000 transfer from the Community Development Fund to the Capital Improvements Fund is for capital projects.

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 Village 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.

**7. RISK MANAGEMENT (Continued)**

The Illinois Public Risk Fund (the 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, 2013.

**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 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](http://www.imrf.org).

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

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.

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 contribution for 2013 was 11.36% 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.

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

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

At December 31, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	7
Nonvested	3
Inactive members	-
	<hr/>
TOTAL	<u>12</u>

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 1<sup>st</sup> 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.

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

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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, 2013, the Village's contribution was 28.15% of covered payroll.

b. Significant Investments

There are no significant investments in any one organization that represent 5.00% or more of plan net positions 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, 2011	December 31, 2012
Actuarial cost method	Entry-age Normal	Projected Unit Credit
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	28 Years, Closed

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

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

c. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension
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

\* The rate of return assumption for police pension was decreased at December 31, 2013, from 7.00% to 6.75%.

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)	2011	\$ 106,308	2011	\$ 228,070
	2012	123,081	2012	225,039
	2013	142,301	2013	241,734
Actual contribution	2011	\$ 106,308	2011	\$ 225,318
	2012	123,081	2012	219,588
	2013	142,301	2013	217,155
Percentage of APC contributed	2011	100.00%	2011	98.79%
	2012	100.00%	2012	97.58%
	2013	100.00%	2013	89.83%
NPO (asset)	2011	\$ -	2011	\$ 425,767
	2012	-	2012	431,218
	2013	-	2013	455,797

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

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

c. Annual Pension Costs (Continued)

The NPO (asset) at December 31, 2013 has been calculated as follows:

	Police Pension
Annual required contribution	\$ 234,261
Interest on net pension obligation	30,185
Adjustment to annual required contribution	<u>(22,712)</u>
Annual pension cost	241,734
Contributions made	<u>217,155</u>
Increase (decrease) in net pension obligation	24,579
Net pension obligation, beginning of year	<u>431,218</u>
<b>NET PENSION OBLIGATION, END OF YEAR</b>	<b><u>\$ 455,797</u></b>

d. Funded Status

The funded status of Police Pension Plan and Illinois Municipal Retirement Fund as of December 31, 2013 are based on actuarial valuations performed as of the same date 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)	\$ 2,042,898	\$ 3,934,239
Actuarial value of plan assets	1,285,385	2,347,519
Unfunded actuarial accrued liability (UAAL)	757,513	1,586,720
Funded ratio (actuarial value of plan assets/AAL)	62.92%	59.7%
Covered payroll (active plan members)	\$ 1,252,654	\$ 771,341
UAAL as a percentage of covered payroll	60.41%	205.7%

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.

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

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**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.

c. Membership

At December 31, 2012 (most recent valuation date), membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees - vested	11
Active employees - nonvested	15
	<hr/>
TOTAL	26
	<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.

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

**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011, 2012 and 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	\$ 4,445	\$ -	0.0%	\$ 12,931
December 31, 2012	4,390	-	0.0%	17,321
December 31, 2013	6,494	-	0.0%	23,815

The net OPEB obligation as of December 31, 2013 was calculated as follows:

Annual required contribution	\$ 6,378
Interest on net OPEB obligation	693
Adjustment to annual required contribution	(577)
	<hr/>
Annual OPEB cost	6,494
Contributions made	-
	<hr/>
Increase (decrease) in net OPEB obligation	6,494
Net OPEB obligation, beginning of year	17,321
	<hr/>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b>\$ 23,815</b>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2012 (most recent valuation date) was as follows:

Actuarial accrued liability (AAL)	\$ 50,923
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	50,923
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 2,086,847
UAAL as a percentage of covered payroll	2.4%

**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

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.

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, 2012 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 4.00% 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, 2012 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, 2013

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 3,113,544	\$ 3,113,544	\$ 3,194,230	\$ 80,686
Licenses, permits and fees	544,425	544,425	548,311	3,886
Intergovernmental	-	15,000	27,022	12,022
Investment income	2,500	2,500	3,627	1,127
Miscellaneous	49,000	49,000	42,001	(6,999)
<b>Total revenues</b>	<b>3,709,469</b>	<b>3,724,469</b>	<b>3,815,191</b>	<b>90,722</b>
<b>EXPENDITURES</b>				
Current				
General government	1,378,579	1,382,329	1,183,795	(198,534)
Building and zoning	210,973	210,973	239,176	28,203
Public safety	1,333,266	1,333,266	1,275,287	(57,979)
Public works	615,070	630,070	601,709	(28,361)
Debt service				
Principal	16,041	16,041	-	(16,041)
Interest and fiscal charges	2,470	2,470	-	(2,470)
<b>Total expenditures</b>	<b>3,556,399</b>	<b>3,575,149</b>	<b>3,299,967</b>	<b>(275,182)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>153,070</b>	<b>149,320</b>	<b>515,224</b>	<b>365,904</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	240,000	236,250	-	(236,250)
Transfers (out)	(322,910)	(322,910)	(398,985)	(76,075)
<b>Total other financing sources (uses)</b>	<b>(82,910)</b>	<b>(86,660)</b>	<b>(398,985)</b>	<b>(312,325)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 70,160</b>	<b>\$ 62,660</b>	<b>116,239</b>	<b>\$ 53,579</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,639,345</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 1,755,584</b>	

(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, 2013

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Intergovernmental			
Allotments earned	\$ 184,678	\$ 229,616	\$ 44,938
Investment income	1,500	970	(530)
	<hr/>		
Total revenues	186,178	230,586	44,408
	<hr/>		
<b>EXPENDITURES</b>			
Public works			
Personnel services	49,092	44,572	(4,520)
Contractual services	95,000	79,043	(15,957)
Commodities	127,500	77,144	(50,356)
	<hr/>		
Total expenditures	271,592	200,759	(70,833)
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (85,414)</u>	29,827	<u>\$ 115,241</u>
FUND BALANCE, JANUARY 1		<u>469,169</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 498,996</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, 2013

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Licenses, permits and fees	\$ 263,321	\$ 721,557	\$ 458,236
Investment income	3,000	1,667	(1,333)
Miscellaneous	39,200	55,047	15,847
<b>Total revenues</b>	<b>305,521</b>	<b>778,271</b>	<b>472,750</b>
<b>EXPENDITURES</b>			
General government			
Economic development			
Personnel services	44,272	77,813	33,541
Contractual services	33,100	-	(33,100)
Building and zoning			
Personnel services	-	-	-
Contractual services	80,500	229,516	149,016
Parks and recreation			
Community events			
Personnel services	16,364	10,374	(5,990)
Contractual services	43,575	42,325	(1,250)
<b>Total expenditures</b>	<b>217,811</b>	<b>360,028</b>	<b>142,217</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>87,710</b>	<b>418,243</b>	<b>330,533</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(230,000)	(75,000)	155,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (142,290)</b>	<b>343,243</b>	<b>\$ 485,533</b>
FUND BALANCE, JANUARY 1		868,768	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 1,212,011</b>	

(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, 2013

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 290,190	\$ 290,190	\$ 274,228	\$ (15,962)
Licenses, permits and fees	226,656	226,656	128,710	(97,946)
Investment income	1,000	1,000	759	(241)
<b>Total revenues</b>	<b>517,846</b>	<b>517,846</b>	<b>403,697</b>	<b>(114,149)</b>
<b>EXPENDITURES</b>				
Parks and recreation				
Administration				
Personnel services	49,092	49,092	31,204	(17,888)
Contractual services	10,470	10,470	7,465	(3,005)
Commodities	700	700	297	(403)
Recreation				
Personnel services	10,230	10,230	10,826	596
Commodities	20,179	20,179	39,251	19,072
Park maintenance				
Personnel services	157,036	157,036	119,365	(37,671)
Contractual services	2,800	2,800	275	(2,525)
Commodities	25,000	29,000	32,080	3,080
Capital outlay	10,000	-	-	-
Special recreation				
Contractual services	50,481	50,481	51,491	1,010
Capital outlay	100,000	100,000	13,806	(86,194)
<b>Total expenditures</b>	<b>435,988</b>	<b>429,988</b>	<b>306,060</b>	<b>(123,928)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>81,858</b>	<b>87,858</b>	<b>97,637</b>	<b>9,779</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	16,827	16,827
Transfers (out)	(40,000)	(40,000)	(2,691)	37,309
<b>Total other financing sources (uses)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>14,136</b>	<b>54,136</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 41,858</b>	<b>\$ 47,858</b>	<b>111,773</b>	<b>\$ 63,915</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>371,854</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 483,627</b>	

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2013

<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5)</b>
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%
2012	1,010,606	1,677,938	60.23%	667,332	1,063,790	62.73%
2013	1,285,385	2,042,898	62.92%	757,513	1,252,654	60.47%

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND**

December 31, 2013

<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ 1,120,165	\$ 2,174,150	51.52%	\$ 1,053,985	\$ 656,915	160.44%
2009	1,291,872	2,518,536	51.29%	1,226,664	629,035	195.01%
2010	1,471,156	2,821,595	52.14%	1,350,439	680,756	198.37%
2011	1,714,204	3,015,984	56.84%	1,301,780	683,219	190.54%
2012	2,042,297	3,389,485	60.25%	1,347,188	692,151	194.64%
2013	2,347,519	3,934,239	59.67%	1,586,720	771,341	205.71%

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2013

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<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2009*	\$ -	\$ 34,068	0.00%	\$ 34,068	\$ 1,354,564	2.52%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	50,923	0.00%	50,923	2,086,847	2.44%
2013	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, 2013

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
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%
2012	123,081	123,081	100.00%
2013	142,301	142,301	100.00%

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

December 31, 2013

---

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation</b>
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
2012	219,588	217,155	101.12%	431,218
2013	217,155	234,261	92.70%	455,797

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

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2013

---

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2009*	\$ -	\$ 4,113	0.00%	\$ 4,113
2010	-	4,304	0.00%	8,486
2011	-	4,304	0.00%	12,931
2012	-	4,304	0.00%	17,321
2013	-	6,378	0.00%	23,815

\* 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, 2013

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### 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 Ike Planning Grant Fund, the Connection Fees Fund, the Park Donation Fund and the Debt Service Fund. All annual appropriations lapse at fiscal year end. One budget amendment was made in the current fiscal year.

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

- a. During the 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.

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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**2. COMPLIANCE**

The following funds had expenditures in excess of budget in the current year:

Fund	Actual Expenditures	Final Budget	Excess
Capital Improvements	\$ 158,565	\$ 87,076	\$ 71,489
Community Development	360,028	217,811	142,217

**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, 2013

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>TAXES</b>				
Property taxes	\$ 1,563,608	\$ 1,563,608	\$ 1,577,931	\$ 14,323
Road and bridge tax	22,000	22,000	17,196	(4,804)
Sales tax	115,000	115,000	127,735	12,735
Use tax	121,075	121,075	130,782	9,707
Income tax	639,861	639,861	730,133	90,272
Personal property replacement tax	1,500	1,500	1,725	225
Utility tax	384,000	384,000	361,971	(22,029)
Telecommunication tax	264,000	264,000	245,445	(18,555)
Amusement tax	2,500	2,500	1,312	(1,188)
<b>Total taxes</b>	<b>3,113,544</b>	<b>3,113,544</b>	<b>3,194,230</b>	<b>80,686</b>
<b>LICENSES, PERMITS AND FEES</b>				
Licenses				
Liquor	7,750	7,750	9,400	1,650
Vehicle	155,000	155,000	162,773	7,773
Animal	10,400	10,400	11,582	1,182
Franchise	163,200	163,200	145,191	(18,009)
Business	10,125	10,125	9,925	(200)
<b>Total licenses</b>	<b>346,475</b>	<b>346,475</b>	<b>338,871</b>	<b>(7,604)</b>
Fees				
Court fines	100,000	100,000	100,892	892
Village code violations	38,000	38,000	64,095	26,095
Adjudication fines	15,000	15,000	6,090	(8,910)
Administrative impound fees	40,000	40,000	32,000	(8,000)
Police protection fees	4,500	4,500	5,918	1,418
Record requests	450	450	445	(5)
<b>Total fees</b>	<b>197,950</b>	<b>197,950</b>	<b>209,440</b>	<b>11,490</b>
Permits				
None	-	-	-	-
<b>Total permits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total licenses, permits and fees</b>	<b>544,425</b>	<b>544,425</b>	<b>548,311</b>	<b>3,886</b>

(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, 2013

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>INTERGOVERNMENTAL</b>				
Grant revenue	\$ -	\$ 15,000	\$ 27,022	\$ 12,022
Total intergovernmental	-	15,000	27,022	12,022
<b>INVESTMENT INCOME</b>				
	2,500	2,500	3,627	1,127
<b>MISCELLANEOUS</b>				
Public utilities	35,000	35,000	10,589	(24,411)
Yard stickers	9,000	9,000	9,510	510
Swalco fee	-	-	4,284	4,284
Miscellaneous	5,000	5,000	17,618	12,618
Total miscellaneous	49,000	49,000	42,001	(6,999)
<b>TOTAL REVENUES</b>	<b>\$ 3,709,469</b>	<b>\$ 3,724,469</b>	<b>\$ 3,815,191</b>	<b>\$ 90,722</b>

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>GENERAL GOVERNMENT</b>				
Administration				
Personnel services	\$ 327,065	\$ 327,065	\$ 346,380	\$ 19,315
Contractual services	105,475	106,025	78,226	(27,799)
Commodities	6,150	6,150	6,532	382
Total administration	438,690	439,240	431,138	(8,102)
Legal				
Contractual services	254,000	254,000	97,713	(156,287)
Elected officials				
Personnel services	-	-	-	-
Contractual services	1,975	1,975	1,779	(196)
Total elected officials	1,975	1,975	1,779	(196)
Village clerk				
Personnel services	6,367	6,367	6,383	16
Contractual services	740	740	417	(323)
Total village clerk	7,107	7,107	6,800	(307)
Risk management				
Personnel services	9,075	9,075	7,882	(1,193)
Contractual services	413,600	413,600	420,173	6,573
Capital outlay	5,000	5,000	426	(4,574)
Total risk management	427,675	427,675	428,481	806
Police commission				
Contractual services	2,700	2,700	375	(2,325)
Commodities	-	-	-	-
Total police commission	2,700	2,700	375	(2,325)
Human resources				
Personnel services	45,540	45,540	31,718	(13,822)
Contractual services	8,640	7,590	6,739	(851)
Total human resources	54,180	53,130	38,457	(14,673)
Technology				
Contractual services	47,765	51,515	51,246	(269)
Total technology	47,765	51,515	51,246	(269)

(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, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>GENERAL GOVERNMENT (Continued)</b>				
Finance				
Personnel services	\$ 114,305	\$ 114,305	\$ 98,154	\$ (16,151)
Contractual services	30,182	30,682	29,652	(1,030)
Total finance	144,487	144,987	127,806	(17,181)
Total general government	1,378,579	1,382,329	1,183,795	(198,534)
<b>BUILDING AND ZONING</b>				
Administration				
Personnel services	151,202	151,202	158,062	6,860
Contractual services	9,925	9,925	5,040	(4,885)
Commodities	1,015	1,015	1,099	84
Total administration	162,142	162,142	164,201	2,059
Engineering				
Personnel services	23,831	23,831	23,892	61
Contractual services	25,000	25,000	51,083	26,083
Total engineering	48,831	48,831	74,975	26,144
Total building and zoning	210,973	210,973	239,176	28,203
<b>PUBLIC SAFETY</b>				
Police administration/operations				
Personnel services	1,137,926	1,137,926	1,111,431	(26,495)
Contractual services	133,240	133,240	115,529	(17,711)
Commodities	57,100	57,100	47,539	(9,561)
Capital outlay	5,000	5,000	788	(4,212)
Total police administration/operations	1,333,266	1,333,266	1,275,287	(57,979)
Total public safety	1,333,266	1,333,266	1,275,287	(57,979)
<b>PUBLIC WORKS</b>				
Administration				
Personnel services	437,764	437,764	446,006	8,242
Contractual services	53,806	51,306	28,467	(22,839)
Commodities	94,000	111,500	103,454	(8,046)
Total administration	585,570	600,570	577,927	(22,643)

(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, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>PUBLIC WORKS (Continued)</b>				
Building and grounds				
Contractual services	\$ 17,500	\$ 17,500	\$ 14,926	\$ (2,574)
Commodities	12,000	12,000	8,856	(3,144)
Total buildings and grounds	29,500	29,500	23,782	(5,718)
Total public works	615,070	630,070	601,709	(28,361)
<b>DEBT SERVICE</b>				
Principal	16,041	16,041	-	(16,041)
Interest	2,470	2,470	-	(2,470)
Total debt service	18,511	18,511	-	(18,511)
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,556,399</b>	<b>\$ 3,575,149</b>	<b>\$ 3,299,967</b>	<b>\$ (275,182)</b>

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

For the Year Ended December 31, 2013

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over Under</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ 806	\$ 806
Miscellaneous	481,162	278,539	(202,623)
Total revenues	<u>481,162</u>	<u>279,345</u>	<u>(201,817)</u>
<b>EXPENDITURES</b>			
Current			
General government			
Contractual services	-	2,195	2,195
Capital outlay	504,784	279,165	(225,619)
Total expenditures	<u>504,784</u>	<u>281,360</u>	<u>(223,424)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (23,622)</u>	<u>(2,015)</u>	<u>\$ 21,607</u>
FUND BALANCE, JANUARY 1		<u>20,884</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 18,869</u>	

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF NET POSITION  
AQUATIC CENTER ACCOUNTS

December 31, 2013

	Operating	Depreciation	Bond and Interest
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 41,388	\$ 127,944	\$ 4,250
Total current assets	41,388	127,944	4,250
<b>NONCURRENT ASSETS</b>			
Capital assets			
Capital assets not being depreciated	417,459	-	-
Capital assets being depreciated, net	3,972,438	-	-
Net capital assets	4,389,897	-	-
Total assets	4,431,285	127,944	4,250
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	39,446	-	-
Total deferred outflows of resources	39,446	-	-
Total assets and deferred outflows of resources	4,470,731	127,944	4,250
<b>CURRENT LIABILITIES</b>			
Accounts payable	643	-	-
Wages payable	1,262	-	-
Unearned revenue - other	160	-	-
Due to other funds	5,257	-	-
Revenue bonds payable	140,000	-	-
Total current liabilities	147,322	-	-
<b>NONCURRENT LIABILITIES</b>			
Net bonds payable	2,496,774	-	-
Total noncurrent liabilities	2,496,774	-	-
Total liabilities	2,644,096	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	2,644,096	-	-
<b>NET POSITION</b>			
Net investment in capital assets	1,792,569	-	-
Restricted			
Debt service	-	-	4,250
Unrestricted	34,066	127,944	-
<b>TOTAL NET POSITION</b>	<b>\$ 1,826,635</b>	<b>\$ 127,944</b>	<b>\$ 4,250</b>

<b>2011</b>		
<b>Bond</b>		
<b>Reserve</b>	<b>Eliminations</b>	<b>Total</b>
\$ 257,003	\$ -	\$ 430,585
257,003	-	430,585
-	-	417,459
-	-	3,972,438
-	-	4,389,897
257,003	-	4,820,482
-	-	39,446
-	-	39,446
257,003	-	4,859,928
-	-	643
-	-	1,262
-	-	160
-	-	5,257
-	-	140,000
-	-	147,322
-	-	2,496,774
-	-	2,496,774
-	-	2,644,096
-	-	-
-	-	-
-	-	2,644,096
-	-	1,792,569
257,003	-	261,253
-	-	162,010
\$ 257,003	\$ -	\$ 2,215,832

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

For the Year Ended December 31, 2013

	<b>Operating</b>	<b>Depreciation</b>	<b>Bond and Interest</b>
<b>OPERATING REVENUES</b>			
Charges for service	\$ 290,121	\$ -	\$ -
Total operating revenues	290,121	-	-
<b>OPERATING EXPENSES</b>			
Personnel services	169,105	-	-
Contractual services	111,805	-	428
Commodities	31,589	-	-
Maintenance	-	11,297	-
Depreciation	167,138	-	-
Total operating expenses	479,637	11,297	428
<b>OPERATING INCOME (LOSS)</b>	(189,516)	(11,297)	(428)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	108	242	101
Miscellaneous	354	-	-
Insurance proceeds	-	41,405	-
Interest expense	(1,423)	-	(117,910)
Total nonoperating revenues (expenses)	(961)	41,647	(117,809)
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	(190,477)	30,350	(118,237)
<b>TRANSFERS</b>			
Transfers in	217,639	-	257,158
Transfers (out)	-	(79,948)	(135,000)
Total transfers	217,639	(79,948)	122,158
<b>CHANGE IN NET POSITION</b>	27,162	(49,598)	3,921
<b>NET POSITION, JANUARY 1</b>	1,799,473	177,542	329
<b>NET POSITION, DECEMBER 31</b>	\$ 1,826,635	\$ 127,944	\$ 4,250

<b>2011</b>		
<b>Bond</b>		
<b>Reserve</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ 290,121
-	-	290,121
-	-	169,105
-	-	112,233
-	-	31,589
-	-	11,297
-	-	167,138
-	-	491,362
-	-	(201,241)
513	-	964
-	-	354
-	-	41,405
-	-	(119,333)
513	-	(76,610)
513	-	(277,851)
-	(214,948)	259,849
-	214,948	-
-	-	259,849
513	-	(18,002)
256,490	-	2,233,834
\$ 257,003	\$ -	\$ 2,215,832

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS  
AQUATIC CENTER ACCOUNTS

For the Year Ended December 31, 2013

	<u>Operating</u>	<u>Depreciation</u>	<u>Bond and Interest</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 290,121	\$ -	\$ -
Payments to suppliers	(146,574)	(11,297)	(428)
Payments to employees	(169,102)	-	-
Miscellaneous nonoperating receipts	354	-	-
Net cash from operating activities	<u>(25,201)</u>	<u>(11,297)</u>	<u>(428)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund loan receipts (repayments)	947	-	-
Transfers in	217,639	-	257,158
Transfers (out)	-	(79,948)	(135,000)
Net cash from noncapital financing activities	<u>218,586</u>	<u>(79,948)</u>	<u>122,158</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on long-term debt	(135,000)	-	-
Insurance proceeds	-	41,405	-
Purchase of capital assets	(79,948)	-	-
Interest paid	-	-	(117,910)
Net cash from capital and related financing activities	<u>(214,948)</u>	<u>41,405</u>	<u>(117,910)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	107	242	101
Net cash from investing activities	<u>107</u>	<u>242</u>	<u>101</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,456)	(49,598)	3,921
CASH AND CASH EQUIVALENTS, JANUARY 1	62,844	177,542	329
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 41,388</u>	<u>\$ 127,944</u>	<u>\$ 4,250</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (189,516)	\$ (11,297)	\$ (428)
Miscellaneous nonoperating receipts	354	-	-
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Increase (decrease) in			
Depreciation and amortization	167,138	-	-
Accounts payable	(3,180)	-	-
Wages payable	3	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ (25,201)</u>	<u>\$ (11,297)</u>	<u>\$ (428)</u>
<b>NONCASH ACTIVITIES</b>			
Capital contributions	\$ -	\$ -	\$ -

<b>2011</b>		
<b>Bond</b>		
<b>Reserve</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ 290,121
-	-	(158,299)
-	-	(169,102)
-	-	354
-	-	(36,926)
-	-	947
-	(214,948)	259,849
-	214,948	-
-	-	260,796
-	-	(135,000)
-	-	41,405
-	-	(79,948)
-	-	(117,910)
-	-	(291,453)
513	-	963
513	-	963
513	-	(66,620)
256,490	-	497,205
<u>\$ 257,003</u>	<u>\$ -</u>	<u>\$ 430,585</u>
\$ -	\$ -	\$ (201,241)
-	-	354
-	-	167,138
-	-	(3,180)
-	-	3
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,926)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

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

Ike Planning Grant Fund - used to account for revenues and expenditures related to the Illinois Department of Commerce and Economic Opportunity (DCEO) Ike Planning Grant.

Capital Improvements Fund - used to account for revenues (transfers from other funds) and expenditures for capital improvements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

	Connection Fees	Ike Planning Grant	Capital Improvements	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Cash and investments	\$ 251,521	\$ -	\$ 8,858	\$ 260,379
Due from other funds	-	-	52,912	52,912
Due from other governments - grants	-	10,449	-	10,449
Total assets	251,521	10,449	61,770	323,740
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 251,521</b>	<b>\$ 10,449</b>	<b>\$ 61,770</b>	<b>\$ 323,740</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,669	\$ 10,449	\$ 12,624	\$ 24,742
Due to other funds	492	-	-	492
Total liabilities	2,161	10,449	12,624	25,234
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	2,161	10,449	12,624	25,234
<b>FUND BALANCES</b>				
Restricted				
Capital improvements	249,360	-	-	249,360
Assigned				
Capital improvements	-	-	49,146	49,146
Total fund balances	249,360	-	49,146	298,506
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 251,521</b>	<b>\$ 10,449</b>	<b>\$ 61,770</b>	<b>\$ 323,740</b>

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

	Connection Fees	Ike Planning Grant	Capital Improvements	Total
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 20,955	\$ -	\$ 20,955
Investment income	575	-	61	636
Miscellaneous	44,000	-	-	44,000
Total revenues	44,575	20,955	61	65,591
<b>EXPENDITURES</b>				
Current				
General government	-	20,955	-	20,955
Capital outlay	66,181	-	111,286	177,467
Debt service				
Principal retirement	-	-	46,597	46,597
Interest and fiscal charges	-	-	682	682
Total expenditures	66,181	20,955	158,565	245,701
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(21,606)	-	(158,504)	(180,110)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	200,000	200,000
Total other financing sources (uses)	-	-	200,000	200,000
NET CHANGE IN FUND BALANCES	(21,606)	-	41,496	19,890
FUND BALANCES, JANUARY 1	270,966	-	7,650	278,616
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 249,360</b>	<b>\$ -</b>	<b>\$ 49,146</b>	<b>\$ 298,506</b>

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENTS FUND**

For the Year Ended December 31, 2013

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Investment income	\$ 1,000	\$ 1,000	\$ 61	\$ (939)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>61</u>	<u>(939)</u>
<b>EXPENDITURES</b>				
Capital outlay	90,826	87,076	111,286	24,210
Debt service				
Principal retirement	-	-	46,597	46,597
Interest and fiscal charges	-	-	682	682
Total expenditures	<u>90,826</u>	<u>87,076</u>	<u>158,565</u>	<u>71,489</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(89,826)</u>	<u>(86,076)</u>	<u>(158,504)</u>	<u>(72,428)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	90,000	90,000	200,000	110,000
Transfers (out)	-	(3,750)	-	3,750
Total other financing sources (uses)	<u>90,000</u>	<u>86,250</u>	<u>200,000</u>	<u>113,750</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 174</u>	<u>\$ 174</u>	41,496	<u>\$ 41,322</u>
FUND BALANCE, JANUARY 1			<u>7,650</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 49,146</u>	

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

For the Year Ended December 31, 2013

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 217,155	\$ 217,155	\$ -
Employee	70,000	78,712	8,712
	<hr/>	<hr/>	<hr/>
Total contributions	287,155	295,867	8,712
	<hr/>	<hr/>	<hr/>
Investment income			
Net appreciation in fair value of investments	-	50,232	50,232
Interest	22,000	25,109	3,109
	<hr/>	<hr/>	<hr/>
Total investment income	22,000	75,341	53,341
	<hr/>	<hr/>	<hr/>
Total additions	309,155	371,208	62,053
	<hr/>	<hr/>	<hr/>
<b>DEDUCTIONS</b>			
Benefits and refunds	72,160	72,160	-
Administration	24,500	14,377	(10,123)
	<hr/>	<hr/>	<hr/>
Total deductions	96,660	86,537	(10,123)
	<hr/>	<hr/>	<hr/>
<b>NET INCREASE</b>	<u>\$ 212,495</u>	284,671	<u>\$ 72,176</u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1		<hr/> 1,927,996	
December 31		<u><u>\$ 2,212,667</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, 2013

**ALL FUNDS**

	<b>Balances</b>			<b>Balances</b>
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 386,273	\$ 1,213,158	\$ 1,257,245	\$ 342,186
<b>TOTAL ASSETS</b>	<b>\$ 386,273</b>	<b>\$ 1,213,158</b>	<b>\$ 1,257,245</b>	<b>\$ 342,186</b>
<b>LIABILITIES</b>				
Due to others	\$ 386,273	\$ 1,213,158	\$ 1,257,245	\$ 342,186
<b>TOTAL LIABILITIES</b>	<b>\$ 386,273</b>	<b>\$ 1,213,158</b>	<b>\$ 1,257,245</b>	<b>\$ 342,186</b>

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

	<b>Balances</b>			<b>Balances</b>
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 46,187	\$ 293,101	\$ 305,797	\$ 33,491
<b>TOTAL ASSETS</b>	<b>\$ 46,187</b>	<b>\$ 293,101</b>	<b>\$ 305,797</b>	<b>\$ 33,491</b>
<b>LIABILITIES</b>				
Due to others	\$ 46,187	\$ 293,101	\$ 305,797	\$ 33,491
<b>TOTAL LIABILITIES</b>	<b>\$ 46,187</b>	<b>\$ 293,101</b>	<b>\$ 305,797</b>	<b>\$ 33,491</b>

(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, 2013

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

	<b>Balances January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 52,681	\$ 293,553	\$ 305,797	\$ 40,437
<b>TOTAL ASSETS</b>	<b>\$ 52,681</b>	<b>\$ 293,553</b>	<b>\$ 305,797</b>	<b>\$ 40,437</b>
<b>LIABILITIES</b>				
Due to others	\$ 52,681	\$ 293,553	\$ 305,797	\$ 40,437
<b>TOTAL LIABILITIES</b>	<b>\$ 52,681</b>	<b>\$ 293,553</b>	<b>\$ 305,797</b>	<b>\$ 40,437</b>

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

	<b>Balances January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 48,610	\$ 293,293	\$ 305,797	\$ 36,106
<b>TOTAL ASSETS</b>	<b>\$ 48,610</b>	<b>\$ 293,293</b>	<b>\$ 305,797</b>	<b>\$ 36,106</b>
<b>LIABILITIES</b>				
Due to others	\$ 48,610	\$ 293,293	\$ 305,797	\$ 36,106
<b>TOTAL LIABILITIES</b>	<b>\$ 48,610</b>	<b>\$ 293,293</b>	<b>\$ 305,797</b>	<b>\$ 36,106</b>

(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, 2013

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

	<b>Balances</b>		<b>Balances</b>	
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 238,795	\$ 333,211	\$ 339,854	\$ 232,152
<b>TOTAL ASSETS</b>	<b>\$ 238,795</b>	<b>\$ 333,211</b>	<b>\$ 339,854</b>	<b>\$ 232,152</b>
<b>LIABILITIES</b>				
Due to others	\$ 238,795	\$ 333,211	\$ 339,854	\$ 232,152
<b>TOTAL LIABILITIES</b>	<b>\$ 238,795</b>	<b>\$ 333,211</b>	<b>\$ 339,854</b>	<b>\$ 232,152</b>

(See independent auditor's report.)

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	77-88
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	89-93
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.	94-98
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.	99-100
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.	101-103

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

NET POSITION BY COMPONENT

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 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)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 13,795,707</b>	<b>\$ 19,966,111</b>	<b>\$ 21,301,519</b>	<b>\$ 17,877,917</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ -	\$ -	\$ 2,723,992	\$ 2,345,316
Restricted	-	-	-	447,431
Unrestricted	-	-	991,922	179,705
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,715,914</b>	<b>\$ 2,972,452</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 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
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,795,707</b>	<b>\$ 19,966,111</b>	<b>\$ 25,017,433</b>	<b>\$ 20,850,369</b>

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

Data Source

Audited Financial Statements

	<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$	12,473,431	\$ 12,100,792	\$ 14,011,182	\$ 13,708,354	\$ 13,503,716	\$ 13,339,396
	4,633,442	2,645,314	601,458	947,427	1,082,734	1,190,127
	734,102	399,477	552,494	1,458,953	2,074,808	2,516,357
\$	17,840,975	\$ 15,145,583	\$ 15,165,134	\$ 16,114,734	\$ 16,661,258	\$ 17,045,880
\$	2,364,709	\$ 2,080,219	\$ 2,219,059	\$ 1,776,874	\$ 1,746,181	\$ 1,792,569
	451,196	584,414	289,252	391,676	256,819	261,253
	(23,915)	85,215	44,699	309,489	230,834	162,010
\$	2,791,990	\$ 2,749,848	\$ 2,553,010	\$ 2,478,039	\$ 2,233,834	\$ 2,215,832
\$	14,838,140	\$ 14,181,011	\$ 16,230,241	\$ 15,485,228	\$ 15,249,897	\$ 15,131,965
	5,084,638	3,229,728	890,710	1,339,103	1,339,553	1,451,380
	710,187	484,692	597,193	1,768,442	2,305,642	2,678,367
\$	20,632,965	\$ 17,895,431	\$ 17,718,144	\$ 18,592,773	\$ 18,895,092	\$ 19,261,712

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>EXPENSES</b>				
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
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 6,951,689</b>	<b>\$ 7,549,356</b>	<b>\$ 7,769,369</b>	<b>\$ 10,607,968</b>
<b>PROGRAM REVENUES</b>				
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
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 3,062,023</b>	<b>\$ 6,537,971</b>	<b>\$ 9,667,984</b>	<b>\$ 2,504,531</b>
<b>NET (EXPENSES) REVENUES</b>				
Governmental activities	\$ (3,889,666)	\$ (1,011,385)	\$ 1,901,140	\$ (7,297,777)
Business-type activities	-	-	(2,525)	(805,660)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES</b>	<b>\$ (3,889,666)</b>	<b>\$ (1,011,385)</b>	<b>\$ 1,898,615</b>	<b>\$ (8,103,437)</b>

	2008*	2009	2010	2011	2012	2013
\$	671,138	\$ 783,579	\$ 1,320,911	\$ 1,435,196	\$ 1,202,576	\$ 1,547,590
	215,819	268,409	306,260	312,618	370,625	511,300
	1,042,970	1,338,932	1,284,492	1,302,247	1,341,417	1,287,164
	-	-	-	-	-	-
	2,099,964	3,485,091	663,329	1,107,541	1,009,570	846,084
	-	-	-	-	-	-
	245,056	375,854	408,582	520,390	547,137	689,946
	8,201	5,919	5,157	4,318	3,435	102,925
	4,283,148	6,257,784	3,988,731	4,682,310	4,474,760	4,985,009
	438,924	571,328	583,088	560,021	573,378	610,695
	438,924	571,328	583,088	560,021	573,378	610,695
\$	4,722,072	\$ 6,829,112	\$ 4,571,819	\$ 5,242,331	\$ 5,048,138	\$ 5,595,704
\$	120,698	\$ 320,502	\$ 375,145	\$ 416,333	\$ 417,211	\$ 395,253
	283,861	265,401	244,825	403,122	281,282	528,395
	121,431	174,493	137,416	153,834	150,566	177,440
	-	-	-	-	-	-
	-	-	-	446,200	20,000	44,000
	32,785	54,206	49,717	55,793	73,417	125,560
	143,742	204,609	235,912	318,485	239,527	265,617
	-	44,545	127,814	217,542	428,619	344,094
	702,517	1,063,756	1,170,829	2,011,309	1,610,622	1,880,359
	240,828	309,440	279,547	232,193	272,583	290,121
	-	-	-	-	-	-
	-	-	-	-	5,374	-
	240,828	309,440	279,547	232,193	277,957	290,121
\$	943,345	\$ 1,373,196	\$ 1,450,376	\$ 2,243,502	\$ 1,888,579	\$ 2,170,480
\$	(3,580,631)	\$ (5,194,028)	\$ (2,817,902)	\$ (2,671,001)	\$ (2,864,138)	\$ (3,104,650)
	(198,096)	(261,888)	(303,541)	(327,828)	(295,421)	(320,574)
\$	(3,778,727)	\$ (5,455,916)	\$ (3,121,443)	\$ (2,998,829)	\$ (3,159,559)	\$ (3,425,224)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
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	-	-	-
<b>Total governmental activities</b>	<b>2,243,799</b>	<b>2,492,910</b>	<b>3,007,869</b>	<b>3,936,878</b>
Business-Type Activities				
Investment income	-	-	144,838	56,872
Miscellaneous	-	-	-	5,326
Transfer in (out)	-	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>144,838</b>	<b>62,198</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,243,799</b>	<b>\$ 2,492,910</b>	<b>\$ 3,152,707</b>	<b>\$ 3,999,076</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (1,645,867)	\$ 1,481,525	\$ 4,909,009	\$ (3,360,899)
Business-type activities	-	-	142,313	(743,462)
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ (1,645,867)</b>	<b>\$ 1,481,525</b>	<b>\$ 5,051,322</b>	<b>\$ (4,104,361)</b>

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

Data Source

Audited Financial Statements

	2008*	2009	2010	2011	2012	2013
\$	1,573,980	\$ 1,644,331	\$ 1,655,146	\$ 1,845,400	\$ 1,839,594	\$ 1,852,159
	26,044	15,573	17,947	17,251	22,321	17,196
	99,675	112,426	98,707	113,385	116,166	127,735
	-	-	2,520	-	2,801	1,312
	542,330	698,585	693,028	708,246	794,060	860,915
	1,190	1,621	1,713	1,460	1,546	1,725
	33,390	49,460	362,993	653,258	603,957	607,417
	123,855	98,360	47,888	18,984	13,632	8,465
	1,143,225	60,429	147,855	508,400	136,190	272,197
	-	(191,620)	(96,463)	(245,783)	(119,605)	(259,849)
	-	-	-	-	-	-
	3,543,689	2,489,165	2,931,334	3,620,601	3,410,662	3,489,272
	11,846	11,351	6,277	5,875	2,662	964
	6,788	5,775	7,931	1,199	2,777	41,759
	-	191,620	96,463	245,783	119,605	259,849
	18,634	208,746	110,671	252,857	125,044	302,572
\$	3,562,323	\$ 2,697,911	\$ 3,042,005	\$ 3,873,458	\$ 3,535,706	\$ 3,791,844
\$	(36,942)	\$ (2,704,863)	\$ 113,432	\$ 949,600	\$ 546,524	\$ 384,622
	(179,462)	(53,142)	(192,870)	(74,971)	(170,377)	(18,002)
\$	(216,404)	\$ (2,758,005)	\$ (79,438)	\$ 874,629	\$ 376,147	\$ 366,620

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>GENERAL FUND</b>				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted				
Highway and streets	-	-	-	-
Assigned				
Cash reserves	-	-	-	-
Unassigned	-	-	-	-
Reserved	-	-	47,383	-
Unreserved	3,081,955	3,965,577	1,261,649	550,432
<b>TOTAL GENERAL FUND</b>	<b>\$ 3,081,955</b>	<b>\$ 3,965,577</b>	<b>\$ 1,309,032</b>	<b>\$ 550,432</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
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	5,226,866
Unreserved, reported in				
Special Revenue Funds	1,354,673	-	-	66,773
Capital Projects Funds	-	-	-	(465,318)
Permanent Funds	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENT FUNDS</b>	<b>\$ 7,465,735</b>	<b>\$ 7,935,701</b>	<b>\$ 7,379,903</b>	<b>\$ 4,828,321</b>

Note: The substantial increase in reserved fund balance in the Other Governmental Funds for 2004 is due to the issuance of 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

<b>2008*</b>	<b>2009</b>	<b>2010**</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ -	\$ -	\$ 157,867	\$ 168,988	\$ 187,049	\$ 35,145
-	-	34,845	-	-	-
-	-	162,763	742,454	1,173,612	1,192,322
-	-	-	-	278,684.00	528,117
55,751	126,931	-	-	-	-
114,131	177,748	-	-	-	-
<b>\$ 169,882</b>	<b>\$ 304,679</b>	<b>\$ 355,475</b>	<b>\$ 911,442</b>	<b>\$ 1,639,345</b>	<b>\$ 1,755,584</b>
\$ -	\$ -	\$ -	\$ -	\$ 867	\$ 17,332
-	-	301,900	368,909	469,169	498,996
-	-	17,204	-	320	6,243,097
-	-	212,373	293,991	270,966	249,360
-	-	35,136	284,527	342,279	438,674
-	-	539,321	995,561	897,302	1,280,026
-	-	135,987	-	28,708	27,621
4,605,340	2,610,178	-	-	-	-
445,725	541,222	-	-	-	-
516,527	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 5,567,592</b>	<b>\$ 3,151,400</b>	<b>\$ 1,241,921</b>	<b>\$ 1,942,988</b>	<b>\$ 2,009,611</b>	<b>\$ 8,755,106</b>

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>REVENUES</b>				
Taxes	\$ 1,714,623	\$ 1,870,093	\$ 2,090,829	\$ 2,351,998
Licenses, permits and fees	2,877,063	2,806,969	1,689,836	1,970,632
Intergovernmental	225,836	269,321	192,716	220,600
Developer park donations	32,859	68,932	-	-
Investment income	251,952	388,173	375,681	307,352
Contribution from property owners	-	-	3,345,218	-
Miscellaneous	197,376	3,627,393	566,719	1,347,536
<b>Total revenues</b>	<b>5,299,709</b>	<b>9,030,881</b>	<b>8,260,999</b>	<b>6,198,118</b>
<b>EXPENDITURES</b>				
General government	2,011,744	2,025,831	921,354	921,407
Building and zoning	-	-	999,072	1,365,255
Public safety	1,148,993	1,270,570	1,514,586	1,779,245
Buildings and grounds	98,159	106,155	-	-
Public works	-	-	4,181,851	5,177,240
Streets and bridges	3,484,958	4,184,822	-	-
Parks and recreation	117,186	94,096	23,337	87,001
Capital outlay	11,091	126,640	147,158	191,351
Debt service				
Principal	-	-	105,307	25,514
Interest and fiscal charges	-	-	7,076	1,393
<b>Total expenditures</b>	<b>6,872,131</b>	<b>7,808,114</b>	<b>7,899,741</b>	<b>9,548,406</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,572,422)</b>	<b>1,222,767</b>	<b>361,258</b>	<b>(3,350,288)</b>

<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 2,276,609	\$ 2,521,996	\$ 2,832,054	\$ 3,339,000	\$ 3,380,445	\$ 3,468,458
535,720	788,389	782,590	975,051	945,277	1,398,578
143,742	204,609	235,912	493,484	412,527	277,593
-	-	-	-	-	-
123,855	98,360	47,888	18,984	13,632	8,465
-	-	-	-	-	30,580
1,166,280	131,187	300,182	1,051,174	455,258	422,806
4,246,206	3,744,541	4,198,626	5,877,693	5,207,139	5,606,480
654,730	768,837	1,191,122	1,380,475	1,194,467	1,284,758
215,819	215,496	313,575	268,975	330,120	468,692
926,758	1,309,295	1,232,033	1,273,349	1,261,662	1,275,287
-	-	-	-	-	-
2,026,719	3,433,189	2,935,261	853,134	784,597	802,468
-	-	-	-	-	-
51,976	97,978	142,531	251,742	280,814	359,201
2,284	481	127,814	328,690	422,837	456,632
105,881	12,592	13,353	14,193	15,076	46,597
8,201	5,919	5,157	4,318	3,435	102,925
3,992,368	5,843,787	5,960,846	4,374,876	4,293,008	4,796,560
253,838	(2,099,246)	(1,762,220)	1,502,817	914,131	809,920

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,700	\$ 50,208	\$ 4,505,399	\$ 1,091,000
Transfers (out)	(2,700)	(50,208)	(4,505,399)	(1,091,000)
Sale of capital assets	6,580	-	-	-
Debt certificates issued at par	-	-	-	-
Premium of debt certificates issued	-	-	-	-
Installment contracts issued	-	130,821	-	102,809
Total other financing sources (uses)	6,580	130,821	-	102,809
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,565,842)</b>	<b>\$ 1,353,588</b>	<b>\$ 361,258</b>	<b>\$ (3,247,479)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>0.00%</b>	<b>0.00%</b>	<b>1.55%</b>	<b>0.30%</b>

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

Data Source

Audited Financial Statements

<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 2,501,275	\$ 982,667	\$ 36,856	\$ 97,629	\$ 466,250	\$ 216,827
(2,501,275)	(1,174,287)	(133,319)	(343,412)	(585,855)	(476,676)
-	-	-	-	-	-
-	-	-	-	-	6,240,000
-	-	-	-	-	71,663
104,883	-	-	-	-	-
104,883	(191,620)	(96,463)	(245,783)	(119,605)	6,051,814
\$ 358,721	\$ (2,290,866)	\$ (1,858,683)	\$ 1,257,034	\$ 794,526	\$ 6,861,734
3.29%	0.32%	0.32%	0.43%	0.45%	3.27%

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Farm Property</b>	<b>Railroad Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (A)</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Taxable Value</b>
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%
2011	432,886,729	6,690,474	2,975,100	44,489	442,596,792	0.416	1,327,790,376	33.333%
2012	392,631,863	7,087,727	2,530,103	35,767	402,285,460	0.460	1,206,856,380	33.333%

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

2012 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

<b>Tax Levy Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Village Direct Rates (A)</b>				
Corporate	0.225	0.201	0.224	0.224
Police protection	0.064	0.044	0.054	0.051
Street and bridge - Ela	0.057	0.091	0.048	0.043
Audit tax	0.000	0.002	0.005	0.003
Liability insurance	0.016	0.015	0.014	0.012
Unemployment insurance	0.000	0.000	0.000	0.000
Special recreation	0.007	0.011	0.010	0.013
Total direct rate without SSAs	0.369	0.364	0.355	0.346
<b>Special Service Areas</b>				
SSA #1	0.288	0.280	0.260	0.249
SSA #2	0.274	0.265	0.219	0.170
SSA #3	0.255	0.243	0.234	0.228
Total direct rate with SSAs	1.186	1.152	1.068	0.993
<b>Overlapping Rates</b>				
Lake County	0.490	0.465	0.454	0.450
Lake County Forest Preserve	0.225	0.219	0.210	0.204
Ela Township-Corp	0.086	0.085	0.085	0.086
Ela Township-R & B	0.011	0.011	0.010	0.010
Ela Township-Gravel	0.029	0.030	0.030	0.032
School District #95	4.092	4.082	4.040	3.992
School District #96	2.940	3.038	3.000	2.989
School District #79	2.635	2.572	2.565	2.529
Consolidated H.S. District #125	1.940	2.062	2.112	2.134
Community College #532	0.201	0.200	0.197	0.195
Ela Area Library	0.343	0.334	0.323	0.317
Countryside Fire District	0.420	0.422	0.400	0.398
Lake Zurich Fire District	0.365	0.358	0.493	0.511
Wauconda Fire District	0.450	0.450	0.434	0.425
Long Grove Fire District	0.503	0.547	0.526	0.549
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>15.916</b>	<b>16.027</b>	<b>15.947</b>	<b>15.814</b>
<b>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HAWTHORN WOODS</b>	<b>4.1%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.8%</b>

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.  
2013 property tax rates not available at the time of printing.

Data Source

Office of the County Clerk

2007	2008	2009	2010	2011	2012
0.222	0.044	0.018	0.086	0.061	0.068
0.047	0.167	0.166	0.147	0.190	0.229
0.037	0.096	0.074	0.079	0.092	0.087
0.003	0.003	0.004	0.004	0.005	0.005
0.011	0.000	0.000	0.025	0.028	0.031
0.000	0.011	0.029	0.000	0.000	0.000
0.013	0.013	0.040	0.040	0.040	0.040
0.333	0.334	0.331	0.381	0.416	0.460
0.231	0.223	0.221	0.229	0.253	0.279
0.148	0.139	0.132	0.135	0.149	0.166
0.209	0.210	0.204	0.214	0.242	0.271
0.921	0.906	0.888	0.959	1.060	1.176
0.444	0.453	0.464	0.505	0.554	0.608
0.201	0.199	0.200	0.198	0.201	0.212
0.082	0.084	0.084	0.091	0.099	0.088
0.010	0.005	0.007	0.008	0.009	0.010
0.032	0.038	0.036	0.039	0.042	0.030
3.830	3.899	3.901	4.136	4.446	4.914
2.772	2.869	2.916	3.086	3.453	3.756
2.379	2.435	2.485	2.663	2.937	3.267
2.114	2.139	2.185	2.306	2.465	2.751
0.192	0.196	0.200	0.218	0.240	0.272
0.306	0.308	0.308	0.329	0.356	0.386
0.390	0.417	0.421	0.422	0.495	0.552
0.547	0.561	0.564	0.607	0.504	0.654
0.421	0.432	0.442	0.480	0.530	0.614
0.547	0.549	0.599	0.616	0.692	0.766
15.188	15.490	15.700	16.663	18.083	20.056
3.7%	3.6%	3.5%	3.7%	3.7%	3.7%

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Seven Years Ago

Taxpayer	2012 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	\$ 1,626,843	1	0.40%			
Toll Brothers	876,126	2	0.22%			
Aqua Illinois, Inc. Regional Office	832,650	3	0.21%	\$ 3,740,533	1	1.00%
Toll Brothers	595,326	4	0.15%			
Tauke Properties, Inc.	575,027	5	0.14%			
Starzwood Development, Inc.	513,848	6	0.13%			
Individual	498,005	7	0.12%			
AGP Investmetns, LLC	476,338	8	0.12%			
Individual	445,661	9	0.11%			
Hawthorn Woods LLC	440,317	10	0.11%			
Toll IL HWCC, LP				\$ 1,224,852	1	0.33%
Individual				1,194,604	2	0.32%
Parkway Bank & Trust Company				770,133	3	0.21%
C/O Toll Brothers				681,805	4	0.18%
Individual				511,923	5	0.14%
Individual				403,266	6	0.11%
Individual				385,328	7	0.10%
Individual				382,656	8	0.10%
Individual				350,211	10	0.09%
	<u>\$ 6,880,141</u>		<u>1.71%</u>	<u>\$ 9,645,311</u>		<u>2.58%</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.

2013 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

<b>Levy Year</b>	<b>Tax Levied (B)</b>	<b>Levy Collections</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>
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	2,859,307	2,857,044	99.92%
2012	3,063,563	3,062,408	99.96%
2013(A)	N/A	N/A	N/A

(A) Collections for the 2013 Tax Levy Year will not be received until fiscal year 2014.

(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	Debt Certificates	Installment Contracts Payable	General Obligation Bonds	Revenue Bonds Payable	Capital Leases			
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
2012	-	-	46,597	-	2,760,000	-	2,806,597	0.85%	366
2013	-	6,240,000	-	-	2,625,000	-	8,865,000	2.68%	1,157

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 99 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

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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, 2013

<b>Governmental Unit</b>	<b>Gross Debt (A)</b>	<b>Percentage Debt Applicable to the Village of Hawthorn Woods (B)</b>	<b>Village of Hawthorn Woods Share of Debt</b>
Village of Hawthorn Woods	\$ -	100.000%	\$ -
Lake County, including Forest Preserve District	305,415,000	1.644%	5,020,457
Ela Area Public Library District	1,255,000	18.693%	234,596
Fremont Public Library District	4,400,000	8.304%	365,396
Mundelein Park District	2,120,000	0.067%	1,413
Countryside Fire Protection District	7,460,000	11.527%	859,940
Lake Zurich Rural Fire Protection District	375,000	21.652%	81,195
School District #79	26,480,000	22.720%	6,016,205
School District #96	1,285,000	1.031%	13,248
Community Unit School District #95	28,363,387	14.157%	4,015,345
High School District #120	21,765,501	6.830%	1,486,520
High School District #125	20,985,000	3.097%	649,986
Community College District #532	20,535,000	1.733%	355,785
<b>TOTAL OVERLAPPING DEBT</b>	<b><u>\$ 440,438,888</u></b>		<b><u>\$ 19,100,086</u></b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b><u>\$ 440,438,888</u></b>		<b><u>\$ 19,100,086</u></b>

(A) Gross debt is calculated as of December 31, 2012.

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

(C) Overlapping percentages are based on 2012 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

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<b>Fiscal Year</b>	<b>Revenues*</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
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
2012	275,360	135,000	120,610	1.08
2013	290,583	135,000	117,910	1.15

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, 2013

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Maximum allowable general obligation debt (8.625% of assessed valuation of \$402,285,460)	\$ 34,697,121
General obligation bonds	<u>-</u>
<b>LEGAL DEBT MARGIN</b>	<u><u>\$ 34,697,121</u></u>

Data Source

Village records

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(1) Personal Income</b>	<b>(1) Per Capita Personal Income</b>	<b>(2) Unemployment Rate</b>
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%
2012	7,663	330,727,417	43,159	8.7%
2013	7,663	330,727,417	43,159	8.2

\*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 Seven Years Ago

<b>Employer</b>	<b>2013</b>			<b>2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total Village Population</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Village Population</b>
Community Unit School District-						
Spencer Loomis	90.0	1	1.2%	90.0	1	1.5%
Kemper Sports	70.0	2	0.9%	70.0	2	1.2%
Toll Brothers	45.0	3	0.6%	45.0	3	0.7%
Hawthorn Gardens	27.0	4	0.4%	27.0	6	0.4%
Village of Hawthorn Woods	26.0	5	0.3%	30.5	5	0.4%
Barn Nursery	22.0	6	0.3%	22.0	4	0.5%
Country Bumpkin	20.0	7	0.3%	20.0	7	0.3%
St. Matthew Lutheran Church and School	17.0	8	0.2%	19.0	8	0.3%
RH Insurance	14.0	9	0.2%	14.0	9	0.2%
Toddler Tyme	13.0	10	0.2%	13.0	10	0.2%
<b>TOTAL</b>	<b>344</b>			<b>351</b>		

Information from 2004 is not available; therefore, the year 2006 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	2005	2006	2007	2008	2008*	2009	2010	2011	2012	2013
<b>GENERAL GOVERNMENT</b>										
Administration	2.0	2.0	3.0	3.0	3.0	3.0	3.0	2.0	4.0	4.0
Finance	1.5	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building and zoning	2.5	3.5	3.5	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Parks and recreation	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>PUBLIC SAFETY</b>										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Officers	13.0	15.0	15.0	11.0	11.0	8.0	9.0	9.0	9.0	9.0
<b>PUBLIC WORKS</b>										
Administration	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Street maintenance	5.0	5.0	5.0	3.0	3.0	3.0	3.0	5.0	5.0	6.0
<b>TOTAL</b>	27.0	30.5	32.5	22.0	22.0	19.0	21.0	22.0	25.0	26.0

\*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	2005	2006	2007	2008	2008*	2009	2010	2011	2012	2013
<b>PUBLIC SAFETY</b>										
Police										
Physical arrests	135	209	232	212	146	119	115	138	132	81
Parking violations	N/A	150	257	508	405	871	680	638	767	1,426
Traffic violations	3,167	3,248	3,734	2,624	1,493	2,386	2,170	2,009	1,235	1,783
<b>PUBLIC WORKS</b>										
Vehicles maintained by dept	20.0	21.0	20.0	20.0	16.0	20.0	20.0	20.0	21.0	22.0
Street reconstruction (miles)	4.0	4.0	4.5	3.0	-	0.5	-	-	-	-
Street resurfacing (miles)	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

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<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	1	2	2	2	2	2	2	2	2	2
Patrol units	13	15	16	10	10	8	8	8	8	8
<b>PUBLIC WORKS</b>										
Miles of streets	47.4	47.4	47.4	58.0	58.0	58.0	58.0	58.0	58.0	58.0
Streetlights	38	38	38	38	38	38	38	38	38	38
Traffic signals	2	2	2	2	2	2	2	2	2	2
<b>WASTEWATER</b>										
Storm sewers	22	24	24	24	24	24	24	24	24	24
Sanitary sewers	-	-	-	-	-	-	-	-	1	1

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

Data Source

Various Village departments