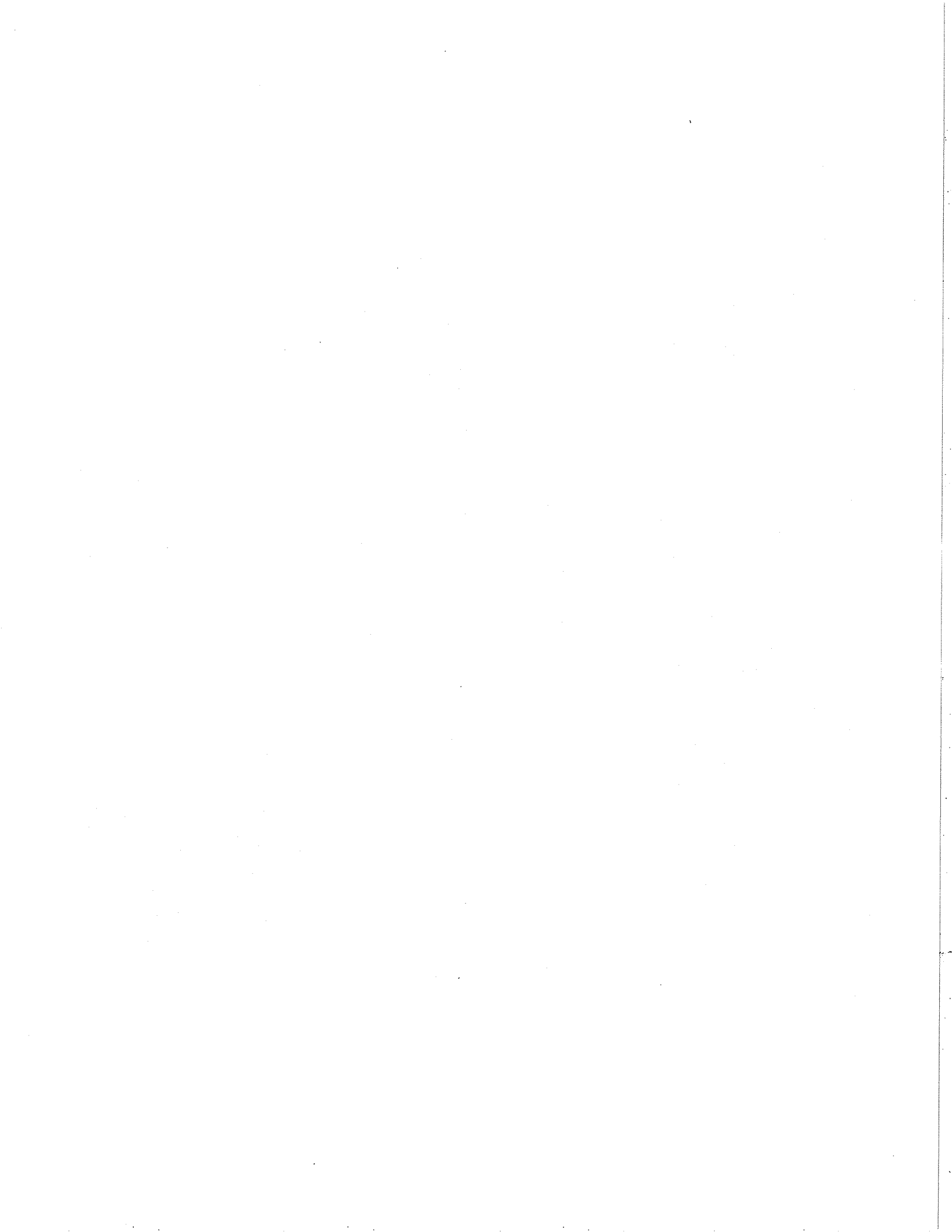


**VILLAGE OF WORTH, ILLINOIS**

**FINANCIAL REPORT**

**APRIL 30, 2000**





**McGLADREY & PULLEN, LLP**

**Certified Public Accountants**

**RSM**  
international

## 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, 2000. 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 generally accepted auditing standards. 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 generally accepted accounting principles. 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 generally accepted accounting principles for the Police and Firefighter Pension Funds. The actuarial information that the Village discloses is provided by the State of Illinois Department of Insurance and does not comply with generally accepted accounting principles.

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 Pension Fund, 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, 2000, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with generally accepted accounting principles.

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 55 and 56 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  
October 27, 2000

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VILLAGE OF WORTH, ILLINOIS

COMBINED BALANCE SHEET  
 ALL FUND TYPES AND THE GENERAL LONG-TERM DEBT ACCOUNT GROUP  
 April 30, 2000

| ASSETS   | Governmental Fund Types |                    |                     | Proprietary<br>Fund Type | Fiduciary<br>Fund Type | Account<br>Group             | Total<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|---------------------|--------------------------|------------------------|------------------------------|-------------------------------|
|  | General                 | Special<br>Revenue | Capital<br>Projects | Enterprise               | Pension<br>Trusts      | General<br>Long-term<br>Debt |                               |
| Cash and cash equivalents  | \$ 965,882              | \$ 867,455         | \$ -                | \$ 755,684               | \$ 548,994             | \$ -                         | \$ 3,138,015                  |
| Investments  | 542,052                 | -                  | -                   | -                        | 9,328,099              | -                            | 9,870,151                     |
| Receivables:   |                         |                    |                     |                          |                        |                              |                               |
| Property taxes   | 787,532                 | 77,875             | -                   | -                        | -                      | -                            | 865,407                       |
| Accrued interest   | -                       | -                  | -                   | -                        | 356,621                | -                            | 356,621                       |
| Accounts   | -                       | -                  | -                   | 258,920                  | -                      | -                            | 258,920                       |
| Other  | 31,970                  | -                  | -                   | -                        | -                      | -                            | 31,970                        |
| Due from other govern-<br>mental agencies                            | 283,666                 | 22,805             | -                   | -                        | -                      | -                            | 306,471                       |
| Due from other funds   | 189,539                 | 19,222             | -                   | 110,006                  | 132,278                | -                            | 451,045                       |
| Inventory  | 33,603                  | -                  | -                   | -                        | -                      | -                            | 33,603                        |
| Prepaid expenses   | 13,722                  | -                  | -                   | -                        | -                      | -                            | 13,722                        |
| Deferred bond issuance costs   | -                       | -                  | -                   | 76,751                   | -                      | -                            | 76,751                        |
| Property and equipment,<br>net of accumulated<br>depreciation        | -                       | -                  | -                   | 4,337,419                | -                      | -                            | 4,337,419                     |
| Amount to be provided<br>for retirement of<br>general long-term debt | -                       | -                  | -                   | -                        | -                      | 9,306,488                    | 9,306,488                     |
| <b>Total assets</b>  | <b>\$ 2,847,966</b>     | <b>\$ 987,357</b>  | <b>\$ -</b>         | <b>\$ 5,538,780</b>      | <b>\$ 10,365,992</b>   | <b>\$ 9,306,488</b>          | <b>\$ 29,046,583</b>          |

VILLAGE OF WORTH, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
Year Ended April 30, 2000

|   | General          | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | Total<br>(Memorandum<br>Only) |
|---|------------------|--------------------|-----------------|---------------------|-------------------------------|
| <b>Revenues:</b>  |                  |                    |                 |                     |                               |
| Property taxes  | \$ 1,669,431     | \$ 166,493         | \$ 32,866       | \$ -                | \$ 1,868,790                  |
| Sales taxes   | 767,753          | -                  | -               | -                   | 767,753                       |
| Intergovernmental   | 1,427,982        | 307,687            | -               | 200,000             | 1,935,669                     |
| Licenses, permits and fees  | 420,559          | -                  | -               | -                   | 420,559                       |
| Fines and forfeits  | 114,121          | -                  | -               | -                   | 114,121                       |
| Charges for service   | 2,669,901        | -                  | -               | -                   | 2,669,901                     |
| Interest  | 21,997           | 38,339             | 33,659          | 336                 | 94,331                        |
| Other   | 169,808          | 1,190              | -               | -                   | 170,998                       |
| <b>Total revenues</b>   | <b>7,261,552</b> | <b>513,709</b>     | <b>66,525</b>   | <b>200,336</b>      | <b>8,042,122</b>              |
| <b>Expenditures:</b>  |                  |                    |                 |                     |                               |
| <b>Current:</b>   |                  |                    |                 |                     |                               |
| General government  | 608,123          | -                  | -               | -                   | 608,123                       |
| Building department   | 137,723          | -                  | -               | -                   | 137,723                       |
| Health department   | 5,005            | -                  | -               | -                   | 5,005                         |
| Fire department   | 172,704          | -                  | -               | -                   | 172,704                       |
| Ambulance and paramedic department  | 581,077          | -                  | -               | -                   | 581,077                       |
| Police department   | 1,784,990        | -                  | -               | -                   | 1,784,990                     |
| Street and bridge   | 334,205          | -                  | -               | -                   | 334,205                       |
| Crossing guard  | 41,856           | -                  | -               | -                   | 41,856                        |
| Golf course operations  | 1,947,982        | -                  | -               | -                   | 1,947,982                     |
| Insurance   | 319,742          | -                  | -               | -                   | 319,742                       |
| Motor fuel tax projects   | -                | 159,646            | -               | -                   | 159,646                       |
| Garbage   | -                | 4,500              | -               | -                   | 4,500                         |
| Retirement benefits   | -                | 166,610            | -               | -                   | 166,610                       |
| Senior citizens projects  | -                | 3,101              | -               | -                   | 3,101                         |
| <b>Debt service:</b>  |                  |                    |                 |                     |                               |
| Principal   | 115,252          | -                  | 212,000         | 200,000             | 527,252                       |
| Interest and fees   | 45,018           | -                  | 436,105         | 11,478              | 492,601                       |
| Capital outlay  | -                | -                  | -               | 316,391             | 316,391                       |
| <b>Total expenditures</b>   | <b>6,093,677</b> | <b>333,857</b>     | <b>648,105</b>  | <b>527,869</b>      | <b>7,603,508</b>              |
| Excess revenues or (expenditures)   | 1,167,875        | 179,852            | (581,580)       | (327,533)           | 438,614                       |
| <b>Other financing sources (uses):</b>  |                  |                    |                 |                     |                               |
| Proceeds from installment note  | 58,170           | -                  | -               | 375,000             | 433,170                       |
| Proceeds from bond issuance<br>(including premiums of \$160,906)                    | -                | -                  | 6,196,649       | 709,257             | 6,905,906                     |
| Payment to refunded bond escrow agent   | -                | -                  | (6,045,326)     | -                   | (6,045,326)                   |
| Operating transfers in  | 287,858          | -                  | 259,948         | 335,960             | 883,766                       |
| Operating transfers (out)   | (595,908)        | -                  | (221,279)       | (66,579)            | (883,766)                     |
| Excess revenues and financing sources or<br>(expenditures and other financing uses) | 917,995          | 179,852            | (391,588)       | 1,026,105           | 1,732,364                     |
| <b>Fund balances (deficits):</b>  |                  |                    |                 |                     |                               |
| Beginning   | 289,312          | 650,152            | 391,588         | (1,159,887)         | 171,165                       |
| Ending  | \$ 1,207,307     | \$ 830,004         | \$ -            | \$ (133,782)        | \$ 1,903,529                  |

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, 2000

|   | General          |                  | Special Revenue |                |
|---|------------------|------------------|-----------------|----------------|
|   | Budget           | Actual           | Budget          | Actual         |
| <b>Revenues:</b>  |                  |                  |                 |                |
| Property taxes  | \$ 1,341,661     | \$ 1,669,431     | \$ 175,090      | \$ 166,493     |
| Sales taxes   | 720,000          | 767,753          | -               | -              |
| Intergovernmental   | 1,052,953        | 1,427,982        | 287,328         | 307,687        |
| Licenses, permits and fees  | 379,000          | 420,559          | -               | -              |
| Fines and forfeits  | 114,000          | 114,121          | -               | -              |
| Charges for services  | 2,036,766        | 2,669,901        | -               | -              |
| Interest  | 50,000           | 21,997           | 25,000          | 38,339         |
| Other   | 508,000          | 169,808          | 2,000           | 1,190          |
| <b>Total revenues</b>   | <b>6,202,380</b> | <b>7,261,552</b> | <b>489,418</b>  | <b>513,709</b> |
| <b>Expenditures:</b>  |                  |                  |                 |                |
| <b>Current:</b>   |                  |                  |                 |                |
| General government  | 571,400          | 608,123          | -               | -              |
| Building department   | 117,257          | 137,723          | -               | -              |
| Health department   | 5,500            | 5,005            | -               | -              |
| Fire department   | 613,844          | 172,704          | -               | -              |
| Ambulance and paramedic department  | 516,235          | 581,077          | -               | -              |
| Police department   | 1,663,178        | 1,784,990        | -               | -              |
| Street and bridge   | 450,688          | 334,205          | -               | -              |
| Crossing guard  | 45,536           | 41,856           | -               | -              |
| Golf course   | 1,395,474        | 1,947,982        | -               | -              |
| Insurance   | 532,500          | 319,742          | -               | -              |
| Motor fuel tax projects   | -                | -                | 266,520         | 159,646        |
| Garbage   | -                | -                | 15,000          | 4,500          |
| Retirement benefits   | -                | -                | 179,911         | 166,610        |
| Senior citizens   | -                | -                | 3,200           | 3,101          |
| <b>Debt service:</b>  |                  |                  |                 |                |
| Principal   | 20,000           | 115,252          | -               | -              |
| Interest and fees   | -                | 45,018           | -               | -              |
| <b>Total expenditures</b>   | <b>5,931,612</b> | <b>6,093,677</b> | <b>464,631</b>  | <b>333,857</b> |
| Excess revenues or (expenditures)   | 270,768          | 1,167,875        | 24,787          | 179,852        |
| <b>Other financing sources (uses) :</b>   |                  |                  |                 |                |
| Proceeds from installment note  | -                | 58,170           | -               | -              |
| Operating transfers in  | -                | 287,858          | -               | -              |
| Operating transfers (out)   | -                | (595,908)        | -               | -              |
| Excess revenues and financing sources or<br>(expenditures and other financing uses) | 270,768          | 917,995          | 24,787          | 179,852        |
| <b>Fund balances:</b>   |                  |                  |                 |                |
| Beginning   | 289,312          | 289,312          | 650,152         | 650,152        |
| Ending  | \$ 560,080       | \$ 1,207,307     | \$ 674,939      | \$ 830,004     |

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, 2000

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|                                 |                     |
|---------------------------------|---------------------|
| Operating revenues:             |                     |
| Water and sewer charges         | \$ 1,461,248        |
| Commuter parking fees           | 72,836              |
| Other fees and charges          | 2,176               |
| <b>Total operating revenues</b> | <u>1,536,260</u>    |
| Operating expenses:             |                     |
| Waterworks and sewerage         | 1,117,880           |
| Commuter parking lot            | 82,873              |
| Depreciation                    | 201,581             |
| <b>Total operating expenses</b> | <u>1,402,334</u>    |
| <b>Operating income</b>         | 133,926             |
| Nonoperating income (expense):  |                     |
| Interest income                 | 19,071              |
| Interest expense                | (96,041)            |
| Bond issuance costs             | (10,752)            |
| <b>Net income</b>               | <u>46,204</u>       |
| Retained earnings:              |                     |
| Beginning                       | <u>1,018,277</u>    |
| Ending                          | <u>\$ 1,064,481</u> |

See Notes to Financial Statements.

VILLAGE OF WORTH, ILLINOIS

STATEMENT OF CASH FLOWS  
ALL ENTERPRISE FUNDS  
Year Ended April 30, 2000

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|  |                   |
|--|-------------------|
| Cash Flows From Operating Activities   |                   |
| Operating income   | \$ 133,926        |
| Adjustments to reconcile operating income<br>to net cash provided by operating activities: |                   |
| Depreciation   | 201,581           |
| Change in assets and liabilities:  |                   |
| Decrease in receivables  | 22,177            |
| (Decrease) in accounts payable   | (24,434)          |
| Increase in accrued payroll  | 3,600             |
| (Decrease) in accrued interest   | (2,362)           |
| <b>Net cash provided by<br/>operating activities</b>                                       | <u>334,488</u>    |
| Cash Flows From Noncapital Financing Activities  |                   |
| (Increase) in amounts due from other funds   | <u>(100,746)</u>  |
| Cash Flows From Capital and Related Financing Activities                                   |                   |
| Purchase of equipment  | (52,202)          |
| Payment of revenue bonds   | (195,000)         |
| Interest and fees paid   | (96,041)          |
| <b>Net cash (used in) capital and<br/>related financing activities</b>                     | <u>(343,243)</u>  |
| Cash Flows From Investing Activities   |                   |
| Interest received  | <u>19,071</u>     |
| <b>Net (decrease) in cash and cash equivalents</b>   | <u>(90,430)</u>   |
| Cash and cash equivalents, May 1, 1999   | <u>846,114</u>    |
| Cash and cash equivalents, April 30, 2000  | <u>\$ 755,684</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, 2000

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|  |                      |
|--|----------------------|
| <b>Additions</b>   |                      |
| Contributions:   |                      |
| Employer   | \$ 201,960           |
| Plan members   | 98,967               |
| <b>Total contributions</b>                               | <u>300,927</u>       |
| Investment income:                                       |                      |
| Net appreciation in fair value of investments            | 21,031               |
| Interest   | 618,930              |
| <b>Net investment income</b>                             | <u>639,961</u>       |
| <b>Total additions</b>                                   | <u>940,888</u>       |
| <b>Deductions</b>  |                      |
| Benefits   | 397,378              |
| Administrative expenses                                  | 34,924               |
| <b>Total deductions</b>                                  | <u>432,302</u>       |
| <b>Net increase</b>                                      | 508,586              |
| Net assets held in trust for employees pension benefits: |                      |
| Beginning  | <u>9,857,406</u>     |
| Ending   | <u>\$ 10,365,992</u> |

See Notes to Financial Statements.

# VILLAGE OF WORTH, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

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### 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    | 40 Years   |
| Improvements | 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.

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.

Proprietary Activity Accounting and Financial Reporting: In accounting for and reporting its proprietary activities, the Village has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

## VILLAGE OF WORTH, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

---

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

Property Taxes: The Village annually establishes a legal right to the property tax assessments upon the enactment of a tax levy ordinance by the Village Board. These tax assessments are levied in December and attached as an enforceable lien on the property as of the preceding January 1. Tax bills are prepared by Cook County and issued on or about February 1 and July 1 of the following year, and are payable in two installments which become due on or about March 1 and August 1. The County collects such taxes and periodically remits them to the Village. A provision has been made to reduce the property taxes receivable to the estimated amount to be collected based on historical collection experience.

Total Columns: Total columns on the general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### **Note 2. Budgets**

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

- a) The Village Treasurer submits to the Village Board of Trustees a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted by the Village to obtain taxpayer comments.
- c) Subsequently, the budget is legally enacted through passage of an ordinance.
- d) Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds. Formal budgetary integration is not employed for debt service and capital projects funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- e) Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- f) Budgetary authority lapses at the year-end.
- g) State law requires that "expenditures be made in conformity with appropriation/budget." As under the Budget Act, transfers between line items and departments may be made by administrative action. Amounts to be transferred between funds would require Village Board approval. The level of legal control is generally considered to be the fund budget in total.
- h) Budgeted amounts are as originally adopted, with the exceptions of Board approved transfers which were not material in relation to the budget taken as a whole.



## VILLAGE OF WORTH, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Budgets (continued)

Actual expenditures of \$6,093,677 exceeded budgeted expenditures of \$5,931,612 in the General Fund for the year ended April 30, 2000 by \$162,065.

#### Note 3. Cash and Investments

The Village is authorized to make deposits in commercial banks and savings and loan institutions, and make investments in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements under certain statutory restrictions, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, and life insurance company contracts.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price the investment could be sold for.

Deposits: As of April 30, 2000, the carrying amount of the Village's deposits with financial institutions totaled \$1,128,913 with bank balances of \$1,324,272. Of the bank balances, \$795,920 was covered by federal depository insurance or collateralized with securities held by the Village or its agent in the Village's name and \$528,352 was uncollateralized.

Investments: The Village's investments are categorized below to give an indication of the level of risk assumed by the Village as of April 30, 2000. Category 1 includes securities that are insured or registered or the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered securities which are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered securities which are held by the counterparty or its trust department or agent but not in the Village's name.

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                 | \$ 5,131,016        | \$ -        | \$ -        | \$ 5,131,016         |
| State and local governmental obligations   | 154,895             | -           | -           | 154,895              |
|  | <u>\$ 5,285,911</u> | <u>\$ -</u> | <u>\$ -</u> | 5,285,911            |
| Investments not subject to categorization: |                     |             |             |                      |
| Insurance contracts                        |                     |             |             | 1,657,619            |
| Illinois Funds                             |                     |             |             | 2,217,518            |
| Mutual funds                               |                     |             |             | 2,718,205            |
|  |                     |             |             | <u>\$ 11,879,253</u> |

The above deposits of \$1,128,913 and investments of \$11,879,253 totaling \$13,008,166 are reported in the financial statements as follows:

|                           |                      |
|---------------------------|----------------------|
| Cash and cash equivalents | \$ 3,138,015         |
| Investments               | 9,870,151            |
| <b>Total</b>              | <u>\$ 13,008,166</u> |

Note 4. Property and Equipment

The composition of the property and equipment of the enterprise funds as of April 30, 2000 is as follows:

|                                | Commuter<br>Parking Lot | Waterworks<br>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  | 286,002                 | 3,739,030                  | 4,025,032           |
|                                | <u>\$ 597,481</u>       | <u>\$ 3,739,938</u>        | <u>\$ 4,337,419</u> |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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, 2000:

|                                       | General<br>Obligation<br>Bonds | Installment<br>Notes | Alternate<br>Revenue<br>Bonds | Compensated<br>Absences | Revenue<br>Bonds | Insurance<br>Claims | Total         |
|---------------------------------------|--------------------------------|----------------------|-------------------------------|-------------------------|------------------|---------------------|---------------|
| Balance,<br>May 1, 1999               | \$ 682,000                     | \$ 425,149           | \$ 7,100,000                  | \$ 9,478                | \$ 1,890,000     | \$ -                | \$ 10,106,627 |
| Changes in<br>compensated<br>absences | -                              | -                    | -                             | 2,943                   | -                | -                   | 2,943         |
| Changes in<br>insurance claims        | -                              | -                    | -                             | -                       | -                | 36,000              | 36,000        |
| Debt incurred                         | 560,000                        | 433,170              | 6,185,000                     | -                       | -                | -                   | 7,178,170     |
| Debt retired                          | 192,000                        | 280,252              | 55,000                        | -                       | 195,000          | -                   | 722,252       |
| Debt defeased                         | -                              | -                    | 5,600,000                     | -                       | -                | -                   | 5,600,000     |
| Balance,<br>April 30, 2000            | \$ 1,050,000                   | \$ 578,067           | \$ 7,630,000                  | \$ 12,421               | \$ 1,695,000     | \$ 36,000           | \$ 11,001,488 |

Details of the long-term debt as of April 30, 2000 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 \$35,000 in 2001, \$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.

\$ 490,000

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

\$ 1,050,000

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.

\$ 194,909

Installment note dated April 29, 1999 for the purchase of various 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.

97,622

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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**Note 5. Long-Term Debt (continued)**

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. \$ 52,366

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. 58,170

Installment note dated May 13, 1999 for the purchase of boat ramp improvements is due in 2001 with a principal payment of \$175,000 and interest at a rate of 4.5%. 175,000

\$ 578,067

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, \$390,000 in 2008, \$460,000 in 2009, \$520,000 in 2010, \$580,000 in 2011, \$650,000 in 2012, \$725,000 in 2013, \$800,000 in 2014, \$890,000 in 2015 and \$975,000 in 2016. Interest is at rates between 5.40% and 9.00%. 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 \$30,000 in 2001, \$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. 6,130,000

\$ 7,630,000

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 \$105,000 in 2001, 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. 555,000

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 \$110,000 in 2001, \$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 6.30%. The Village has pledged revenues from the Waterworks and Sewerage Fund operations for the repayment of these revenue bonds.

|              |
|--------------|
| 885,000      |
| \$ 1,695,000 |

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 |

As of April 30, 2000, the Village has accumulated \$415,528 in these restricted reserve accounts.

The future annual debt service requirements on the outstanding debt, other than compensated absences and insurance claims of \$12,421 and \$36,000, respectively and including interest of \$5,698,104, are as follows:

|                     | General<br>Obligation<br>Bonds/Notes | Installment<br>Notes | Alternate<br>Revenue<br>Bonds | Revenue<br>Bonds | Total         |
|---------------------|--------------------------------------|----------------------|-------------------------------|------------------|---------------|
| 2001                | \$ 117,312                           | \$ 283,488           | \$ 444,968                    | \$ 303,330       | \$ 1,149,098  |
| 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                              | 141,363              | 3,388,248                     | 1,162,987        | 5,289,398     |
| 2009 - 2013         | 628,250                              | -                    | 4,214,531                     | -                | 4,842,781     |
| 2014 and thereafter | 354,000                              | -                    | 2,968,416                     | -                | 3,322,416     |
|                     | \$ 1,934,386                         | \$ 635,265           | \$ 12,012,501                 | \$ 2,069,019     | \$ 16,651,171 |

**VILLAGE OF WORTH, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Long-Term Debt (continued)**

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.

|   |                     |
|---|---------------------|
| 1999 Assessed valuation   | * \$ 114,947,106    |
| Statutory debt limitation<br>(8.625% of assessed valuation)                   | \$ 9,914,187        |
| Less amount of debt applicable to debt limitation,<br>General obligation debt | <u>1,628,067</u>    |
| Legal debt margin   | <u>\$ 8,286,120</u> |

\* Estimated

In May 1999, the Village issued \$6,185,000 in General Obligation Refunding Bonds (Alternate Revenue Source) Series 1999A, and \$560,000 in General Obligation Limited Tax Bonds, Series 1999B, with an average interest rate of 4.3% and 9.0%, respectively. The Series 1999A bonds were issued for the purpose of advance refunding \$5,600,000 of the prior 1996 bonds, and the Series 1999B bonds were issued for the purpose of paying off the prior 1991 bonds and for financing golf course improvements.

The total net proceeds from the Series 1999A and 1999B bonds of \$6,905,906 (after \$160,906 in premiums) were used to purchase \$6,045,326 in state and local government securities, make principal and interest payments on the 1991 bonds of \$161,616 and provide new money of \$614,565 (after payment of issuance costs of \$84,399) for golf course improvements. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the partially refunded prior 1996 bonds. As a result, the prior 1996 bonds are considered to be defeased and the liability for those defeased bonds has been removed from the financial statements of the Village.

The advance refunding transaction resulted in decreasing the debt service requirements by \$109,403 at an economic gain of \$100,039 for the year ended April 30, 2000.

**Note 6. Other Individual Fund Disclosures**

Individual fund interfund receivable and payable balances as of April 30, 2000 were as follows:

|                               | <u>Due From</u> | <u>Due To</u> |
|-------------------------------|-----------------|---------------|
| General:                      |                 |               |
| Motor Fuel Tax                | \$ 6,002        | \$ -          |
| Garbage                       | 31,094          | -             |
| IMRF                          | 17,038          | -             |
| Senior Citizens               | 2,229           | -             |
| Golf Course, capital projects | 133,176         | -             |
| Commuter Parking Lot          | -               | 110,006       |

VILLAGE OF WORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Individual Fund Disclosures (continued)

|                                 | Due From          | Due To            |
|---------------------------------|-------------------|-------------------|
| Police Pension                  | \$ -              | \$ 62,278         |
| Firefighters' Pension           | -                 | 70,000            |
|                                 | <u>189,539</u>    | <u>242,284</u>    |
| Motor Fuel Tax:                 |                   |                   |
| General                         | -                 | 6,002             |
| Water and Sewer                 | 25                | -                 |
|                                 | <u>25</u>         | <u>6,002</u>      |
| Garbage:                        |                   |                   |
| General                         | -                 | 31,094            |
| IMRF                            | 15,944            | -                 |
| Senior Citizens                 | 3,253             | -                 |
|                                 | <u>19,197</u>     | <u>31,094</u>     |
| IMRF:                           |                   |                   |
| General                         | -                 | 17,038            |
| Garbage                         | -                 | 15,944            |
|                                 | <u>-</u>          | <u>32,982</u>     |
| Senior Citizens:                |                   |                   |
| General                         | -                 | 2,229             |
| Garbage                         | -                 | 3,253             |
|                                 | <u>-</u>          | <u>5,482</u>      |
| Capital Projects - Golf Course: |                   |                   |
| General                         | -                 | 133,176           |
| Commuter Parking Lot:           |                   |                   |
| General                         | 110,006           | -                 |
| Waterworks and Sewer:           |                   |                   |
| Motor Fuel Tax                  | -                 | 25                |
| Police Pension:                 |                   |                   |
| General                         | 62,278            | -                 |
| Firefighters' Pension:          |                   |                   |
| General                         | 70,000            | -                 |
|                                 | <u>\$ 451,045</u> | <u>\$ 451,045</u> |