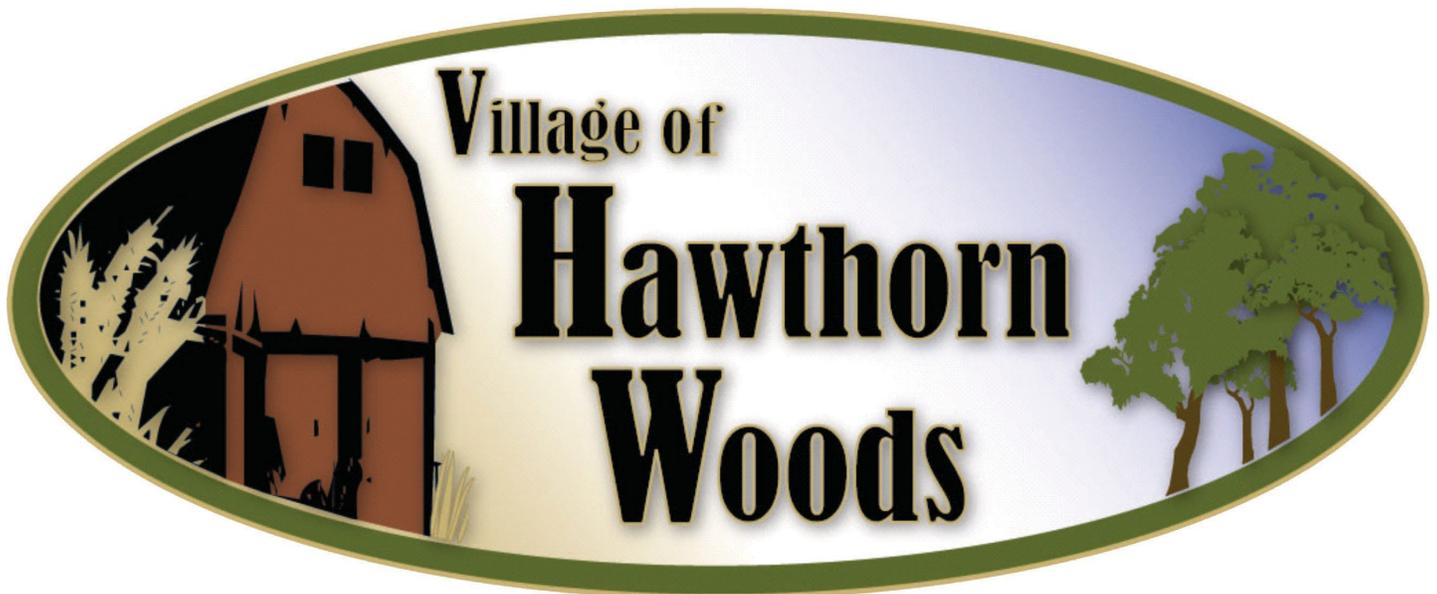


**VILLAGE OF
HAWTHORN WOODS, ILLINOIS**

Popular Annual Financial Report



**FOR THE YEAR ENDED
DECEMBER 31, 2024**

Information from this document can be found in our
Annual Comprehensive Financial Report at www.vhw.org

A Letter From Management

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Village Contact Numbers

City Hall	847-438-5500
Administration	847-438-5500
Community Development	847-438-5500
Finance	847-847-3590
Human Resources	847-847-3590
Parks & Recreation	847-438-5500
Police Department	847-438-9050
Public Works	847-540-5223
Village Clerk	847-438-5500

Village Executive Leadership Team

Pamela Newton	Chief Operating Officer
Donna Lobaito	Chief Administrative Officer/Village Clerk
Katreina Koprowski	Chief Financial Officer/ Human Resources Director
John Malcolm	Public Safety Director
Erika Frable	Public Works Director/Village Engineer
Brian Sullivan	Parks & Recreation Director
Chris Heinen	Community Development Director
Amy Mason	Community Engagement Director

Dear Residents,

The Village of Hawthorn Woods is pleased to present the Fiscal Year (FY) 2024 Popular Annual Financial Report (PAFR). As Village staff representatives, we strongly believe in maintaining good communication with our residents to promote transparency efforts and demonstrate a strong responsible form of governance.

This report is designed to provide a summary view of the Village’s financial activities. The Village continues to keep expenses at a minimum and seek non-tax revenue like grants, sponsorships, and donations to ease the financial burden on our residents.

For the 19th consecutive year, the Village received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA) for fiscal year ending December 31, 2023. The Certificate of Achievement is considered the highest form of recognition in the area of government accounting and financial reporting. This is our 7th year completing a Popular Financial Annual Report (PAFR) and the Village has received five PAFR GFOA reporting awards. These award-winning documents and initiatives show the Village’s commitment to providing fiscal accountability and transparency.

We hope that after reading and reviewing this report, our residents will have greater knowledge about the Village’s financial condition. Please contact the Finance Department at 847-847-3590 if you have additional comments or questions.

Warmest Regards,

Pamela Newton, MSOL
ICMA Credentialed Manager
Chief Operating Officer

Katreina Koprowski
MBA MSA
Chief Financial Officer/
Human Resource Director

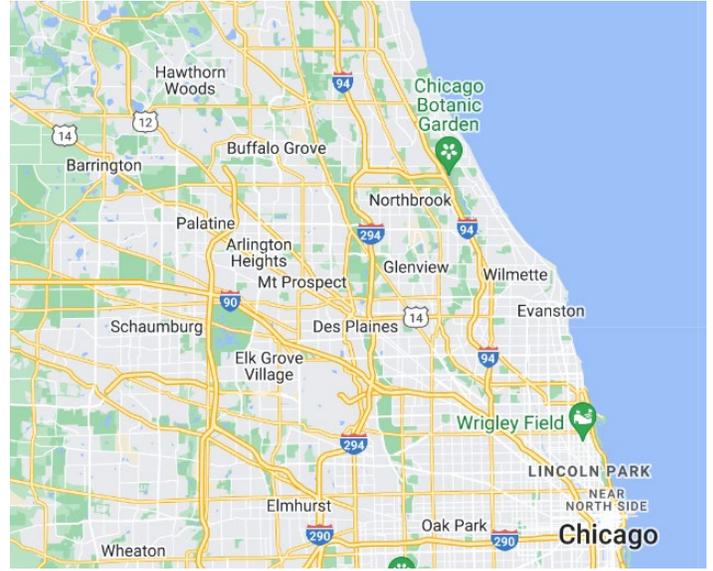


About The Village of Hawthorn Woods

Our Vision

On March 10, 1958, the formation of the Village of Hawthorn Woods was approved by a unanimous vote of the 71 residents who formed the original residents of our community. Hawthorn Woods became Lake County's 31st municipality and quickly distinguished itself as an upscale, friendly community that placed a high value on the protection of our natural resources as we designed an estate lifestyle within the suburban region.

With approximately 9,300 residents, Hawthorn Woods remains a highly desirable place to live, work, and shop in a natural setting among trees, lakes, and parks. Hawthorn Woods is recognized for its beautiful open spaces and park amenities as well as great schools, friendly business districts, and professional services. A full-service Police Department, Public Works Department, Finance Department, Community Development Department, and Parks and Recreation Department all work together to provide excellence in service to the citizens, visitors, and thriving business community here in Hawthorn Woods.



A Distinctive Lifestyle

With the addition of the Hawthorn Woods Country Club, the Village has continued along a controlled population growth trend with many estates on one acre lots or larger. The Village of Hawthorn Woods built a state-of-the-art aquatic center that has become the central gathering place for residents each summer. Future plans include bike trails designed to connect the neighborhoods to the parks, and a downtown sustainable community to create a hometown appeal. The Village of Hawthorn Woods provides many recreation and leisure activities, including a senior's group, wonderful preschool programs, recreation classes, a summer camp, and fun for the entire family. The Village holds free concerts in the park each Friday on summer evenings, a series of movie in the park and barn events and offers free special events to the residents including an annual Party in the Park event, 4th of July celebrations, and an old-fashioned holiday tree lighting ceremony complete with carolers and hot chocolate.

A Hometown Welcome

Hawthorn Woods welcomes you to learn more about our special rural by design community approximately 40 miles from downtown Chicago, but a world away from typical suburbs. Preserving the rural atmosphere while maintaining quality workmanship and design in new developments creates a lifestyle full of amenities in Hawthorn Woods. Our community logo features our historic barn, displaying our desire to embrace the rural heritage of our past while welcoming the opportunities that will define our future.

Key Facts About the Village of Hawthorn Woods

The Village of Hawthorn Woods, a non-home rule community, is known for an exceptional quality of life with abundant open space and recreational opportunities, with the emphasis on environmental initiatives. The Village covers an area of seven and a half square miles and is located in Lake County, Illinois. A relatively substantial amount of the seven and a half square miles within the Village's boundaries still remain undeveloped.

Hawthorn Woods continues to be a leader in the Lake County area in new housing construction based on the results of our recent home building success. The Village of Hawthorn Woods is actively diversifying the housing stock to attract and retain a vibrant, diverse population including our Villas at the Commons and Stonebridge communities.

Hawthorn Woods Facts

Population	9,062
<i>(Population from 2020 Decennial Census)</i>	
Median Household Income	\$238,114
Median Home Value	\$592,800
Per Capita Income	\$89,228
Total Housing units	2,945
Persons in Poverty	0.08%
High School Graduate (or higher)	98.2%
Unemployment Rate	3.6%

*Source: U.S. Census Bureau Internet site.

Awards and Recognitions

In 2024, the Village of Hawthorn Woods continues to remain one of the safest cities in Illinois, according to the FBI Crime Statistics report. Additionally, the Village of Hawthorn Woods was proud to receive the prestigious Tree City USA Growth Award, for the fourth consecutive year, from the Arbor Day Foundation in honor of our commitment to effective urban forest management. The Village also received the Outstanding Achievement Award in Urban Forestry, as well as the 2024 Champion Award for populations between 9,000 -14,000 from America in Bloom. America in Bloom (AIB) promotes nationwide beautification through education and community involvement by encouraging the use of flowers, plants, trees, and other environmental and lifestyle enhancements. The Village has been a proud member and prolific award winner from this distinguished organization since 2017. In addition to our America in Bloom awards and recognitions, the Village holds designations as an International Dark Sky Community, Tree City USA, Bee City USA, and Audubon International Certified Sustainable Community, the first city in Illinois to receive this prestigious status. The Village prides itself on the rigorous pursuit of achieving excellence in all our operations.



Hawthorn Woods Elected Officials

The Village of Hawthorn Woods is comprised of a Mayor and six Trustees, all of whom are elected at-large on a non-partisan basis. 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.



Mayor Dominick DiMaggio



Trustee Thomas Rychlik



Trustee Farah Laman



Trustee Jodi McCarthy



Trustee James Kaiser



Trustee Anne Hurst

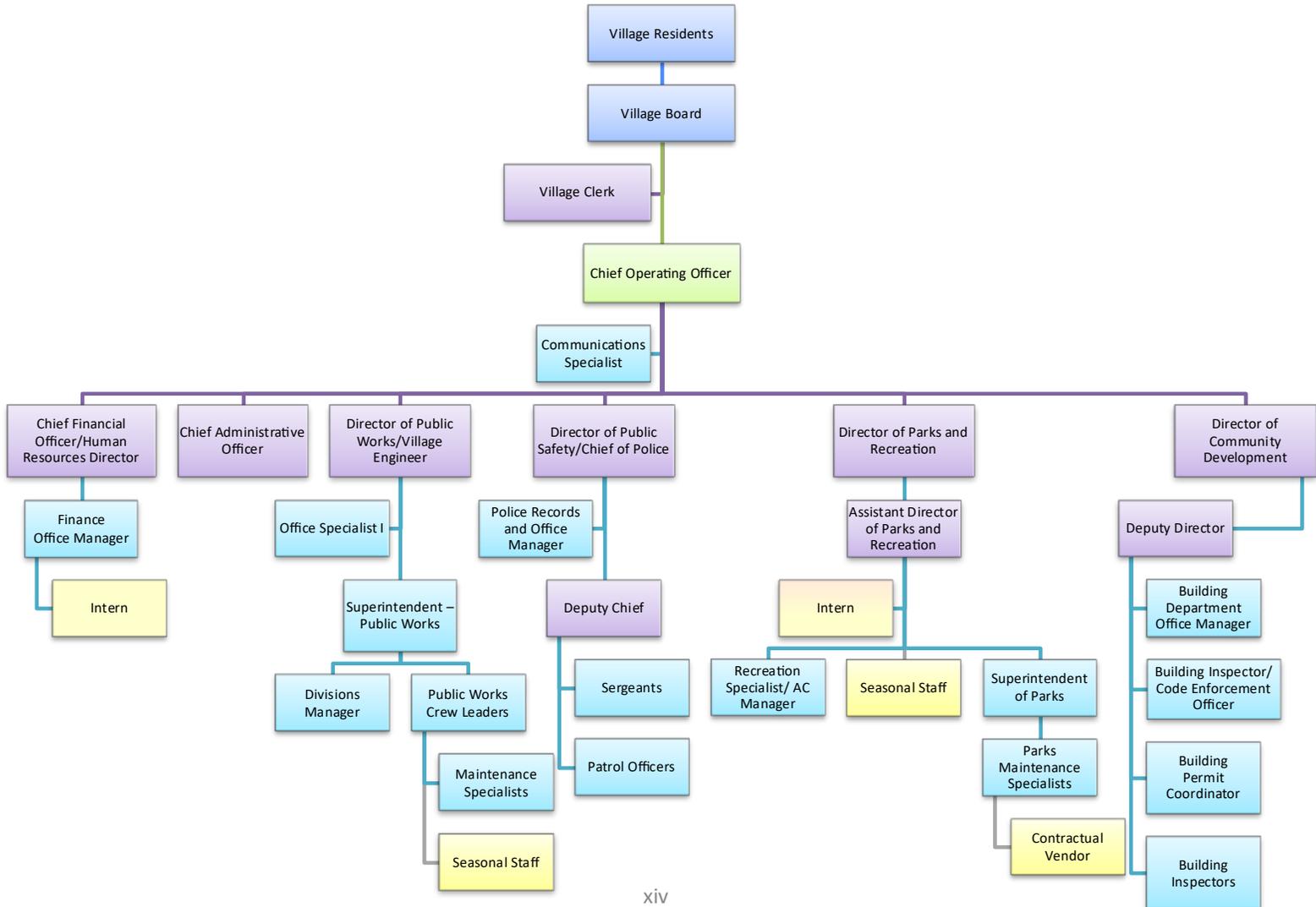


Trustee Cathy Bayer

Organizational Chart

The Organizational Chart below highlights how the Village is staffed and the positions that are needed to effectively and efficiently carry out the necessary Village operations.

Village of Hawthorn Woods – Organizational Chart



xiv

Staff Numbers By Department	
Public Works	10
Police Department	15
Administration	3
Parks & Recreation	6
Finance	2
Building Department	4

Capital Improvement Plan

Municipalities continually have to address the repairs, maintenance, and replacement of municipal facilities, infrastructure, and equipment. In addition to the repair and replacement needs, the Village also has to prioritize building new infrastructure to keep pace with the community growth and the needs of the residents. In an effort to plan properly and look beyond the yearly budgeting needs, staff has prepared a capital improvement plan to address what, when, and where future improvements are to be made. This plan is updated and analyzed annually, which helps the Board and staff to prioritize and budget the needs of the Village to ensure a sustainable vision for the future. Below is a partial list of projects planned for fiscal year 2024:

- Use designated funds received from road program tax levy to repair and maintain Village roads.
- Encourage small businesses to join the Hawthorn Woods community by renting office and/or retail space in our Village limits.
- Continue the utility expansion for water and sewer services, and improve capacity standards.
- Actively diversify the housing stock to attract and retain a vibrant and diverse population in Hawthorn Woods.
- Continue to address land parcel annexations for future Village growth and expansion opportunities.
- Update Village facilities to ensure excellent service deliverability and efficient response times.
- Continue development efforts to create a Main on Midlothian Water Walk destination
- Continue to update the Village facilities, parks, and open spaces to ensure Americans with Disabilities Act (ADA) compliance with the Village's 2014 Accessibility Audit adopted in December of 2014.



Fiscal Condition

Net position over time serves as an indicator of the Village's financial position and viability. The financial highlights for the Village of Hawthorn Woods provide an overview of the Village's financial activities for the year ended December 31, 2023. The Village's total net position was in good standing, where assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$15,992,707 as of December 31, 2023. The Village uses a Statement of Net Position to demonstrate the condition based on the year's financial activities. The table that is exhibited below combines information about the Village's assets and liabilities to show the net position.

Net position of the Village's governmental activities increased by 1.1 percent (\$11,074,859 as of December 31, 2023 compared to \$10,931,067, as of December 31, 2022). 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 4.8 percent (\$4,917,848 as of December 31, 2023 compared to \$5,164,516 as of December 31, 2022). The aquatics net position decreased by \$79,080 as of December 31, 2023 due primarily to the fact that the aquatic center operating revenues of \$322,955 were insufficient to cover the operating expenses of the facility, including depreciation of \$649,865 and the interest expense on the revenue bonds of \$595. The sewer fund net position decreased by \$167,588 due primarily to the significant decrease in connection fees of \$270,370 from new home development.

Currently, the Village does not have a credit rating because there is no public debt outstanding. 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 were 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. The Village paid all bonds related the special service area number 1, 2, and 3 in December 2022. In addition to those bonds, the remaining principal of the Aquatic Center Revenue Bonds were paid off in December 2021.



VILLAGE OF
HAWTHORN WOODS, ILLINOIS



ANNUAL COMPREHENSIVE
FINANCIAL REPORT



2024 APPROVED BUDGET

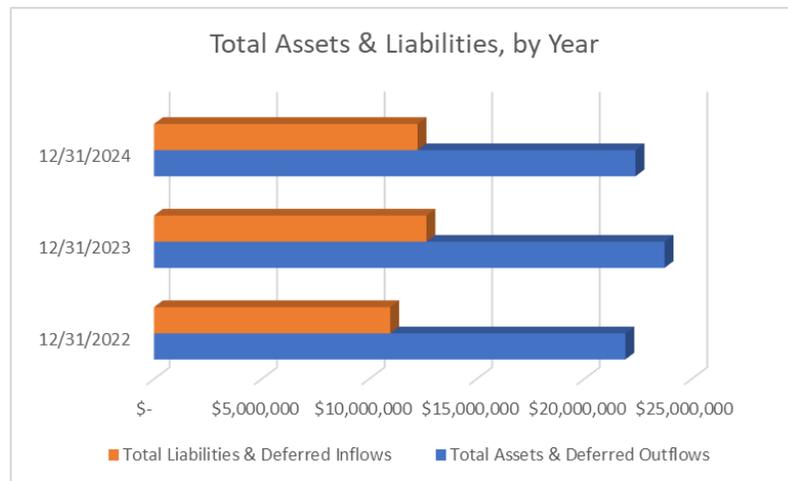
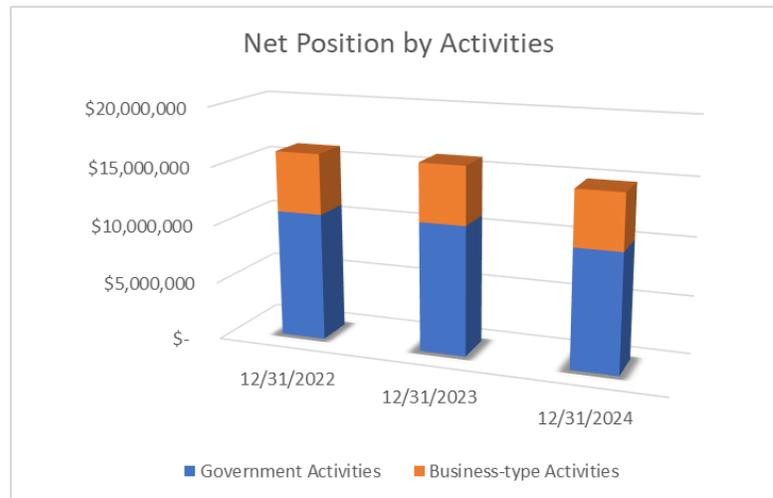
FOR THE YEAR ENDED
DECEMBER 31, 2024

Fiscal Condition - Continued

*All of the financial information comes from the Annual Comprehensive Financial Report (ACFR) using the same basis of accounting as presented in the ACFR. For additions financial information for the Village please view the ACFR on the Village's Website.

	Governmental			Net Position			Total		
	Activities			Business-type					
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
	12/31/2024	12/31/2023	12/31/2022	12/31/2024	12/31/2023	12/31/2022	12/31/2024	12/31/2023	12/31/2022
Current and Other Assets	\$ 11,959,467	\$ 12,681,039	\$ 10,678,974	\$ 1,040,801	\$ 1,271,667	\$ 1,534,952	\$ 13,000,268	\$ 13,952,706	\$ 12,213,926
Capital Assets	8,550,836	8,850,320	8,898,551	4,160,155	4,400,032	4,647,903	12,710,991	13,250,352	13,546,454
Total Assets	20,510,303	21,531,359	19,577,525	5,200,956	5,671,699	6,182,855	25,711,259	27,203,058	25,760,380
Deferred Outflows	1,879,613	2,211,307	2,340,165	54,177	71,558	37,071	1,933,790	2,282,865	2,377,236
Total Assets & Deferred Outflows	22,389,916	23,742,666	21,917,690	5,255,133	5,743,257	6,219,926	27,645,049	29,485,923	28,137,616
Other Liabilities	2,638,567	2,736,999	2,291,257	294,581	269,514	285,450	2,933,148	3,006,513	2,576,707
Long-Term Debt	5,174,494	5,365,815	4,541,301	262,751	552,181	706,887	5,437,245	5,917,996	5,248,188
Total Liabilities	7,813,061	8,102,814	6,832,558	557,332	821,695	992,337	8,370,393	8,924,509	7,824,895
Deferred Inflows	4,443,494	4,564,993	4,154,065		3,714	63,073	4,443,494	4,568,707	4,217,138
Total Liabilities & Deferred Inflows	12,256,555	12,667,807	10,986,623	557,332	825,409	1,055,410	12,813,887	13,493,216	12,042,033
Net Position									
Invested in Capital Assets	8,550,836	8,850,320	8,898,551	3,794,155	3,785,032	3,786,903	12,344,991	12,635,352	12,685,454
Restricted	551,872	2,273,779	1,840,368	57,787	76,695	93,478	609,659	2,350,474	1,933,846
Unrestricted (Deficit)	1,030,653	(49,240)	192,148	845,859	1,056,121	1,284,135	1,876,512	1,006,881	1,476,283
Total Net Position	\$ 10,133,361	\$ 11,074,859	\$ 10,931,067	\$ 4,697,801	\$ 4,917,848	\$ 5,164,516	\$ 14,831,162	\$ 15,992,707	\$ 16,095,583

Fiscal Condition - Continued



General Fund Revenues: Where the Money Comes From

The General Fund is the Village's primary operating fund. This fund supports the core municipal services provided by the Village. Various types of taxes provide a majority of the resources available in the General Fund. The Village's General Fund revenues include taxes, licenses and fees, investment income, and other general revenues. The General Fund revenues for the year ending December 31, 2024 totaled \$5,823,377, compared to \$5,351,254 as of December 31, 2023. The increase in the total revenues received between years is primarily due to interest earned on investment opportunities as well as increases in property taxes and state shared revenues such as sales tax and state income tax.

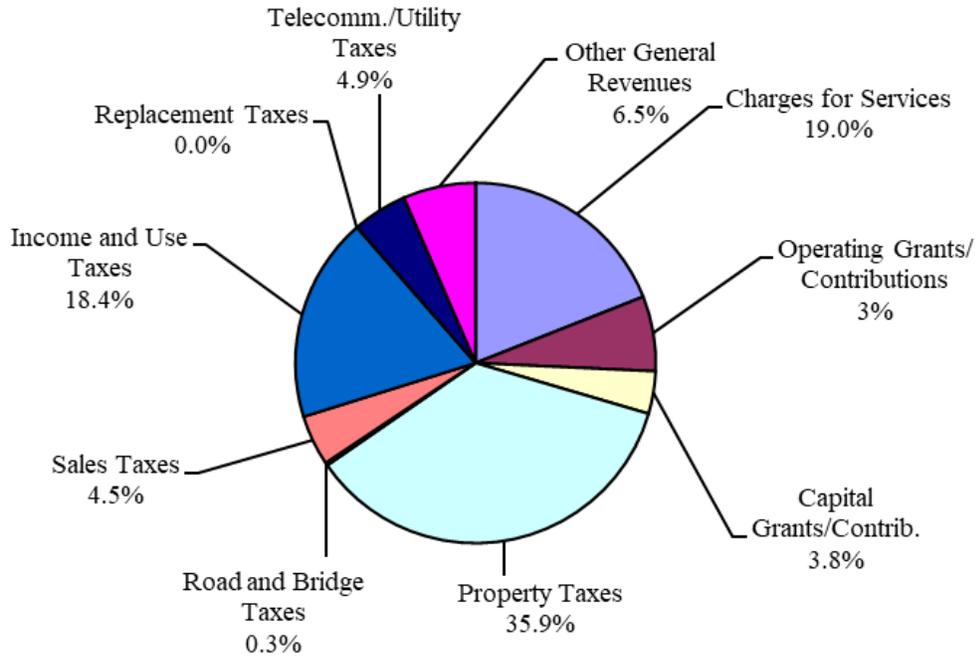
General Fund Expenditures: Where does it go?

The General Fund actual expenditures were \$184,018 less than budgeted (\$4,797,579 actual compared to a budget of \$4,981,597). Some significant differences between the actual expenditures and budgeted expenditures are highlighted below:

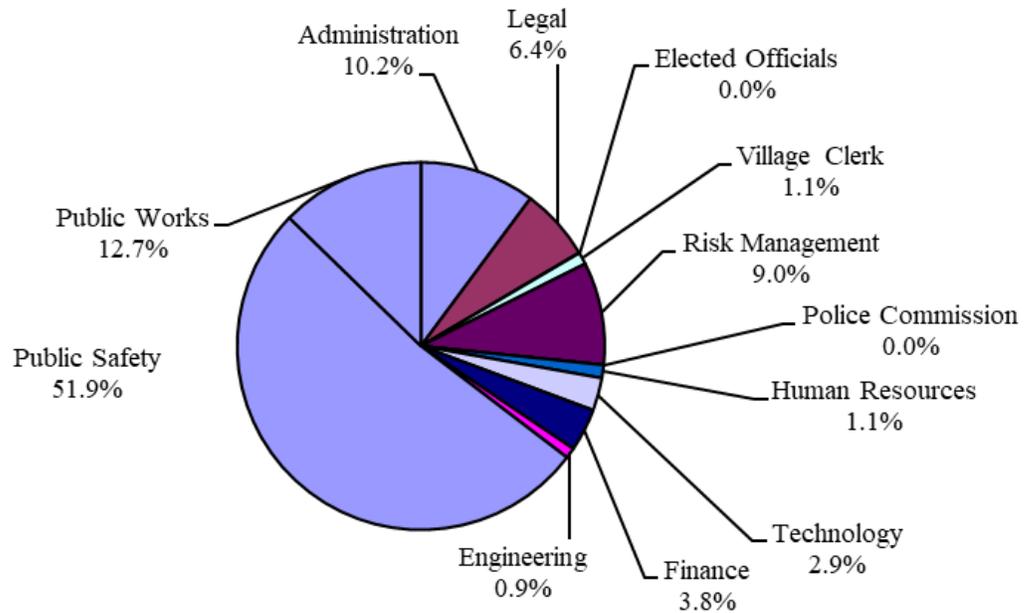
- The administration function reported actual expenditures of \$487,341 compared to budget of \$514,834, resulting in a positive variance of \$25,162. This positive variance was primarily due to the savings in contractual services.
- The legal function reported actual expenditures of \$305,272 compared to budget of \$247,750, resulting in a negative variance of \$57,522. This variance was primarily due to the solar power farm litigation.
- The risk management function reported actual expenditures of \$433,196 compared to budgeted expenditures of \$615,244 resulting in a positive variance of \$182,048. This positive variance was primarily premium savings experienced in medical insurance premiums, general liability, workers compensation and unemployment premiums.
- The police function reported actual expenditures of \$2,491,224, compared to budgeted expenditures of \$2,400,921, resulting in a negative variance of \$90,303. This negative variance was primarily due to personnel services as well as increases in vehicle maintenance.
- The public works function reported actual expenditures of \$569,095 compared to budgeted expenditures of \$659,242 resulting in a positive variance of \$90,147. This positive variance was primarily due to the reduction in expenditures within the public works function.

On the next page, the charts demonstrate the percentages of revenues and expenditures as they relate to the 2024 totals.

Revenues by Source - Governmental Activities December 31, 2024



General Fund Expenditures December 31, 2024



Long-Term Debt Obligation

As of December 31 2024, the Village had total outstanding inherited debt of \$366,000 as compared to \$615,000 the previous year. The debt issued was used to pay for a road construction project (2003-2010) and the construction of the Aquatic Center. On December 8, 2021, the Village issued \$1,103,000 Revenue Refunding Bonds (Aquatic Center Project), Series 2021 to refund \$1,360,000 of the Revenue Bonds (Aquatic Center Project), Series 2011.

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	Year	Year	Year	Year	Year	Year
Ended	Ended	Ended	Ended	Ended	Ended	
12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	
Revenue Bonds	\$ -	\$ -	\$ 366,000	\$ 615,000	\$ 366,000	\$ 615,000
Debt Certificates	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 366,000	\$ 615,000	\$ 366,000	\$ 615,000

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 \$47,753,767. The Village did not issue any new debt in 2043 and is making progress to become debt-free.

Special Service Area Bonds

As of December 31, 2024, there is one Special Service Area (SSA) bond outstanding: SSA #4-2006 bonds. The SSA bonds outstanding totaled \$1,104,000. 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 area. The Village is in no way liable for repayment but is only as an agent for the property owners in levying and collecting the assessments and forwards the collections to the bondholders of the SSA #4.



Governmental Funds

The Village maintains eight individual governmental funds. Information regarding these funds are presented separately in the governmental fund balance sheet, the governmental fund statement of revenues, expenditures, and changes in fund balances reports. The eight individual governmental funds are: General Fund, Motor Fuel Tax Fund, Community Development Fund, Road Program Fund, Parks and Recreation Fund, Park Donation Fund, Capital Improvements Fund, and Debt Service Fund. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The Village adopts an annual appropriated budget for all of the governmental funds, except the Debt Service Fund.

The basic governmental fund financial statements can be found on pages 9 - 13 of the Annual Comprehensive Financial 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 two fiduciary funds: the Police Pension Fund and Special Service Area #4 Fund. The basic fiduciary fund financial statements can be found on pages 17 - 18 of the Annual Comprehensive Financial 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 are considered major funds of the Village. The basic proprietary fund financial statements can be found on pages 14 - 16 of the Annual Comprehensive Financial Report.

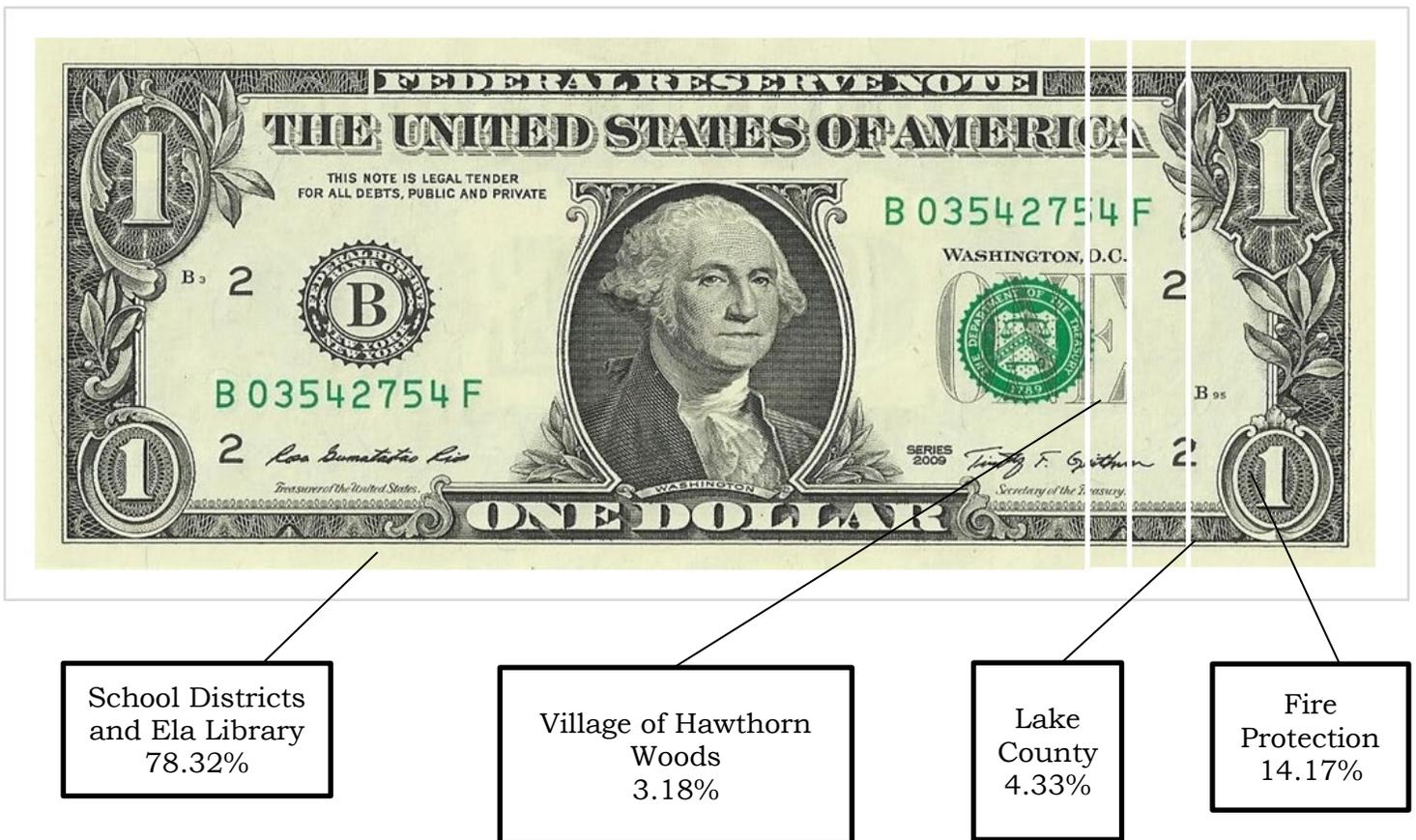


Understanding Property Tax

Village of Hawthorn Woods property owners pay property taxes which generate revenue used to operate the Village departments, school districts, fire districts, libraries, townships, county government, and township road districts. There are some overlapping districts in Hawthorn Woods, so the average property tax bill depends on where you live in the Village.

The Village of Hawthorn Woods is under the Property tax Extension Limitation Law which caps increases in property tax extensions for non-home rule taxing districts. Increases in tax extensions are limited to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the year preceding the levy year, currently at 6.5%.

A common misconception about property taxes is that all the money collected goes to the Village. The Village's portion of a residents' total tax bill is approximately 6%-8%. The Village relies on a combination of sales tax, property taxes, and other fees collected to provide essential core services to its residents. The chart below illustrates the breakdown of a typical residential tax bill with the top four entities that receive a portion of your property tax bill.





Glossary of Accounting Terms

Appropriation – The legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Value – A value set upon real property for use as a basis of levying taxes.

Debt Services – Expenditures to pay the principal and interest of all bonds and other debt instruments according to a predetermined payment schedule.

Depreciation – A calculation of the estimated decrease in value of physical assets due to usage and passage of time.

Equalized Assessed Valuation – The assessed valuation of real property raised or lowered by an equalizing factor as applied by a countywide and statewide authority, so that all property that is assessed at a consistent level for purposes of levying taxes. In Illinois, equalized valuation of real property is one-third of fair market value.

Expenditure – The actual outlay of or obligation to pay cash. This does not include encumbrances.

Expenses – Decreases in net total assets. Expenses represent the total cost of operating during a period regardless of timing of related expenditures.

General Obligation Bonds – bonds in which the full faith and credit of the issuing government are pledged.

Intergovernmental Revenue – Revenue that is received from or through the Federal, State, or County government.

Net Position – The value of the position after subtracting the initial cost of setting up the position.

Operating Expenses – fund expenses that are ordinary, recurring in nature and directly related to the fund's primary service activities.

Operating Revenues – Funds that the Village receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings and grant revenues. Operating revenues are used to pay for the day-to-day services the village performs.

