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PRIORITY BASED BUDGETING

A COMPREHENSIVE OVERVIEW

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VILLAGE OF HAWTHORN WOODS
2 LAGOON DRIVE
HAWTHORN WOODS, IL 60047

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INTRODUCTION



INTRODUCTION TO PRIORITY BASED BUDGETING

DESCRIPTION & EXECUTIVE SUMMARY

The Village of Hawthorn Woods continues to actively demonstrate transparency and accountability to its residents. Perhaps the greatest ongoing achievement, and a key component to our success, is the synergy between elected officials, appointed staff, the residents, and the greater community of Hawthorn Woods. With excellence as a benchmark in our everyday work plan, Hawthorn Woods continues to lead in excellence in public governance, public management, and public accountability. As a testament to this benchmark, Hawthorn Woods has been recognized by America in Bloom as a national award winner for one of America's best places to live. Hawthorn Woods was named Community Champion in our population category for its innovation in action, environmental efforts, and community involvement. Additionally, Hawthorn Woods was awarded the Governor's Hometown Award in 2020 and has consistently been recognized as Safewise's top safest city in the State of Illinois, according to FBI crime statistics.

The Village of Hawthorn Woods is pleased to announce to our residents that our 2024 fiscal year will finish in a financially strong position with a balanced budget and we estimate an increase in our reserved funds. The Village's fund balance and reserves policy dictates that the Village should maintain 50% or approximately 6 months of the next years' operating budget in reserves. It is a tremendous accomplishment to celebrate our financial position with the residents of Hawthorn Woods. We are assertive in our grant-writing efforts which result in the receipt of grant awards and non-tax revenue sources to supplement our municipal budget.

In 2024, we witnessed a healthy return to outdoor programs such as summer camps, concerts in the park, and aquatic center programs. Due to this fact, we saw record revenues in both summer camp activities and our golf outing fundraiser. As a community, we began to rebound in municipal participation as the pandemic waned into an endemic. With the resurgence of planned activities and programs, the Village created innovative programs, held new special event gatherings, hosted holiday celebrations, and continued to draw large outdoor crowds. The Village renewed the coveted designation as an International Audubon Community, the first municipality in the State of Illinois to receive this prestigious environmental honor. Hawthorn Woods also hosted an on-site visit from the America in Bloom judges and their Executive Director.

We also concluded several environmental initiatives and grant projects with our grantors, Chicago Regional Tree Initiatives (CRTI) and America in Bloom, for the completion of Indian Creek Preserve. Our municipal staff consistently works in harmony with our legislative team of elected officials, and our collective efforts have been recognized locally, statewide, and nationally. Hawthorn Woods has become a leader in environmental efforts and we are proud to report that this year the Village added an additional 776 trees to our municipal properties, working toward our goal of a 34% urban tree canopy.

Our Community Development Department continues to stay busy with issuing permits, completing plan reviews, and conducting inspections as residents invest in home improvements and additional homes are being built within the Village.

As a result of our innovative approach to serve the public with transparency and excellence, we are now in the eighth year of our Priority Based Budget, our financial document that integrates budget policies, stakeholder goals and interests, financial revenues (input) and expenditures (output), which reinvented the role of local government budgeting in Hawthorn Woods. Village Department Directors have reviewed their priorities for 2025, and those initiatives are incorporated into this document. The 2025 Budget is a sustainable budget that was carefully planned to provide excellent municipal services and conservatively guide the Hawthorn Woods community through an uncertain global economy.

Most organizations know what they do and how they do it. Very few have taken the internal auditing exercises to determine why our Village Government in Hawthorn Woods desires to perform with excellence. We value results, and wish to allocate our resources to programs and services based on the highest importance, and not just on historical traditions. Instead of traditional numerical mapping and scoring, we have prioritized the funding of programs and services based on the highest degree of relevance to result. In some cases, there is a legal requirement that makes the programs essential. In contrast, there may be services or programs provided that serve a lower degree of relevance, perhaps impacting only a handful of residents. Budgeting during a pandemic presented its own set of challenges, but one thing did not change.

The safety of our community remains our highest priority.

We identified our highest priority infrastructure needs after forming a Citizen Task Force in 2018 to assist us with determining the best way to fund our street, drainage, and culvert projects. In June 2022, the Village presented a referendum question to our residents to create a new funding source to initiate a road maintenance program. The referendum passed and the Village is in the second year of collecting the anticipated \$900,000 requested to maintain the road maintenance program. In 2024, we completed two street renovations projects for Indian Creek Road, Squire Road, Foxtail Road, Cattail Court, Lancelot Lane, Arthur Court, Glen Road, Pheasant Run, Thornfield Lane, Mooregate Trail, and Bixtone Path. The street renovations allowed us to implement new concrete ribbons based on best road maintenance practices.

The Evolving Municipal Budget

According to Jon Johnson and Chris Fabian from the Center for Priority Based Budgeting, the evolution of the municipal budget has changed over the past few decades, but many municipalities have remained comfortable with the basic antiquated formula for government reporting. Calling on a new mindset and re-inventing the financial reporting process demands a great deal of time and commitment for all parties involved in shaping innovative budgeting. Listed below are some commonly recognized governmental budget documents that have evolved in governmental reporting.

1. **The Line-Item Budget:** The Line-Item Budget became a standard way of financially accounting for expenditures. They were hard to decipher, and were assigned numerical values by an account driven type of expense. The focus of what the government spent took precedent over any other information provided by the budget. It was a book of numbers about spending and purchasing.
2. **Incremental or Target Based Budget:** Expanding from the Line-Item Budget, this style emerged as a general way to analyze spending from a broader departmental perspective.
3. **Performance Based Budget:** The Performance Based Budget started to measure results from expenditures, and not just what governments spent but rather how much is accomplished with a value given to the expenditure.
4. **Zero-Based Budget:** The Zero-Based Budget was designed to create a base level of appropriation each year from “scratch” taking the line-item budget and proving up funding needs annually. What was allocated in the prior year did not account for the next year’s allocation.
5. **Program/Priority Based Budget:** The Priority Based Budget, also known as the Program Based Budget, emphasizes the budget as more than an accounting document. The Program Based Budget addresses priority policy and program initiatives, allowing the budget planners to allocate limited funds among competing needs. It focuses on what the government does, how it does it, and why the service or program is important. It can also assign a priority value from critical to low and builds the budget on how and why the funds are utilized in the community.

The Value of Priority Based Budgeting in Hawthorn Woods

As a community that takes great pride in our award-winning innovative entrepreneurial approach to local government, this approach to exceed business as usual for governmental financial reporting ascends the Village to the highest level of excellence and transparency for our residents. This document allows the Village to more clearly depict our revenues and expenditures to plan for enhanced financial decision making. This data collection and research analysis allows governmental officials to make informed choices regarding the distribution of finite funds for capital assets, operational demands, core services, and future programs and projects. It is a direct result of stakeholder participation and can be annually designed to reflect the current priorities of the Village, as compared to a traditional departmental allocation. In a Village like Hawthorn Woods, where the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting has been awarded, we challenged ourselves to reach a higher level of excellence and initiate the priority-based budget process.

The purpose of Hawthorn Woods' evolving priority based budgetary process is to provide a framework for allocating resources to fit with the priorities and future needs identified by the Hawthorn Woods community, creating a transparent citizen-driven document that bases fiscal planning on real needs and identifiable program usage. It is a hybrid of the zero-based budgeting process to which we currently subscribe, and includes elements of program based, and results-based initiatives. This document is a hands-on tool that will be updated annually to assist in directing decision-making on results and outcomes based on informed choices and prioritized strategies. In short, it will facilitate the direction of our funding to receive the best return on our investment.

We have integrated the Village's Comprehensive Plan, with its citizen priorities list and strategic roundtable results. This priority-based budgeting document used the raw collected data and assessed priorities that were identified by our key stakeholder interviews, open house roundtables, electronic feedback forms, resident call logs and discussions with consultants. They also include interviews from elected officials and appointed Village boards and commissions.

Data presented in this document is reviewed annually and summarized in Priorities 1.1 through 1.7 that will be assigned to every line-item request in our operating and capital budget ("Budget Book"). The priorities are listed first as raw data collected from stakeholders in no particular order. The initiatives are then summarized as a results priority map, depicting the priorities that will be funded in the operating and capital budgets. The raw data was assembled from a series of stakeholder involvement opportunities, including:

- 2014 Comprehensive Plan stakeholder survey results from citizens, staff, committee, and Village Board written submissions
- 2016 Market Analysis interviews conducted by AECOM
- 2016 Village-wide Analysis of Drainage Problems
- 2017 AECOM Market Analysis Report 2018
- 2018 Citizen Feedback from infrastructure surveys
- 2018 America in Bloom Judges Analysis Feedback Report for the Village of Hawthorn Woods
- 2019 America in Bloom Analysis Feedback Report for the Village of Hawthorn Woods
- 2020 America in Bloom Analysis Feedback Report for the Village of Hawthorn Woods
- 2021 America in Bloom Analysis Feedback Report for the Village of Hawthorn Woods
- 2021 Tree City USA Growth Award
- 2022 Tree City Growth Award
- 2022 America in Bloom Landscaped Areas Outstanding Achievement Award
- 2022 America in Bloom Analysis Feedback Report for the Village of Hawthorn Woods
- 2022 Audubon International Sustainable Community Certification
- 2023 America in Bloom Champion – Population Category 5,000 – 10,000
- 2023 America in Bloom – Community Involvement
- 2024 America in Bloom – Community Champion Population Category 9,000 – 14,000
- 2024 America in Bloom – Outstanding Achievement Award in Urban Forestry

Priority Determinations for 2025

With several top priorities all competing for limited financial resources, the Village is undertaking smaller projects that have great impacts to the public. Over \$3 million dollars of requested projects were cut from the Budget due to lack of funding. This year, the following funding requests that made the review cuts take top priority in the Village operating and capital budget:

- Promote a safe and healthy community
- Comply with State and federal mandates
- Provide excellent customer service, amenities, and municipal deliverables to the citizens of Hawthorn Woods
- Prioritize health, safety, and welfare issues
- Prioritize modernization of infrastructure including repairing Village roads with the approved road referendum
- Prioritize protection of residential and corporate structures from flooding, before addressing accessory structures and property flooding
- Plan strategic economic development opportunities and revenue generating opportunities (i.e., matching grant opportunities)
- Create shovel-ready sites with utility provisions to support commercial development

As a priority in 2025, we have identified the following major projects that comply with these Priority standards and have funded the initiatives in the 2025 Budget:

1. Funding for summer seasonal employees for the Public Works Department
2. Funding for one Deputy Director of Community Development
3. Initiating road program projects with funds received from the road referendum and Rebuild Illinois
4. Purchase police body cameras for patrol officers
5. Purchase ballistic shields for patrol officers
6. Purchase one truck for the Public Works Department
7. Purchase hot box to assist with pavement patching for Village roads
8. Purchase metal picnic tables for Hawthorn Woods' Parks
9. Funding for Heritage Oaks Park protective stone retaining wall tuck pointing
10. Purchase Toro Track Dingo with Front Claw for Parks & Recreation Department
11. Funding to upgrade Bridlewoods and Highview Parks' parking lots
12. Funding for Owens Road pavement patching in partnership with Fremont Township
13. Funding for Acorn Drive with the assistance of Lake County Council of Mayors
14. Funding for replacement computers for Village employees
15. Fund legal initiatives as determined by the Board of Trustees
16. Continue the pursuit of Environmental Excellence that makes Hawthorn Woods a leader in the region, state, and nation with programs such as the International Dark Sky Association, National Audubon Society, Bee City USA, and the America in Bloom initiatives

17. Initiate Park and athletic court improvements as grant funds become available

Linking the Budget to Organizational Goals

Our 2025 Budget Book includes a direct link and critical value reference location between the Budget Book and the Priority Based Budgeting document. This initiative will align the best management practices in the industry, and enable the Village of Hawthorn Woods to be an innovative leader in government transparency, aligning our resource allocations (input), with our community's expectations (output). We believe this communication tool will serve as a working document for planning, budgeting, and connecting our vision and goals to action-oriented deliverables of services and programs.

Our Budget Book funds the highest priority items as identified by our stakeholders. We have aligned the financial resources in the budget with strategic feedback generated from our residents, elected and appointed officials, business partners, daytime work force, employee base, educational community, and governmental partners. The 2025 Budget Book reflects authentic citizen influence and transparent accountability of public funds.

As a result of integrating our Priority Based Budget document along with our 2025 Budget Book, we are pleased to provide to the community an innovative and transparent document that prioritizes operations with safety, including providing purchases, programs and services based on the actual priorities of our residents.

Respectfully Submitted,



Pamela O. Newton
Chief Operating Officer



Katreina S. Koprowski
Chief Financial Officer

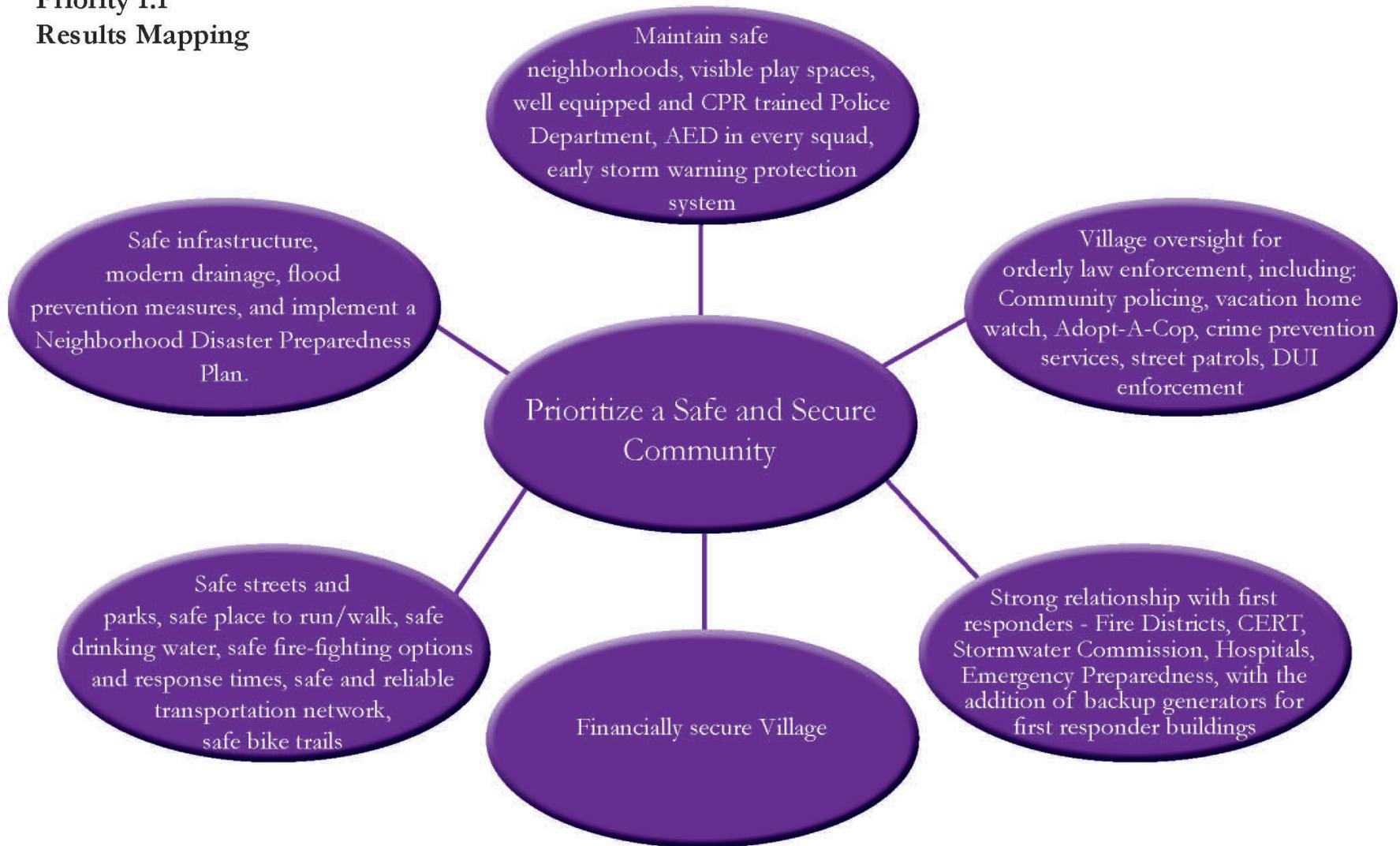
OPERATIONAL TRANSPARENCY SUMMARY

11 PRIORITIZE A SAFE AND SECURE COMMUNITY

Unfiltered Data Collected from Stakeholders

Stewardship of the Environment (Pollutant-Free Community)	Community Safety Programs	Fire District Response Times, Secure Water Supply to Fight Fires	Promote Public Health (Walkable Community)
Safe Drinking Water	Residential Traffic Safety (Speed/Sidewalk)	Integrated Multi-Jurisdictional Records Systems (Connect Arrest History)	Stormwater Management (Control Flooding, Protect Properties)/ Safe from Flooding
Safe Parks Graffiti-Free Parks	Safe Mobility (Train Tracks, Potholes, Stop Signs) ADA accessibility	Emergency Notification System	Peaceful Neighborhoods (Neighborhood Watch)
Well-Lit Parks and Intersections Traffic Signal Maintenance	Safe Streets Patrolling Cars	Emergency Preparedness/CPR Trained Employees	Crime Prevention Strong DUI Initiatives
Visible Playgrounds	Modernize infrastructure and utilities	Early Warning Storm Protection System (Lightning Strike Guard and Weather Alerts)	Funds Adjudication Court
Safe and Reliable Transportation Network	House Watch Crime Prevention Services	Conservative Risk Management Procedures (Lifeguard, Red Cross, Lifeguarding Certification)	Financially Sustainable
Safe After School Programs	Low Crime Rates (Safe Neighborhoods, Crime-Free Community)	Professional Workforce/Educational Training and Staff Certifications	Ensure Park Equipment Sight Line Visible to Police
Sustain a Clean, Safe, and Attractive Place to Live, Work and Play	Visible Police Presence (Neighborhoods, Schools, Parks, Adopt-A-Cop)	Well-equipped Departments (AED in Every Squad)	Emergency Evacuation Plan
Safe Schools and Safe Bike Trails to Schools	Well Trained Law Enforcement	Entire Workforce Trained as First Responder	Manage Risk Management Safety Committee
Proactive Crime Prevention, Visible Presence in Community	Enforced Village Ordinances	CERT Partnership	Neighborhood Watch Program

**Priority 1.1
Results Mapping**

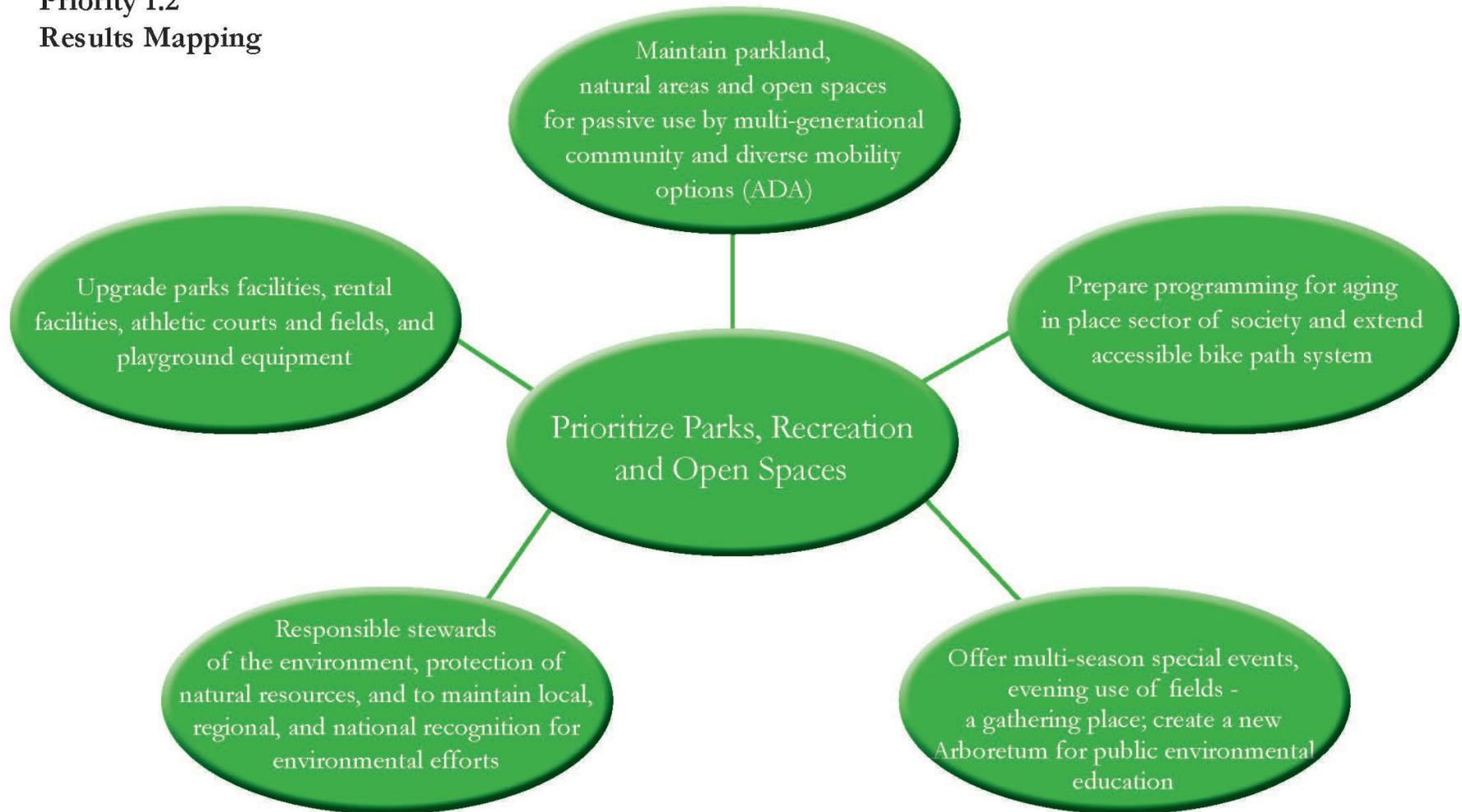


12 PRIORITIZE PARKS, RECREATION AND OPEN SPACES

Unfiltered Data Collected from Stakeholders

Sports Education	Pool Aquatic Center Facilities (Desirable Village Amenity)	Design Play Spaces for All Abilities	Tree Preservation and Diversity
Leisure Services for All Demographics (Youth to Seniors)	Public Space Rentals (Reunions and Parties)	Safe Playground Equipment Replaced and Maintained Regularly	Preserve Natural Areas and Open Space
Seniors Monthly Lunch and Learn	Ball Fields to Meet Diverse Recreational Demands (Night Games, Multi-Use Sports)	Stroller/ADA Accessibility to Parks and Playgrounds	Places to Explore Nature
Online/Website Registration	Well-Groomed Ball Fields and Sports Courts	ADA Accessible Parks and Playgrounds	Stewardship of the Environment
Diverse Arts Programs	Parks-Trees Trimmed for Visual Safety	Upgraded Play Spaces Fitness for All Ages	Encourage Bio-Swales, Vegetation Buffers and Native Plantings
Multi-Season Activities, A Gathering Place	Create Shade Shelter in Parks Facility Rental Services	Well-Lit and Visible Play Spaces and Ballfields	Ensure Regulatory Compliance to Protect the Environment and the Lives of Residents and Visitors
Provide Safe After School Programs	Create More Fields for Soccer/Baseball	Signage Branding (Visual Harmony)	SRACLC Services

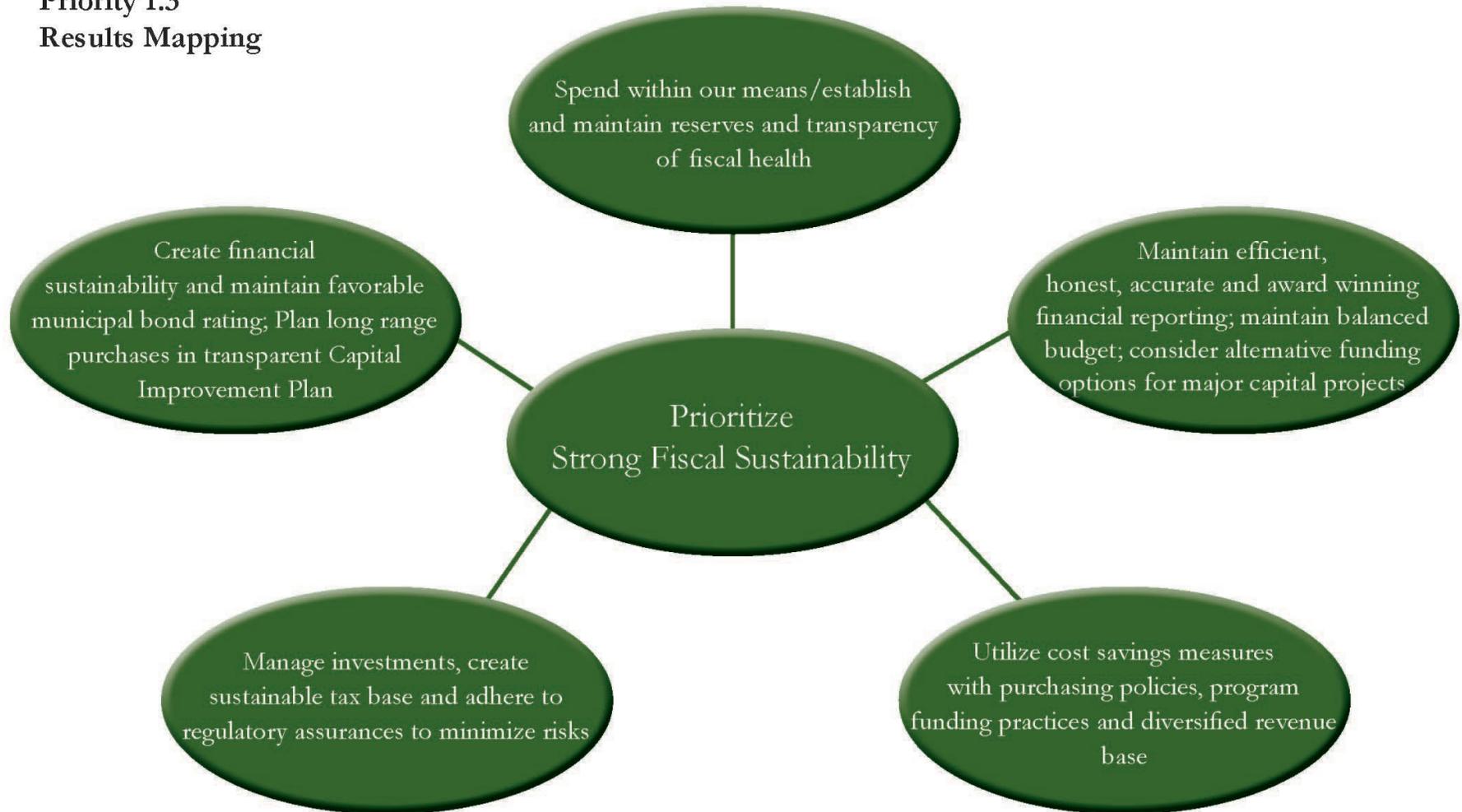
**Priority 1.2
Results Mapping**



13 PRIORITIZE STRONG FISCAL SUSTAINABILITY

Unfiltered Data Collected from Stakeholders		
Financial Sustainability	Create Attractive Downtown Area for Sales Tax Base Expansion	High Quality Professional Workforce (Use of Interns/Part-time Cost Employees Saving)
Grow Revenues, General Fund and Community Donations	Modernization of Fee and License Revenue	Transparent Finances and Efficient Services
Maintain Municipal Bond Rating for Low Interest Debt Financing Opportunities	Regulatory Compliance	Responsible Three Quote Purchasing Policy
Supplement Finances with Grant Awards and Program Funding	Items Budgeted Not Expended Until Revenues are Met	Fosters Public/Private Initiatives
Supports Business Retention and Entrepreneurial Home Businesses	Reduce Reliance on SSA Funding Mechanism	Programmatic Funding Practices (Multi-Program Approach)
Local Business Support	Strategic Investments	Manage Innovative Zero-Based Budgeting
Sustainable Tax Base	Sustainable Accounting	Manage Economic Growth Opportunities (Commercial, Retail, Residential Balance)
Diversified Revenue Base	Maintain Balanced Budget	Provide Assurance of Regulatory and Policy Compliance to Minimize Risk
Supports Broad Based Economic Diversity	Award Winning GFOA Reporting	Attracts and Retains Professional High-Quality Workforce Dedicated to Public Service
Leverage Donation/Grant Dollars	Transparent, Accountable, Efficient and Honest Financial Accounting	Innovative and Transparent Budget

**Priority 1.3
Results Mapping**

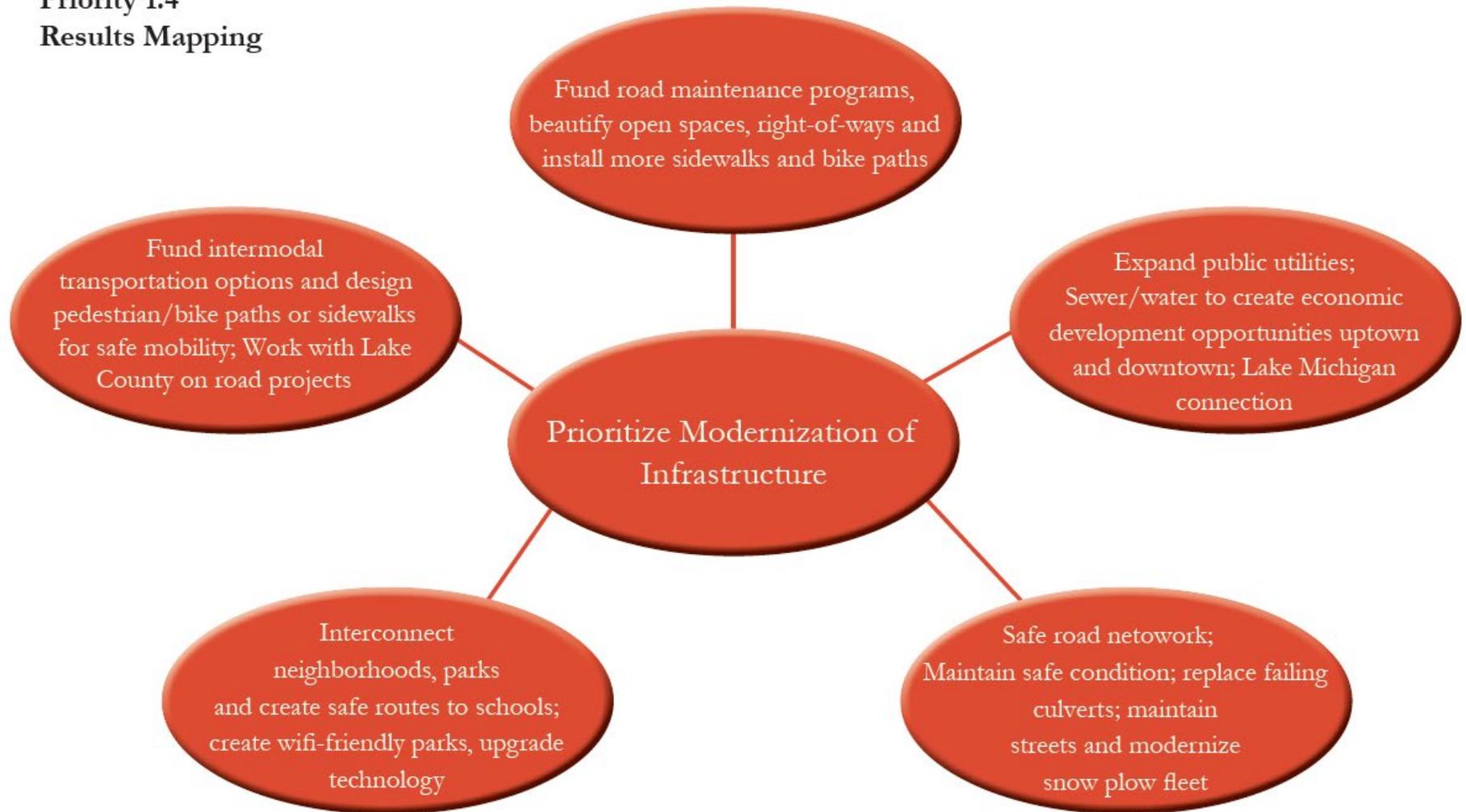


14 PRIORITIZE MODERNIZATION OF INFRASTRUCTURE

Unfiltered Data Collected from Stakeholders

Connected Bike Trails Install Expanded Sidewalks	Fleet/Vehicles/Equipment Replace, Maintain and Service Fuel Services	Reduce Reliance on Vehicular Travel	Beautification of Open Spaces and Right of Ways
Modernize Tools, Equipment, Supplies, Facilities	Research Lake Michigan Water	Connect Subdivisions	Mitigate Factors that Flood Roadways
Lake County Projects at Old McHenry and Gilmer Roads	Water and Sewer Service Expansion Pubic Utilities Modernization	Pedestrian Friendly Destinations	Safe Road Network, Maintain Safe Condition
Reliable and Affordable Village Services	High Speed Internet in Parks	Maintain Modern Infrastructure/Upgrade Municipal Technology/Website Printing/Copying	Snow Plow, De-Icing Operations
Expand Bus and Rail Services	Upgrade Infrastructure	Routine Pothole Repair, Crack Sealing, Resurfacing, and Pavement Markings	Litter-Free Roadways
Expand Mobility Options Right of Way/Maintain Easement	New Municipal Campus Investment	Equipment Rental/Lease/Purchase	Reliable and Affordable Municipal Services
Public Works Facility Expansion to Store all Trucks	Start Road Program (Concrete Ribbons)	Maintain or Add Parking Lots in Village Parks	Senior Fitness Area in Parks
ADA Compliant Village Hall and Parks HVAC Services	Expand Tree Nursery	Proactive Annual Roadway Maintenance Program	Maintain Streets, Repair, Resurfacing

**Priority 1.4
Results Mapping**

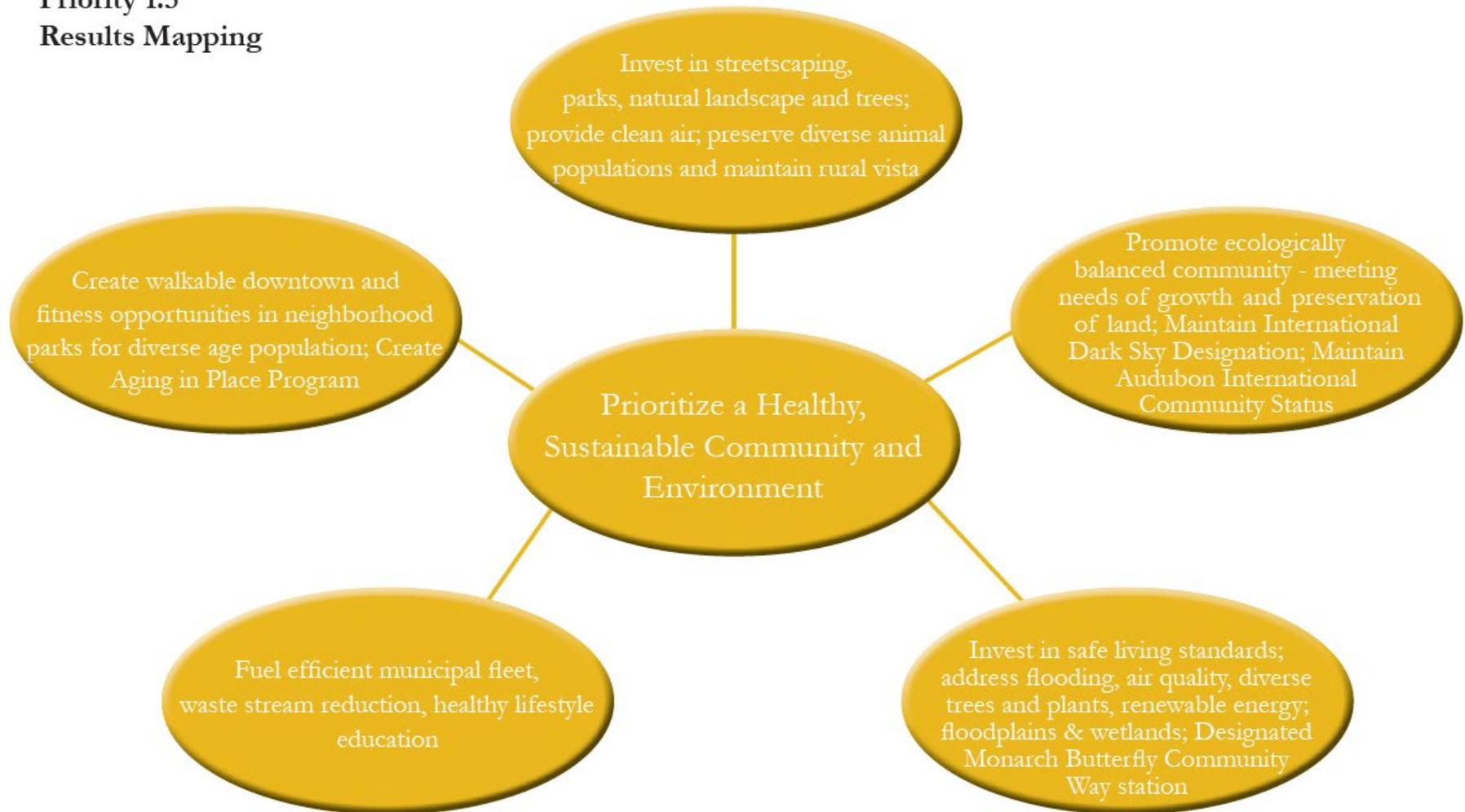


15 PRIORITIZE A HEALTHY, SUSTAINABLE COMMUNITY AND ENVIRONMENT

Unfiltered Data Collected from Stakeholders

Tree City USA Maintenance	Stewardship of Natural Resources International Dark Sky Association	Flood Control and Prevention programs	Fitness Programs, Boot Camps, Aquatic Aerobics, Swim Team, Fitness Camps, Yoga, and Zumba	Agency Partnerships with Health Department
Streetscaping (Prioritize Natural Landscaping for Rural Vista)	Building Services Permit, Inspection Services Zoning Services	Manage Floodplains and Wetlands	Provide for Multigenerational Engagement with the Land	Manages an Ecologically Balanced Community/ Renewable Energy Options
Diversity Tree Stock (EAB Replacements) Arboretum Tree Walk	Expansion of Open Space Acquisition	Waste Stream Reduction/Recycling Education	Provide Healthy Air Quality – Prohibit Leaf Burning	Best Management Practices including Bio-Swales, Vegetation Buffers, and Native Plantings
Provide Fitness Opportunities	Promote Energy Conservation, Cost Savings, and Renewable Energy	Annexations Land Use Development Services	Provide Elder Programs for Aging Population	Supports and Sustains Resource Conservation Practices
Provide Safe Drinking Water	Avoid Dependence on Well Water	Reduce Mosquito Population with Larvae treatment	Extend Water and Sewer Service Opportunities	Update Park Equipment
Create Walking/Biking Trails	Pervious Pavement Opportunities	Community Health Safety Initiatives No burn policy	SWALCO	Planning Services Code Enforcement Professional Services

**Priority 1.5
Results Mapping**

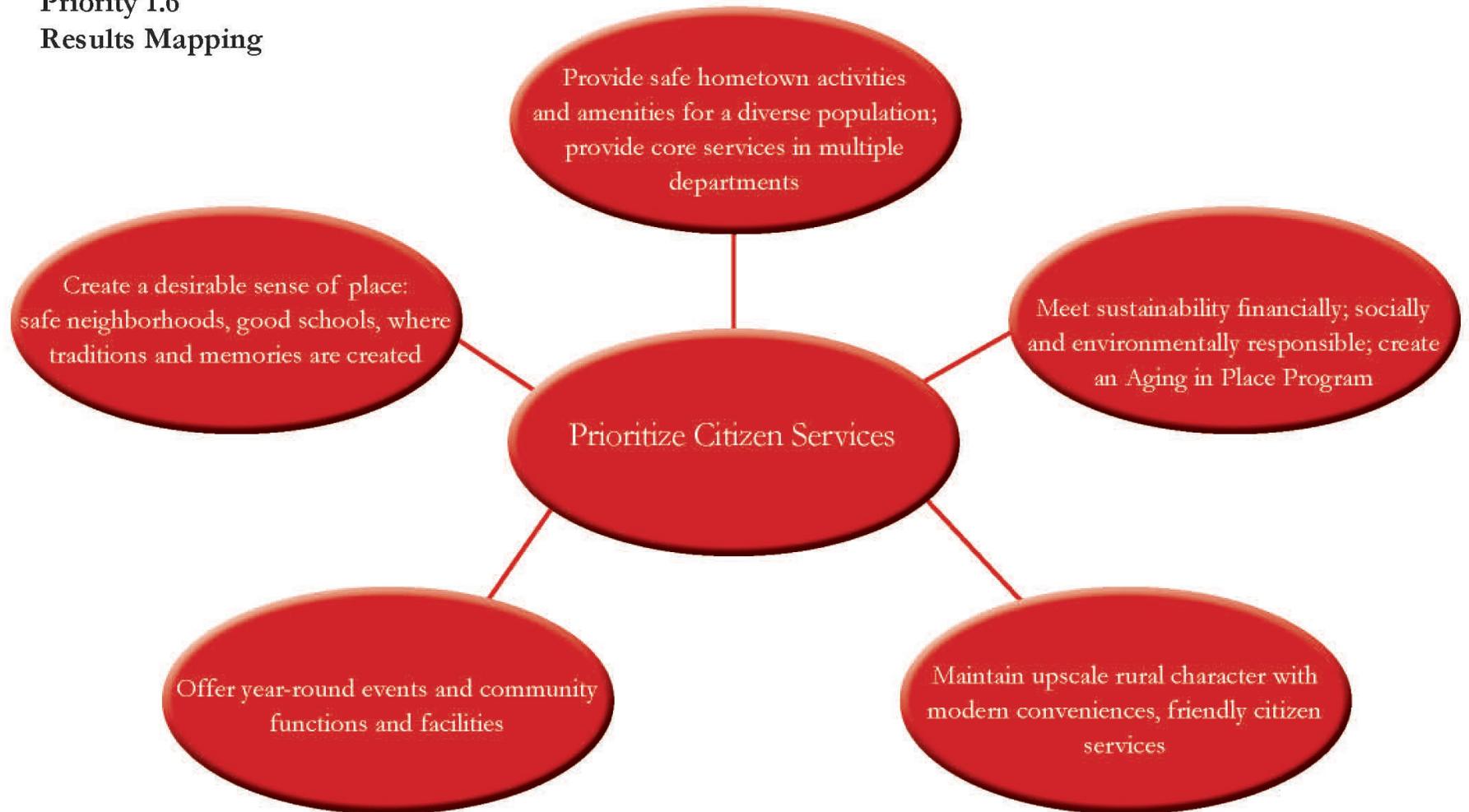


16 PRIORITIZE CITIZEN SERVICES

Unfiltered Data Collected from Stakeholders

Hometown Holiday	Monarch Butterfly Community Waystation Designation	Aquatic Center Concessions	Family Friendly Special Events	Safe, Small Town Feel Rural by Design
Bark in the Park Senior Events	Public Utilities Street Lights Traffic Signals	Community Rentals (Barn/Aquatic Center)	Strong Legal Representation Municipal Attorney Services	Vacation House Watch/ Crime Prevention Police Department
Front Desk Services Customer Service Phone	Arbor Day/Tree City USA	Volleyball/Baggoss Baseball/Soccer fields	Administrative Support for All Village Departments	Environmental Consciousness (Recycling)
Local Vendor Opportunities	Village Golf Outing	Yard Waste Stickers	Fireworks Display Village Parade	Community Tree Lighting Event
Party in the Park	Volunteer Appreciation	Park Signage Update	Community Engagement with Police Department	Weekly E-Blasts Unite Community
Movies in the Park Concerts in the Park	Craft Fair Showcases (Local Vendors)	Recreational Programs Park Activities 21 Great Parks	Eagle Scout Opportunities Community Service Youth Summer Camp	Mailed Newsletters Connect Community with Communication
Postage Credit Card Fees	Tot/Youth/Adult Recreation Programs	Swim Lessons Aquatic Center Programs	Activities in Parks	Provide Core Services in Multiple Departments
Plow/Salt Streets Mosquito Abatement	Fitness Programs	Hawaiian Luau at Pool Family Events Flick N Float	Family Movie Night in the Barn with Popcorn	Village Clerk Services Registrar/Voter Services Village Records/Notary Services
Professional Development	New Resident Packets	Lifeguarding/Water Safety Instructor/Red Cross Classes	Dispatch Services	Park and Recreation Programs

**Priority 1.6
Results Mapping**

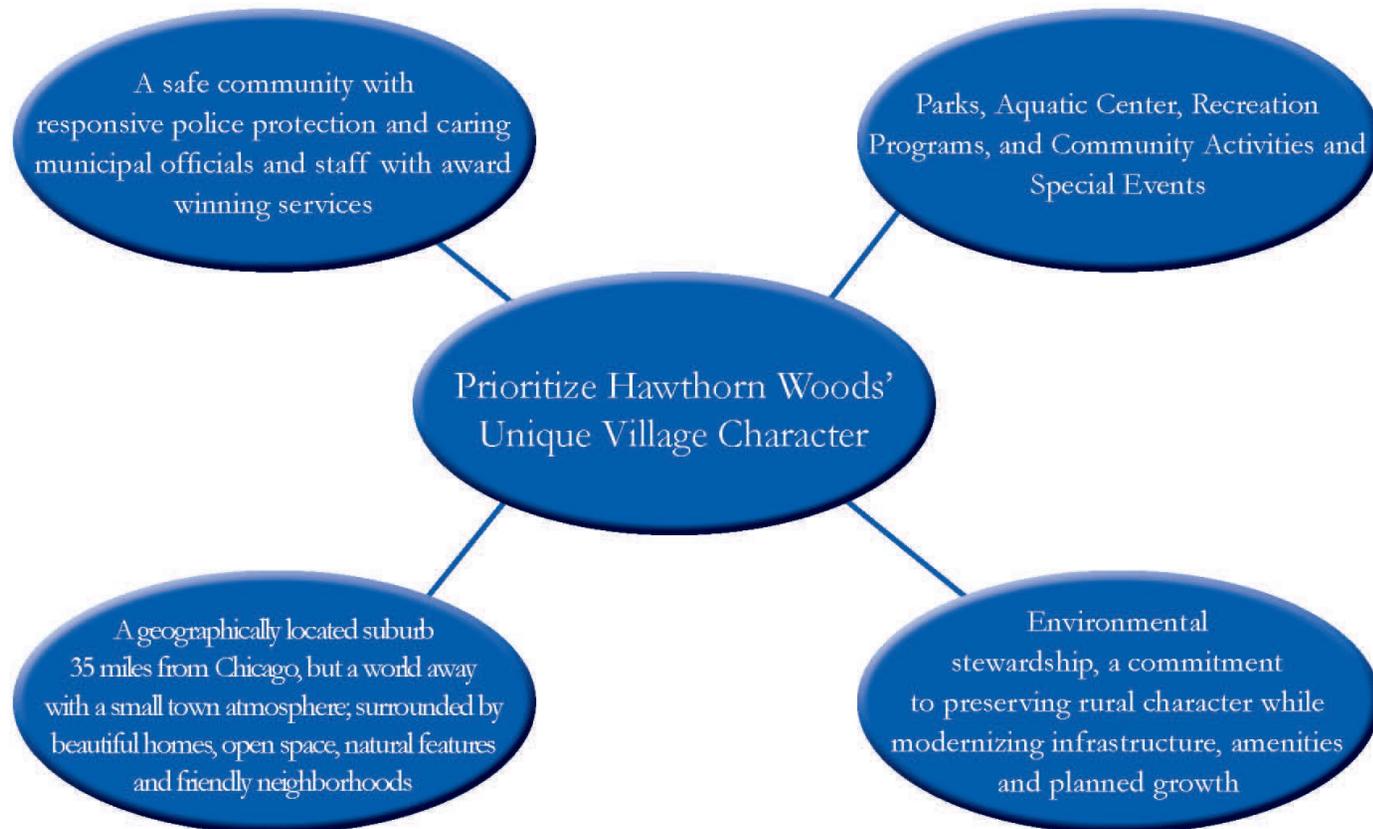


17 PRIORITIZE HAWTHORN WOODS' UNIQUE VILLAGE CHARACTER

Unfiltered Data Collected from Stakeholders

Diverse Lifestyle Opportunities Employment Opportunities	Responsive to Community Concerns Using Best Management Practices	Prudently Manages its Financial, Human, Physical and Technology Resources	Livability for Good Governance
Leisure, Cultural and Learning Opportunities	Communicate Regularly to Citizens	Clean Drinking Water	Citizen Involvement, Engaged, Inclusive Community
Maintain Rural Character of Community	Economic Vitality Upscale Suburb Quality Housing	Provides for Technology Connectivity in Public Spaces	Reliable Day to Day Services (Cable, Phone, Electricity)
Small Hometown Feel/Neighborly	America in Bloom Relationship Dark Sky Designation	Personal/Friendly Customer Service	Viable Business Network State of the Art Technology
Healthy, Socially Responsible Environment	Safe and Efficient Transportation Network	Award Winning Community Services	High Quality Diversified Housing Stock and Employment Opportunities
Safe Community #1 in Illinois Priority	Walkable Downtown Area	Comprehensive Orderly Growth and Development	Well-Managed Community Development
Attractive, Well Planned Livable Neighborhoods	Destination Downtown, Shopping, Walkable District	Modern Infrastructure (Water, Sewer)	Outstanding Educational System
Maintain Village Identity (Gateways/Wayfinding Signage)	Foster Business Friendly Community Partnerships	Effective and Connected Transportation Systems	Responsive, Accessible and Courteous to its Citizens
Arnold Palmer Golf Club Audubon Designation	Managed Growth to Balance Natural Characteristics	Integrity and Innovation in Operations	Professional Staff Support Elected Officials Services

Priority 1.7
Results Mapping



REVENUE SOURCES (INPUT)



REVENUE SOURCES (INPUT)

WHERE DOES THE MONEY COME FROM?

The Village's main revenue stream is based upon the choice location of its land and the premier value of its residential base. Property taxes represent 39% of the Village's 2024 total budgeted revenue. There has been significant interest in the residential land development area and annexations trending toward growth. The collection of property taxes continues to be a critical factor in Village operational success. The Village is also reliant on the State of Illinois shared revenues including income tax from the Local Government Distributive Fund (LGDF), motor fuel tax, personal property replacement tax, sales tax, use tax, and cannabis tax which comprise 28% of the Village's 2024 total budgeted revenue.

As the local economy continues to improve, the Village anticipates additional revenue from new home starts and related development fees. Two new home developments are in progress: Hawthorn Trails – Phase 3 (Icon) and Hawthorn Woods County Club. Residential development has a limited positive impact on Village revenues (Community Development Fees – 12%). The diversified housing mix attracts a more diverse population base and offers quality housing choices to attract new families as well as support residential aging in place.

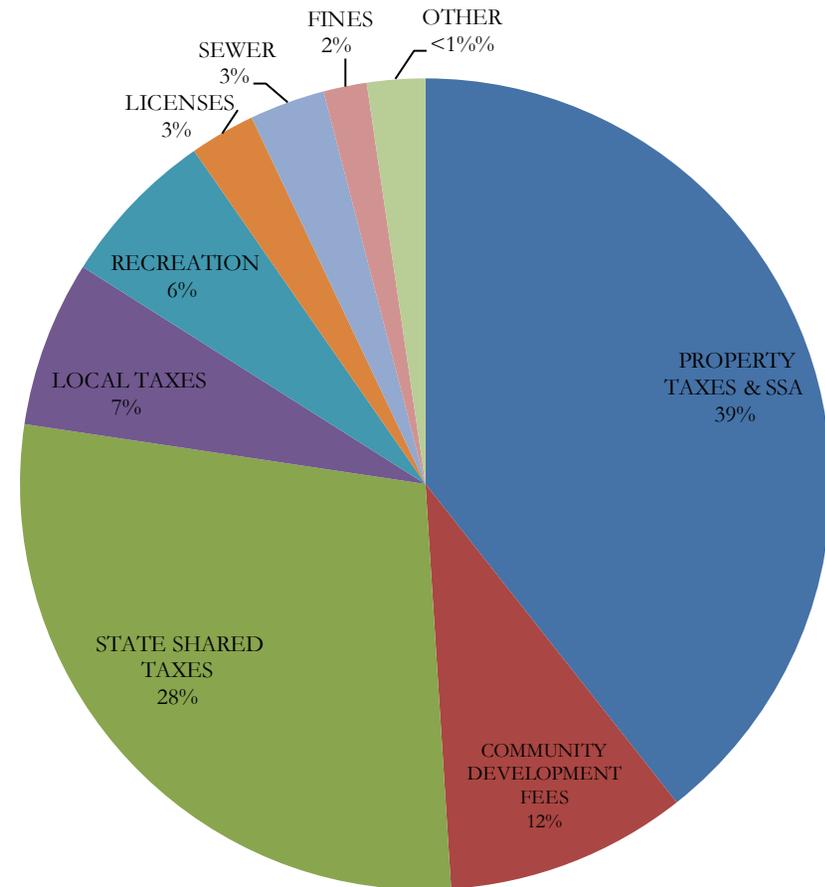
The Village imposes a utility tax on telecommunications, natural gas and electric services. The utility taxes represent 7% of the Village's 2024 total budgeted revenues.

The 2020 Census provides new population numbers that contributed to additional revenue funding in 2021. The Village budgeted for the population increase in the state shared revenues. Our new population of 9,062 residents is the certified official population. This is a 9% increase in residential growth over the last special census certified in 2018.

On the following pages, a summary highlights Village revenue sources by major category accompanied by a graph which depicts the applicable percentage of the total revenue. A detailed description of each revenue source follows the summary.

<u>REVENUE SOURCE</u>	<u>2024 BUDGET</u>
PROPERTY TAXES & SSA	3,642,503
COMMUNITY DEVELOPMENT FEES	891,123
STATE SHARED TAXES	2,625,325
LOCAL TAXES	613,000
RECREATION	587,622
LICENSES	241,830
SEWER	278,000
FINES	160,000
OTHER	<u>214,637</u>
TOTAL REVENUES	<u>9,254,040</u>

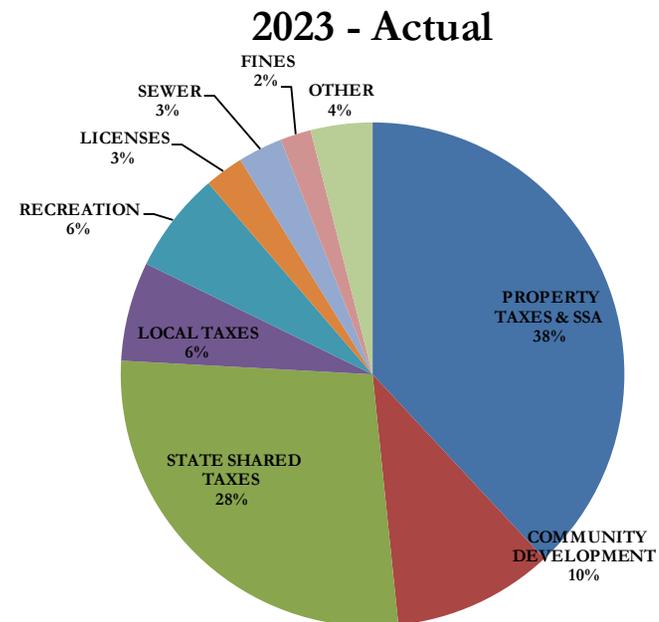
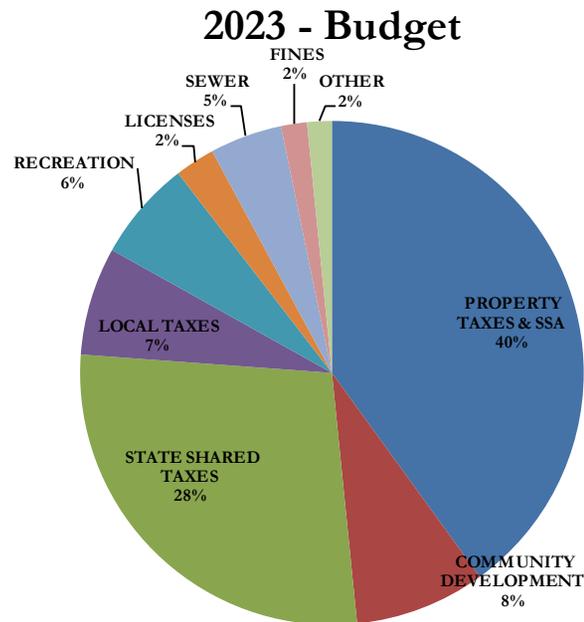
2024 BUDGET - SUMMARY

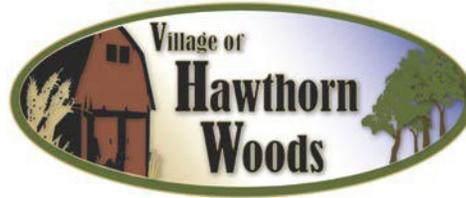


This graph represents the budgeted revenues forecasted by the Village of Hawthorn Woods during the 2024 fiscal year, summarized by major category. This data is not presented in accordance with generally accepted accounting principles (GAAP). Interfund transfers have been eliminated and are not included in the data above. The Village prepares a Annual Comprehensive Financial Report (ACFR) in accordance with GAAP at the completion of each fiscal year. Copies of prior year CAFR reports are located on the Village website: www.vhw.org.

REVENUE SOURCE	2023		VARIANCE OVER (UNDER)	%
	BUDGET	ACTUAL		
PROPERTY TAXES & SSA	3,475,121	3,601,738	126,617	3.6%
COMMUNITY DEVELOPMENT	728,964	975,464	246,500	33.8%
STATE SHARED TAXES	2,411,016	2,603,008	191,992	8.0%
LOCAL TAXES	603,000	602,417	(583)	-0.1%
RECREATION	559,533	612,563	53,030	9.5%
LICENSES	222,800	236,663	13,863	6.2%
SEWER	402,775	270,370	(132,405)	-32.9%
FINES	145,000	186,841	41,841	28.9%
OTHER	137,346	375,406	238,060	173.3%
TOTAL REVENUES	8,685,555	9,464,471	778,916	9.0%

These graphs represent the 2023 Budget and Actual revenues summarized by major category. This data is not presented in accordance with generally accepted accounting principles (GAAP). Interfund transfers have been eliminated and are not included in the data above. The Village's annual financial results for fiscal year 2022 are presented in the audited Annual Comprehensive Financial Report (ACFR) located on the Village website: www.vhw.org.





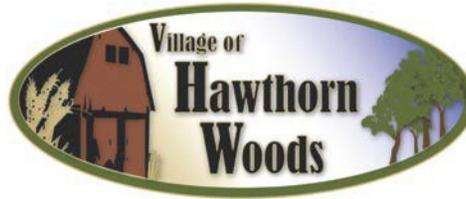
REVENUE DETAIL

1. Property Taxes - The Village of Hawthorn Woods levies a general property tax to support the critical operations of the Village. The Village is subject to PTELL (Property Tax Extension Limitation Law) which restricts the increase in the property tax rate each year by 5% or the CPI (Consumer Price Index), whichever is lower.
2. Property Taxes SSA – The Village of Hawthorn Woods levies property taxes for four Special Service Areas (SSA). SSA #1, #2, and #3 taxes were levied for the repayment of bonds issued to fund a Village-wide road improvement program. As of December 2022, the SSA #1-#3 bonds are repaid. SSA #4 taxes are levied against specific properties for the repayment of bonds issued to construct the Midlothian Road sanitary sewer.
3. Amusement Tax – The Village of Hawthorn Woods imposes a 5% amusement tax on businesses that charge admission to watch or engage in entertainment or amusement.
4. Food & Beverage Tax – The Village of Hawthorn Woods imposes a 1% food and beverage tax on the purchase price of food, alcoholic liquor, and non-alcoholic beverages for immediate consumption.
5. State Shared Revenues – The State Shared Revenues are received from the State of Illinois and include the following taxes:
 - a. Local Government Distributive Fund (LGDF) – Based upon population, the Village receives a portion of the State income taxes paid.
 - b. Use tax – Based upon population, the Village receives a portion of the use taxes paid to the State of Illinois when goods are purchased outside of Illinois for consumption within Illinois.
 - c. Personal Property Replacement Tax – This tax includes revenues collected by the State of Illinois to replace money lost by local governments; the law changed in 1979, prohibiting local governments from imposing personal property taxes on businesses.
 - d. Motor Fuel Tax – Based upon population, the Village receives a portion of the motor fuel taxes paid to the State of Illinois.
 - e. Sales Tax – The Village receives 1% of the sales taxes paid when goods are purchased at a business in Hawthorn Woods.
 - f. Cannabis Tax – Based upon population, the Village receives a portion of cannabis taxes paid to the State of Illinois.

6. Recreation Programs – The Village of Hawthorn Woods recreation programs enhance physical, social, cognitive, and motor skills for participants of all ages. The Recreation Department offers a variety of programs including swim lessons, summer camps, preschool classes, fitness classes, sports, and more.
7. Utility Taxes – The Village of Hawthorn Woods imposes a utility tax on telecommunications, natural gas and electric services. The utility tax was implemented in 2010 to provide a sustainable funding source to provide funding for the police pension unfunded liability, rebuild the Village fund balance reserves, and provide funding for capital improvements.
8. Sales Tax Sharing – IGA – The Village of Hawthorn Woods has various sales tax sharing IGA Intergovernmental Agreements with neighboring communities and Lake County.
9. Licenses – The Village collects various license fees such as contractor registration fees, liquor licenses, franchise licenses, and business licenses.
10. Special Events – The Village hosts numerous special events such as the Annual Golf Outing, Lake County Orchestra Events, Outdoor Movies, Concerts in the Park, Fireworks, July 4th Parade, Party in the Park, Craft Fair, and the Annual Tree Lighting.
11. Permits – The Village requires permits for new home construction and home improvement projects.
12. Interest Income – The Village receives interest income from investments.
13. Enforcement Fines – The Village collects enforcement fines as a result of police law enforcement activities.
14. Rental Income – The Village collects rental payments for use of Village facilities and fields.
15. Sewer Revenue – The Village collects a connection fee for certain utilities in the Village. In addition, the Village bills for sewer usage for customers connected to the Village-owned Midlothian Road sanitary sewer system.
16. Recycling Revenue – The Village receives revenue from the Solid Waste Agency of Lake County (SWALCO) for recycled materials salvaged.
17. Building/Development Fees – The Village receives various impact fees related to new home construction and development.

18. Aquatic Center Revenue –The Village operates an Aquatic Center from Memorial Day to August 15th. The Aquatic Center includes a six lane 25-yard competition pool, two diving boards, a zero-depth pool, two water slides, an outdoor picnic area, and volleyball. The Aquatic Center also has a year-round CommunityRoom.
19. Grants – The Village pursues numerous grant opportunities to supplement revenues. The Village always budgets grant revenues as zero, to be conservative.
20. Donations – The Village receives various donations, including memorial trees and park benches.
21. Miscellaneous – The Village receives various miscellaneous revenues not categorized above.

DEPARTMENTAL PROGRAMS
AND SERVICES (OUTPUT)



DEPARTMENT PROGRAMS AND SERVICES (OUTPUT)

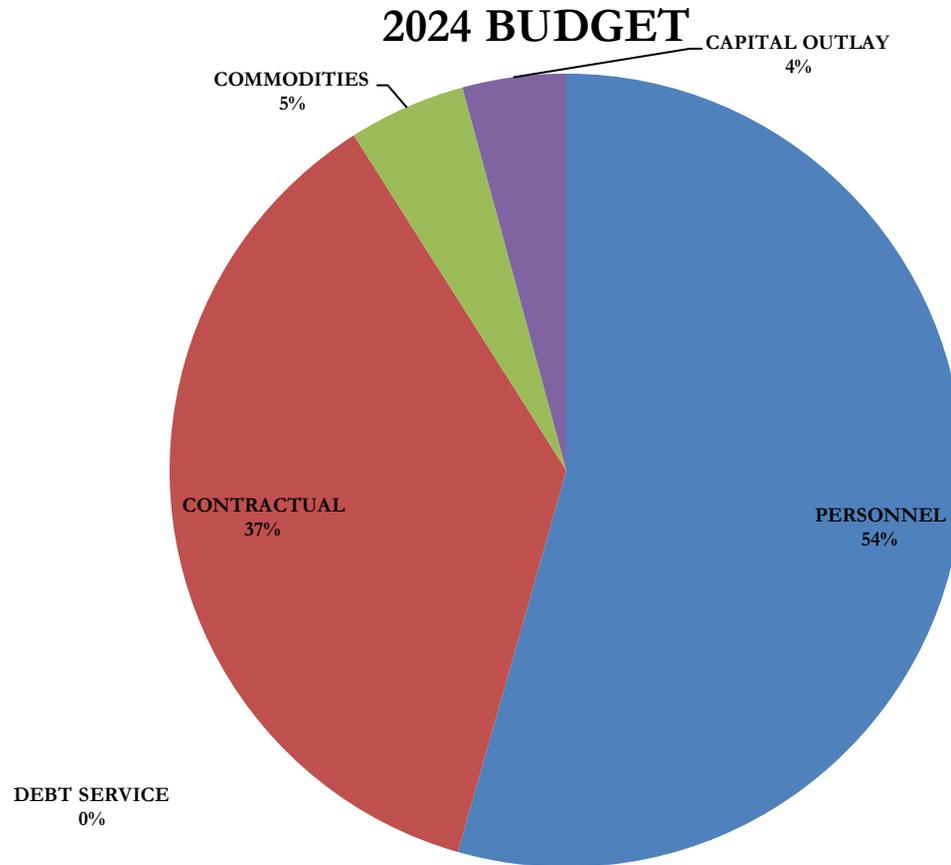
WHERE DOES THE MONEY GO?

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 and Budget Review Team.

On the following pages, a summary highlights Village expenditure sources by major category accompanied by a graph which depicts the applicable percentage of the total expenditures. A detailed description of each departmental operation follows the summary.

<u>EXPENDITURE TYPE</u>	<u>2024 BUDGET</u>
PERSONNEL	5,535,514
CONTRACTUAL	3,723,042
COMMODITIES	485,893
CAPITAL OUTLAY	429,400
DEBT SERVICE	-
TOTAL EXPENDITURES	<u>10,173,848</u>

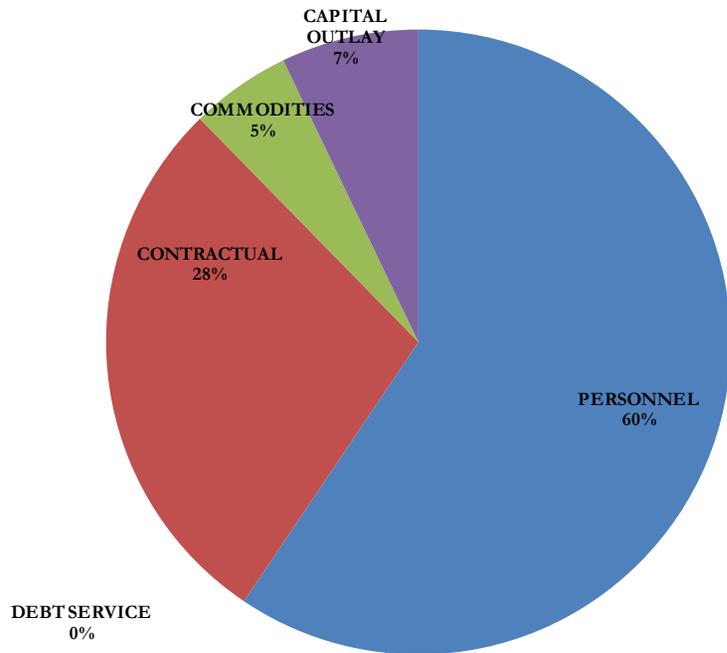


This graph represents the 2024 Budget expenses, summarized by major category. This data is not presented in accordance with generally accepted accounting principles (GAAP). Interfund transfers have been eliminated and are not included in this data. The Village of Hawthorn Woods is a service-driven organization. Therefore, almost half of the actual expenditures are personnel related.

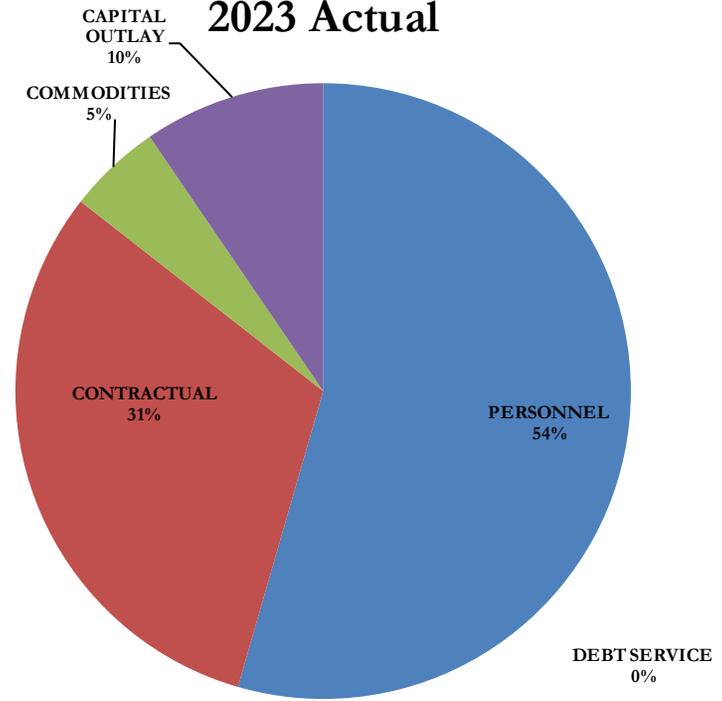
EXPENDITURE TYPE	2023		VARIANCE OVER	
	BUDGET	ACTUAL	(UNDER)	%
PERSONNEL	\$ 5,062,295	4,992,633	(69,662)	-1.4%
CONTRACTUAL	2,404,732	2,849,709	444,977	18.5%
COMMODITIES	443,692	449,961	6,269	1.4%
CAPITAL OUTLAY	606,768	873,793	267,025	44.0%
DEBT SERVICE	-	-	-	#DIV/0!
TOTAL EXPENDITURES	8,517,487	9,166,093	648,609	7.6%

These graphs represent the 2023 Budget and Actual expenses, summarized by major category. This data is not presented in accordance with generally accepted accounting principles (GAAP). Interfund transfers have been eliminated and are not included in this data. The Village of Hawthorn Woods is a service-driven organization. Therefore, almost half of the actual expenditures are personnel related.

2023 Budget



2023 Actual



GLOSSARY

GLOSSARY

A

ACCRUAL BASIS: The basis of accounting under which transactions are recognized when they occur, regardless of the timing of estimated cash flows.

ACCRUED EXPENSES: Expenses incurred but not due until a later date.

ACTIVITY: A specified and distinguishable line of work performed by a Department.

ADMINISTRATION DEPARTMENT: The Administration Department serves as the leader for the local government's organization, coordinating the operations of all municipal departments within the Village. The Administration Department is responsible for the enforcement and administration of all policies, directives, laws and ordinances adopted by the corporate authorities.

ADOPTED BUDGET: The budget document that has been approved by the Village of Hawthorn Woods' Board of Trustees.

ALLOCATE: Distribute according to a plan or set apart for a special purpose.

AMUSEMENT TAX: The Village levies an amusement tax on admission fees to amusements within the Village.

AQUATIC CENTER DEBT FUND: The Aquatic Center Debt Fund records all activities related to re-payment of the Aquatic Center Revenue bonds.

AQUATIC CENTER: The Hawthorn Woods Aquatic Center features a six lane 25-yard competition pool with a five-foot depth, a separate diving well with a depth of 12 feet with two diving boards, a zero-depth pool with two water slides and various spray features for toddlers.

AQUATIC CENTER DEPRECIATION FUND: The Aquatic Center Depreciation Fund is required by the Aquatic Center Revenue Bond ordinance. This fund is utilized to provide for capital replacement and improvements at the Aquatic Center.

ASSESSED VALUATION: A value that is established for real or personal property for use as a basis for levying property taxes. (Note: Property values are established by the Township Tax Assessor's Office.)

AUDIT: An examination of an organization's financial statements and the utilization of resources.

B

BALANCED BUDGET: A balanced budget occurs when the total sum of money a government collects in a year is greater than or equal to the amount it spends on goods, services, and debt interest.

BOARD OF POLICE COMMISSIONERS: The Board of Police Commissioners is a volunteer board appointed by the Mayor. It represents the citizens of Hawthorn Woods and the Village government, appoints all full-time sworn police officers of the Village, except for the Chief of Police. Appointments are made from a certified list of candidates prepared in accordance with procedures set forth in state statute.

BOND: A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date in the future, called the maturity date, together with periodic interest at a specified rate in the future, called the maturity date, together with periodic interest at a specified rate.

BOND RATING: An assessment of the likelihood that a bond issuer will pay the interest on its debt on time. Bond ratings are assigned by independent agencies, such as Moody's Investors Service and Standard and Poor's. Ratings range from AAA or Aaa (highest) to D (in default). Bonds rated below B are not investment grade and are called high-yield or junk bonds. Since the likelihood of default is greater on such bonds, issuers are forced to pay higher interest rates to attract investors. The Village possesses a Moody's rating of Aa3.

BONDED DEBT: Portion of indebtedness represented by outstanding bonds.

BUDGET: A fiscal plan showing estimated expenditures, revenue, and service levels for a specific fiscal year.

BUDGET ADJUSTMENT: Legal procedure utilized by the Village staff and the Board to revise a budget appropriation. The Village of Hawthorn Woods has a written budget adjustment policy that allows adjustments in accordance with the Village Code.

BUDGET CALENDAR: The schedule of key dates or milestones, which the Village Departments follow in the preparation, adoption, and administration of the budget.

BUDGET DOCUMENT: Instrument used by the budget-making authority to present a comprehensive financial plan of operations to the Village Board.

BUDGETARY CONTROL: The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limitations of available appropriations of revenue.

BUILDING DEPARTMENT: The primary responsibility of the Department is to promote the health, safety and general welfare of the community as it relates to building codes and construction standards. The Department's function ensures safe construction practices through the enforcement of the Village's building, electrical, plumbing and mechanical codes.

BUILDING AND ZONING DEPARTMENT-COMMUNITY DEVELOPMENT FUND: The Building and Zoning Department of the Community Development Fund records all of the one-time developer related revenues and the reimbursable developer related expenses. This department was created to insulate the General Fund from reliance upon these one-time revenues adversely impacted by the downturn in the economy.

C

CABLE FRANCHISE: An agreement between the Village and a cable provider which allows the cable provider use of public easement for a fixed fee (5% of gross receipts). The Village currently has a cable franchise agreement with Comcast.

CAPITAL IMPROVEMENT PLAN (CIP): A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.

CAPITAL IMPROVEMENT PLAN BUDGET: A Capital Improvement Plan (CIP) budget is a separate budget from the operating budget. Items in the CIP are usually construction projects designed to improve the value of government assets.

CAPITAL OUTLAY: Refers to the purchase of land, buildings, and other improvements and also the purchase of machinery and equipment items which have an estimated useful life of three years or more and belong to the classes of property commonly considered as fixed assets.

CAPITAL PROJECT: A specific identifiable improvement or purpose for which expenditures are proposed within the capital budget or capital improvement program. Examples of capital improvement projects include new roads, sewer lines, buildings, operating systems, and large-scale remodeling.

CAPITAL PROJECT FUND: A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

CASH BASIS: A basis of accounting under which transactions are recognized only when cash changes hands.

CASH RESERVES: Funds to be available for expenses caused by unforeseen emergencies or revenue declines; year-end balances in the General Operating Fund computed on a cash basis.

CN AGREEMENT FUND: In 2009, the Village Board approved a memorandum of agreement with Canadian National to help offset the issues presented by the increased train traffic, and therefore noise, associated with CN's purchase of the EJ&E railroad. As part of that agreement, the Village was to create a noise mitigation program for residents impacted by the purchase.

COLLECTIVE BARGAINING AGREEMENT: A legal contract between the Village and a verified representative of a recognized bargaining unit for specific terms and condition of employment (hours, working conditions, salary, benefits, and matters affecting health and safety of employees).

COMMODITIES: All expenditures for materials, parts, supplies, and commodities, except those incidentally used by outside firms performing contractual services for the Village.

COMMUNITY EVENTS DEPARTMENT: The Community Events Department oversees the special events sponsored by the Village such as the Annual Golf Outing, Earth Day/Arbor Day Planting, Outdoor Movies, Community Blood Drive, Concerts in the Park, Fireworks, Annual July 4th Parade, Family Fall Fun Festival, Craft Fair and Holiday Tree Lighting.

COMPARABLE COMMUNITIES: Other Cities, Villages, and/or Towns which are composed of similar characteristics such as population, economy, or location.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): A governmental unit's official annual report prepared and published as a matter of public record, according to governmental accounting standards.

CONTINGENCY: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

CONTRACTUAL SERVICES: Expenditures for services which are obtained by an express or implied contract.

CORPORATE BOUNDARIES: The setting a part of a certain geographical area and investing the people residing within the limits of this district with a greater or lesser degree of control over their local, political, governmental, and economic conditions.

CRACKFILLING PROGRAM: Involves the cleaning and sealing of any cracks in the street with asphalt cement reinforced with polypropylene fibers.

D

DEBT SERVICE: The Village's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

DEBT SERVICE FUND: A fund established to account for the accumulation of resources for the payment of principal and interest on long-term debt.

DEFICIT: The excess of the liabilities of a fund over its assets; or, the excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

DEPARTMENT: Administrative subsection of the Village that indicates management responsibility for an operation.

DEPRECIATION: That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the lost usefulness, expired useful life, or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the loss of usefulness of a fixed asset is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

DEVELOPMENT RELATED FEES: Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting, and subdivision fees.

E

ECONOMIC DEVELOPMENT DEPARTMENT: The Economic Development Department is designed to initiate and manage planned growth opportunities within the Village of Hawthorn Woods. With a median household income greater than \$172,000 and a location 32 miles northwest of Chicago, Hawthorn Woods is a highly desirable place to live. In addition, the Village is a vibrant location for commercial businesses and boasts natural resource open space recreational areas as preserved amenities.

ENCUMBRANCE: Obligations in the form of purchase orders and contracts which are chargeable to an appropriation and for which a part of the appropriation is reserved because the goods or services have not been received. When paid, the encumbrance is liquidated.

Note: An encumbrance is not expenditure. An encumbrance reserves funds to be expended at a future date.

ENGINEERING DEPARTMENT: The primary responsibility of the Engineering Department is to provide engineering services related to the construction projects of the Village. The Public Works Director/Village Engineer is responsible for the Engineering Department.

ENTERPRISE FUND: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

EQUALIZED ASSESSED VALUATION (EAV): The assessed value of all taxable real estate in a set boundary after the application of multipliers. Property in Illinois is assessed at one-third of its fair market value. The township assessor determines the value, and the State of Illinois uses a multiplier to equalize all property across the state at one-third market value (Equalized Assessed Valuation or EAV for short).

EXPENDITURES: This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained, regardless of when the expense is actually paid.

EXPENSES: A decrease in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

F

FEMA: Federal Emergency Management Agency.

FICA: Federal Insurance Contribution Act, the name of the piece of federal legislation that established the Social Security payroll tax. The current FICA tax rate is 15.3%, half of which is paid by the employer and half by the employee.

FIDUCIARY FUND: Term used when a governmental unit acts in a fiduciary capacity such as a trustee or agent. This government unit is responsible for handling the assets placed under its control.

FINANCE DEPARTMENT: The primary responsibility of the Finance Department is to oversee the finances of the Village. Governmental accounting and financial reporting are intended to provide assurances that governmental "available spendable resources"

are controlled and spent in accordance with externally influenced organizational spending and service delivery decisions and a variety of finance related, legal, and contractual provisions.

FISCAL YEAR (FY): The time period designating the beginning and ending period for recording financial transactions. The Village of Hawthorn Woods uses January 1 to December 31 as its fiscal year.

FIXED ASSETS: Assets of a long-term character which are intended to continue to be held or used. Such as land, buildings, machinery, and equipment.

FRANCHISE FEE: The fee paid by public service businesses for use of Village streets, alleys, and property in providing their services to the citizens of a community. Services requiring franchises include electricity, telephone, natural gas, and cable television.

FULL ACCRUAL BASIS: The basis of accounting under which transactions are recognized when they occur, regardless of the timing of estimated cash flows.

FULL TIME EQUIVALENTS (FTE): A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time administrative assistant working 20 hours per week would be the equivalent of a .5 full time position.

FUND: An accounting entity with a separate set of self-balancing accounts which comprise assets, liabilities, fund balance, revenues, and expenditures.

FUND ACCOUNTING: A governmental accounting system that is organized and operated on a fund basis.

FUND BALANCE: The assets of a fund less liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted to result in an “unreserved fund balance”.

FUND TYPE: In governmental accounting, all funds are classified into eight fund types: General, Special Revenue, Debt Services, Capital Projects, Special Assessment, Enterprise, Internal Service, and Trust and Agency.

G

GENERAL FUND: The largest fund within the Village, the General Fund accounts for most of the financial resources of the government. General Fund revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue.

This fund usually includes most of the basic operating services such as fire and police protection, public works, community development, and general administration.

GENERAL ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standard of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. They encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

GENERAL OBLIGATION BONDS: Bonds that finance public projects such as streets and municipal facilities. These bonds are backed by the full faith and credit of the issuing government.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA): Organization of public financial officials that seek to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training, and leadership.

GOVERNMENTAL FUND TYPE: One of three broad fund categories which also includes proprietary funds and fiduciary funds; this fund category includes activities usually associated with a typical state or local government operation; composed of four types: general fund, special revenue fund, capital projects fund, and debt service fund.

GRANT: A contribution by a government or other organization to support a particular function. Typically, these contributions are made to local governments from the state and federal governments.

H

HUMAN RESOURCES DEPARTMENT: The primary responsibility of the Human Resources Department is to oversee the human resources of the Village. This includes all staffing related issues such as monitoring compliance with the employee handbook, union contracts, pay plans, etc. In addition, the Human Resources Department supports the Village staff development and employee morale.

I

IDOT: Illinois Department of Transportation.

IDPH: Illinois Department of Public Health.

IEPA: Illinois Environmental Protection Agency.

IMRF: Illinois Municipal Retirement Fund, a pension plan for employees of member cities within the State of Illinois.

INCOME: A term used in proprietary fund type accounting to represent revenues, or the excess of revenues over expenses.

INFRASTRUCTURE: The underlying permanent foundation or basic framework.

INTEREST EARNINGS: The earnings from available funds invested during the year in U.S. Treasury Bonds, Government agencies, and Certificates of Deposits.

INTERFUND TRANSFER: Amounts transferred from one fund to another.

INTERNAL SERVICE FUND: Fund used to account for the goods or services provided by one Department to another Department on a cost reimbursement basis.

INVESTMENTS: Securities and real estate held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in governmental operations.

L

LEGAL DEPARTMENT: The primary responsibility of the Legal Department is to manage the various contractual legal expenses of the Village. The Chief Operating Officer is responsible for the Legal Department.

LEVY: To impose taxes, special assessments, or service charges for the support of Village services.

LIABILITIES: Debts or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

LINE-ITEM BUDGET: Budget typically used by governmental entities in which budgeted financial statement elements are grouped by administrative entities and objects. These budget item groups are usually presented in an incremental fashion that is in comparison to previous periods. This form of budgeting allows for a good comparison between previous and future estimated expenditure levels within an organization.

LOCAL USE TAX: Any revenue distributed by the State of Illinois to the Village from the state's use tax, a tax levied on items to be used by the purchaser in Illinois but purchased outside of the state.

LONG TERM DEBT: Debt with a maturity of more than one year after the date of issuance.

M

MAINTENANCE: All materials or contract expenditures covering repair and upkeep of Village buildings, machinery and equipment, systems, and land.

MAYOR: The Village Mayor is the chief executive officer of the Village and is elected for a four-year term. The Mayor presides at all Village Board meetings and ceremonial occasions. Although the Mayor is not required to vote on every issue, he/she may be required to exercise voting rights under certain circumstances.

METROPOLITAN ALLIANCE OF POLICE (MAP): Organized labor unit representing sworn officers of the Hawthorn Woods Police Department.

MODIFIED ACCRUAL BASIS: The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current financial period. Expenditures are recognized when the related fund liability is incurred except for (1) inventories of materials and supplies which may be considered expenditures either when purchased or when used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness which may be recorded when due rather than accrued, if offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt which are generally recognized when due.

MOODY'S INVESTMENT RATING SERVICE: An independent agency that analyzes the financial credit ratings of organizations. These ratings are based on debt issuance and carry a three-letter coding. The Village possesses a Moody's rating of Aa3.

MOTOR FUEL TAX (MFT): This represents revenues for the Village’s share of gasoline taxes, allotted by the state for street improvements.

MOTOR FUEL TAX FUND: The purpose of the Motor Fuel Tax Fund is to account for restricted revenues and expenses related to the State Motor Fuel Tax Allotment.

MUNICIPAL: Of or pertaining to the Village or its government.

N

NET PRESENT VALUE (NPV): Concept used to evaluate the advisability of a capital project; net present value is the present value of future returns, discounted at the marginal cost of capital, minus the present value of the cost of the capital.

NEW PROGRAMS: Planned activities or functions previously not provided. Usually, Village Trustees will consider new programs separately from other budget items.

NON-UNION EMPLOYEES: Employed individuals who are not represented by collective bargaining units.

O

ONGOING ACTIVITY MEASURES: These measures provide annual workload data on the activities of the Village, which occur on an ongoing basis, year after year.

OPERATING BUDGET: A financial plan outlining the estimated revenues and expenditures and other information for a specific period (usually a fiscal year). The “proposed budget” is the financial plan presented by the Chief Operating Officer for consideration by the Village Board, and the “adopted budget” is the financial plan ultimately approved and authorized by the Village Board.

OPERATING EXPENSES: Proprietary fund expenses that are directly related to the fund’s primary service activities.

OPERATING INCOME: The excess of proprietary fund operating revenues over operating expenses.

OPERATING REVENUES: Proprietary fund revenues that are directly related to the fund’s primary service activities. They consist primarily of user charges for services.

P

PARK AND RECREATION FUND: The purpose of the Parks and Recreation Fund is to provide park amenities and recreational programs and facilities for the residents of Hawthorn Woods. The Parks and Recreation funds will be utilized to support programs for all ages and interests and will also be allocated to providing park amenities and community facilities up keep.

PAYBACK PERIOD: The length of time required for the net revenues of an investment to return the cost of the investment.

PER CAPITA COSTS: The cost of service per person. Per capita costs in Hawthorn Woods are based on a population of 7,663 as provided by the 2010 Census.

POLICE DEPARTMENT: The Police Department provides law enforcement of State and local laws, public safety services and solves community concerns and problems through education and enforcement. The Police Department provides patrol coverage, response to both emergency and non-emergency calls for service, provides crime prevention services and conducts investigations. Administratively, the Police Department manages the fiscal responsibilities of the Department and processes and maintains police and court records.

PROPERTY TAXES: Used to describe any tax on the real property of an individual (most commonly, a real estate tax) and may include current taxes, delinquent taxes, penalties and interest on delinquent taxes. The tax is calculated by assessing the market value of the property, standardizing that value with multipliers and then levying the tax on the final equalized assessed value.

PROPOSED BUDGET: A budget document that has not been approved by the Village of Hawthorn Woods' Board of Trustees and is under consideration.

PROPRIETARY FUNDS: Activities found in this category are many times seen in the private sector and are operated in a manner similar to their counterparts in the commercial world; the focus of these funds is on the measurement of net income, composed of two fund types: enterprise funds and internal service funds.

PUBLIC HEARING: The portions of open meetings held to present evidence and provide information on both sides of an issue.

PUBLIC WORKS DEPARTMENT: The purpose of the Department of Public Works is to maintain all public buildings, grounds, parks and the right-of-way areas in the Village. Additionally, the Department cares for 52 miles of roads, 22 Village owned vehicles and 35 miles of storm sewer. The Department oversees all public construction and improvement projects and participates in all programs that improve or maintain the quality of life in Hawthorn Woods.

R

RESERVE: An account used to indicate that a portion of fund balance is restricted for a specific purpose. An account used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure. A reserve may also be an account used to earmark a portion of fund equity as legally segregated for a specific future use.

REPLACEMENT TAX: Any revenue distributed from the State of Illinois to the Village from the state's replacement tax, a tax levied on corporations, partnerships and public utilities to replace the funding lost when municipalities lost the ability to impose a property tax on businesses.

REVENUES: All amounts of money earned or received by the Village from external sources. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from a revenue source pledged as the payment source before issuance.

RISK MANAGEMENT DEPARTMENT: The primary responsibility of the Risk Management Department is to manage the various risk exposures of the Village. Included are expenses related to employee medical, dental, and vision premiums; general liability and workers' compensation premiums, and unemployment premiums payable to the Illinois Department of Employment Security. The Chief Financial Officer/Human Resources Director is responsible for the Risk Management Department.

RETURN ON INVESTMENT (ROI): Method to assist management decision-making by evaluating the return on various investment alternatives.

S

SALES TAXES: The Village receives sales tax from the state distribution.

STREET MAINTENANCE TREATMENTS: Street maintenance treatments are treatments for street surfaces. The benefits of these treatments include postponement of reconstruction, reduced cost per application, and improved drivability of the roadway.

SUPPLEMENTAL APPROPRIATION: Additional budget authority provided for activities or requirements too urgent to be delayed until the next periodic or regular appropriation.

T

TAX BASE: The total value of all real and personal property in the Village as of January 1 of each year, as certified. The tax base represents net value after all exemptions.

TAX LEVY: The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

TAX RATE: A percentage applied to all taxable property to raise general revenues. It is derived by dividing the total tax levy by the taxable net property valuation.

TAXABLE VALUATION: Estimation of the potential value of an asset or liability for the purposes of measuring the amount of revenues which may be garnered from it.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. The term does not include charges for services rendered only to those paying such charges, for example sewer service charges.

TRANSFERS: The receipt or expenditure of money in the form of cash, check, or credit.

TRANSFERS IN/OUT: Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

TRANSMITTAL LETTER: The opening section of the budget document which provides the Village Board and the public with a general summary of the most important aspects of the budget, including current and previous fiscal years, as well as the views and recommendations of the Chief Operating Officer.

TRUST AND AGENCY FUNDS: Funds created to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include pension trust funds and agency funds.

TRUSTEE: The Village Board is the legislative body of the Village government and determines all matters of Village policy, approves all Village ordinances and resolutions, and adopts the annual Village budget. The Village of Hawthorn Woods maintains six trustees who are elected in an at-large election with overlapping four-year terms.

U

USER CHARGES: The payment of a fee for direct receipt of a public service by the party benefiting from the service.

V

VILLAGE CLERK: The Village Clerk is responsible for attending all official meetings of the Board of Trustees and preparing the official minutes and providing the Village Seal and attest for all ordinances, resolutions, contracts and bonds of the Village, and such licenses, permits and other documents as required.

COMMONLY USED MUNICIPAL ACRONYMS

ABCI	Association of Building Clerks of Illinois
ACA	Affordable Care Act
ACFR	Annual Comprehensive Financial Report
ADA	Americans with Disabilities Act
AED	Automatic External Defibrillator
AFLAC	American Family Life Insurance Company
AICP	American Institute of Certified Planners
APWA	American Public Works Association
CAO	Chief Administrative Officer
CERT	Community Emergency Response Team
CIP	Capital Improvement Plan
CD	Community Development
CDL	Commercial Driver's License
CFO	Chief Financial Officer
CMAP	Chicago Metropolitan Agency for Planning
CMS	Centers for Medicare and Medicaid Services
CN	Canadian National Railway
COBRA	Consolidated Omnibus Budget Reconciliation Act of 1986
ComEd	Commonwealth Edison
COO	Chief Operating Officer
CPA	Certified Public Accountant
CPFO	Certified Public Finance Officer
CPI	Consumer Price Index
CPO	Certified Pool Operator
CPSI	Certified Playground Safety Inspector
CPR	Cardiopulmonary Resuscitation
DCEO	Illinois Department of Commerce and Economic Opportunity
DUI	Driving Under the Influence

EAB	Emerald Ash Borer
EAV	Equalized Assessed Valuation
ELT	Executive Leadership Team
EOC	Emergency Operations Center
EOP	Emergency Operations Plan
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FOIA	Freedom of Information Act
FTE	Full Time Equivalents
FTO	Field Training Officer
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Boards
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GO	General Obligation
HOA	Homeowners Association
HMO	Health Maintenance Organization
HVAC	Heating, Ventilation and Air Conditioning
IAMMA	Illinois Association of Municipal Management Assistants
ICC	Illinois Commerce Commission
ICMA	International City/County Management Association
ICSC	International Council of Shopping Centers
IDOT	Illinois Department of Transportation
IDPH	Illinois Department of Public Health
ILCMA	Illinois City/County Management Association
ILEAS	Illinois Law Enforcement Alarm System
IMRF	Illinois Municipal Retirement Fund
IPRF	Illinois Public Risk Fund
IRS	Internal Revenue Service
JULIE	Joint Underground Locating Information for Excavators
LCDOT	Lake County Division of Transportation

LCML	Lake County Municipal League
LEADS	Law Enforcement Agency Data System
LERMS	Law Enforcement Records Manager Software
LESO	Law Enforcement Support Office
LGDF	Local Government Distributive Fund
LZACC	Lake Zurich Area Chamber of Commerce
MAP	Metropolitan Alliance of Police
MCAT	Major Case Assistance Team
MCU	Major Crash Unit
MEG	Metropolitan Enforcement Group
MFT	Motor Fuel Tax
MSI	Municipal Software, Inc.
NPDES	National Pollutant Discharge Elimination System
NIPAS	Northern Illinois Police Alarm System
NPV	Net Present Value
OSHA	Occupational Safety and Health Administration
PB&Z	Planning, Building and Zoning Commission
PE	Professional Engineer
PPO	Preferred Provider Organization
PTELL	Property Tax Extension Limitation Law
PUD	Planned Unit Development
PW	Public Works
RFP	Request for Proposal
RFQ	Request for Qualifications
ROW	Right of Way
SMC	Stormwater Management Commission
SRACLA	Special Recreation Association of Lake County
SSA	Special Service Area
SWALCO	Solid Waste Agency of Lake County
WSI	Water Safety Instructor