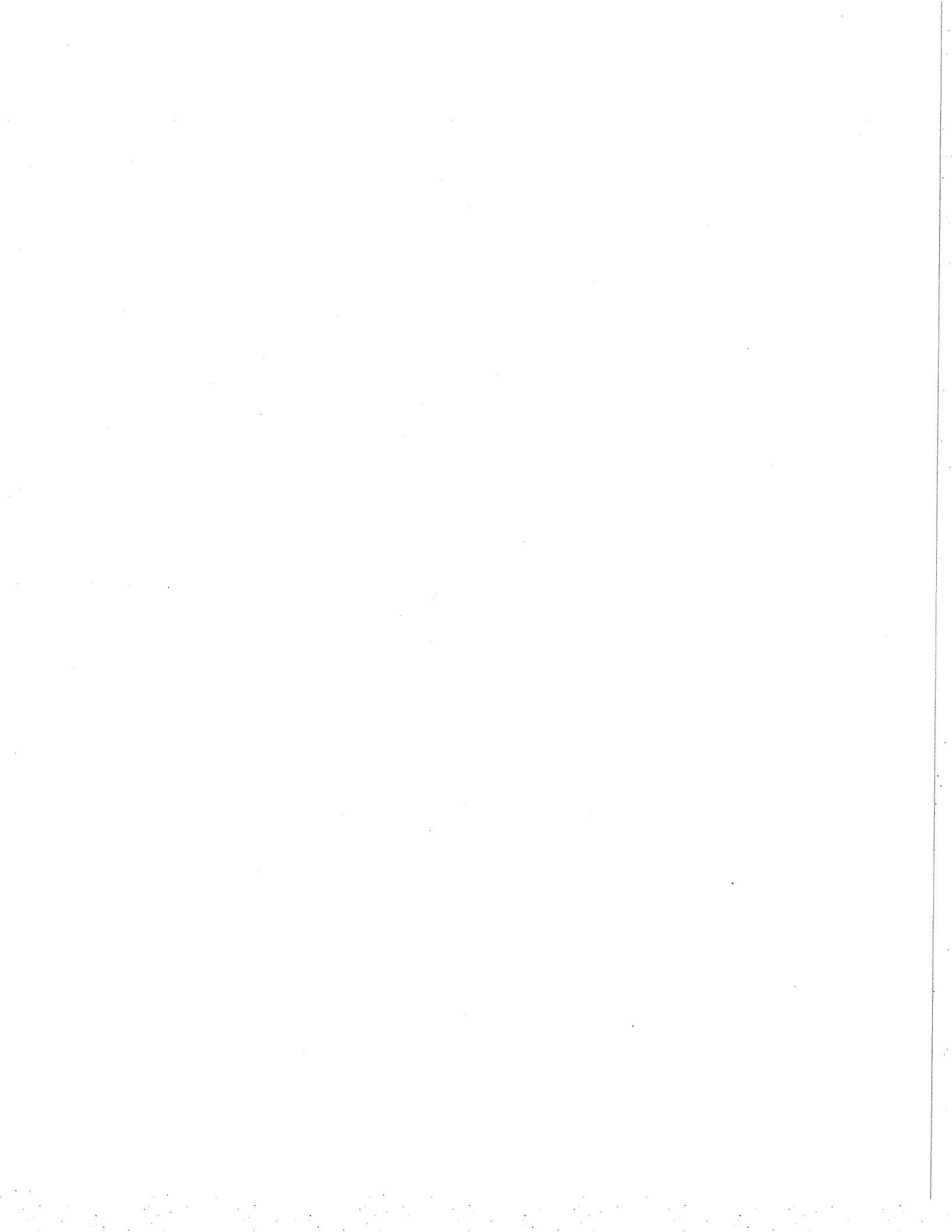


VILLAGE OF WORTH, ILLINOIS

FINANCIAL REPORT

APRIL 30, 2001





INDEPENDENT AUDITOR'S REPORT

To the Honorable President and
Members of the Board of Trustees
Village of Worth, Illinois

We have audited the accompanying general-purpose financial statements of the Village of Worth, Illinois, as of and for the year ended April 30, 2001. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general-purpose financial statements referred to above do not include the general fixed assets which should be included in order to conform with accounting principles generally accepted in the United States of America. As described in Note 1 to the financial statements, the Village does not maintain historical cost basis records of its general fixed assets and, therefore, the effect on the financial statements caused by the omission is not known.

The Village does not disclose the actuarial information as required by accounting principles generally accepted in the United States of America for the Police and Firefighters' Pension Funds. The actuarial information that the Village discloses is provided by the State of Illinois Department of Insurance and does not comply with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine adequate records regarding the carrying values of the general fixed assets and the actuarial disclosures required for the Police and Firefighters' Pension Funds, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Worth, Illinois, as of April 30, 2001, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Village of Worth, Illinois. Such information, except for the information required by the revenue bond ordinance on pages 59 and 60 which is marked unaudited and on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

McGladrey & Pullen, LLP

Mokena, Illinois
November 1, 2001

CONTENTS

| | |
|---|--------------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| <hr/> | |
| GENERAL PURPOSE FINANCIAL STATEMENTS | |
| Combined balance sheet - All fund types and the general long-term debt account group | 3 - 4 |
| Combined statement of revenues, expenditures and changes in fund balances - All governmental fund types | 5 |
| Combined statement of revenues, expenditures and changes in fund balances - Budget and actual - General and special revenue fund types | 6 |
| Statement of revenues, expenses and changes in retained earnings - All enterprise funds | 7 |
| Statement of cash flows - All enterprise funds | 8 |
| Combined statement of changes in plan net assets - Pension trust funds | 9 |
| Notes to financial statements | 10 - 32 |
| <hr/> | |
| SUPPLEMENTARY INFORMATION | |
| <hr/> | |
| Schedule of Required Supplementary Information: Funding Progress - Illinois Municipal Retirement Fund | 33 |
| General Fund, Schedule of expenditures - Budget and actual | 34 - 41 |
| Special Revenue Funds: | |
| Combining balance sheet | 42 |
| Combining statement of revenues, expenditures and changes in fund balances | 43 |
| Statement of revenues, expenditures and changes in fund balance - Budget and actual - | |
| Motor Fuel Tax Fund | 44 |
| Garbage Fund | 45 |
| IMRF Fund | 46 |
| Senior Citizen Fund | 47 |
| Debt Service Funds: | |
| Combining statement of revenues, expenditures and changes in fund balances | 48 |
| Enterprise Funds: | |
| Combining balance sheet | 49 |
| Combining statement of revenues, expenses and changes in retained earnings | 50 |
| Combining statement of cash flows | 51 |

VILLAGE OF WORTH, ILLINOIS

COMBINED BALANCE SHEET

ALL FUND TYPES AND THE GENERAL LONG-TERM DEBT ACCOUNT GROUP

April 30, 2001

| ASSETS AND OTHER DEBITS | Governmental Fund Types | | | Proprietary | Fiduciary | Account | Total (Memorandum Only) |
|--|-------------------------|--------------------|---------------------|-------------------------|----------------------|-------------------------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | Fund Type Enterprise | Fund Types Trusts | Group General Long- Term Debt | |
| Cash and cash equivalents | \$ 1,223,047 | \$ 572,747 | \$ - | \$ 632,226 | \$ 1,380,098 | \$ - | \$ 3,808,118 |
| Cash held with paying agent | - | - | - | 249,470 | - | - | 249,470 |
| Investments | - | - | - | - | 8,918,716 | - | 8,918,716 |
| Receivables: | | | | | | | |
| Property taxes | 953,683 | 84,580 | - | - | - | - | 1,038,263 |
| Accrued interest | - | - | - | - | 419,534 | - | 419,534 |
| Accounts | - | - | - | 259,547 | - | - | 259,547 |
| Other | 55,236 | - | - | - | - | - | 55,236 |
| Due from other govern- mental agencies | 331,047 | 22,805 | - | - | - | - | 353,852 |
| Due from other funds | 240,232 | 11,481 | - | - | 152,246 | - | 403,959 |
| Inventory | 60,091 | - | - | - | - | - | 60,091 |
| Prepaid expenses | 8,384 | - | - | - | - | - | 8,384 |
| Deferred bond issuance costs | - | - | - | 65,999 | - | - | 65,999 |
| Property and equipment, net of accumulated depreciation | - | - | - | 4,135,840 | - | - | 4,135,840 |
| Amount to be provided for retirement of general long-term debt | - | - | - | - | - | 8,963,648 | 8,963,648 |
| Total assets and other debits | \$ 2,871,720 | \$ 691,613 | \$ - | \$ 5,343,082 | \$ 10,870,594 | \$ 8,963,648 | \$ 28,740,657 |

| LIABILITIES AND MUNICIPAL EQUITY AND OTHER CREDITS | Governmental Fund Types | | | Proprietary Fund Type | Fiduciary Fund Types | Account Group | Total (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|--------------------------|-------------------------|----------------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | Enterprise | Capital Trusts | General Long- Term Debt | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 162,554 | \$ 7,398 | \$ 309 | \$ 63,389 | \$ - | \$ - | \$ 233,650 |
| Accrued payroll | 95,721 | 1,167 | 343 | 16,419 | - | - | 113,650 |
| Accrued interest | - | - | - | 46,839 | - | - | 46,839 |
| Accrued sales tax | 2,983 | - | - | - | - | - | 2,983 |
| Insurance claims | 31,126 | - | - | 5,980 | - | 8,753 | 45,859 |
| Compensated absences | 102,685 | - | - | - | - | 21,985 | 124,670 |
| Deposits | 17,950 | - | - | - | - | - | 17,950 |
| Due to other funds | 163,727 | 63,636 | 176,596 | - | - | - | 403,959 |
| Deferred revenue | 998,871 | 84,580 | - | - | - | - | 1,083,451 |
| General obligation bonds | - | - | - | - | - | 1,015,000 | 1,015,000 |
| Installment notes | - | - | - | - | - | 317,910 | 317,910 |
| Alternate revenue bonds | - | - | - | - | - | 7,600,000 | 7,600,000 |
| Revenue bonds | - | - | - | 1,480,000 | - | - | 1,480,000 |
| Total liabilities | 1,575,617 | 156,781 | 177,248 | 1,612,627 | - | 8,963,648 | 12,485,921 |
| Municipal Equity and Other Credits | | | | | | | |
| Contributed capital | - | - | - | 2,646,432 | - | - | 2,646,432 |
| Retained earnings: | | | | | | | |
| Bond ordinance reserves | - | - | - | 409,618 | - | - | 409,618 |
| Unreserved | - | - | - | 674,405 | - | - | 674,405 |
| Fund balances: | | | | | | | |
| Reserved for employees pension benefits | - | - | - | - | 10,870,594 | - | 10,870,594 |
| Reserved for advances | 240,232 | - | - | - | - | - | 240,232 |
| Reserved for inventory | 60,091 | - | - | - | - | - | 60,091 |
| Reserved for prepaids | 8,384 | - | - | - | - | - | 8,384 |
| Unreserved (deficit) | 987,396 | 534,832 | (177,248) | - | - | - | 1,344,980 |
| Total municipal equity and other credits | 1,296,103 | 534,832 | (177,248) | 3,730,455 | 10,870,594 | - | 16,254,736 |
| Total liabilities and municipal equity and other credits | \$ 2,871,720 | \$ 691,613 | \$ - | \$ 5,343,082 | \$ 10,870,594 | \$ 8,963,648 | \$ 28,740,657 |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
Year Ended April 30, 2001

| | General | Special Revenue | Debt Service | Capital Projects | Total (Memorandum Only) |
|--|------------------|-----------------|----------------|------------------|-------------------------|
| Revenues: | | | | | |
| Property taxes | \$ 1,587,650 | \$ 148,935 | \$ 1,971 | \$ - | \$ 1,738,556 |
| Sales taxes | 812,184 | - | - | - | 812,184 |
| Intergovernmental | 1,199,280 | 333,827 | - | 232,500 | 1,765,607 |
| Licenses, permits and fees | 485,868 | - | - | - | 485,868 |
| Fines and forfeits | 107,530 | - | - | - | 107,530 |
| Charges for service | 2,539,298 | - | - | - | 2,539,298 |
| Interest | 78,423 | 42,245 | - | - | 120,668 |
| Other | 450,814 | 1,254 | - | - | 452,068 |
| Total revenues | 7,261,047 | 526,261 | 1,971 | 232,500 | 8,021,779 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 634,848 | - | - | - | 634,848 |
| Building department | 157,338 | - | - | - | 157,338 |
| Health department | 9,519 | - | - | - | 9,519 |
| Fire department | 184,607 | - | - | - | 184,607 |
| Ambulance and paramedic department | 1,247,174 | - | - | - | 1,247,174 |
| Police department | 1,977,904 | - | - | - | 1,977,904 |
| Street and bridge | 354,327 | - | - | - | 354,327 |
| Crossing guard | 33,191 | - | - | - | 33,191 |
| Golf course operations | 1,601,827 | - | - | - | 1,601,827 |
| Insurance | 299,075 | - | - | - | 299,075 |
| Motor fuel tax projects | - | 645,372 | - | - | 645,372 |
| Garbage | - | 1,000 | - | - | 1,000 |
| Retirement benefits | - | 172,084 | - | - | 172,084 |
| Senior citizens projects | - | 2,977 | - | - | 2,977 |
| Debt service: | | | | | |
| Principal | 120,157 | - | 30,000 | 175,000 | 325,157 |
| Interest and fees | 54,023 | - | 469,334 | 3,019 | 526,376 |
| Capital outlay | - | - | - | 97,947 | 97,947 |
| Total expenditures | 6,673,990 | 821,433 | 499,334 | 275,966 | 8,270,723 |
| Excess revenues or (expenditures) | 587,057 | (295,172) | (497,363) | (43,466) | (248,944) |
| Other financing sources (uses): | | | | | |
| Operating transfers in | 1,971 | - | 499,334 | - | 501,305 |
| Operating transfers (out) | (500,232) | - | (1,971) | - | (502,203) |
| Excess revenues and other financing sources or (expenditures and other financing uses) | 88,796 | (295,172) | - | (43,466) | (249,842) |
| Fund balances (deficits): | | | | | |
| Beginning | 1,207,307 | 830,004 | - | (133,782) | 1,903,529 |
| Ending | \$ 1,296,103 | \$ 534,832 | \$ - | \$ (177,248) | \$ 1,653,687 |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended April 30, 2001

| | General | | Special Revenue | |
|---|---------------------|---------------------|---------------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues: | | | | |
| Property taxes | \$ 1,447,048 | \$ 1,587,650 | \$ 162,225 | \$ 148,935 |
| Sales taxes | 780,000 | 812,184 | - | - |
| Intergovernmental | 1,009,220 | 1,199,280 | 312,500 | 333,827 |
| Licenses, permits and fees | 402,900 | 485,868 | - | - |
| Fines and forfeits | 114,000 | 107,530 | - | - |
| Charges for services | 2,409,219 | 2,539,298 | - | - |
| Interest | 42,500 | 78,423 | 30,000 | 42,245 |
| Other | 509,000 | 450,814 | 3,000 | 1,254 |
| Total revenues | 6,713,887 | 7,261,047 | 507,725 | 526,261 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 624,400 | 634,848 | - | - |
| Building department | 114,655 | 157,338 | - | - |
| Health department | 6,875 | 9,519 | - | - |
| Fire department | 205,265 | 184,607 | - | - |
| Ambulance and paramedic department | 1,075,666 | 1,247,174 | - | - |
| Police department | 1,764,316 | 1,977,904 | - | - |
| Street and bridge | 342,850 | 354,327 | - | - |
| Crossing guard | 41,800 | 33,191 | - | - |
| Golf course | 1,152,222 | 1,601,827 | - | - |
| Insurance | 371,000 | 299,075 | - | - |
| Motor fuel tax projects | - | - | 226,750 | 645,372 |
| Garbage | - | - | 15,000 | 1,000 |
| Retirement benefits | - | - | 166,500 | 172,084 |
| Senior citizens | - | - | 3,250 | 2,977 |
| Debt service: | | | | |
| Principal | - | 120,157 | - | - |
| Interest and fees | - | 54,023 | - | - |
| Total expenditures | 5,699,049 | 6,673,990 | 411,500 | 821,433 |
| Excess revenues or (expenditures) | 1,014,838 | 587,057 | 96,225 | (295,172) |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | 1,971 | - | - |
| Operating transfers (out) | - | (500,232) | (980,000) | - |
| Excess revenues and other financing sources or (expenditures and other financing uses) | <u>\$ 1,014,838</u> | 88,796 | <u>\$ (883,775)</u> | (295,172) |
| Fund balances: | | | | |
| Beginning | | <u>1,207,307</u> | | <u>830,004</u> |
| Ending | | <u>\$ 1,296,103</u> | | <u>\$ 534,832</u> |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
ALL ENTERPRISE FUNDS
Year Ended April 30, 2001

| | |
|--|---------------------|
| Operating revenues: | |
| Water and sewer charges | \$ 1,381,510 |
| Commuter parking fees | 73,125 |
| Other fees and charges | 4,154 |
| Total operating revenues | <u>1,458,789</u> |
| Operating expenses: | |
| Waterworks and sewerage | 1,108,783 |
| Commuter parking lot | 65,144 |
| Depreciation | 201,579 |
| Total operating expenses | <u>1,375,506</u> |
| Operating income | 83,283 |
| Nonoperating income (expense): | |
| Interest income | 31,358 |
| Interest expense | (89,160) |
| Bond issuance costs | (6,837) |
| | <u>18,644</u> |
| Income before operating transfers | 18,644 |
| Operating transfers in | <u>898</u> |
| Net income | 19,542 |
| Retained earnings: | |
| Beginning | <u>1,064,481</u> |
| Ending | <u>\$ 1,084,023</u> |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

STATEMENT OF CASH FLOWS

ALL ENTERPRISE FUNDS

Year Ended April 30, 2001

| | |
|--|-------------------|
| Cash Flows From Operating Activities | |
| Operating income | \$ 83,283 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 201,579 |
| Change in assets and liabilities: | |
| (Increase) in receivables | (627) |
| Increase in accounts payable | 22,696 |
| Increase in accrued payroll | 999 |
| (Decrease) in accrued insurance claims payable | (23,910) |
| Net cash provided by operating activities | <u>284,020</u> |
| Cash Flows From Noncapital Financing Activities | |
| Transfers from other funds | 898 |
| Decrease in amounts due from other funds | 109,981 |
| Net cash provided by noncapital financing activities | <u>110,879</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Payment of revenue bonds | (215,000) |
| Interest and fees paid | (85,245) |
| Net cash (used in) capital and related financing activities | <u>(300,245)</u> |
| Cash Flows From Investing Activities | |
| Interest received | <u>31,358</u> |
| Net increase in cash and cash equivalents | 126,012 |
| Cash and cash equivalents, May 1, 2000 | <u>755,684</u> |
| Cash and cash equivalents, April 30, 2001 | <u>\$ 881,696</u> |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

**COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
Year Ended April 30, 2001**

Additions

Contributions:

| | |
|----------------------------|----------------|
| Employer | \$ 156,569 |
| Plan members | <u>150,465</u> |
| Total contributions | <u>307,034</u> |

Investment income:

| | |
|---|----------------|
| Net depreciation in fair value of investments | (140,756) |
| Interest | <u>693,464</u> |
| Net investment income | <u>552,708</u> |

| | |
|------------------------|----------------|
| Total additions | <u>859,742</u> |
|------------------------|----------------|

Deductions

| | |
|-------------------------|----------------|
| Benefits | 354,677 |
| Administrative expenses | <u>463</u> |
| Total deductions | <u>355,140</u> |

| | |
|---------------------|---------|
| Net increase | 504,602 |
|---------------------|---------|

Net assets held in trust for employees pension benefits:

| | |
|-----------|-----------------------------|
| Beginning | <u>10,365,992</u> |
| Ending | <u><u>\$ 10,870,594</u></u> |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1. Financial Reporting Entity and Summary of Significant Accounting Policies

Nature of Activities: The Village of Worth, Illinois provides various municipal services to its residents. These services include police protection, fire protection, paramedic services, water and sewer systems, public works operations, road and bridge maintenance and general administration.

Financial Reporting Entity: Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on this criteria, there are no potential component units whose financial data should be combined with and included in the general-purpose financial statements of the Village, nor is the Village considered to be a potential component unit of any other governmental unit.

Description of Funds and Account Groups: The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are combined and summarized in these financial statements as follows:

Governmental Fund Types: Governmental funds are funds through which most of the Village's governmental functions are financed. The acquisition, use and balances of the Village's expendable financial resources, except those accounted for in the proprietary funds, are accounted for in the governmental funds. The measurement focus is on determination of financial position and changes in financial position. The following are the Village's governmental funds.

General Fund - is the general operating fund of the Village and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - are used to account for the revenues derived from specific sources. These resources are utilized to finance expenditures legally restricted for specified purposes.

Debt Service Funds - are used to account for the accumulation of resources for, and the payment of principal, interest and related costs of general long-term debt.

Capital Projects Funds - are used to account for resources used for the acquisition or construction of major capital facilities.

Proprietary Fund Types: Proprietary funds account for the Village's ongoing activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The enterprise funds are the proprietary fund types of the Village.

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1. Financial Reporting Entity and Summary of Significant Accounting Policies (continued)

Enterprise Funds - are used to account for the financing and operations of self-supporting activities of the Village which render services of a commercial nature on a user-charge basis to the general public.

Fiduciary Fund Types: Fiduciary funds are used to account for assets held by the Village in a trustee capacity. The following are the Village's fiduciary fund types:

Pension Trust Funds - are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

Account Group: The account group is not a fund but is to be used to establish accounting control and accountability for the Village's outstanding general long-term debt which is to be financed through the governmental funds. The account group is as follows:

General Long-term Debt Account Group - is used to establish accounting control over the long-term debt of the Village which is expected to be financed from operations of the governmental funds.

Basis of Accounting

Modified Accrual Basis of Accounting: All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenue items not considered available are recorded as deferred revenue and are recognized as revenue at the time they become available.

Property taxes that have been levied and are due and collected within the fiscal year or collected within sixty days after year-end are considered available and are therefore recognized as revenue. Sales taxes, income taxes and motor fuel taxes are considered to be measurable when they have been collected by the intermediary collecting governments and are recognized as revenue at that time.

Fines and fees, licenses and permits and miscellaneous revenues are recognized as revenue when received in cash as they are generally not objectively measurable until that time.

Expenditures are recognized when the liability is incurred, except for principal and interest on long-term debt which is recognized when due.

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1. Financial Reporting Entity and Summary of Significant Accounting Policies (continued)

Accrual Basis of Accounting: The enterprise and pension trust funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. Unbilled service receivables are accrued and reported at year-end.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value except for insurance contracts which are carried at contract value which approximates fair value.

Property and Equipment: Property and equipment used in governmental fund operations (general fixed assets) are accounted for as expenditures of the governmental funds when purchased. The Village does not maintain adequate historical cost records of these assets and, therefore, the acquisition cost of those assets is not capitalized in a general fixed assets account group as required by generally accepted accounting principles.

Property and equipment associated with the enterprise funds are capitalized in the fund in which they are utilized. All purchased or constructed property and equipment are valued at cost, while those assets which have been donated are valued at their estimated fair value as of the date received as a donation.

Depreciation of all exhaustible property and equipment is reported in the enterprise funds. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

| | |
|--------------------------------------|------------|
| Buildings and Water and Sewer System | 40 Years |
| Improvements and Parking Lot | 20 Years |
| Equipment | 3-15 Years |

Compensated Absences: Village employees accumulate vacation hours for subsequent use or for payment upon termination, death or retirement. Sick time for employees accumulates at a rate of eight hours per month, contingent on the employee working at least one hundred hours per month. These hours may accumulate up to a maximum of 400 hours; however, these hours do not vest.

All accrued vacation pay is recognized as an expense and as a liability of the enterprise funds at the time the liability is incurred.

The governmental funds record vacation pay as an expenditure in the year it is earned to the extent it is paid or is expected to be paid with available financial resources, otherwise the liability is accounted for in the general long-term debt account group.

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (continued)

| | Carrying Amount | | | Total |
|--|---------------------|-------------|-------------|----------------------|
| | Category | | | |
| | 1 | 2 | 3 | |
| U.S. government securities | \$ 4,955,529 | \$ - | \$ - | \$ 4,955,529 |
| State and local governmental obligations | 148,001 | - | - | 148,001 |
| | <u>\$ 5,103,530</u> | <u>\$ -</u> | <u>\$ -</u> | <u>5,103,530</u> |
| Investments not subject to categorization: | | | | |
| Insurance contracts | | | | 58,428 |
| Illinois Funds | | | | 2,551,982 |
| Mutual funds | | | | 3,653,179 |
| | | | | <u>\$ 11,367,119</u> |

The above deposits of \$1,609,185 and investments of \$11,367,119 totaling \$12,976,304 are reported in the financial statements as follows:

| | |
|-----------------------------|-----------------------------|
| Cash and cash equivalents | \$ 3,808,118 |
| Cash held with paying agent | 249,470 |
| Investments | 8,918,716 |
| Total | <u><u>\$ 12,976,304</u></u> |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

The composition of the property and equipment of the enterprise funds as of April 30, 2001 is as follows:

| | Commuter Parking Lot | Waterworks and Sewerage | Total |
|--------------------------------|-------------------------|----------------------------|---------------------|
| Land | \$ - | \$ 47,824 | \$ 47,824 |
| Commuter parking lot | 762,716 | - | 762,716 |
| Waterworks and sewerage system | - | 7,209,093 | 7,209,093 |
| Equipment | 120,767 | 222,051 | 342,818 |
| | 883,483 | 7,478,968 | 8,362,451 |
| Less accumulated depreciation | 326,526 | 3,900,085 | 4,226,611 |
| | <u>\$ 556,957</u> | <u>\$ 3,578,883</u> | <u>\$ 4,135,840</u> |

Note 5. Long-Term Debt

The following is a summary of the long-term debt transactions of the Village for the year ended April 30, 2001:

| | General Obligation Bonds | Installment Notes | Alternate Revenue Bonds | Compensated Absences | Revenue Bonds | Insurance Claims | Total |
|---------------------------------------|--------------------------------|----------------------|-------------------------------|-------------------------|--------------------|---------------------|---------------------|
| Balance, May 1, 2000 | \$ 1,050,000 | \$578,067 | \$7,630,000 | \$ 12,421 | \$1,695,000 | \$ 36,000 | \$11,001,488 |
| Changes in compensated absences | - | - | - | 9,564 | - | - | 9,564 |
| Changes in insurance | - | - | - | - | - | (27,247) | (27,247) |
| Debt retired | 35,000 | 260,157 | 30,000 | - | 215,000 | - | 540,157 |
| Debt defeased | - | - | - | - | - | - | - |
| Balance, April 30, 2001 | <u>\$ 1,015,000</u> | <u>\$317,910</u> | <u>\$7,600,000</u> | <u>\$ 21,985</u> | <u>\$1,480,000</u> | <u>\$ 8,753</u> | <u>\$10,443,648</u> |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt (continued)

Details of the long-term debt as of April 30, 2001 are as follows:

General Obligation Bond:

General Obligation Working Cash Bonds, Series 1994 dated January 16, 1995 with bonds due in annual principal maturities of \$40,000 in 2002 and 2003, \$45,000 in 2004 and 2005, \$50,000 in 2006, \$55,000 in 2007 and 2008, \$60,000 in 2009 and \$65,000 in 2010. Interest at rates between 4.30% and 7.00% due on June 1 and December 1. \$ 455,000

General Obligation Limited Tax Bonds, Series 1999B dated May 1, 1999 with bonds due in annual principal maturities of \$80,000 in 2011, \$85,000 in 2012, \$95,000 in 2013, and \$100,000 in 2014, 2015 and 2016 and interest at a rate of 9% due on January 1 and June 1. 560,000

\$ 1,015,000

Installment Notes:

Installment note dated April 29, 1999 for the purchase of various golf equipment is due in annual payments of \$54,596 including principal and interest at a rate of approximately 5.0% on October 19 of each year through 2003. \$ 149,492

Installment note dated April 29, 1999 for the purchase of various lawn equipment is due in semiannual payments of \$11,198 including principal and interest at a rate of approximately 5.5% on May 16 and November 16 of each year through 2004. 80,031

Installment note dated March 12, 1999 for the purchase of an ambulance is due in annual payments of \$14,455 including principal and interest at a rate of approximately 5.5% on July 15 of each year through 2003. 40,444

Installment note dated March 3, 2000 for the purchase of a mower is due in semi annual payments of \$6,880 including principal and interest at a rate of approximately 6.3% on September 3 and March 3 of each year through 2005. 47,943

\$ 317,910

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt (continued)

Alternate Revenue Bonds:

General Obligation Bond (Golf Course Alternate Revenue Source), Series 1996 dated October 1, 1996 with bonds due in annual principal maturities of \$100,000 in 2003, \$200,000 in 2004, \$200,000 in 2005, \$285,000 in 2006, \$325,000 in 2007 and \$390,000 in 2008. Interest is at rates between 5.4% and 9.0%. The Village has pledged revenues from the Golf Course Fund operations to fund the repayment of the alternate revenue bonds. \$ 1,500,000

General Obligation Refunding Bonds (Alternate Revenue Source) Series 1999A dated May 1, 1999 with bonds due in annual principal maturities of \$35,000 in 2002, 2003, and 2004, \$40,000 in 2005, 2006 and 2007, \$45,000 in 2008, \$505,000 in 2009, \$560,000 in 2010, \$620,000 in 2011, \$685,000 in 2012, \$755,000 in 2013, \$820,000 in 2014, \$905,000 in 2015, and \$980,000 in 2016. Interest at rates between 3.6% and 4.8% due on January 1 and June 1. 6,100,000

\$ 7,600,000

Revenue Bonds:

1994 Water and Sewer Refunding Bonds dated November 1, 1994 with bonds due in principal maturities of \$5,000 beginning in 2003 through 2006, \$50,000 in 2007 and \$185,000 in 2008. Interest at 6.35% is due on May 1 and September 1. The Village has pledged revenues from the Waterworks and Sewerage Fund operations for the repayment of these revenue bonds. \$ 255,000

Water and Sewer Revenue Bonds, Series 1998A dated April 28, 1998 with bonds due in annual principal maturities of none in 2002, \$220,000 in 2003, \$120,000 in 2004, and \$110,000 in 2005. Interest is at rates between 3.9% and 4.35%. The Village has pledged revenues from the Waterworks and Sewerage Fund operations for the repayment of these revenue bonds. 450,000

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt (continued)

Water and Sewer Revenue Bonds, Series 1998B dated April 28, 1998 with bonds due in annual principal maturities of \$115,000 in 2002, \$120,000 in 2003, \$120,000 in 2004, \$145,000 in 2005, \$155,000 in 2006, and \$120,000 in 2007. Interest is at rates between 5.75% and 6.3%. The Village has pledged revenues from the Waterworks and Sewerage Fund operations for the repayment of these revenue bonds.

\$ 775,000

\$ 1,480,000

The revenue bond ordinances require that certain monies held in the Waterworks and Sewerage Fund be segregated and restricted in reserve accounts in the priority indicated by the order of the following:

| Reserve Account | Amount | Nature of Authorized Expenditures |
|----------------------|---|--|
| a) Bond and interest | Sufficient amount to pay the current bond and interest maturities | Payment of principal and interest on bonds |
| b) Bond reserve | Sufficient amount to pay the maximum annual debt service | Payment of principal and interest on bonds |
| c) Depreciation | \$1,500/month until funded to the extent of 3% of the net value of the system | Payment of the cost of extraordinary maintenance, necessary repairs and replacements or contingencies of the system or the payment of principal or interest of bonds in order to prevent a default on said bonds |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt (continued)

As of April 30, 2001, the Village has accumulated \$409,618 in these restricted reserve accounts.

The future annual debt service requirements on the outstanding debt, other than compensated absences and insurance claims of \$21,985 and \$8,753, respectively and including interest of \$5,089,160, are as follows:

| | General Obligation Bonds/Notes | Installment Notes | Alternate Revenue Bonds | Revenue Bonds | Total |
|---------------------|--------------------------------------|----------------------|-------------------------------|---------------------|----------------------|
| 2002 | \$ 120,212 | \$ 105,207 | \$ 448,843 | \$ 302,252 | \$ 976,514 |
| 2003 | 117,812 | 105,207 | 547,495 | 300,450 | 1,070,964 |
| 2004 - 2008 | 596,800 | 141,360 | 3,388,248 | 1,162,987 | 5,289,395 |
| 2009 - 2013 | 628,250 | - | 4,214,531 | - | 4,842,781 |
| 2014 and thereafter | 354,000 | - | 2,968,416 | - | 3,322,416 |
| | <u>\$ 1,817,074</u> | <u>\$ 351,774</u> | <u>\$ 11,567,533</u> | <u>\$ 1,765,689</u> | <u>\$ 15,502,070</u> |

Legal Debt Margin: The Village, as a non-home rule municipality, is subject to the statutory debt limit of 8.625% of equalized assessed valuation as set forth in the following schedule.

| | |
|---|-----------------------|
| 2000 Assessed valuation | <u>\$ 122,137,629</u> |
| Statutory debt limitation (8.625% of assessed valuation) | \$ 10,534,371 |
| Less amount of debt applicable to debt limitation, General obligation debt | <u>1,332,910</u> |
| Legal debt margin | <u>\$ 9,201,461</u> |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Individual Fund Disclosures

Individual fund interfund receivable and payable balances as of April 30, 2001 were as follows:

| | Due From | Due To |
|--------------------------------|-------------------|-------------------|
| General: | | |
| Motor Fuel Tax | \$ - | \$ 11,481 |
| IMRF | 56,415 | - |
| Senior Citizens | 7,221 | - |
| Capital Projects - Golf Course | 176,596 | - |
| Police Pension | - | 152,246 |
| | <u>240,232</u> | <u>163,727</u> |
| Motor Fuel Tax: | | |
| General | <u>11,481</u> | - |
| IMRF: | | |
| General | <u>-</u> | <u>56,415</u> |
| Senior Citizens: | | |
| General | <u>-</u> | <u>7,221</u> |
| Capital Projects - Golf Course | | |
| General | <u>-</u> | <u>176,596</u> |
| Police Pension: | | |
| General | <u>152,246</u> | - |
| | <u>\$ 403,959</u> | <u>\$ 403,959</u> |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Individual Fund Disclosures (continued)

Individual fund equity deficits as of April 30, 2001 are as follows:

| <u>Fund</u> | |
|------------------|-----------|
| Special Revenue: | |
| IMRF | \$ 60,057 |
| Senior Citizen | 7,221 |
| Capital Project | 177,248 |

The fund deficits are expected to be financed by future operating revenues and taxes.

Note 7. Pension and Retirement Plan Commitments

Plan Descriptions

Illinois Municipal Retirement Fund

The Village's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate. The employer rate for fiscal year 2001 was 7.43% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2000 was 32 years.

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension and Retirement Plan Commitments (continued)

For April 30, 2001, the Village's annual pension cost of \$63,191 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 1998 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from .4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 1998 actuarial valuation were based on the 1993-1995 experience study. However, the 2000 actuarial valuation information shown in the following trend information and required supplemental information is based on the assumptions based on the 1996-1998 experience study.

Trend Information

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> |
|-----------------------------------|--|--|
| 04/30/01 | \$ 63,191 | 100 % |
| 04/30/00 | 69,778 | 100 |
| 04/30/99 | 70,910 | 100 |

Actuarial assumptions used to determine the actuarial accrued liability for 2000 are based on the 1996-1998 experience study. The principal changes were:

- more members are expected to take refunds early in their career.
- for both Regular and SLEP members, more normal and early retirements are expected to occur.
- expected salary increases due to longevity for employees with less than 6 years of service were increased.