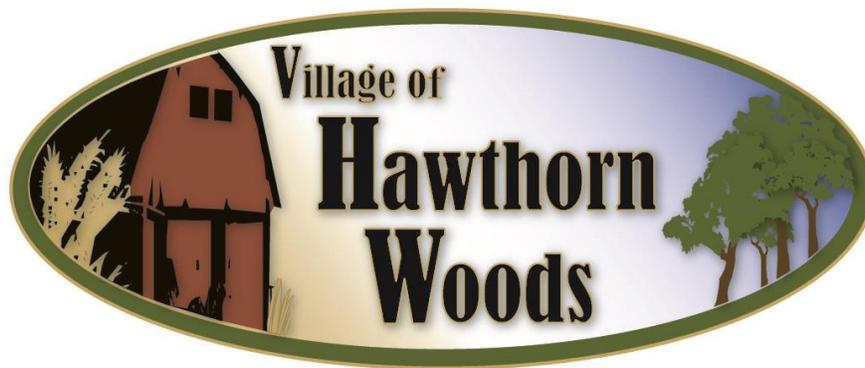


**VILLAGE OF  
HAWTHORN WOODS, ILLINOIS**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2017

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, 2017

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**VILLAGE OF BOARD TRUSTEES**

Joseph Mancino, Mayor

Kelly Corrigan

Michael David

Dominick DiMaggio

Jayne Kosik

James Kaiser

Steve Riess

Chief Operating Officer  
Pamela O. Newton, MSOL,  
ICMA Credentialed Manager

Chief Administrative Officer/Village Clerk  
Donna Lobaito, RMC

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

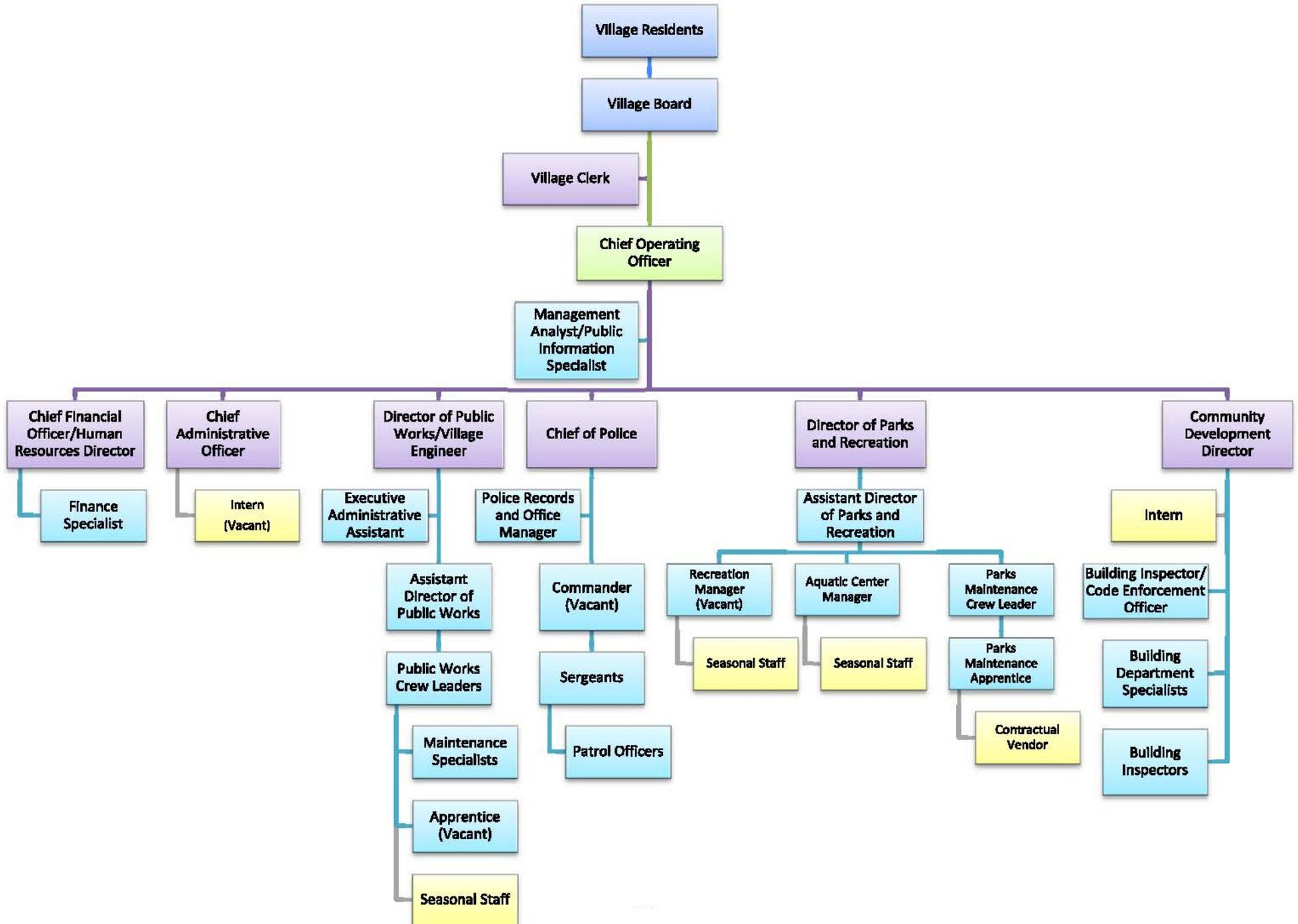
Chief of Police  
Jennifer Paulus

Director of Public Works/Village Engineer  
Erika Frable, PE

Director of Parks and Recreation  
Brian J. Sullivan, CPRP, MPA, CPSI

Director of Community Development  
Michael Cassata, AICP

# Village of Hawthorn Woods – Organizational Chart





Government Finance Officers Association

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

Presented to

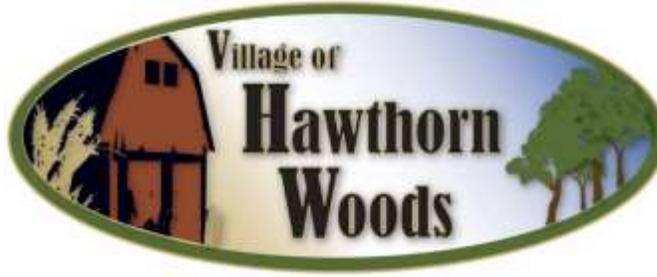
**Village of Hawthorn Woods  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO



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

April 24, 2018

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, 2017 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, 2017. 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. We expect a new census population to be reflected in next year's report as a result of the special census conducted in the fall of 2017. 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 recently updated the Comprehensive Plan to guide this development. The Village is also in land development discussions that could increase residential housing units.

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 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 followed by a second round of priority assessments ranking. 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 so that the total budget is balanced, the budget is presented to the Finance Committee and the Village Board for final review. The Village Board holds public hearings and may add to, subtract from, or change budgeted amounts.

## **Local Economy and Finances**

The Village's main development revenue stream is based on the choice location of its land and the premier value of its residential base. The Village continues to have a strong new housing market, having issued 65 new home permits in 2017, 78 new home permits in 2016, 74 new home permits in 2015, and 36 new home permits in 2014. In August of 2017, construction began in the Hawthorn Trails – Phase 3 development, with a mix of 39 single family homes and 4 commercial out-lots.

The State of Illinois 2017/2018 fiscal budget temporarily reduced the shared income tax revenues by 10%; in addition, the payment schedule was accelerated by two months. Therefore, there was no negative impact on the shared income tax revenues received by the Village for the fiscal year ended December 31, 2017. However, the Village is closely monitoring the 2018/2019 State budget which begins on July 1, 2018. Should the State legislature vote to make the 10% temporary reduction in shared income tax revenues permanent, the Village revenue would decline by approximately \$80,000. As a conservative measure, the Village has not filled two vacant positions, pending the final outcome of the State budget.

Due to an intergovernmental tax sharing agreement with the Villages of Lake Zurich and Kildeer, the Village of Hawthorn Woods is receiving shared sales tax revenue generated at Quentin Road and Route 22 from Mariano's and McDonalds. Additional revenue may be generated in the future as the remaining parcels develop. Although the economy is showing signs of improvement, the Village remains vigilant in aggressively monitoring operating and capital expenditures to sustain its financial stability. The Village continues to work toward diversifying its sales tax base.

### **Long-term Financial Planning**

The budget for the twelve months ended December 31, 2018 is balanced. The focus for managing the 2018 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 seven 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, 2017, the fund balance in the general fund is \$1,569,851, which is equal to 39% of the 2018 expenditure budget. This balance exceeds the Village's goal of 35% of the following year's annual operating budget.

Over the past five years, two engineering studies have been completed by the Village's consulting engineer. These studies revealed that as many as 13 miles of Village roadways need to be completely reconstructed. Additionally, 66 percent of all Village streets need to be resurfaced as of 2018. Corrugated metal pipes under roadways and the Village's aged storm system are failing village-wide.

The Village created a citizen task force comprised of Homeowners Association representatives, business leaders, civic leaders and other stake holders to guide how to fund the highest priority streets and drainage needs. As a result of the citizen task force recommendation, the Village is considering a bond referendum question to fund a \$22.5 million Village-wide streets and drainage improvement project to repair and replace aging infrastructure.

### **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, all approved checks are still hand signed by the Chief Operating Officer and the Chief Administrative Officer facilitating a three-tier review process. 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. Additionally, land parcel annexations are still anticipated in the future for Village growth expansion opportunities. In addition, the Village is considering land use considerations for a future municipal campus as consolidation of municipal services becomes critical to responsible operations.

Discussions regarding utility expansion services and capacity standards for water and sewer service are underway. In order to comply with a growing demand for potable water, Aqua Illinois is constructing the Village's first elevated water tower that will serve the needs of a growing population and meet emergency water supply standards.

Hawthorn Woods leads the surrounding communities in new housing construction starts as a result of our recent home building success. William Ryan Homes is underway with the development of 60 new homes in the Stonebridge development located off of Old McHenry Road. Additionally, at the southern border of the Village at Route 22 and Quentin Road, Icon Homes has started construction on the first model homes in the new Hawthorn Trails Phase 3 subdivision. Additional new home projects are in discussion for the entitlement process.

## **Awards and Acknowledgements**

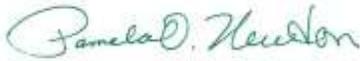
The Village received several acknowledgements in 2017, including Safest City in Illinois, one of the Top 20 Most Desirable Places to Live in the United States, and in the top five wealthiest cities in Illinois. These acknowledgements from independent sources recognize the efforts of the Village Board and staff to keep Hawthorn Woods a highly desirable place to live, work and shop in a natural setting among trees, lakes and parks.

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, 2016. This was the twelfth (12th) 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,

Handwritten signature of Pamela O. Newton in blue ink.

Pamela O. Newton, MSOL  
Chief Operating Officer

Handwritten signature of Kristin N. Kazenas in blue ink.

Kristin N. Kazenas, CPA MBA CPFO  
Chief Financial Officer

## **FINANCIAL SECTION**

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

[SIKICH.COM](http://SIKICH.COM)

## INDEPENDENT AUDITOR'S REPORT

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of 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, 2017 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 from 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 of Hawthorn Woods, Illinois, as of December 31, 2017, 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 basic financial statements as a whole. The introductory section, combining and individual fund financial statements and 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

*Sikich LLP*

Naperville, Illinois  
April 12, 2018

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

---

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, 2017. 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 \$16,643,676 as of December 31, 2017. Unrestricted net position (net position used to meet ongoing operations) totaled \$1,133,343. Restricted net position totaled \$1,491,431 and net position invested in capital assets totaled \$14,018,902.
- The Village's net position decreased as a result of this year's operations. Net position of business-type activities decreased by \$55,442, or 1.0 percent; and net position of the governmental activities decreased by \$876,239, or 7.2 percent.
- Capital assets net of depreciation totaled \$16,032,450 as of December 31, 2017, a decrease of \$427,385, due primarily to depreciation expense for the year ended December 31, 2017 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 - 6) 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 7. 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.

### 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 - 6 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.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

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 and sewer 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.

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.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds – Continued

The Village maintains eleven 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, Motor Fuel Tax Fund, Community Development Fund, Parks and Recreation, Park Donation Fund, Capital Improvements Fund, and the Debt Service Fund, all of which are considered major funds. The Village also reports two non-major governmental funds: the Sister Cities Fund and the Canadian National Project Fund.

The Village adopts an annual appropriated budget for all of the governmental funds, (except the Canadian National Project 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 7 - 12 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 and sewer 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 and the Sewer Fund; both funds considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 13 - 15 of this report.

##### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The Village maintains five fiduciary funds: the Police Pension Fund, Special Service Area #1 Fund, Special Service Area #2 Fund, Special Service Area #3 Fund and Special Service Area #4 Fund. The basic fiduciary fund financial statements can be found on pages 16 - 17 of this report.

# **VILLAGE OF HAWTHORN WOODS, ILLINOIS**

## **Management's Discussion and Analysis December 31, 2017**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

#### **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 - 53 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 54 - 66 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 54 - 57. 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 67 - 82 of this report.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

### 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 \$16,643,676.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016
Current and Other Assets	\$ 10,980,883	\$ 12,286,571	\$ 1,776,440	\$ 1,677,212	\$ 12,757,323	\$ 13,963,783
Capital Assets	10,314,182	10,507,396	5,718,268	5,952,439	16,032,450	16,459,835
Total Assets	21,295,065	22,793,967	7,494,708	7,629,651	28,789,773	30,423,618
Deferred Outflows	1,432,473	1,545,917	56,834	53,207	1,489,307	1,599,124
Total Assets & Deferred Outflows	22,727,538	24,339,884	7,551,542	7,682,858	30,279,080	32,022,742
Other Liabilities	879,707	1,095,919	69,960	14,043	949,667	1,109,962
Long-Term Debt	7,713,496	8,492,524	2,105,807	2,244,444	9,819,303	10,736,968
Total Liabilities	8,593,203	9,588,443	2,175,767	2,258,487	10,768,970	11,846,930
Deferred Inflows	2,859,588	2,600,455	6,846	-	2,866,434	2,600,455
Total Liabilities & Deferred Inflows	11,452,791	12,188,898	2,182,613	2,258,487	13,635,404	14,447,385
Net Position						
Invested in Capital Assets	10,314,182	10,507,396	3,704,720	3,785,525	14,018,902	14,292,921
Restricted	934,097	974,040	557,334	786,825	1,491,431	1,760,865
Unrestricted (Deficit)	26,468	669,550	1,106,875	852,021	1,133,343	1,521,571
Total Net Position	\$ 11,274,747	\$ 12,150,986	\$ 5,368,929	\$ 5,424,371	\$ 16,643,676	\$ 17,575,357

A large portion of the Village's net position, \$14,018,902 or 84.2 percent, reflects its investment in capital assets (for example, land, buildings and improvements, and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$1,491,431 or 9.0 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, 2017, the Village is reporting unrestricted net position of \$1,133,343 or 6.8 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, 2017

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,675,353	\$ 1,938,626	\$ 388,404	\$ 467,959	\$ 2,063,757	\$ 2,406,585
Operating Grants/Contrib.	207,320	208,033	-	-	207,320	208,033
Capital Grants/Contrib.	196,039	107,599	-	-	196,039	107,599
<b>General Revenues</b>						
Property Taxes	2,002,924	1,926,474	-	-	2,002,924	1,926,474
Road and Bridge Taxes	16,923	17,532	-	-	16,923	17,532
Sales Taxes	188,927	182,942	-	-	188,927	182,942
Income and Use Taxes	905,311	928,505	-	-	905,311	928,505
Replacement Taxes	1,766	1,662	-	-	1,766	1,662
Telecomm./Utility Taxes	529,351	539,486	-	-	529,351	539,486
Other General Revenues	396,398	974,019	487,695	371,215	884,093	1,345,234
<b>Total Revenues</b>	<b>6,120,312</b>	<b>6,824,878</b>	<b>876,099</b>	<b>839,174</b>	<b>6,996,411</b>	<b>7,664,052</b>
<b>Expenses</b>						
General Government	2,089,637	2,027,037	-	-	2,089,637	2,027,037
Building and Zoning	746,990	1,022,469	-	-	746,990	1,022,469
Public Safety	1,894,294	1,914,277	-	-	1,894,294	1,914,277
Public Works	979,151	1,241,242	-	-	979,151	1,241,242
Parks and Recreation	1,121,580	1,025,804	-	-	1,121,580	1,025,804
Interest on Long-Term Debt	119,899	134,997	-	-	119,899	134,997
Aquatics	-	-	696,825	660,247	696,825	660,247
Sewer	-	-	279,716	157,577	279,716	157,577
<b>Total Expenses</b>	<b>6,951,551</b>	<b>7,365,826</b>	<b>976,541</b>	<b>817,824</b>	<b>7,928,092</b>	<b>8,183,650</b>
<b>Change in Net Position Before Transfers</b>	<b>(831,239)</b>	<b>(540,948)</b>	<b>(100,442)</b>	<b>21,350</b>	<b>(931,681)</b>	<b>(519,598)</b>
<b>Transfers</b>	<b>(45,000)</b>	<b>(560,000)</b>	<b>45,000</b>	<b>560,000</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(876,239)</b>	<b>(1,100,948)</b>	<b>(55,442)</b>	<b>581,350</b>	<b>(931,681)</b>	<b>(519,598)</b>
<b>Net Position-Beginning</b>	<b>12,150,986</b>	<b>12,827,766</b>	<b>5,424,371</b>	<b>4,826,559</b>	<b>17,575,357</b>	<b>17,654,325</b>
<b>Change in Accounting Principle</b>	<b>-</b>	<b>455,668</b>	<b>-</b>	<b>16,462</b>	<b>-</b>	<b>472,130</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(31,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,500)</b>
<b>Net Position-Beginning, as Restated</b>	<b>12,150,986</b>	<b>13,251,934</b>	<b>5,424,371</b>	<b>4,843,021</b>	<b>17,575,357</b>	<b>18,094,955</b>
<b>Net Position-Ending</b>	<b>\$ 11,274,747</b>	<b>\$ 12,150,986</b>	<b>\$ 5,368,929</b>	<b>\$ 5,424,371</b>	<b>\$ 16,643,676</b>	<b>\$ 17,575,357</b>

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

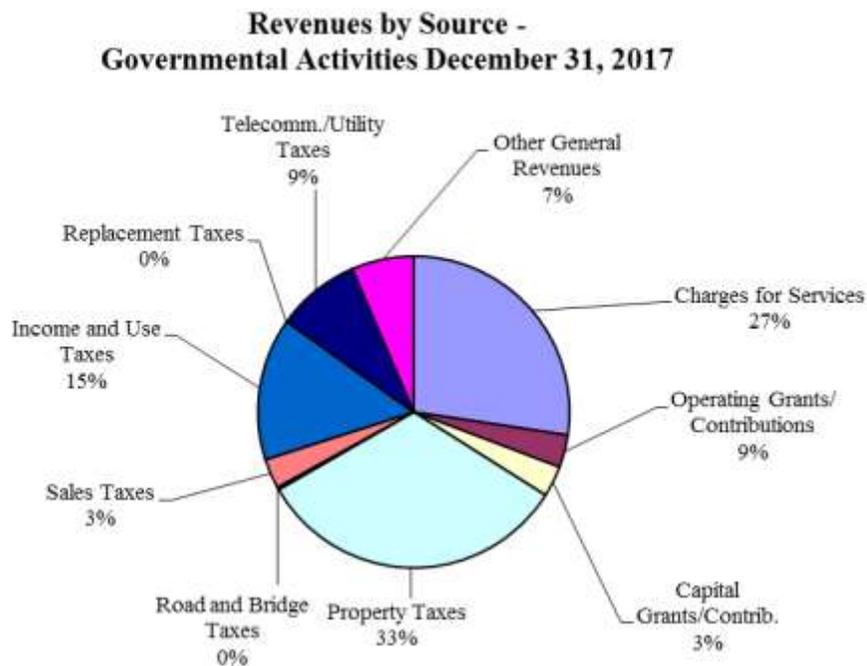
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the Village's governmental activities decreased by 7.2 percent (\$11,274,747 as of December 31, 2017 compared to \$12,150,986, as of December 31, 2016), as restated. 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 1.0 percent (\$5,368,929 as of December 31, 2017 compared to \$5,424,371 as of December 31, 2016). The aquatics net position decreased by \$320,264 as of December 31, 2017 due primarily to fact that the aquatic center operating revenues of \$329,191 were insufficient to cover the depreciation expense of \$174,765 and the interest expense on the revenue bonds of \$102,344. Conversely, sewer fund net position increased by \$264,822 due primarily to significant connection fees of \$481,975 from new home development.

### Governmental Activities

Revenues for governmental activities totaled \$6,120,312, while the cost of all governmental functions totaled \$6,951,551. This results in a decrease in net position before transfers of \$831,239. For the year ended December 31, 2016, revenues of \$6,824,878 were less than expenses of 7,365,826, resulting in a decrease in net position before transfers and change in accounting principle of \$540,948. The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance on property taxes, telecommunications/utility taxes and income/use taxes to fund governmental activities.



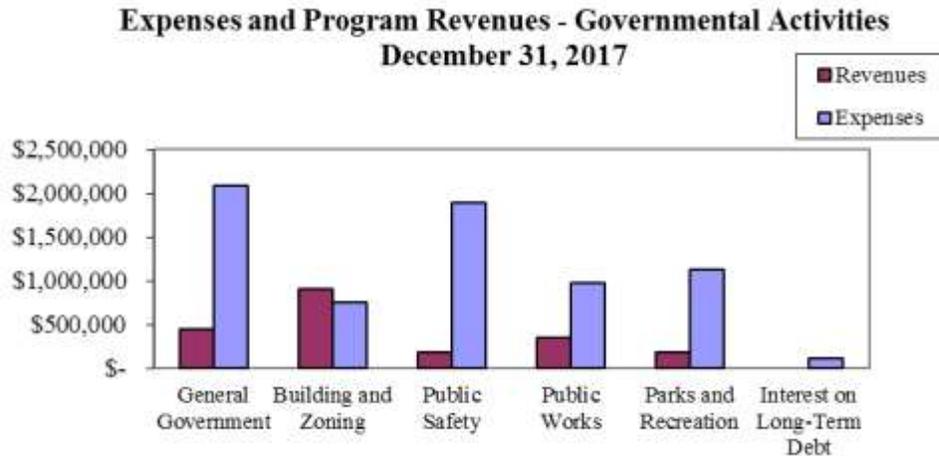
# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

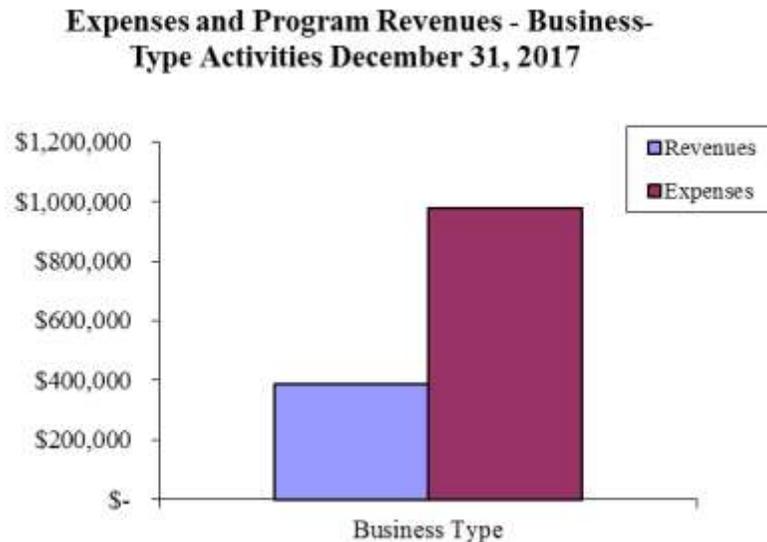
The 'Expenses and Program Revenues – Governmental Activities' Table identifies those governmental functions where program expenses greatly exceed revenues.



#### Business-Type activities

Business-Type activities posted total revenues of \$388,404, while the cost of all business-type activities totaled \$976,541. This results in a decrease in net position before transfers of \$588,137. The primary reason for this decrease is attributable to the depreciation expense, principal and interest payments and operations of the aquatic center facility and the sewer system. For the year ended December 31, 2016, revenues of \$467,959 were less than expenses of \$817,824, resulting in a decrease in net position before transfers of \$349,865.

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



# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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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 \$8,059,072, which is \$1,191,794 or 12.9 percent, lower than last year's total of \$9,250,866. Of the \$8,059,072 total, \$101,649, or 1.3 percent, of the fund balance constitutes nonspendable fund balance; \$4,599,097 or 57.1 percent of the fund balance is restricted for highways and streets, debt service, capital improvements, and special recreation; \$3,467,900, or 43.0 percent of the fund balance is assigned for cash reserves, capital improvements and the sister cities program; and (\$109,574) or (1.4%) percent is unassigned.

The General Fund reported an increase in fund balance for the year ended December 31, 2017 of \$95,605, an increase of 6.5 percent. As of December 31, 2017, the Village achieved its fund balance goal of an ending fund balance at least 35% of the following year's expenditure budget; \$1,405,369 of the ending fund balance in the General Fund is assigned for cash reserves.

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 restricted for road repair and construction. The Motor Fuel Tax Fund reported a decrease in fund balance in the current year of \$51,523. This decrease in fund balance was planned in the 2017 budget and related to the street patching/crack sealing program. Ending fund balance at December 31, 2017 was \$317,374.

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 a decrease in fund balance in the current year of \$309,897 due primarily to a \$350,000 transfer of excess fund balance to the General Fund (\$150,000) Capital Improvement Fund (\$200,000). This transfer was partially offset by positive revenue variances. Permits were \$152,214 higher than budgeted. Expenditures were \$220,728 higher than budgeted due to increased inspections required by the additional permit revenue, additional economic development activities related to land use issues and a priority based budget insurance allocation which more accurately and transparently allocated insurance related costs to the appropriate funds and functions that incur these costs. Ending fund balance at December 31, 2017 was \$937,136.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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

#### Governmental Funds – Continued

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 a decrease in fund balance in the current year of \$24,772 due primarily to the priority based budget analysis to more accurately and transparently allocate insurance related costs to the appropriate funds and functions that incur these costs. Ending fund balance at December 31, 2017 was \$338,128.

The Park Donation Fund is used to account for developer donations to be used for park maintenance or improvements to neighborhood or community parks. These funds are reserved for future capital improvements and debt service payments on the Aquatic Center Bonds. The Park Donation Fund reported a decrease in fund balance in the current year of \$20,106 due primarily to the transfer of the park donation revenue to the Aquatic Center Fund, as required by the bond covenants. Ending fund balance at December 31, 2017 was \$1,751.

The Capital Improvements Fund is used to account for expenditures for capital improvements which are funded by transfers from other funds. The Capital Improvements Fund reported a decrease in fund balance of \$192,546 due primarily to the completion of several capital projects such as the replacement of the salt dome roof, the purchase of a new 2-ton snow plow truck, the purchase of a new police car, and the new Brierwoods Preserve nature preserve which was partially funded by a \$20,000 grant from Canadian National/America in Bloom. Ending fund balance at December 31, 2017 was \$1,118,791.

The Debt Service Fund is used to account for the \$6,240,000 2014 debt certificates. In November 2014, 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, and are not an obligation of the Village. Ending fund balance at December 31, 2017 was \$3,769,437.

#### 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 two major proprietary funds: the Aquatics Fund and the Sewer Fund.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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

#### Proprietary Funds – Continued

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 \$320,264. The primary reason for this decrease is attributable to depreciation expense of \$175,765 and interest expense of \$102,344. Unrestricted net position in the Aquatics Fund totaled (\$100,170) at December 31, 2017.

Sewer Fund accounts for revenue from connection fees and the related expenditures for operations and maintenance of the sanitary sewer system. The increase in net position in the Sewer Fund during the current fiscal year was \$264,822. The primary reason for the increase relates to connection fees collected exceeding the expenses to operate and maintain the sanitary sewer. Unrestricted net position in the Sewer Fund totaled \$1,207,045 at December 31, 2017.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues for the year totaled \$3,843,950, compared to budgeted revenues of \$3,941,534. There are several reasons for the negative variance: revenues were \$97,584 lower than budgeted. Significant positive revenue variances included licenses and fees (\$21,930 higher than budgeted and interest income (\$11,293 higher than budgeted.) These positive revenue variances were offset by negative variances in taxes (\$61,059 lower than budgeted) and intergovernmental revenue (\$66,394 lower than budgeted.)

The General Fund actual expenditures for the year were \$8,676 less than budgeted (\$3,851,076 actual compared to a final budget of \$3,859,752). Some significant differences between the actual expenditures and budgeted expenditures are highlighted below:

- The administration function reported actual expenditures of \$387,196 compared to budget of \$439,661, resulting in a positive variance of \$52,099. This positive variance was primarily due to a decision to defer the hiring of an administrative assistant for the Chief Operating Officer and the \$25,000 contingency budget line item was not utilized.
- The legal function reported actual expenditures of \$328,973 compared to budget of \$182,000, resulting in a negative variance of \$146,973. This negative variance was primarily due to ongoing litigation during 2017.
- The risk management function reported actual expenditures of \$367,115 compared to budgeted expenditures of \$621,769 resulting in a positive variance of \$42,654. This positive variance was primarily premium savings experienced in general liability, workers compensation and unemployment premiums.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

### GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

- The public works function reported actual expenditures of \$514,560 compared to budgeted expenditures of \$562,719 resulting in a positive variance of \$48,159. This positive variance was primarily due an unseasonably warm winter resulting in less personnel and materials expenditures for snow removal.

### 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, 2017 was \$16,032,450 (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 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016
Land	\$ 6,557,081	\$ 6,557,081	\$ 417,459	\$ 417,459	\$ 6,974,540	\$ 6,974,540
Sanitary Sewer System	-	-	2,011,971	2,079,037	2,011,971	2,079,037
Buildings and Improvements	2,966,246	3,213,714	3,205,057	3,363,389	6,171,303	6,577,103
Equipment and Vehicles	790,855	736,601	83,781	92,554	874,636	829,155
<b>Total</b>	<b>\$ 10,314,182</b>	<b>\$ 10,507,396</b>	<b>\$ 5,718,268</b>	<b>\$ 5,952,439</b>	<b>\$ 16,032,450</b>	<b>\$ 16,459,835</b>

Capital additions were as follows:

Governmental Activities	
Buildings and Improvements	\$ 37,839
Equipment and Vehicles	<u>218,102</u>
	<u>255,941</u>
Business-Type Activities	
Equipment and Vehicles	<u>\$ 7,660</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, 2017

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### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Debt Administration

At year-end, the Village had total outstanding debt of \$5,700,000 as compared to \$6,525,000 the previous year. During 2017, the Village issued no new debt, and made the scheduled principal and interest payments on the outstanding revenue bonds and debt certificates. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016	Year Ended 12/31/2017	Year Ended 12/31/2016
Revenue Bonds	\$ -	\$ -	\$ 2,035,000	\$ 2,190,000	\$ 2,035,000	\$ 2,190,000
Debt Certificates	3,665,000	4,335,000	-	-	3,665,000	4,335,000
Total	\$ 3,665,000	\$ 4,335,000	\$ 2,035,000	\$ 2,190,000	\$ 5,700,000	\$ 6,525,000

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 \$37,436,883.

On March 16, 2012, the Village issued \$3,000,000 Revenue Refunding Bonds (Aquatic Center Project), Series 2014 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 2014 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 2014, 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 - 33 of this report.

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

### **Management's Discussion and Analysis December 31, 2017**

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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, 2017 and December 31, 2018 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, 2017 and December 31, 2018.

#### **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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,219,019	\$ 1,832,660	\$ 10,051,679
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,042,104	-	2,042,104
Utility tax	36,032	-	36,032
Accounts	89,822	13,451	103,273
Court fines	9,366	-	9,366
Interest	19,075	-	19,075
Prepaid expenses	101,649	-	101,649
Due from other governments			
Sales tax	34,502	-	34,502
Sales tax sharing	4,459	-	4,459
Use tax	54,124	-	54,124
Franchise tax	35,555	-	35,555
Telecommunication tax	42,451	-	42,451
Motor fuel tax	21,593	-	21,593
Grants	29,349	-	29,349
Internal balances	69,671	(69,671)	-
Due from fiduciary fund	172,112	-	172,112
Capital assets not being depreciated	6,557,081	417,459	6,974,540
Capital assets (net of accumulated depreciation)	3,757,101	5,300,809	9,057,910
Total assets	21,295,065	7,494,708	28,789,773
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items - Police Pension Plan	966,863	-	966,863
Pension items - IMRF	465,610	26,254	491,864
Unamortized loss on refunding	-	30,580	30,580
Total deferred outflows of resources	1,432,473	56,834	1,489,307
Total assets and deferred outflows of resources	22,727,538	7,551,542	30,279,080
<b>LIABILITIES</b>			
Accounts payable	193,644	69,014	262,658
Wages payable	41,043	786	41,829
Unearned revenue - other	-	160	160
Deposits payable	644,520	-	644,520
Unearned revenue - grants	500	-	500
Long-term liabilities			
Due within one year	693,009	160,000	853,009
Due in more than one year	7,020,487	1,945,807	8,966,294
Total liabilities	8,593,203	2,175,767	10,768,970
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items - Police Pension Plan	696,078	-	696,078
Pension items - IMRF	121,406	6,846	128,252
Deferred revenue - property taxes	2,042,104	-	2,042,104
Total deferred inflows of resources	2,859,588	6,846	2,866,434
Total liabilities and deferred inflows of resources	11,452,791	2,182,613	13,635,404

(This statement is continued on the following page.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2017

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	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 10,314,182	\$ 3,704,720	\$ 14,018,902
Restricted for			
Highways and streets	317,374	-	317,374
Debt service	106,188	412,160	518,348
Repairs and maintenance	-	145,174	145,174
Special recreation	510,535	-	510,535
Unrestricted	26,468	1,106,875	1,133,343
<b>TOTAL NET POSITION</b>	<b>\$ 11,274,747</b>	<b>\$ 5,368,929</b>	<b>\$ 16,643,676</b>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 2,089,637	\$ 416,408	\$ 2,185	\$ 31,935
Building and zoning	746,990	905,187	-	-
Public safety	1,894,294	173,984	358	12,850
Public works	979,151	-	204,777	151,254
Parks and recreation	1,121,580	179,774	-	-
Interest	119,899	-	-	-
Total governmental activities	6,951,551	1,675,353	207,320	196,039
Business-Type Activities				
Aquatics	696,825	329,191	-	-
Sewer	279,716	59,213	-	-
Total business-type activities	976,541	388,404	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 7,928,092</b>	<b>\$ 2,063,757</b>	<b>\$ 207,320</b>	<b>\$ 196,039</b>

	<b>Net (Expense) Revenue and Change in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
	\$ (1,639,109)	\$ -	\$ (1,639,109)
	158,197	-	158,197
	(1,707,102)	-	(1,707,102)
	(623,120)	-	(623,120)
	(941,806)	-	(941,806)
	(119,899)	-	(119,899)
	<u>(4,872,839)</u>	<u>-</u>	<u>(4,872,839)</u>
	-	(367,634)	(367,634)
	-	(220,503)	(220,503)
	-	(588,137)	(588,137)
	<u>(4,872,839)</u>	<u>(588,137)</u>	<u>(5,460,976)</u>
General Revenues			
Taxes			
Property	2,002,924	-	2,002,924
Road and bridge	16,923	-	16,923
Sales	188,927	-	188,927
Telecommunication and utility	529,351	-	529,351
Amusement	1,972	-	1,972
Intergovernmental			
Income	703,840	-	703,840
Use	201,471	-	201,471
Replacement	1,766	-	1,766
Investment income	156,886	5,548	162,434
Connection fees	-	481,975	481,975
Miscellaneous	237,540	172	237,712
Transfers in (out)	(45,000)	45,000	-
Total	<u>3,996,600</u>	<u>532,695</u>	<u>4,529,295</u>
CHANGE IN NET POSITION	(876,239)	(55,442)	(931,681)
NET POSITION, JANUARY 1	<u>12,150,986</u>	<u>5,424,371</u>	<u>17,575,357</u>
NET POSITION, DECEMBER 31	<u>\$ 11,274,747</u>	<u>\$ 5,368,929</u>	<u>\$ 16,643,676</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue			Capital Projects		Debt Service	Nonmajor Governmental	Total Governmental Funds	
	General	Motor Fuel Tax	Community Development	Parks and Recreation	Park Donation				Capital Improvements
<b>ASSETS</b>									
<b>ASSETS</b>									
Cash and investments	\$ 1,416,280	\$ 297,581	\$ 1,222,051	\$ 376,506	\$ 1,751	\$ 1,128,809	\$ 3,769,437	\$ 6,604	\$ 8,219,019
Receivables									
Property taxes	1,599,329	-	-	442,775	-	-	-	-	2,042,104
Utility taxes	36,032	-	-	-	-	-	-	-	36,032
Accounts	1,500	-	11,269	77,053	-	-	-	-	89,822
Court fines	9,366	-	-	-	-	-	-	-	9,366
Interest	13,207	-	5,868	-	-	-	-	-	19,075
Prepaid items	83,240	-	-	18,409	-	-	-	-	101,649
Due from other governments									
Municipal sales tax	34,502	-	-	-	-	-	-	-	34,502
Sales tax sharing	4,459	-	-	-	-	-	-	-	4,459
Illinois use tax	54,124	-	-	-	-	-	-	-	54,124
Franchise tax	35,555	-	-	-	-	-	-	-	35,555
Telecommunication tax	42,451	-	-	-	-	-	-	-	42,451
Motor fuel tax	-	21,593	-	-	-	-	-	-	21,593
Grants	-	-	-	-	-	29,349	-	-	29,349
Due from other funds	413,694	-	-	-	-	-	-	-	413,694
<b>TOTAL ASSETS</b>	<b>\$ 3,743,739</b>	<b>\$ 319,174</b>	<b>\$ 1,239,188</b>	<b>\$ 914,743</b>	<b>\$ 1,751</b>	<b>\$ 1,158,158</b>	<b>\$ 3,769,437</b>	<b>\$ 6,604</b>	<b>\$ 11,152,794</b>

	Special Revenue				Capital Projects		Debt Service	Nonmajor Governmental	Total Governmental Funds
	General	Motor Fuel Tax	Community Development	Parks and Recreation	Park Donation	Capital Improvements			
<b>LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 55,868	\$ -	\$ 20,037	\$ 78,372	\$ -	\$ 39,367	\$ -	\$ -	\$ 193,644
Wages payable	32,522	1,800	4,353	2,368	-	-	-	-	41,043
Unearned revenue - grants	-	-	-	500	-	-	-	-	500
Deposits payable	486,169	-	155,751	2,600	-	-	-	-	644,520
Due to other funds	-	-	121,911	50,000	-	-	-	-	171,911
Total liabilities	574,559	1,800	302,052	133,840	-	39,367	-	-	1,051,618
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - property taxes	1,599,329	-	-	442,775	-	-	-	-	2,042,104
Total deferred inflows of resources	1,599,329	-	-	442,775	-	-	-	-	2,042,104
Total liabilities and deferred inflows of resources	2,173,888	1,800	302,052	576,615	-	39,367	-	-	3,093,722
<b>FUND BALANCES</b>									
Nonspendable									
Prepaid items	83,240	-	-	18,409	-	-	-	-	101,649
Restricted									
Highways and streets	-	317,374	-	-	-	-	-	-	317,374
Debt service	-	-	-	-	1,751	-	3,769,437	-	3,771,188
Special recreation	-	-	-	510,535	-	-	-	-	510,535
Assigned									
Cash reserves	1,405,369	-	-	-	-	-	-	-	1,405,369
Capital improvements	-	-	937,136	-	-	1,118,791	-	-	2,055,927
Sister Cities	-	-	-	-	-	-	-	6,604	6,604
Unassigned	81,242	-	-	(190,816)	-	-	-	-	(109,574)
Total fund balances	1,569,851	317,374	937,136	338,128	1,751	1,118,791	3,769,437	6,604	8,059,072
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
	\$ 3,743,739	\$ 319,174	\$ 1,239,188	\$ 914,743	\$ 1,751	\$ 1,158,158	\$ 3,769,437	\$ 6,604	\$ 11,152,794

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, 2017

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 8,059,072
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	10,314,182
Long-term liabilities (debt certificates) are not due and payable in the current period and, therefore, not reported in the governmental funds	(3,665,000)
The premium on debt issued is shown as a liability on the statement of net position	(42,091)
The net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(1,093,877)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows of resources	465,610
Deferred inflows of resources	(121,406)
The net pension liability for the Police Pension Plan is shown as a liability on the statement of net position	(2,796,448)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the Police Pension Plan are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows of resources	966,863
Deferred inflows of resources	(696,078)
The net OPEB obligation is shown as a liability on the statement of net position	(101,036)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(15,044)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 11,274,747</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

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

December 31, 2017

	Special Revenue				Capital Projects		Debt Service	Nonmajor Governmental	Total Governmental Funds
	General	Motor Fuel Tax	Community Development	Parks and Recreation	Park Donation	Capital Improvements			
<b>REVENUES</b>									
Taxes	\$ 2,247,572	\$ -	\$ -	\$ 439,463	\$ -	\$ -	\$ -	\$ -	\$ 2,687,035
Licenses, permits and fees	573,055	-	1,034,331	184,611	-	-	-	-	1,791,997
Intergovernmental	968,639	204,777	-	-	-	29,349	-	-	1,202,765
Investment income	14,793	1,143	7,818	1,019	56	4,393	127,388	276	156,886
Miscellaneous	39,891	-	54,559	2,001	24,838	13,559	-	146,781	281,629
Total revenues	3,843,950	205,920	1,096,708	627,094	24,894	47,301	127,388	147,057	6,120,312
<b>EXPENDITURES</b>									
Current									
General government	1,472,728	-	420,882	-	-	-	-	-	1,893,610
Building and zoning	35,669	-	649,341	-	-	-	-	-	685,010
Public safety	1,792,619	-	-	-	-	-	-	-	1,792,619
Public works	550,060	257,443	-	-	-	-	-	-	807,503
Parks and recreation	-	-	149,057	651,866	-	-	-	-	800,923
Capital outlay	-	-	-	-	-	489,847	-	-	489,847
Debt service									
Principal	-	-	-	-	-	-	670,000	-	670,000
Interest and fiscal charges	-	-	-	-	-	-	127,594	-	127,594
Total expenditures	3,851,076	257,443	1,219,280	651,866	-	489,847	797,594	-	7,267,106
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(7,126)	(51,523)	(122,572)	(24,772)	24,894	(442,546)	(670,206)	147,057	(1,146,794)

	Special Revenue			Capital Projects		Debt Service	Nonmajor Governmental	Total Governmental Funds	
	General	Motor Fuel Tax	Community Development	Parks and Recreation	Park Donation				Capital Improvements
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	\$ 152,731	\$ -	\$ 165,406	\$ -	\$ -	\$ 250,000	\$ -	\$ 568,137	
Transfers (out)	(50,000)	-	(352,731)	-	(45,000)	-	(165,406)	(613,137)	
Total other financing sources (uses)	102,731	-	(187,325)	-	(45,000)	250,000	(165,406)	(45,000)	
NET CHANGE IN FUND BALANCES	95,605	(51,523)	(309,897)	(24,772)	(20,106)	(192,546)	(670,206)	(1,191,794)	
FUND BALANCES, JANUARY 1	1,474,246	368,897	1,247,033	362,900	21,857	1,311,337	4,439,643	24,953	9,250,866
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,569,851</b>	<b>\$ 317,374</b>	<b>\$ 937,136</b>	<b>\$ 338,128</b>	<b>\$ 1,751</b>	<b>\$ 1,118,791</b>	<b>\$ 3,769,437</b>	<b>\$ 6,604</b>	<b>\$ 8,059,072</b>

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, 2017

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<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ (1,191,794)</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	255,941
Sales of capital assets are reported as a proceed in governmental funds but as a gain (loss) from sale on the statement of activities	-
Principal paid on debt certificates is an expenditure in the governmental funds but is a decrease in the principal outstanding on the statement of net position	670,000
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	(449,155)
The amortization of premiums on long-term debt is reported as an expense on the statement of activities	7,695
The change in the net OPEB obligation is shown as an increase to expense on the statement of activities	(21,163)
The change in the Illinois Municipal Retirement Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resource	(76,419)
The change in the Police Pension Plan net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resource	(75,729)
The change in compensated absences payable is shown as a increase in expense on the statement of activities	<u>4,385</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (876,239)</u></b>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

December 31, 2017

	Aquatics	Sewer	Eliminations	Total Enterprise Funds
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 557,490	\$ 1,275,170	\$ -	\$ 1,832,660
Accounts receivable	807	12,644	-	13,451
Due from other funds	-	16,953	(16,953)	-
Total current assets	558,297	1,304,767	(16,953)	1,846,111
<b>NONCURRENT ASSETS</b>				
Capital assets				
Capital assets not being depreciated	417,459	-	-	417,459
Capital assets being depreciated, net	3,288,837	2,011,972	-	5,300,809
Net capital assets	3,706,296	2,011,972	-	5,718,268
Total noncurrent assets	3,706,296	2,011,972	-	5,718,268
Total assets	4,264,593	3,316,739	(16,953)	7,564,379
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension items - IMRF	23,402	2,852	-	26,254
Unamortized loss on refunding	30,580	-	-	30,580
Total deferred outflows of resources	53,982	2,852	-	56,834
Total assets and deferred outflows of resources	4,318,575	3,319,591	(16,953)	7,621,213
<b>CURRENT LIABILITIES</b>				
Accounts payable	1,126	67,888	-	69,014
Wages payable	544	242	-	786
Unearned revenue - other	160	-	-	160
Due to other funds	61,624	25,000	(16,953)	69,671
Revenue bonds payable	160,000	-	-	160,000
Total current liabilities	223,454	93,130	(16,953)	299,631
<b>NONCURRENT LIABILITIES</b>				
IMRF net pension liability	54,979	6,700	-	61,679
Net revenue bonds payable	1,884,128	-	-	1,884,128
Total noncurrent liabilities	1,939,107	6,700	-	1,945,807
Total liabilities	2,162,561	99,830	(16,953)	2,245,438
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items - IMRF	6,102	744	-	6,846
Total deferred inflows of resources	6,102	744	-	6,846
Total liabilities and deferred inflows of resources	2,168,663	100,574	(16,953)	2,252,284
<b>NET POSITION</b>				
Net investment in capital assets	1,692,748	2,011,972	-	3,704,720
Restricted for debt service	412,160	-	-	412,160
Restricted for repairs and maintenance	145,174	-	-	145,174
Unrestricted	(100,170)	1,207,045	-	1,106,875
<b>TOTAL NET POSITION</b>	<b>\$ 2,149,912</b>	<b>\$ 3,219,017</b>	<b>\$ -</b>	<b>\$ 5,368,929</b>

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, 2017

	<u>Aquatics</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Total Enterprise Funds</u>
<b>OPERATING REVENUES</b>				
Charges for service	\$ 329,191	\$ 59,213	\$ -	\$ 388,404
Total operating revenues	329,191	59,213	-	388,404
<b>OPERATING EXPENSES</b>				
Personnel services	261,253	14,888	-	276,141
Contractual services	91,522	83,021	-	174,543
Commodities	54,509	39	-	54,548
Maintenance	12,432	8,687	-	21,119
Depreciation	174,765	67,066	-	241,831
Total operating expenses	594,481	173,701	-	768,182
OPERATING INCOME (LOSS)	(265,290)	(114,488)	-	(379,778)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	2,198	3,350	-	5,548
Miscellaneous	172	-	-	172
Connection fees	-	481,975	-	481,975
Intergovernmental expense	-	(106,015)	-	(106,015)
Interest expense	(102,344)	-	-	(102,344)
Total non-operating revenues (expenses)	(99,974)	379,310	-	279,336
NET INCOME (LOSS) BEFORE TRANSFERS	(365,264)	264,822	-	(100,442)
<b>TRANSFERS</b>				
Transfers in	45,000	-	-	45,000
Total transfers	45,000	-	-	45,000
CHANGE IN NET POSITION	(320,264)	264,822	-	(55,442)
NET POSITION, JANUARY 1	2,470,176	2,954,195	-	5,424,371
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 2,149,912</b>	<b>\$ 3,219,017</b>	<b>\$ -</b>	<b>\$ 5,368,929</b>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Aquatics	Sewer	Total Enterprise Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 329,786	\$ 50,709	\$ 380,495
Payments to suppliers	(161,899)	(32,532)	(194,431)
Payments to employees	(245,562)	(12,493)	(258,055)
Miscellaneous non-operating receipts (expense)	172	(106,015)	(105,843)
Net cash from operating activities	<u>(77,503)</u>	<u>(100,331)</u>	<u>(177,834)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Connection fees	-	481,975	481,975
Interfund loan receipts (repayments)	35,720	30,690	66,410
Transfers in	45,000	-	45,000
Net cash from noncapital financing activities	<u>80,720</u>	<u>512,665</u>	<u>593,385</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	(7,660)	-	(7,660)
Principal paid on long-term debt	(155,000)	-	(155,000)
Interest paid	(100,710)	-	(100,710)
Net cash from capital and related financing activities	<u>(263,370)</u>	<u>-</u>	<u>(263,370)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	2,198	3,350	5,548
Net cash from investing activities	<u>2,198</u>	<u>3,350</u>	<u>5,548</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(257,955)	415,684	157,729
CASH AND CASH EQUIVALENTS, JANUARY 1	815,445	859,486	1,674,931
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 557,490</u>	<u>\$ 1,275,170</u>	<u>\$ 1,832,660</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (265,290)	\$ (114,488)	\$ (379,778)
Miscellaneous non-operating receipts (expense)	172	(106,015)	(105,843)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation and amortization	174,765	67,066	241,831
Increase (decrease) in			
Pension related items	15,664	2,284	17,948
Accounts receivable	595	(8,504)	(7,909)
Accounts payable	(3,436)	59,215	55,779
Wages payable	27	111	138
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (77,503)</u>	<u>\$ (100,331)</u>	<u>\$ (177,834)</u>
<b>NONCASH TRANSACTIONS</b>			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF HAWTHORN WOODS, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

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	<b>Pension Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and short-term investments	\$ 170,255	\$ 258,615
Investments		
U.S. Treasury obligations	240,225	-
U.S. agency obligations	1,182,651	-
State and local obligations	231,108	-
Corporate bonds	255,231	-
Money market mutual funds	117,438	-
Equity mutual funds	1,627,515	-
Prepaid items	795	-
Accrued interest receivable	9,885	-
	<hr/>	<hr/>
Total assets	3,835,103	\$ 258,615
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	4,134	\$ -
Due to others	-	86,503
Due to other funds	-	172,112
	<hr/>	<hr/>
Total liabilities	4,134	\$ 258,615
	<hr/>	<hr/>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<hr/> <b>\$ 3,830,969</b> <hr/>	

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, 2017

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	<b>Police Pension</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 308,036
Employee	<u>112,506</u>
Total contributions	<u>420,542</u>
Investment income	
Net appreciation in fair value of investments	208,030
Interest	<u>139,512</u>
Total investment income	347,542
Less investment expense	<u>(9,127)</u>
Net investment income	<u>338,415</u>
Total additions	<u>758,957</u>
<b>DEDUCTIONS</b>	
Benefits and refunds	106,880
Administration	<u>23,101</u>
Total deductions	<u>129,981</u>
NET INCREASE	628,976
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	
January 1	<u>3,201,993</u>
December 31	<u><u>\$ 3,830,969</u></u>

See accompanying notes to financial statements.

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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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, committed or assigned monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of general capital assets (capital projects funds) and funds restricted, committed or assigned for 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). 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 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 Park Donation Fund, a capital projects 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 Capital Improvements Fund, a capital projects fund, is used to account for other financing sources (transfers from other funds) and expenditures for capital improvements.

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

The Village reports the following nonmajor governmental funds:

The Sister Cities Fund, a special revenue fund, is used to account for the revenues received from donations and the related expenditures for the Sister Cities program with the Village of Marineo, Sicily.

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.

**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 proprietary funds:

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 Sewer Fund is used to account for revenue from connection fees and the related expenditures for the operations and maintenance of the sanitary sewer system.

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 for 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, 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, license and permit revenue and miscellaneous revenues are considered to be measurable and available only when cash is received by the Village.

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

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**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 those related to 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/deferred and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the government before it has a legal claim to them such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability or deferred inflow of resources for unearned and unavailable/deferred revenue is removed from the financial statements and revenue is recognized.

e. Cash and Cash Equivalents

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

f. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust fund are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 acquisition 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 which are 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 results from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. 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 and any deficit fund balance in other governmental funds 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. Net investment in capital assets 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the statement of net 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 future period(s) and so it will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period these amounts become available.

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

Activities 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.

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

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

o. Use of Estimates

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

**2. DEPOSITS AND INVESTMENTS**

The Village and pension funds categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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).

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

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

a. Village (Continued)

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 102% of the uninsured bank balance, with collateral held by an independent third party.

Investments

At December 31, 2017, 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 obligations	\$ 3,665,000	\$ 690,000	\$ 2,975,000	\$ -	\$ -
Negotiable certificates of deposit	1,207,373	731,300	476,073	-	-
<b>TOTAL</b>	<b>\$ 4,872,373</b>	<b>\$ 1,421,300</b>	<b>\$ 3,451,073</b>	<b>\$ -</b>	<b>\$ -</b>

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 seven years unless matched to a specific cash flow.

The Village has the following recurring fair value measurements as of December 31, 2017, the negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs). The state and local obligations are valued at the par value of the bonds (Level 3 inputs).

The state and local obligation securities and negotiable certificates of deposit 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.

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

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

a. Village (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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's investment policy states the Village's portfolio shall be diversified in order to limit the investment holdings of a specific issuer or business sector to avoid over concentration in any one institution or area excluding investments in U.S. Treasury securities and authorized investment pools.

**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 shares 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 2017 property tax levy is recorded as a receivable, net of estimated uncollectibles. Based upon collection histories, the Village has provided at December 31, 2017, an allowance of 1% 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 2017 taxes are intended to finance the 2018 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable revenue.

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

**4. CAPITAL ASSETS**

Capital asset activity for the Village for the year ended December 31, 2017 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	6,557,081	-	-	6,557,081
Capital assets being depreciated				
Buildings and improvements	6,023,405	37,839	-	6,061,244
Equipment and vehicles	2,757,697	218,102	108,279	2,867,520
Total capital assets being depreciated	8,781,102	255,941	108,279	8,928,764
Less accumulated depreciation for				
Buildings and improvements	2,809,691	285,307	-	3,094,998
Equipment and vehicles	2,021,096	163,848	108,279	2,076,665
Total accumulated depreciation	4,830,787	449,155	108,279	5,171,663
Total capital assets being depreciated, net	3,950,315	(193,214)	-	3,757,101
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 10,507,396</b>	<b>\$ (193,214)</b>	<b>\$ -</b>	<b>\$ 10,314,182</b>
<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				
Sanitary sewer system	2,347,301	-	-	2,347,301
Buildings and improvements	4,735,324	-	-	4,735,324
Equipment	178,847	7,660	-	186,507
Total capital assets being depreciated	7,261,472	7,660	-	7,269,132
Less accumulated depreciation for				
Sanitary sewer system	268,264	67,066	-	335,330
Buildings and improvements	1,371,935	158,332	-	1,530,267
Equipment	86,293	16,433	-	102,726
Total accumulated depreciation	1,726,492	241,831	-	1,968,323
Total capital assets being depreciated, net	5,534,980	(234,171)	-	5,300,809
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 5,952,439</b>	<b>\$ (234,171)</b>	<b>\$ -</b>	<b>\$ 5,718,268</b>

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

**4. CAPITAL ASSETS (Continued)**

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

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	
General government	\$ 23,186
Building and zoning	50,229
Public safety	59,778
Public works	50,229
Parks and recreation	<u>265,733</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 449,155</u></b>

**5. LONG-TERM DEBT**

a. Special Service Area Bonds

As of December 31, 2017, the following Special Service Area (SSA) bonds were outstanding: SSA #1 Refunding Bonds, Series 2013A (which refunded the SSA #1 - 2003A Bonds and SSA #1 - 2004A Bonds), SSA #2 Refunding Bonds, Series 2013B (which refunded the SSA #2 - 2003B Bonds and SSA #2 - 2004B Bonds), SSA #3 Refunding Bonds, Series 2013C (which refunded the SSA #3 - 2003C Bonds and SSA #3 - 2004C Bonds) and SSA #4 - 2006 Bonds.

The SSA bonds outstanding as of December 31, 2017 totaled \$6,148,000. These bonds are not an obligation of the Village and are secured by the levy of real estate taxes on certain property within the special service areas. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

b. Changes in Long-Term Liabilities - Governmental Activities

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

	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Debt certificates	Debt Service	\$ 4,335,000	\$ -	\$ 670,000	\$ 3,665,000	\$ 690,000
Unamortized premium on debt certificates	Debt Service	49,786	-	7,695	42,091	-

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

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

**b. Changes in Long-Term Liabilities - Governmental Activities (Continued)**

	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES (Continued)</b>						
Compensated absences	General	\$ 19,429	\$ 224,456	\$ 228,841	\$ 15,044	\$ 3,009
Net pension liability - police pension	General	2,773,388	23,060	-	2,796,448	-
Net pension liability - IMRF	General	1,235,048	-	141,171	1,093,877	-
Other postemployment benefit obligation	General	79,873	21,163	-	101,036	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>		<b>\$ 8,492,524</b>	<b>\$ 268,679</b>	<b>\$ 1,047,707</b>	<b>\$ 7,713,496</b>	<b>\$ 693,009</b>

**c. Debt Certificates**

Issue	Fund Debt Retired by	Balance January 1	Issuances	Retirements	Balance 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.	Debt Service	\$ 4,335,000	\$ -	\$ 670,000	\$ 3,665,000	\$ 690,000
<b>TOTAL</b>		<b>\$ 4,335,000</b>	<b>\$ -</b>	<b>\$ 670,000</b>	<b>\$ 3,665,000</b>	<b>\$ 690,000</b>

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

During the year ended December 31, 2017, 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	\$ 2,190,000	\$ -	\$ 155,000	\$ 2,035,000	\$ 160,000
Unamortized premium on bonds	Aquatics	9,823	-	695	9,128	-
Net pension liability - IMRF	Aquatics/ Sewer	44,621	17,058	-	61,679	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>		<b>\$ 2,244,444</b>	<b>\$ 17,058</b>	<b>\$ 155,695</b>	<b>\$ 2,105,807</b>	<b>\$ 160,000</b>

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

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

e. Debt Service Requirements to Maturity - Governmental Activities

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

Year Ending December 31,	Debt Certificates		
	Principal	Interest	Total
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>TOTAL</b>	<b>\$ 3,665,000</b>	<b>\$ 318,588</b>	<b>\$ 3,983,588</b>

f. Revenue Bonds

The Village issued \$2,805,000 Revenue Bonds (Aquatic Center Project), Series 2007, dated June 15, 2007, for the purpose of financing the construction of an aquatic center and related improvements, payable in annual installments of \$110,000 to \$645,000 each December 30, beginning December 30, 2009 through December 30, 2017 with interest payable semiannually on June 30 and December 30 at 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 donation fees received by the Village. This subfund had a balance of \$1,751 at December 31, 2017. 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 \$145,174 at December 31, 2017. A Bond and Interest Subfund is required to fund principal and interest payments. Each month a fractional amount of the principal and interest coming due on the next payment date

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

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

f. Revenue Bonds (Continued)

is to be deposited to this subfund. At December 31, 2017, this subfund had a balance of \$156,061. 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, 2017, this subfund (including the 2011 Reserve Subfund) had a balance of \$256,099 as required by the ordinance.

Debt service to maturity on these bonds is as follows:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
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>TOTAL</b>	<b>\$ 2,035,000</b>	<b>\$ 610,621</b>	<b>\$ 2,645,621</b>

**6. INTERFUND ACTIVITY**

Due from/to other funds at December 31, 2017 consist of the following:

	Due From	Due To
General	\$ 413,694	\$ -
Community Development	-	121,911
Park and Recreation	-	50,000
Capital Improvements	-	-
Aquatics Center	-	61,624
Sewer	16,953	25,000
SSA#4	-	172,112
<b>TOTAL</b>	<b>\$ 430,647</b>	<b>\$ 430,647</b>

The balances reflected in most significant due from/to other funds above are generally related to routine payroll and vendor payments involving charges to multiple Village funds. In addition, amounts were due from SSA #4 to the General Fund for amounts received by the trustee at year end. The Village expects that the obligations will be liquidated within one year.

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

**6. INTERFUND ACTIVITY (Continued)**

Interfund transfers during the year ended December 31, 2017 consisted of the following:

	Transfer In	Transfer Out
General	\$ 152,731	\$ 50,000
Community Development	165,406	352,731
Park Donation	-	45,000
Canadian National Project	-	165,406
Capital Improvements	250,000	-
Aquatics Center	45,000	-
<b>TOTAL</b>	<b>\$ 613,137</b>	<b>\$ 613,137</b>

Significant transfers between funds for the year ended December 31, 2017 consist of the following:

- \$50,000 transfer from the General Fund to the Capital Improvements Fund is for capital projects.
- \$150,000 transfer from the Community Development Fund to the General Fund per the approved 2017 budget. \$200,000 transfer from the Community Development Fund to the Capital Improvements Fund is for capital projects. \$2,731 transfer from the Community Development Fund to the General Fund for the allocation of building department of expenses to Community Development Fund.
- \$45,000 transfer from the Park Donation Fund to the Aquatics Center for park donation revenues in accordance with revenue bond covenants.
- \$165,406 transfer from the Canadian National Project Fund to the Community Development Fund to close the Canadian National Project Fund.

None of the transfers will be repaid.

**7. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. 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 within 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, 2017.

**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).

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

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

a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Administration*

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.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>23</u>
 TOTAL	 <u><u>53</u></u>

*Benefits Provided*

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. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Benefits Provided (Continued)*

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions are established by state statute.

*Contributions*

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2017 was 11.60% of covered payroll.

*Actuarial Assumptions*

The Village's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Asset valuation method	Market value of assets

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions* (Continued)

Assumptions

Price inflation	2.75%
Salary increases	3.75% to 14.50%
Investment rate of return	7.50%
Cost of living adjustments - Tier 1	3.00%
Cost of living adjustments - Tier 2	3.00% or ½ of the increase in the Consumer Price Index, whichever is less

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 3,442,772	\$ 2,163,103	\$ 1,279,669
Changes for the period			
Service cost	204,579	-	204,579
Interest	262,493	-	262,493
Difference between expected and actual experience	(137,604)	-	(137,604)
Changes in assumptions	(27,283)	-	(27,283)
Employer contributions	-	201,184	(201,184)
Employee contributions	-	79,068	(79,068)
Net investment income	-	152,663	(152,663)
Benefit payments and refunds	(43,319)	(43,319)	-
Other (net transfer)	-	(6,617)	6,617
Net changes	258,866	382,979	(124,113)
BALANCES AT DECEMBER 31, 2017	\$ 3,701,638	\$ 2,546,082	\$ 1,155,556

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2016, is 7.50%. The discount rate used in the prior actuarial valuation, dated December 31, 2015, was 7.45%. Additionally, there was a change in assumptions from the prior year to reflect revised expectations with respect to mortality rates.

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended December 31, 2017, the Village recognized pension expense of \$307,982.

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,417	\$ 107,031
Assumption changes	47,993	21,221
Net difference between projected and actual earnings on pension plan investments	114,839	-
Employer contributions after the measurement date	213,615	-
<b>TOTAL</b>	<u>\$ 491,864</u>	<u>\$ 128,252</u>

\$213,615 reported as deferred outflows of resources related to pensions resulting from village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2018	\$ 84,231
2019	62,677
2020	17,793
2021	(14,704)
<b>TOTAL</b>	<u>\$ 149,997</u>

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 1,745,122	\$ 1,155,556	\$ 670,855

Police Pension Plan

*Plan Administration*

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.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

**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)

*Plan Membership*

At December 31, 2017, the measurement date, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	12
<b>TOTAL</b>	<b>15</b>

*Benefits Provided*

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% 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% 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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided (Continued)*

of 75% 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% or ½ of the change in the Consumer Price Index for the preceding calendar year.

*Contributions*

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. However, the Village is funding 100% of the past service costs by 2040. For the year ended December 31, 2017, the Village's contribution was 28.72% of covered payroll.

*Investment Policy*

In accordance with the Police Pension Fund's (the Fund) investment policy, the 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 Illinois, 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).

**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

*Investment Policy (Continued)*

It is the policy of the 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 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, liquidity, return on investment, legality and meeting all funding requirements. During the year, there were no changes to the investment policy.

The Fund’s investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	55.00%	1.65%
Large cap domestic equities	31.50%	6.65%
Small cap domestic equities	9.00%	8.65%
International equities	4.50%	6.55%

ILCS limits the Fund’s investments in equities to 45%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected real rates of return are net of inflation and investment expense. Long-term returns for the asset classes are calculated on a geometric mean basis.

*Investment Concentrations*

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund’s investments.

**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)

*Investment Rate of Return*

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The fund's investment policy does not address custodial credit risk for deposits. At December 31, 2017, all of the Fund's bank balances were collateralized.

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 240,225	\$ 34,891	\$ 180,052	\$ 25,282	\$ -
U.S. agency obligations	1,182,651	24,894	427,767	729,990	-
State and local obligations	231,108	39,863	126,679	64,566	-
Corporate bonds	255,231	35,281	159,485	60,465	-
<b>TOTAL</b>	<b>\$ 1,909,215</b>	<b>\$ 134,929</b>	<b>\$ 893,983</b>	<b>\$ 880,303</b>	<b>\$ -</b>

The Fund has the following recurring fair value measurements as of December 31, 2017, the U.S. Treasury obligations and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, the corporate bonds, and the state and local obligations are valued using quoted matrix pricing models (Level 2 inputs).

*Interest Rate Risk*

The 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 investment policy is silent related to investment rate risk.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Credit Risk*

The 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 primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and corporate bonds rated as investment grade by one of the two largest rating services at the time of purchase. The U.S. agency obligations are rated AA+ by Standard & Poor's. The state and local obligations are rated AA to AA+ by Standard & Poor's. The corporate bonds are rated A to AAA by Standard & Poor's. Certain fixed income securities are not rated.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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 Fund 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 acting as the Fund's agent separate from where the investment was purchased in the Fund's name.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.50%. The Fund's funding policy is to have the Fund reach a funded ratio of 100% by December 31, 2040. Therefore, the Police Pension Plan's projected fiduciary net position can be expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Police Pension Plan's investments was applied to all periods of projected benefits payments to determine the total pension liability.

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Changes in Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 5,975,381	\$ 3,201,993	\$ 2,773,388
Changes for the period			
Service cost	252,082	-	252,082
Interest	384,926	-	384,926
Difference between expected and actual experience	121,908	-	121,908
Changes in assumptions	-	-	-
Employer contributions	-	308,036	(308,036)
Employee contributions	-	112,506	(112,506)
Net investment income	-	338,415	(338,415)
Benefit payments and refunds	(106,880)	(106,880)	-
Administrative expense	-	(23,101)	23,101
Net changes	652,036	628,976	23,060
BALANCES AT DECEMBER 31, 2017	\$ 6,627,417	\$ 3,830,969	\$ 2,796,448

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.00% to 14.00%
Interest rate	6.50%
Postretirement benefit increases	3.00%
Asset valuation method	Market

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions (Continued)*

Mortality rates were based on the RP-2014 Mortality Table adjusted for Blue Collar Workers and improved generationally using MP-2016 Improvement Rates.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended December 31, 2017, the Village recognized police pension expense of \$383,764. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 528,199	\$ 529,447
Changes in assumptions	347,550	69,958
Net difference between projected and actual earnings on pension plan investments	91,114	96,673
<b>TOTAL</b>	<b>\$ 966,863</b>	<b>\$ 696,078</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2018	\$ 53,733
2019	53,730
2020	20,884
2021	12,414
2022	36,580
Thereafter	93,444
<b>TOTAL</b>	<b>\$ 270,785</b>

**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)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 4,059,376	\$ 2,796,448	\$ 1,799,656

**10. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

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

b. Benefits Provided

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

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

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

c. Membership

At December 31, 2015 (most recent available) membership consisted of:

Actives fully eligible to retire	-
Actives not yet fully eligible to retire	28
Retirees and dependents	<u>-</u>
<b>TOTAL</b>	<b><u>28</u></b>
 Participating employers	 <u>1</u>

d. Funding Policy

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

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015, 2016 and 2017 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 24,200	\$ -	0.00%	\$ 54,552
2016	25,321	-	0.00%	79,873
2017	26,488	5,325	0.00%	101,036

The net OPEB obligation as of December 31, 2017 was calculated as follows:

Annual required contribution	\$ 25,955
Interest on net OPEB obligation	3,195
Adjustment to annual required contribution	<u>(2,662)</u>
 Annual OPEB cost	 26,488
Contributions made	<u>(5,325)</u>
 Increase (decrease) in net OPEB obligation	 21,163
Net OPEB obligation, beginning of year	<u>79,873</u>
 <b>NET OPEB OBLIGATION, END OF YEAR</b>	 <b><u>\$ 101,036</u></b>

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

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

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

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2015 (most recent available) was as follows:

Actuarial accrued liability (AAL)	\$	126,514
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		126,514
Funded ratio (actuarial value of plan assets/AAL)		0.0%
Covered payroll (active plan members)	\$	2,122,750
UAAL as a percentage of covered payroll		6.0%

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, 2015 actuarial valuation (most recent available), the entry-age normal actuarial cost method was used. The actuarial assumptions included a discount rate of 4% and an initial healthcare cost trend rate ranging from 7.20% to 8.30% with an ultimate healthcare inflation rate of 5%. Both rates include a 3% 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, 2015 (most recent available) was 30 years.

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

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**11. TAX ABATEMENTS**

The Village rebates property taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned.

For the fiscal year ended December 31, 2017, the Village rebated 100% of the Village portion of the property tax levy to all homeowners who owned and resided in the Hawthorn Trails (formerly Kildeer Estates) subdivision as of May 1, 2010. This rebate is available only to these original homeowners as long as they reside in their home, according to the terms of the annexation agreement. The agreement was entered into pursuant to the Village's authority under the Illinois Municipal Code, 65 ILCS 5/1-1. The abatement for the year ended December 31, 2017 amounted to \$9,431. There are no recapture provisions as eligibility for property tax abatement is established before disbursement.

**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, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 2,308,631	\$ 2,308,631	\$ 2,247,572	\$ (61,059)
Licenses and fees	551,125	551,125	573,055	21,930
Intergovernmental	1,035,033	1,035,033	968,639	(66,394)
Investment income	3,500	3,500	14,793	11,293
Miscellaneous	43,245	43,245	39,891	(3,354)
<b>Total revenues</b>	<b>3,941,534</b>	<b>3,941,534</b>	<b>3,843,950</b>	<b>(97,584)</b>
<b>EXPENDITURES</b>				
Current				
General government	1,630,878	1,430,878	1,472,728	41,850
Building and zoning	28,818	33,818	35,669	1,851
Public safety	1,784,612	1,784,612	1,792,619	8,007
Public works	615,444	610,444	550,060	(60,384)
<b>Total expenditures</b>	<b>4,059,752</b>	<b>3,859,752</b>	<b>3,851,076</b>	<b>(8,676)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(118,218)</b>	<b>81,782</b>	<b>(7,126)</b>	<b>(88,908)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	150,000	152,731	2,731
Transfers (out)	-	-	(50,000)	(50,000)
<b>Total other financing sources (uses)</b>	<b>150,000</b>	<b>150,000</b>	<b>102,731</b>	<b>(47,269)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 31,782</b>	<b>\$ 231,782</b>	<b>95,605</b>	<b>\$ (136,177)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,474,246</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 1,569,851</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, 2017

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Intergovernmental			
Allotments earned	\$ 198,472	\$ 204,777	\$ 6,305
Investment income	1,000	1,143	143
Total revenues	199,472	205,920	6,448
<b>EXPENDITURES</b>			
Public works			
Personnel services	93,909	93,937	28
Contractual services	125,100	118,066	(7,034)
Commodities	101,000	45,440	(55,560)
Total expenditures	320,009	257,443	(62,566)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(120,537)	(51,523)	69,014
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ (120,537)	(51,523)	\$ 69,014
FUND BALANCE, JANUARY 1		368,897	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 317,374</b>	

(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, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Licenses, permits and fees	\$ 882,117	\$ 882,117	\$ 1,034,331	\$ 152,214
Investment income	3,500	3,500	7,818	4,318
Miscellaneous	55,600	55,600	54,559	(1,041)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	941,217	941,217	1,096,708	155,491
<b>EXPENDITURES</b>				
General government				
Economic development				
Personnel services	242,475	242,475	264,597	22,122
Contractual services	38,665	135,100	156,285	21,185
Building and zoning				
Personnel services	310,253	310,253	307,920	(2,333)
Contractual services	147,271	147,271	338,356	191,085
Commodities	4,060	4,060	3,065	(995)
Parks and recreation				
Community events				
Personnel services	109,793	109,793	107,914	(1,879)
Contractual services	49,600	49,600	41,143	(8,457)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	902,117	998,552	1,219,280	220,728
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<hr/>	<hr/>	<hr/>	<hr/>
	39,100	(57,335)	(122,572)	(65,237)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	165,406	165,406
Transfers (out)	(150,000)	(150,000)	(352,731)	(202,731)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(150,000)	(150,000)	(187,325)	(37,325)
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (110,900)	\$ (207,335)	(309,897)	\$ (102,562)
<b>FUND BALANCE, JANUARY 1</b>			<hr/>	1,247,033
<b>FUND BALANCE, DECEMBER 31</b>			<hr/>	\$ 937,136

(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, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 424,726	\$ 424,726	\$ 439,463	\$ 14,737
Licenses, permits and fees	229,800	229,800	184,611	(45,189)
Investment income	400	400	1,019	619
Miscellaneous	-	-	2,001	2,001
<b>Total revenues</b>	<b>654,926</b>	<b>654,926</b>	<b>627,094</b>	<b>(27,832)</b>
<b>EXPENDITURES</b>				
Parks and recreation				
Administration				
Personnel services	72,382	72,382	91,245	18,863
Contractual services	21,295	71,295	69,975	(1,320)
Commodities	3,900	3,900	2,973	(927)
Recreation				
Personnel services	-	-	3,316	3,316
Commodities	44,550	44,550	26,896	(17,654)
Park maintenance				
Personnel services	193,539	193,539	190,053	(3,486)
Contractual services	2,250	2,250	2,369	119
Commodities	144,230	144,230	120,961	(23,269)
Capital outlay	5,000	5,000	4,157	(843)
Special recreation				
Contractual services	53,556	53,556	54,271	715
Capital outlay	117,100	117,100	85,650	(31,450)
<b>Total expenditures</b>	<b>657,802</b>	<b>707,802</b>	<b>651,866</b>	<b>(55,936)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,876)</b>	<b>\$ (52,876)</b>	<b>(24,772)</b>	<b>\$ 28,104</b>
FUND BALANCE, JANUARY 1			362,900	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 338,128</b>	

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2017

<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>
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
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	126,514	0.00%	126,514	2,122,750	5.96%
2016	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A

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

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 193,007	\$ 201,184	\$ 213,615
Contributions in relation to the actuarially determined contribution	193,007	201,184	213,615
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 1,668,168	\$ 1,757,066	\$ 1,841,509
Contributions as a percentage of covered-employee payroll	11.57%	11.45%	11.60%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed; the amortization period was 27 years, closed, until the remaining period reaches 15 years, then a 15-year rolling period; the asset valuation method was five-year smoothed market with a 20.00% corridor and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation at 2.75% annually; an investment rate of return at 7.50% annually, a projected salary increases assumption of 3.75% to 14.50%, annually; and postretirement benefit increases of 3.00%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

Last Nine Fiscal Years

<b>FISCAL YEAR ENDED DECEMBER 31,</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 151,347	\$ 200,879	\$ 211,652	\$ 219,588	\$ 217,155	\$ 234,261	\$ 280,551	\$ 280,223	\$ 308,036
Contributions in relation to the actuarially determined contributions	163,992	163,992	225,318	219,588	217,155	234,261	280,551	280,223	308,036
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (12,645)</b>	<b>\$ 36,887</b>	<b>\$ (13,666)</b>	<b>\$ -</b>	<b>\$ -</b>				
Covered-employee payroll	\$ 656,915	\$ 629,035	\$ 680,756	\$ 683,219	\$ 692,151	\$ 771,341	\$ 979,799	\$ 1,043,104	\$ 1,072,395
Contributions as a percentage of covered-employee payroll	24.96%	26.07%	33.10%	32.14%	31.37%	30.37%	28.63%	26.86%	28.72%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of the beginning of the prior fiscal year. Additional information as of the latest actuarial valuation is as follows: the actuarial cost method was entry-age normal; the amortization method was level percentage of pay; the amortization period was 23 years; the asset valuation method was five-year smoothing of asset gains and losses and the significant actuarial assumptions were a discount rate of 6.50% annually; inflation at 2.50% annually; and projected salary increases of 4.00% to 14.00% annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

December 31, 2017

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<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2012	\$ -	\$ 4,304	0.00%
2013	-	6,378	0.00%
2014	-	6,378	0.00%
2015	-	23,997	0.00%
2016	-	24,957	0.00%
2017	5,325	26,488	20.10%

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 156,550	\$ 164,627	\$ 204,579
Interest	186,930	220,700	262,493
Changes of benefit terms	-	-	-
Differences between expected and actual experience	14,769	201,645	(137,604)
Changes of assumptions	135,102	10,211	(27,283)
Benefit payments, including refunds of member contributions	(30,809)	(53,152)	(43,319)
Net change in total pension liability	462,542	544,031	258,866
Total pension liability - beginning	2,436,199	2,898,741	3,442,772
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 2,898,741</b>	<b>\$ 3,442,772</b>	<b>\$ 3,701,638</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 152,332	\$ 197,892	\$ 201,184
Contributions - member	61,980	76,967	79,068
Net investment income	117,204	11,189	152,663
Benefit payments, including refunds of member contributions	(30,809)	(53,152)	(43,319)
Other (net transfer)	6,886	(207,005)	(6,617)
Net change in plan fiduciary net position	307,593	25,891	382,979
Plan net position - beginning	1,829,619	2,137,212	2,163,103
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 2,137,212</b>	<b>\$ 2,163,103</b>	<b>\$ 2,546,082</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 761,529</b>	<b>\$ 1,279,669</b>	<b>\$ 1,155,556</b>
Plan fiduciary net position as a percentage of the total pension liability	73.73%	62.83%	68.78%
Covered-employee payroll	\$ 1,404,051	\$ 1,710,393	\$ 1,757,064
Employer's net pension liability as a percentage of covered-employee payroll	54.24%	74.82%	65.77%

Notes to Required Supplementary Information

Measurement Date December 31, 2016 - There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2016, is 7.50%. The discount rate used in the prior actuarial valuation, dated December 31, 2015, was 7.45%. Additionally, there was a change in assumptions from the prior year to reflect revised expectations with respect to mortality rates.

Measurement Date December 31, 2015 - There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2015, is 7.45%. The discount rate used in the prior actuarial valuation, dated December 31, 2014, was 7.47%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 269,069	\$ 248,158	\$ 269,141	\$ 252,082
Interest	256,565	313,030	363,963	384,926
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	557,497	576,324	(634,081)	121,908
Changes of assumptions	292,739	(96,799)	416,237	-
Benefit payments, including refunds of member contributions	(93,198)	(78,871)	(78,632)	(106,880)
Net change in total pension liability	1,282,672	961,842	336,628	652,036
Total pension liability - beginning	3,394,239	4,676,911	5,638,753	5,975,381
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 4,676,911</b>	<b>\$ 5,638,753</b>	<b>\$ 5,975,381</b>	<b>\$ 6,627,417</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 234,261	\$ 280,551	\$ 280,223	\$ 308,036
Contributions - member	79,573	106,136	106,897	112,506
Net investment income	37,981	10,741	146,635	338,415
Benefit payments, including refunds of member contributions	(93,198)	(78,871)	(78,632)	(106,880)
Administrative expense	(13,259)	(16,308)	(13,404)	(23,101)
Net change in plan fiduciary net position	245,358	302,249	441,719	628,976
Plan net position - beginning	2,212,667	2,458,025	2,760,274	3,201,993
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 2,458,025</b>	<b>\$ 2,760,274</b>	<b>\$ 3,201,993</b>	<b>\$ 3,830,969</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>				
<b>Plan fiduciary net position</b>	<b>\$ 2,218,886</b>	<b>\$ 2,878,479</b>	<b>\$ 2,773,388</b>	<b>\$ 2,796,448</b>
as a percentage of the total pension liability	52.6%	49.0%	53.6%	57.8%
Covered-employee payroll	\$ 791,889	\$ 979,799	\$ 1,043,104	\$ 1,043,104
Employer's net pension liability				
as a percentage of covered-employee payroll	280.2%	293.8%	265.9%	268.1%

Notes to Required Supplementary Information

Year Ended December 31, 2016 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, retirement rates, disability rates and termination rates. The following assumptions also changed since the prior year: (1) the discount rate used for the total pension liability was changed from 6.75% to 6.50%; (2) the long-term expected rate of return on plan assets was changed from 6.75% to 6.50%; (3) the high quality 20-year tax exempt G.O. bond rate was changed from 3.57% to 3.78%; (4) the projected rate of individual salary increases changed from 4.50% to 14.00% to 4.00% to 14.00%; (5) the projected increase in total payroll was changed from 4.50% to 3.25%; (6) the change in the Consumer Price Index (Urban) was changed from 3.00% to 2.50%; and (7) the rate of inflation was changed from 3.00% to 2.50%.

Year Ended December 31, 2015 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, retirement rates, disability rates and termination rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Four Fiscal Years

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	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	3.50%	0.41%	5.06%	10.17%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information should be presented for as many years as is available.

(See independent auditor's report.)

# VILLAGE OF HAWTHORN WOODS, ILLINOIS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

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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 Canadian National Project Fund and the Debt Service Fund. All annual appropriations lapse at fiscal year end. Budget amendments were made in the current fiscal year.

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

- a. During the fourth quarter of the prior fiscal year, the Chief Financial Officer drafts an annual budget ordinance for the subsequent year to be adopted by the Village Board of Trustees. 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 of Trustees 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 of Trustees before year end.
- e. The Board of Trustees 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.

### 2. COMPLIANCE

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

Fund	Actual Expenditures	Final Budget	Excess
Community Development Fund	\$ 1,219,280	\$ 998,552	\$ 220,728

**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, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>TAXES</b>				
Property taxes	\$ 1,616,551	\$ 1,616,551	\$ 1,563,461	\$ (53,090)
Road and bridge tax	19,580	19,580	16,923	(2,657)
Sales tax	110,000	110,000	135,865	25,865
Utility tax	360,000	360,000	353,463	(6,537)
Telecommunication tax	200,000	200,000	175,888	(24,112)
Amusement tax	2,500	2,500	1,972	(528)
<b>Total taxes</b>	<b>2,308,631</b>	<b>2,308,631</b>	<b>2,247,572</b>	<b>(61,059)</b>
<b>LICENSES AND FEES</b>				
Licenses				
Liquor	8,275	8,275	7,900	(375)
Vehicle	162,000	162,000	165,803	3,803
Animal	12,000	12,000	12,620	620
Franchise	162,000	162,000	170,985	8,985
Business	10,000	10,000	9,263	(737)
<b>Total licenses</b>	<b>354,275</b>	<b>354,275</b>	<b>366,571</b>	<b>12,296</b>
Fees				
Court fines	100,000	100,000	126,293	26,293
Village code violations	60,000	60,000	39,731	(20,269)
Administrative adjudication hearing fees	200	200	90	(110)
Adjudication fines	1,500	1,500	200	(1,300)
Administrative impound fees	30,000	30,000	32,500	2,500
Police protection fees	4,500	4,500	6,550	2,050
Record requests	650	650	1,120	470
<b>Total fees</b>	<b>196,850</b>	<b>196,850</b>	<b>206,484</b>	<b>9,634</b>
<b>Total licenses and fees</b>	<b>551,125</b>	<b>551,125</b>	<b>573,055</b>	<b>21,930</b>
<b>INTERGOVERNMENTAL</b>				
Use tax	180,081	180,081	201,471	21,390
Income tax	796,952	796,952	703,840	(93,112)
Personal property replacement tax	2,000	2,000	1,766	(234)
Sales tax sharing	56,000	56,000	53,062	(2,938)
Grant revenue	-	-	8,500	8,500
<b>Total intergovernmental</b>	<b>1,035,033</b>	<b>1,035,033</b>	<b>968,639</b>	<b>(66,394)</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, 2017

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>INVESTMENT INCOME</b>				
Interest income	\$ 3,500	\$ 3,500	\$ 14,793	\$ 11,293
Total investment income	3,500	3,500	14,793	11,293
<b>MISCELLANEOUS</b>				
Public utilities	-	-	4,955	4,955
Yard stickers	10,000	10,000	8,898	(1,102)
SWALCO fee	3,245	3,245	3,485	240
Miscellaneous	30,000	30,000	22,553	(7,447)
Total miscellaneous	43,245	43,245	39,891	(3,354)
<b>TOTAL REVENUES</b>	<b>\$ 3,941,534</b>	<b>\$ 3,941,534</b>	<b>\$ 3,843,950</b>	<b>\$ (97,584)</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, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT</b>				
Administration				
Personnel services	\$ 333,571	\$ 333,571	\$ 316,196	\$ (17,375)
Contractual services	102,100	97,800	65,151	(32,649)
Commodities	7,990	8,290	6,215	(2,075)
<b>Total administration</b>	<b>443,661</b>	<b>439,661</b>	<b>387,562</b>	<b>(52,099)</b>
Legal				
Contractual services	164,000	182,000	328,973	146,973
Elected officials				
Personnel services	-	-	-	-
Contractual services	2,430	2,430	1,804	(626)
<b>Total elected officials</b>	<b>2,430</b>	<b>2,430</b>	<b>1,804</b>	<b>(626)</b>
Village clerk				
Personnel services	32,154	32,154	32,063	(91)
Contractual services	6,437	5,437	2,852	(2,585)
<b>Total village clerk</b>	<b>38,591</b>	<b>37,591</b>	<b>34,915</b>	<b>(2,676)</b>
Risk management				
Personnel services	12,669	12,669	12,926	257
Contractual services	604,100	392,100	349,800	(42,300)
Capital outlay	5,000	5,000	4,389	(611)
<b>Total risk management</b>	<b>621,769</b>	<b>409,769</b>	<b>367,115</b>	<b>(42,654)</b>
Police commission				
Contractual services	6,200	5,200	2,493	(2,707)
Commodities	100	100	-	(100)
<b>Total police commission</b>	<b>6,300</b>	<b>5,300</b>	<b>2,493</b>	<b>(2,807)</b>
Human resources				
Personnel services	60,923	60,923	59,908	(1,015)
Contractual services	22,660	22,660	17,954	(4,706)
<b>Total human resources</b>	<b>83,583</b>	<b>83,583</b>	<b>77,862</b>	<b>(5,721)</b>
Technology				
Contractual services	90,740	90,740	98,804	8,064
<b>Total technology</b>	<b>90,740</b>	<b>90,740</b>	<b>98,804</b>	<b>8,064</b>

(This schedule is continued on the following pages.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

For the Year Ended December 31, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT (Continued)</b>				
Finance				
Personnel services	\$ 142,536	\$ 142,536	\$ 138,076	\$ (4,460)
Contractual services	37,108	37,108	35,054	(2,054)
Commodities	160	160	70	(90)
Total finance	179,804	179,804	173,200	(6,604)
Total general government	1,630,878	1,430,878	1,472,728	41,850
<b>BUILDING AND ZONING</b>				
Administration				
Personnel services	-	-	79	79
Total administration	-	-	79	79
Engineering				
Personnel services	13,818	13,818	13,850	32
Contractual services	15,000	20,000	21,740	1,740
Total engineering	28,818	33,818	35,590	1,772
Total building and zoning	28,818	33,818	35,669	1,851
<b>PUBLIC SAFETY</b>				
Police administration/operations				
Personnel services	1,523,748	1,523,748	1,547,105	23,357
Contractual services	168,964	168,964	151,421	(17,543)
Commodities	54,600	54,600	47,306	(7,294)
Capital outlay	37,300	37,300	46,787	9,487
Total police administration/operations	1,784,612	1,784,612	1,792,619	8,007
Total public safety	1,784,612	1,784,612	1,792,619	8,007
<b>PUBLIC WORKS</b>				
Administration				
Personnel services	412,369	412,369	393,622	(18,747)
Contractual services	61,350	58,050	43,849	(14,201)
Commodities	94,000	92,300	77,089	(15,211)
Total administration	567,719	562,719	514,560	(48,159)

(This schedule is continued on the following page.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

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

For the Year Ended December 31, 2017

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>PUBLIC WORKS (Continued)</b>				
Building and grounds				
Contractual services	\$ 23,925	\$ 23,925	\$ 19,644	\$ (4,281)
Commodities	23,800	23,800	15,856	(7,944)
Total buildings and grounds	<u>47,725</u>	<u>47,725</u>	<u>35,500</u>	<u>(12,225)</u>
Total public works	<u>615,444</u>	<u>610,444</u>	<u>550,060</u>	<u>(60,384)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,059,752</u>	<u>\$ 3,859,752</u>	<u>\$ 3,851,076</u>	<u>\$ (8,676)</u>

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PARK DONATION FUND**

For the Year Ended December 31, 2017

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Donations	\$ 17,385	\$ 24,838	\$ 7,453
Investment income	500	56	(444)
<b>Total revenues</b>	<b>17,885</b>	<b>24,894</b>	<b>7,009</b>
<b>EXPENDITURES</b>			
None	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>17,885</b>	<b>24,894</b>	<b>7,009</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(255,710)	(45,000)	210,710
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (237,825)</b>	<b>(20,106)</b>	<b>\$ 217,719</b>
<b>FUND BALANCE, JANUARY 1</b>		<b>21,857</b>	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 1,751</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, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 29,349	\$ 29,349
Investment income	1,000	1,000	4,393	3,393
Miscellaneous	-	-	13,559	13,559
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>47,301</b>	<b>46,301</b>
<b>EXPENDITURES</b>				
Capital outlay	604,443	608,008	489,847	(114,596)
<b>Total expenditures</b>	<b>604,443</b>	<b>608,008</b>	<b>489,847</b>	<b>(114,596)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(603,443)</b>	<b>(607,008)</b>	<b>(442,546)</b>	<b>160,897</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	250,000	250,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>250,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (603,443)</b>	<b>\$ (607,008)</b>	<b>(192,546)</b>	<b>\$ 410,897</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,311,337</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 1,118,791</b>	

(See independent auditor's report.)

**MAJOR ENTERPRISE FUND**

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF NET POSITION  
AQUATIC CENTER ACCOUNTS

December 31, 2017

	Operating	Depreciation	Bond and Interest	2011 Bond Reserve	Total
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 156	\$ 145,174	\$ 156,061	\$ 256,099	\$ 557,490
Accounts receivable	807	-	-	-	807
Due from other funds	-	-	-	-	-
Total current assets	963	145,174	156,061	256,099	558,297
<b>NONCURRENT ASSETS</b>					
Capital assets					
Capital assets not being depreciated	417,459	-	-	-	417,459
Capital assets being depreciated, net	3,288,837	-	-	-	3,288,837
Net capital assets	3,706,296	-	-	-	3,706,296
Total assets	3,707,259	145,174	156,061	256,099	4,264,593
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension item - IMRF	23,402	-	-	-	23,402
Unamortized loss on refunding	30,580	-	-	-	30,580
Total deferred outflows of resources	53,982	-	-	-	53,982
Total assets and deferred outflows of resources	3,761,241	145,174	156,061	256,099	4,318,575
<b>CURRENT LIABILITIES</b>					
Accounts payable	1,126	-	-	-	1,126
Wages payable	544	-	-	-	544
Unearned revenue - other	160	-	-	-	160
Due to other funds	61,624	-	-	-	61,624
Revenue bonds payable	160,000	-	-	-	160,000
Total current liabilities	223,454	-	-	-	223,454
<b>NONCURRENT LIABILITIES</b>					
IMRF net pension liability	54,979	-	-	-	54,979
Net revenue bonds payable	1,884,128	-	-	-	1,884,128
Total noncurrent liabilities	1,939,107	-	-	-	1,939,107
Total liabilities	2,162,561	-	-	-	2,162,561
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension item - IMRF	6,102	-	-	-	6,102
Total deferred inflows of resources	6,102	-	-	-	6,102
Total liabilities and deferred inflows of resources	2,168,663	-	-	-	2,168,663
<b>NET POSITION</b>					
Net investment in capital assets	1,692,748	-	-	-	1,692,748
Restricted					
Debt service	-	-	156,061	256,099	412,160
Repairs and maintenance	-	145,174	-	-	145,174
Unrestricted	(100,170)	-	-	-	(100,170)
<b>TOTAL NET POSITION</b>	<b>\$ 1,592,578</b>	<b>\$ 145,174</b>	<b>\$ 156,061</b>	<b>\$ 256,099</b>	<b>\$ 2,149,912</b>

(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, 2017

	Operating	Depreciation	Bond and Interest	2011 Bond Reserve	Eliminations	Total
<b>OPERATING REVENUES</b>						
Charges for service	\$ 329,191	\$ -	\$ -	\$ -	\$ -	\$ 329,191
Total operating revenues	329,191	-	-	-	-	329,191
<b>OPERATING EXPENSES</b>						
Personnel services	261,253	-	-	-	-	261,253
Contractual services	90,719	-	803	-	-	91,522
Commodities	54,509	-	-	-	-	54,509
Maintenance	-	12,432	-	-	-	12,432
Depreciation	174,765	-	-	-	-	174,765
Total operating expenses	581,246	12,432	803	-	-	594,481
OPERATING INCOME (LOSS)	(252,055)	(12,432)	(803)	-	-	(265,290)
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	83	379	981	755	-	2,198
Miscellaneous	172	-	-	-	-	172
Interest expense	(1,634)	-	(100,710)	-	-	(102,344)
Total non-operating revenues (expenses)	(1,379)	379	(99,729)	755	-	(99,974)
NET INCOME (LOSS) BEFORE TRANSFERS	(253,434)	(12,053)	(100,532)	755	-	(365,264)
<b>TRANSFERS</b>						
Transfers in	162,661	820	45,000	-	(163,481)	45,000
Transfers (out)	-	(7,661)	(155,000)	(820)	163,481	-
Total transfers	162,661	(6,841)	(110,000)	(820)	-	45,000
CHANGE IN NET POSITION	(90,773)	(18,894)	(210,532)	(65)	-	(320,264)
NET POSITION, JANUARY 1	1,683,351	164,068	366,593	256,164	-	2,470,176
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 1,592,578</b>	<b>\$ 145,174</b>	<b>\$ 156,061</b>	<b>\$ 256,099</b>	<b>\$ -</b>	<b>\$ 2,149,912</b>

(See independent auditor's report.)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS  
AQUATIC CENTER ACCOUNTS

For the Year Ended December 31, 2017

	Operating	Depreciation	Bond and Interest	2011 Bond Reserve	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 329,786	\$ -	\$ -	\$ -	\$ -	\$ 329,786
Payments to suppliers	(148,664)	(12,432)	(803)	-	-	(161,899)
Payments to employees	(245,562)	-	-	-	-	(245,562)
Miscellaneous non-operating receipts	172	-	-	-	-	172
Net cash from operating activities	(64,268)	(12,432)	(803)	-	-	(77,503)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund loan receipts (repayments)	34,320	1,400	-	-	-	35,720
Transfers in	162,661	820	45,000	-	(163,481)	45,000
Transfers (out)	-	(7,661)	(155,000)	(820)	163,481	-
Net cash from noncapital financing activities	196,981	(5,441)	(110,000)	(820)	-	80,720
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital assets purchased	(7,660)	-	-	-	-	(7,660)
Principal paid on long-term debt	(155,000)	-	-	-	-	(155,000)
Interest paid	-	-	(100,710)	-	-	(100,710)
Net cash from capital and related financing activities	(162,660)	-	(100,710)	-	-	(263,370)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	83	379	981	755	-	2,198
Net cash from investing activities	83	379	981	755	-	2,198
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,864)	(17,494)	(210,532)	(65)	-	(257,955)
CASH AND CASH EQUIVALENTS, JANUARY 1	30,020	162,668	366,593	256,164	-	815,445
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 156</b>	<b>\$ 145,174</b>	<b>\$ 156,061</b>	<b>\$ 256,099</b>	<b>\$ -</b>	<b>\$ 557,490</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (252,055)	\$ (12,432)	\$ (803)	\$ -	\$ -	\$ (265,290)
Miscellaneous non-operating receipts	172	-	-	-	-	172
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation and amortization	174,765	-	-	-	-	174,765
Increase (decrease) in						
Pension related items	15,664	-	-	-	-	15,664
Accounts receivable	595	-	-	-	-	595
Accounts payable	(3,436)	-	-	-	-	(3,436)
Wages payable	27	-	-	-	-	27
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (64,268)</b>	<b>\$ (12,432)</b>	<b>\$ (803)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (77,503)</b>

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

Sister Cities Fund - used to account for the revenues received from donations and the related expenditures for the Sister Cities program with the Village of Marineo, Sicily.

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

VILLAGE OF HAWTHORN WOODS, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

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	<b>Sister Cities</b>	<b>Canadian National Project</b>	<b>Total</b>
<b>ASSETS</b>			
<b>ASSETS</b>			
Cash and investments	\$ 6,604	\$ -	\$ 6,604
<b>TOTAL ASSETS</b>	<b>\$ 6,604</b>	<b>\$ -</b>	<b>\$ 6,604</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
None	\$ -	\$ -	\$ -
Total liabilities	-	-	-
<b>FUND BALANCES</b>			
Assigned			
Sister Cities	6,604	-	6,604
Total fund balances	6,604	-	6,604
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,604</b>	<b>\$ -</b>	<b>\$ 6,604</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, 2017

	<b>Sister Cities</b>	<b>Canadian National Project</b>	<b>Total</b>
<b>REVENUES</b>			
Investment income	\$ 8	\$ 268	\$ 276
Miscellaneous	1,484	145,297	146,781
Total revenues	1,492	145,565	147,057
<b>EXPENDITURES</b>			
None	-	-	-
Total expenditures	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,492	145,565	147,057
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	(165,406)	(165,406)
Total other financing sources (uses)	-	(165,406)	(165,406)
<b>NET CHANGE IN FUND BALANCES</b>	1,492	(19,841)	(18,349)
<b>FUND BALANCES, JANUARY 1</b>	5,112	19,841	24,953
<b>FUND BALANCES, DECEMBER 31</b>	\$ 6,604	\$ -	\$ 6,604

(See independent auditor's report.)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SISTER CITIES FUND**

For the Year Ended December 31, 2017

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Investment income	\$ 1	\$ 8	\$ 7
Miscellaneous	600	1,484	884
	<hr/>	<hr/>	<hr/>
Total revenues	601	1,492	891
<b>EXPENDITURES</b>			
General government			
Dues	305	-	(305)
Miscellaneous	200	-	(200)
	<hr/>	<hr/>	<hr/>
Total expenditures	505	-	(505)
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ 96</u></b>	<b>1,492</b>	<b><u>\$ 1,396</u></b>
<b>FUND BALANCE, JANUARY 1</b>		<hr/> <b>5,112</b>	
<b>FUND BALANCE, DECEMBER 31</b>		<hr/> <b>\$ 6,604</b> <hr/>	

(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, 2017

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 308,036	\$ 308,036	\$ -
Employee	105,000	112,506	7,506
	413,036	420,542	7,506
Investment income			
Net appreciation in fair value of investments	-	208,030	208,030
Interest	30,000	139,512	109,512
	30,000	347,542	317,542
Less investment expense	-	(9,127)	(9,127)
	30,000	338,415	308,415
	443,036	758,957	315,921
<b>DEDUCTIONS</b>			
Benefits and refunds	80,954	106,880	25,926
Administration	32,800	23,101	(9,699)
	113,754	129,981	16,227
<b>NET INCREASE</b>	<b>\$ 329,282</b>	<b>628,976</b>	<b>\$ 299,694</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
January 1		3,201,993	
December 31		\$ 3,830,969	

(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, 2017

**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	\$ 284,618	\$ 1,485,547	\$ 1,511,550	\$ 258,615
<b>TOTAL ASSETS</b>	<b>\$ 284,618</b>	<b>\$ 1,485,547</b>	<b>\$ 1,511,550</b>	<b>\$ 258,615</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,600	\$ -	\$ 7,600	\$ -
Due to others	25,656	978,125	797,118	86,503
Due to other funds	-	172,112	-	172,112
<b>TOTAL LIABILITIES</b>	<b>\$ 33,256</b>	<b>\$ 1,150,237</b>	<b>\$ 804,718</b>	<b>\$ 258,615</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	\$ 7,040	\$ 268,688	\$ 265,706	\$ 10,022
<b>TOTAL ASSETS</b>	<b>\$ 7,040</b>	<b>\$ 268,688</b>	<b>\$ 265,706</b>	<b>\$ 10,022</b>
<b>LIABILITIES</b>				
Due to others	\$ 7,040	\$ 268,688	\$ 265,706	\$ 10,022
<b>TOTAL LIABILITIES</b>	<b>\$ 7,040</b>	<b>\$ 268,688</b>	<b>\$ 265,706</b>	<b>\$ 10,022</b>

**SPECIAL SERVICE AREA #2  
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	\$ 9,925	\$ 268,366	\$ 265,706	\$ 12,585
<b>TOTAL ASSETS</b>	<b>\$ 9,925</b>	<b>\$ 268,366</b>	<b>\$ 265,706</b>	<b>\$ 12,585</b>
<b>LIABILITIES</b>				
Due to others	\$ 9,925	\$ 268,366	\$ 265,706	\$ 12,585
<b>TOTAL LIABILITIES</b>	<b>\$ 9,925</b>	<b>\$ 268,366</b>	<b>\$ 265,706</b>	<b>\$ 12,585</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, 2017

<b>SPECIAL SERVICE AREA #3 PROJECT - DEBT SERVICE</b>				
	<b>Balances January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 8,691	\$ 268,959	\$ 265,706	\$ 11,944
<b>TOTAL ASSETS</b>	<b>\$ 8,691</b>	<b>\$ 268,959</b>	<b>\$ 265,706</b>	<b>\$ 11,944</b>
<b>LIABILITIES</b>				
Due to others	\$ 8,691	\$ 268,959	\$ 265,706	\$ 11,944
<b>TOTAL LIABILITIES</b>	<b>\$ 8,691</b>	<b>\$ 268,959</b>	<b>\$ 265,706</b>	<b>\$ 11,944</b>

<b>SPECIAL SERVICE AREA #4 PROJECT - DEBT SERVICE</b>				
	<b>Balances January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances December 31</b>
<b>ASSETS</b>				
Cash and investments	\$ 258,962	\$ 679,534	\$ 714,432	\$ 224,064
<b>TOTAL ASSETS</b>	<b>\$ 258,962</b>	<b>\$ 679,534</b>	<b>\$ 714,432</b>	<b>\$ 224,064</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,600	\$ -	\$ 7,600	\$ -
Due to others	251,362	507,422	706,832	51,952
Due to other funds	-	172,112	-	172,112
<b>TOTAL LIABILITIES</b>	<b>\$ 258,962</b>	<b>\$ 679,534</b>	<b>\$ 714,432</b>	<b>\$ 224,064</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(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	81-90
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	91-95
<b>Debt Capacity</b> 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.	96-100
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	101-102
<b>Operating Information</b> 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.	103-105

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

Data Source

Audited Financial Statements

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	13,503,716	\$ 13,339,396	\$ 13,237,343	\$ 10,667,939	\$ 10,507,396	\$ 10,314,182
	1,082,734	1,190,127	1,463,134	1,336,030	974,040	934,097
	2,074,808	2,516,357	3,182,950	823,797	669,550	26,468
\$	16,661,258	\$ 17,045,880	\$ 17,883,427	\$ 12,827,766	\$ 12,150,986	\$ 11,274,747
\$	1,746,181	\$ 1,792,569	\$ 1,755,960	\$ 3,872,338	\$ 3,785,525	\$ 3,704,720
	256,819	261,253	305,176	319,822	786,825	557,334
	230,834	162,010	145,230	634,399	852,021	1,106,875
\$	2,233,834	\$ 2,215,832	\$ 2,206,366	\$ 4,826,559	\$ 5,424,371	\$ 5,368,929
\$	15,249,897	\$ 15,131,965	\$ 14,993,303	\$ 14,540,277	\$ 14,292,921	\$ 14,018,902
	1,339,553	1,451,380	1,768,310	1,655,852	1,760,865	1,491,431
	2,305,642	2,678,367	3,328,180	1,458,196	1,521,571	1,133,343
\$	18,895,092	\$ 19,261,712	\$ 20,089,793	\$ 17,654,325	\$ 17,575,357	\$ 16,643,676

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>EXPENSES</b>				
Governmental Activities				
General government	\$ 671,138	\$ 783,579	\$ 1,320,911	\$ 1,435,196
Building and zoning	215,819	268,409	306,260	312,618
Public safety	1,042,970	1,338,932	1,284,492	1,302,247
Public works	2,099,964	3,485,091	663,329	1,107,541
Parks and recreation	245,056	375,854	408,582	520,390
Interest	8,201	5,919	5,157	4,318
Total governmental activities expenses	<u>4,283,148</u>	<u>6,257,784</u>	<u>3,988,731</u>	<u>4,682,310</u>
Business-Type Activities				
Aquatics	438,924	571,328	583,088	560,021
Sewer	-	-	-	-
Total business-type activities expenses	<u>438,924</u>	<u>571,328</u>	<u>583,088</u>	<u>560,021</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 4,722,072</u>	<u>\$ 6,829,112</u>	<u>\$ 4,571,819</u>	<u>\$ 5,242,331</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for services				
General government	\$ 120,698	\$ 320,502	\$ 375,145	\$ 416,333
Building and zoning	283,861	265,401	244,825	403,122
Public safety	121,431	174,493	137,416	153,834
Public works	-	-	-	446,200
Parks and recreation	32,785	54,206	49,717	55,793
Operating grants and contributions	143,742	204,609	235,912	318,485
Capital grants and contributions	-	44,545	127,814	217,542
Total governmental activities program revenues	<u>702,517</u>	<u>1,063,756</u>	<u>1,170,829</u>	<u>2,011,309</u>
Business-Type Activities				
Charges for services				
Aquatics	240,828	309,440	279,547	232,193
Sewer	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>240,828</u>	<u>309,440</u>	<u>279,547</u>	<u>232,193</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<u>\$ 943,345</u>	<u>\$ 1,373,196</u>	<u>\$ 1,450,376</u>	<u>\$ 2,243,502</u>
<b>NET (EXPENSES) REVENUES</b>				
Governmental activities	\$ (3,580,631)	\$ (5,194,028)	\$ (2,817,902)	\$ (2,671,001)
Business-type activities	(198,096)	(261,888)	(303,541)	(327,828)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES</b>	<u>\$ (3,778,727)</u>	<u>\$ (5,455,916)</u>	<u>\$ (3,121,443)</u>	<u>\$ (2,998,829)</u>

	2012	2013	2014	2015	2016	2017
\$	1,202,576	\$ 1,547,590	\$ 1,433,958	\$ 1,808,015	\$ 2,027,037	\$ 2,089,637
	370,625	511,300	865,096	761,186	1,022,469	746,990
	1,341,417	1,287,164	1,405,975	2,386,651	1,914,277	1,894,294
	1,009,570	846,084	1,052,568	1,050,881	1,241,242	979,151
	547,137	689,946	807,156	1,031,292	1,025,804	1,121,580
	3,435	102,925	183,730	148,062	134,997	119,899
	4,474,760	4,985,009	5,748,483	7,186,087	7,365,826	6,951,551
	573,378	610,695	587,821	640,741	660,247	696,825
	-	-	-	115,912	157,577	279,716
	573,378	610,695	587,821	756,653	817,824	976,541
\$	5,048,138	\$ 5,595,704	\$ 6,336,304	\$ 7,942,740	\$ 8,183,650	\$ 7,928,092
\$	417,211	\$ 395,253	\$ 391,605	\$ 398,519	\$ 401,282	\$ 416,408
	281,282	528,395	904,290	1,199,716	1,200,388	905,187
	150,566	177,440	147,819	153,428	143,872	173,984
	20,000	44,000	69,012	-	-	-
	73,417	125,560	60,328	208,708	193,084	179,774
	239,527	265,617	340,582	201,303	208,033	207,320
	428,619	344,094	463,240	40,983	107,599	196,039
	1,610,622	1,880,359	2,376,876	2,202,657	2,254,258	2,078,712
	272,583	290,121	278,611	312,671	423,518	329,191
	-	-	-	29,567	44,441	59,213
	5,374	-	-	-	-	-
	277,957	290,121	278,611	342,238	467,959	388,404
\$	1,888,579	\$ 2,170,480	\$ 2,655,487	\$ 2,544,895	\$ 2,722,217	\$ 2,467,116
\$	(2,864,138)	\$ (3,104,650)	\$ (3,371,607)	\$ (4,983,430)	\$ (5,111,568)	\$ (4,872,839)
	(295,421)	(320,574)	(309,210)	(414,415)	(349,865)	(588,137)
\$	(3,159,559)	\$ (3,425,224)	\$ (3,680,817)	\$ (5,397,845)	\$ (5,461,433)	\$ (5,460,976)

VILLAGE OF HAWTHORN WOODS, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2008*	2009	2010	2011
<b>GENERAL REVENUES AND OTHER CHANGES</b>				
<b>IN NET POSITION</b>				
Governmental Activities				
Taxes				
Property	\$ 1,573,980	\$ 1,644,331	\$ 1,655,146	\$ 1,845,400
Road and bridge	26,044	15,573	17,947	17,251
Sales	99,675	112,426	98,707	113,385
Amusement	-	-	2,520	-
Telecommunications and utility	33,390	49,460	362,993	653,258
Intergovernmental				
Use	78,486	87,123	100,952	111,736
Income	463,844	611,462	592,076	596,510
Replacement	1,190	1,621	1,713	1,460
Investment income	123,855	98,360	47,888	18,984
Miscellaneous	1,143,225	60,429	147,855	508,400
Transfers in (out)	-	(191,620)	(96,463)	(245,783)
Total governmental activities	3,543,689	2,489,165	2,931,334	3,620,601
Business-Type Activities				
Investment income	11,846	11,351	6,277	5,875
Connection fees	-	-	-	-
Miscellaneous	6,788	5,775	7,931	1,199
Transfers in	-	191,620	96,463	245,783
Total business-type activities	18,634	208,746	110,671	252,857
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,562,323</b>	<b>\$ 2,697,911</b>	<b>\$ 3,042,005</b>	<b>\$ 3,873,458</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (36,942)	\$ (2,704,863)	\$ 113,432	\$ 949,600
Business-type activities	(179,462)	(53,142)	(192,870)	(74,971)
<b>TOTAL PRIMARY GOVERNMENT CHANGE</b>	<b>\$ (216,404)</b>	<b>\$ (2,758,005)</b>	<b>\$ (79,438)</b>	<b>\$ 874,629</b>

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

Data Source

Audited Financial Statements

	2012	2013	2014	2015	2016	2017
\$	1,839,594	\$ 1,852,159	\$ 1,886,580	\$ 1,880,861	\$ 1,926,474	\$ 2,002,924
	22,321	17,196	18,420	17,361	17,532	16,923
	116,166	127,735	179,487	177,840	182,942	188,927
	2,801	1,312	2,566	6,595	2,217	1,972
	603,957	607,417	600,113	558,460	539,486	529,351
	120,732	130,782	149,254	170,628	182,558	201,471
	673,328	730,133	733,685	815,367	745,947	703,840
	1,546	1,725	1,761	1,885	1,662	1,766
	13,632	8,465	201,303	159,208	156,056	156,886
	136,190	272,197	535,535	835,773	815,746	237,540
	(119,605)	(259,849)	(298,256)	(2,778,533)	(560,000)	(45,000)
	3,410,662	3,489,272	4,010,448	1,845,445	4,010,620	3,996,600
	2,662	964	887	1,696	2,550	5,548
	-	-	-	276,000	368,287	481,975
	2,777	41,759	601	156	378	172
	119,605	259,849	298,256	2,778,533	560,000	45,000
	125,044	302,572	299,744	3,056,385	931,215	532,695
\$	3,535,706	\$ 3,791,844	\$ 4,310,192	\$ 4,901,830	\$ 4,941,835	\$ 4,529,295
\$	546,524	\$ 384,622	\$ 638,841	\$ (3,137,985)	\$ (1,100,948)	\$ (876,239)
	(170,377)	(18,002)	(9,466)	2,641,970	581,350	(55,442)
\$	376,147	\$ 366,620	\$ 629,375	\$ (496,015)	\$ (519,598)	\$ (931,681)

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010**</b>	<b>2011</b>
<b>GENERAL FUND</b>				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ 157,867	\$ 168,988
Restricted				
Highway and streets	-	-	34,845	-
Assigned				
Cash reserves	-	-	162,763	742,454
Unassigned	-	-	-	-
Reserved	55,751	126,931	-	-
Unreserved	114,131	177,748	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 169,882</b>	<b>\$ 304,679</b>	<b>\$ 355,475</b>	<b>\$ 911,442</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted				
Highway and streets	-	-	301,900	368,909
Debt service	-	-	17,204	-
Capital improvements	-	-	212,373	293,991
Special recreation	-	-	35,136	284,527
Assigned				
Capital improvements	-	-	539,321	995,561
Parks and recreation	-	-	135,987	-
Sister Cities	-	-	-	-
Unassigned	-	-	-	-
Reserved	4,605,340	2,610,178	-	-
Unreserved, reported in				
Special Revenue Funds	445,725	541,222	-	-
Capital Projects Funds	516,527	-	-	-
<b>TOTAL ALL OTHER GOVERNMENT FUNDS</b>	<b>\$ 5,567,592</b>	<b>\$ 3,151,400</b>	<b>\$ 1,241,921</b>	<b>\$ 1,942,988</b>

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

Data Source

Audited Financial Statements

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	187,049	\$ 35,145	\$ 65,615	\$ 71,296	\$ 42,758	\$ 83,240
	-	-	-	-	-	-
	1,173,612	1,192,322	1,332,063	1,351,238	1,420,913	1,405,369
	278,684	528,117	546,020	776,900	10,575	81,242
	-	-	-	-	-	-
	-	-	-	-	-	-
<b>\$</b>	<b>1,639,345</b>	<b>\$ 1,755,584</b>	<b>\$ 1,943,698</b>	<b>\$ 2,199,434</b>	<b>\$ 1,474,246</b>	<b>\$ 1,569,851</b>
\$	867	\$ 17,332	\$ 17,332	\$ 17,852	\$ 17,852	\$ 18,409
	469,169	498,996	568,544	447,050	368,897	317,374
	320	6,243,097	5,749,639	5,418,760	4,461,500	3,771,188
	270,966	249,360	294,601	-	-	-
	342,279	438,674	485,350	460,220	478,643	510,535
	897,302	1,280,026	1,676,407	2,084,580	2,578,211	2,055,927
	28,708	27,621	-	-	-	-
	-	-	2,677	4,294	5,112	6,604
	-	-	(89,539)	(179,798)	(133,595)	(190,816)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
<b>\$</b>	<b>2,009,611</b>	<b>\$ 8,755,106</b>	<b>\$ 8,705,011</b>	<b>\$ 8,252,958</b>	<b>\$ 7,776,620</b>	<b>\$ 6,489,221</b>

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>REVENUES</b>				
Taxes	\$ 1,733,089	\$ 1,821,790	\$ 2,137,313	\$ 2,629,294
Licenses, permits and fees	535,720	788,389	782,590	975,051
Intergovernmental	687,262	904,815	930,653	1,203,190
Investment income	123,855	98,360	47,888	18,984
Contribution from property owners	-	-	-	-
Miscellaneous	1,166,280	131,187	300,182	1,051,174
<b>Total revenues</b>	<b>4,246,206</b>	<b>3,744,541</b>	<b>4,198,626</b>	<b>5,877,693</b>
<b>EXPENDITURES</b>				
General government	654,730	768,837	1,191,122	1,380,475
Building and zoning	215,819	215,496	313,575	268,975
Public safety	926,758	1,309,295	1,232,033	1,273,349
Public works	2,026,719	3,433,189	2,935,261	853,134
Parks and recreation	51,976	97,978	142,531	251,742
Capital outlay	2,284	481	127,814	328,690
Debt service				
Principal	105,881	12,592	13,353	14,193
Interest and fiscal charges	8,201	5,919	5,157	4,318
<b>Total expenditures</b>	<b>3,992,368</b>	<b>5,843,787</b>	<b>5,960,846</b>	<b>4,374,876</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>253,838</b>	<b>(2,099,246)</b>	<b>(1,762,220)</b>	<b>1,502,817</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,501,275	982,667	36,856	97,629
Transfers (out)	(2,501,275)	(1,174,287)	(133,319)	(343,412)
Debt certificates issued at par	-	-	-	-
Premium of debt certificates issued	-	-	-	-
Installment contracts issued	104,883	-	-	-
<b>Total other financing sources (uses)</b>	<b>104,883</b>	<b>(191,620)</b>	<b>(96,463)</b>	<b>(245,783)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 358,721</b>	<b>\$ (2,290,866)</b>	<b>\$ (1,858,683)</b>	<b>\$ 1,257,034</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>3.29%</b>	<b>0.32%</b>	<b>0.32%</b>	<b>0.43%</b>

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

Data Source

Audited Financial Statements

	2012	2013	2014	2015	2016	2017
\$	2,584,839	\$ 2,605,818	\$ 2,651,562	\$ 2,584,873	\$ 2,612,973	\$ 2,687,035
	945,277	1,398,578	1,850,366	2,124,849	2,402,311	1,791,997
	1,208,133	1,140,233	1,448,439	1,247,627	1,274,643	1,202,765
	13,632	8,465	201,303	159,208	156,056	156,886
	-	30,580	114,838	-	-	-
	455,258	422,806	419,072	710,078	378,895	281,629
	5,207,139	5,606,480	6,685,580	6,826,635	6,824,878	6,120,312
	1,194,467	1,284,758	1,403,087	1,657,116	1,795,348	1,893,610
	330,120	468,692	790,529	683,338	944,272	685,010
	1,261,662	1,275,287	1,419,335	1,552,381	1,659,150	1,792,619
	784,597	802,468	947,117	894,609	913,322	807,503
	280,814	359,201	574,735	704,703	676,472	800,923
	422,837	456,632	318,824	164,972	648,821	489,847
	15,076	46,597	605,000	645,000	655,000	670,000
	3,435	102,925	190,678	155,469	142,519	127,594
	4,293,008	4,796,560	6,249,305	6,457,588	7,434,904	7,267,106
	914,131	809,920	436,275	369,047	(610,026)	(1,146,794)
	466,250	216,827	409,940	719,364	1,582,594	568,137
	(585,855)	(476,676)	(708,196)	(1,284,728)	(2,142,594)	(613,137)
	-	6,240,000	-	-	-	-
	-	71,663	-	-	-	-
	-	-	-	-	-	-
	(119,605)	6,051,814	(298,256)	(565,364)	(560,000)	(45,000)
\$	794,526	\$ 6,861,734	\$ 138,019	\$ (196,317)	\$ (1,170,026)	\$ (1,191,794)
	0.45%	3.27%	13.42%	12.55%	11.15%	11.38%

**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>
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%
2013	377,383,011	6,382,113	2,615,038	79,320	386,459,482	0.489	1,159,378,446	33.333%
2014	376,346,323	6,945,173	2,369,686	92,883	385,754,065	0.489	1,157,262,195	33.333%
2015	392,167,789	6,872,813	1,965,169	112,015	401,117,786	0.481	1,203,353,358	33.333%
2016	424,607,885	7,188,921	2,130,265	123,744	434,050,815	0.462	1,302,152,445	33.333%

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

Note: 2017 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>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Village Direct Rates (A)</b>				
Corporate	0.222	0.044	0.018	0.086
Police protection	0.047	0.167	0.166	0.147
Street and bridge - Ela	0.037	0.096	0.074	0.079
Audit tax	0.003	0.003	0.004	0.004
Liability insurance	0.011	0.000	0.000	0.025
Unemployment insurance	0.000	0.011	0.029	0.000
Special recreation	0.013	0.013	0.040	0.040
Total direct rate without SSAs	0.333	0.334	0.331	0.381
<b>Special Service Areas</b>				
SSA #1 (B)	0.231	0.223	0.221	0.229
SSA #2	0.148	0.139	0.132	0.135
SSA #3	0.209	0.210	0.204	0.214
Total direct rate with SSAs	0.921	0.906	0.888	0.959
<b>Overlapping Rates</b>				
Lake County	0.444	0.453	0.464	0.505
Lake County Forest Preserve	0.201	0.199	0.200	0.198
Ela Township - Corp	0.082	0.084	0.084	0.091
Ela Township - R & B	0.010	0.005	0.007	0.008
Ela Township - Gravel	0.032	0.038	0.036	0.039
School District #95	3.830	3.899	3.901	4.136
School District #96	2.772	2.869	2.916	3.086
School District #79	2.379	2.435	2.485	2.663
Consolidated H.S. District #125	2.114	2.139	2.185	2.306
Community College #532	0.192	0.196	0.200	0.218
Ela Area Library	0.306	0.308	0.308	0.329
Countryside Fire District	0.390	0.417	0.421	0.422
Lake Zurich Fire District	0.547	0.561	0.564	0.607
Wauconda Fire District	0.421	0.432	0.442	0.480
Long Grove Fire District	0.547	0.549	0.599	0.616
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>15.188</b>	<b>15.490</b>	<b>15.700</b>	<b>16.663</b>
<b>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HAWTHORN WOODS</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.5%</b>	<b>3.7%</b>

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

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

Notes: 2017 information not available at the time of printing.

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

Data Source

Office of the County Clerk

2011	2012	2013	2014	2015	2016
0.061	0.068	0.124	0.128	0.117	0.138
0.190	0.229	0.239	0.242	0.273	0.236
0.092	0.087	0.047	0.028	0.000	0.000
0.005	0.005	0.006	0.005	0.006	0.005
0.028	0.031	0.033	0.046	0.045	0.043
0.000	0.000	0.000	0.000	0.000	0.000
0.040	0.040	0.040	0.040	0.040	0.040
0.416	0.460	0.489	0.489	0.481	0.462
0.253	0.279	0.267	0.267	0.257	0.243
0.149	0.166	0.161	0.165	0.160	0.148
0.242	0.271	0.259	0.261	0.251	0.241
1.060	1.176	1.176	1.182	1.149	1.094
0.554	0.608	0.663	0.682	0.663	0.632
0.201	0.212	0.218	0.210	0.208	0.193
0.099	0.088	0.100	0.100	0.098	0.095
0.009	0.010	0.057	0.055	0.055	0.053
0.042	0.030	0.000	0.000	0.000	0.000
4.446	4.914	5.242	5.291	5.191	5.021
3.453	3.756	3.976	4.040	3.870	3.690
2.937	3.267	3.521	3.606	3.514	3.298
2.465	2.751	2.989	3.049	3.004	2.858
0.240	0.272	0.296	0.306	0.299	0.285
0.356	0.386	0.409	0.410	0.398	0.381
0.495	0.552	0.597	0.613	0.598	0.570
0.504	0.654	0.695	0.705	0.542	0.601
0.530	0.614	0.681	0.709	0.699	0.662
0.692	0.766	0.812	0.830	0.798	0.770
18.083	20.056	21.432	21.788	21.086	20.203
3.7%	3.7%	3.5%	3.5%	3.5%	3.5%

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016 Tax Levy			2017 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	\$ 1,560,070	1	0.36%	\$ 1,593,637	1	0.34%
Taylor Morrision of Illinois, Inc.	934,524	2	0.22%			
Aqua Illinois, Inc. Regional Office	793,616	3	0.18%	963,564	4	0.21%
Pulte Home Corporation	792,645	4	0.18%			
Toll Brothers Inc	639,390	5	0.15%	1,019,264	2	0.22%
AGP Investments, LLC	511,248	6	0.12%			
Tauke Properties, Inc.	505,393	7	0.12%			
Individual	484,178	8	0.11%			
Individual	461,993	9	0.11%			
Individual	404,331	10	0.09%			
Toll IL HWCC, LP				963,564	3	0.21%
Bank of Waukegan				668,841	5	0.14%
Individual				542,541	6	0.12%
Boss Hob, LLC				512,683	8	0.11%
Individual				463,472	9	0.10%
Individual				451,964	9	0.10%
Individual				444,165	10	0.09%
	<u>\$ 7,087,388</u>		<u>1.63%</u>	<u>\$ 7,623,695</u>		<u>1.63%</u>

Notes: 2017 information is not available.

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.

Data Source

Office of the Lake County Clerk

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Levy Years

Levy Year	Tax Levied (B)	Levy Collections	
		Amount	Percentage of Levy
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	3,021,539	2,923,682	96.76%
2014	3,047,059	3,003,311	98.56%
2015	3,089,227	3,021,687	97.81%
2016	3,314,196	3,248,833	98.03%
2017(A)	3,352,699	N/A	N/A

(A) Collections for the 2017 Tax Levy Year will not be received until fiscal year 2018.

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

Notes: Property in the Village is reassessed each year. Property is assessed at 33% of actual value. 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, Net of Premium	Installment Contracts Payable	General Obligation Bonds	Revenue Bonds Payable	Revenue Bonds Unamortized Premium			
2008**	\$ -	\$ -	\$ 101,811	\$ -	\$ 2,805,000	\$ -	\$ 2,906,811	0.98%	\$ 377
2009	-	-	89,219	-	2,805,000	-	2,894,219	0.98%	375
2010	-	-	75,866	-	2,570,000	-	2,645,866	0.80%	345
2011	-	-	61,673	-	2,895,000	13,456	2,970,129	0.90%	388
2012	-	-	46,597	-	2,760,000	12,380	2,818,977	0.85%	366
2013	-	6,311,663	-	-	2,625,000	11,774	8,948,437	2.71%	1,168
2014	-	5,699,715	-	-	2,485,000	11,146	8,195,861	2.48%	1,070
2015	-	5,047,308	-	-	2,340,000	10,496	7,397,804	2.24%	965
2016	-	4,384,786	-	-	2,190,000	9,823	6,584,609	1.99%	859
2017	-	3,707,091	-	-	2,035,000	9,128	5,751,219	1.74%	751

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 101 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, 2017

<b>Governmental Unit</b>	<b>Gross Debt (A)</b>	<b>Percentage Debt Applicable to the Village (B)</b>	<b>Village's Share of Debt</b>
Village of Hawthorn Woods	\$ 3,707,091	100.000%	\$ 3,707,091
Lake County, including Forest Preserve District	438,130,000	1.745%	7,645,369
Ela Area Public Library District	1,030,000	19.313%	198,924
Fremont Public Library District	980,000	7.944%	77,851
Mundelein Park District	4,000,000	0.064%	2,560
Countryside Fire Protection District	3,450,000	11.305%	390,023
School District #79	16,260,000	21.858%	3,554,111
School District #96	155,000	2.052%	3,181
Community Unit School District #95	11,436,541	14.536%	1,662,416
High School District #120	16,957,494	6.620%	1,122,586
High School District #125	30,585,000	3.487%	1,066,499
Community College District #532	<u>63,745,000</u>	1.838%	<u>1,171,633</u>
<b>TOTAL OVERLAPPING DEBT</b>	<u>\$ 586,729,035</u>		<u>\$ 16,895,153</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$ 590,436,126</u>		<u>\$ 20,602,244</u>

(A) Gross debt is calculated as of December 31, 2017.

(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 2016 EAV's, 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>
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
2014	279,196	140,000	114,535	1.10
2015	312,954	145,000	111,035	1.22
2016	331,562	150,000	105,960	1.30
2017	337,186	155,000	100,710	1.32

\*As defined in applicable bond indentures and governing laws.

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

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

Data Source

Village records

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN**

December 31, 2017

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Maximum allowable general obligation debt (8.625% of assessed valuation of \$434,050,815)	\$ 37,436,883
General obligation bonds	<u>-</u>
<b>LEGAL DEBT MARGIN</b>	<b><u><u>\$ 37,436,883</u></u></b>

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>
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%
2014	7,663	330,727,417	43,159	6.2%
2015	7,663	330,727,417	43,159	6.1%
2016	7,663	330,727,417	43,159	5.2%
2017	7,663	330,727,417	43,159	4.7%

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

### Data Sources

(1) U.S. Department of Commerce, Bureau of the Census

(2) Illinois Bureau of Employment Security

VILLAGE OF HAWTHORN WOODS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Community Unit School District -						
Spencer Loomis	70.0	1	0.9%	90.0	1	1.5%
Kemper Sports	55.0	2	0.7%	70.0	2	1.2%
Barn Nursery	50.0	3	0.7%	22.0	6	0.4%
Village of Hawthorn Woods	35.0	4	0.4%	30.0	3	0.5%
Hawthorn Gardens	30.0	5	0.3%	27.0	4	0.5%
St. Matthew Lutheran Church and School	20.0	6	0.3%	19.0	7	0.3%
Country Bumpkin	18.0	7	0.2%	20.0	8	0.3%
Kiddy Garden Child Care	14.0	8	0.2%	13.0	10	0.2%
RH Insurance	11.0	9	0.1%	14.0	9	0.2%
Oreganos	10.0	10	0.1%			
Toll Brothers				45.0	5	0.8%
<b>TOTAL</b>	<b>313</b>			<b>350</b>		

Data Source

Village records

**VILLAGE OF HAWTHORN WOODS, ILLINOIS**

**FULL-TIME EQUIVALENT EMPLOYEES**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>GENERAL GOVERNMENT</b>										
Administration	3.0	3.0	3.0	2.0	4.0	4.0	2.0	3.0	3.0	3.0
Finance	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Building and zoning	1.0	1.0	2.0	2.0	2.0	2.0	3.0	4.0	4.0	4.0
Parks and recreation	1.0	1.0	1.0	1.0	1.0	1.0	2.0	5.0	4.0	4.0
<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	11.0	8.0	9.0	9.0	9.0	9.0	10.0	12.0	12.0	12.0
<b>HIGHWAYS AND STREETS</b>										
Administration	1.0	1.0	1.0	1.0	2.0	2.0	2.0	3.0	3.0	3.0
Street maintenance	3.0	3.0	3.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
<b>TOTAL</b>	<b>22.0</b>	<b>19.0</b>	<b>21.0</b>	<b>22.0</b>	<b>25.0</b>	<b>26.0</b>	<b>28.0</b>	<b>36.0</b>	<b>35.0</b>	<b>35.0</b>

\*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

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Function/Program	2008*	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PUBLIC SAFETY</b>										
Police										
Physical arrests	146	119	115	138	132	81	70	79	83	87
Parking violations	405	871	680	638	767	1,426	1,011	662	647	515
Traffic violations	1,493	2,386	2,170	2,009	1,235	1,783	743	1,028	1,123	1,550
<b>PUBLIC WORKS</b>										
Vehicles maintained by department	16.0	20.0	20.0	20.0	21.0	22.0	24.0	25.0	26.0	27.0
Street reconstruction (miles)	-	0.5	-	-	-	-	-	-	-	-
Street resurfacing (miles)	6.0	4.5	-	-	-	-	-	-	-	0.2

\*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>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	2	2	2	2	2	2	2	2	2	2
Patrol units	10	8	8	8	8	8	8	8	8	8
<b>PUBLIC WORKS</b>										
Miles of streets	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
Streetlights	38	38	38	38	38	38	53	53	53	63
Traffic signals	2	2	2	2	2	2	2	2	2	2
<b>WASTEWATER</b>										
Miles of storm sewers	24	24	24	24	24	24	24	24	24	24.7
Miles of sanitary sewers	-	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5
Miles of forcemain	-	-	-	-	2.4	2.4	2.4	2.4	2.4	2.4
Lift stations	-	-	-	-	2	2	2	2	2	2

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

Data Source

Various Village departments