

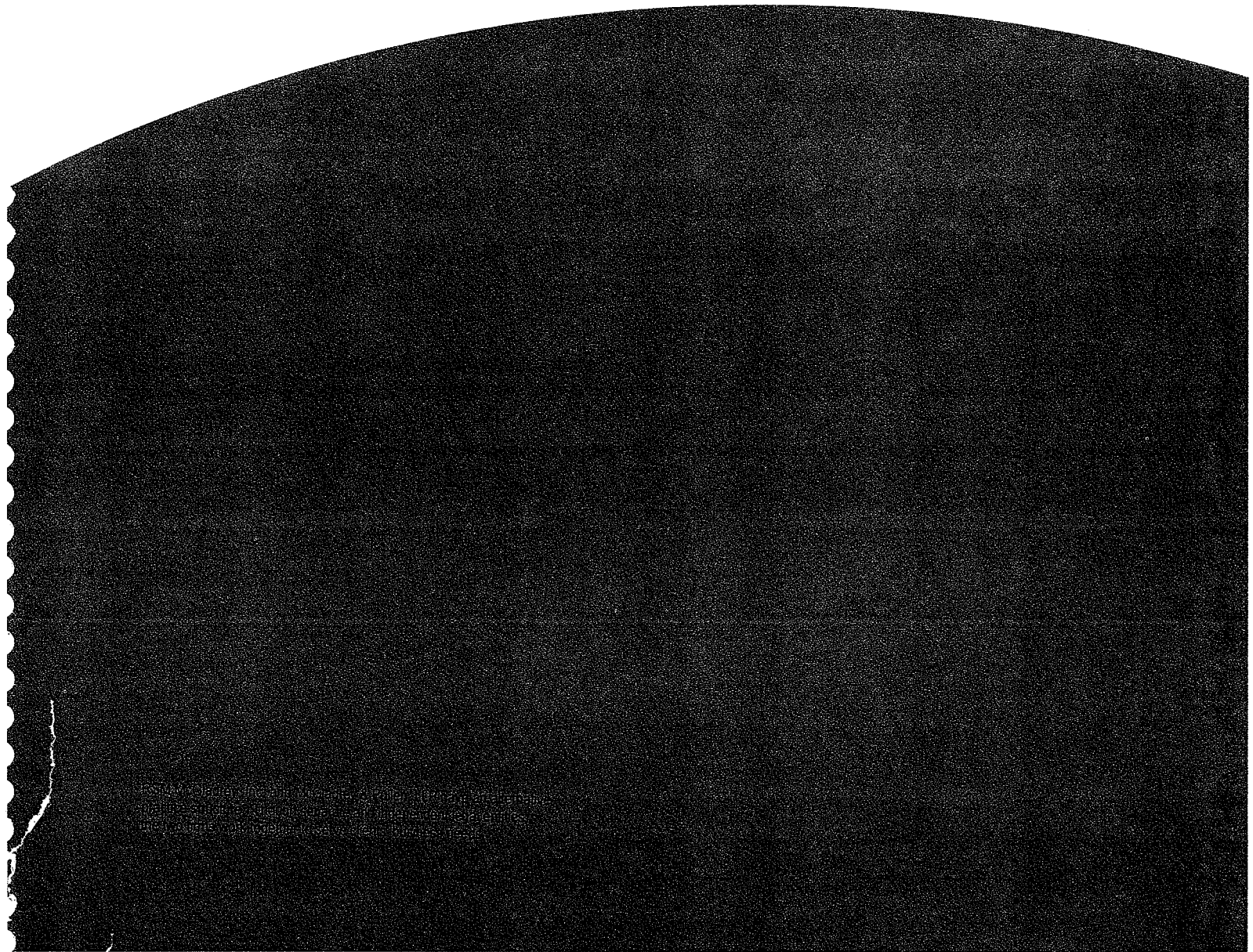
**McGladrey & Pullen**

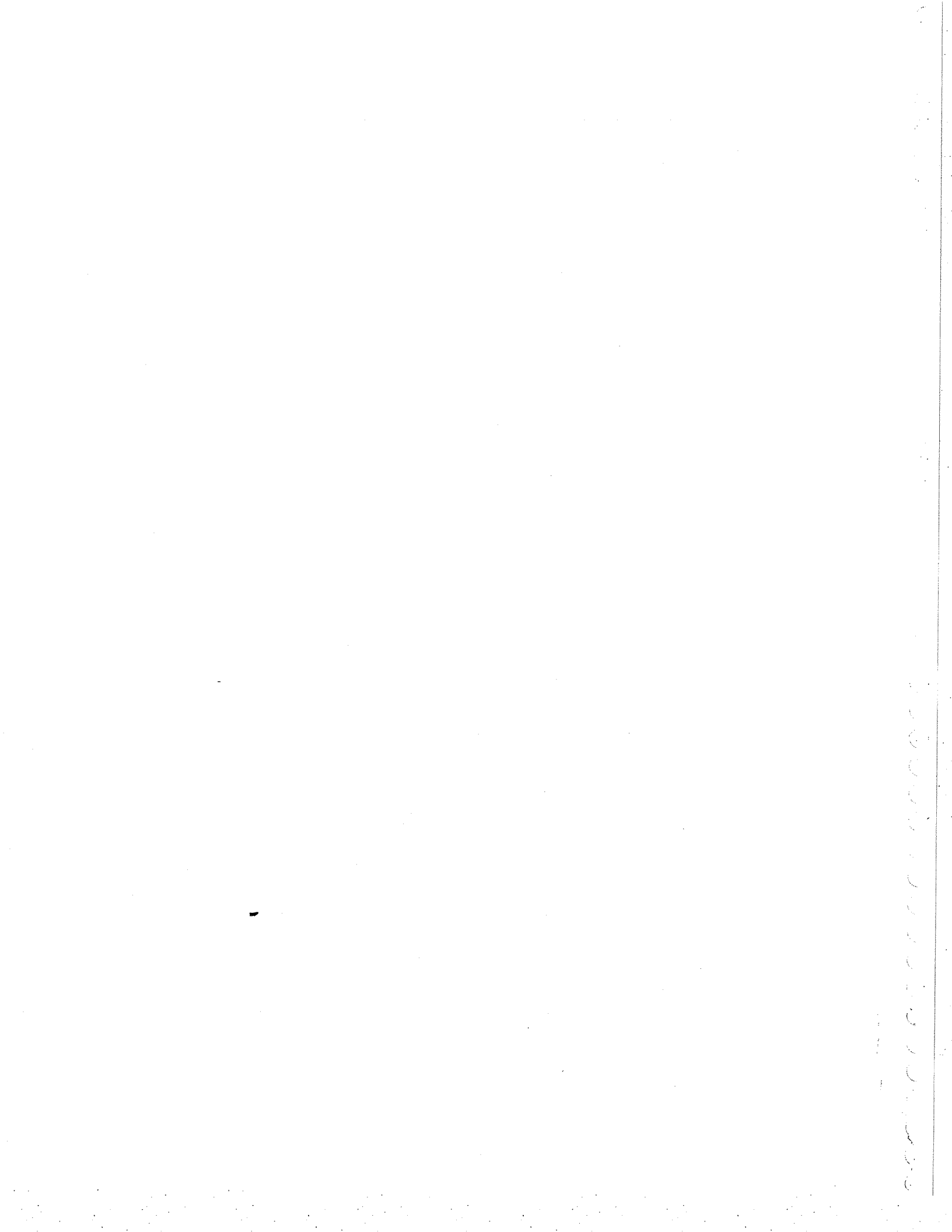
Certified Public Accountants

**Village of Worth, Illinois**

Financial Report

April 30, 2003





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# McGladrey & Pullen

Certified Public Accountants

## 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, 2003. 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.

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 account group 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 amount that should be recorded in the general fixed asset account group 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 effect on the financial statements of the omission described in the third paragraph and the omission of 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, 2003, 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.

RSM McGladrey, Inc. and McGladrey & Pullen, LLP have an alternative practice structure. Though separate and independent legal entities, the two firms work together to serve clients' business needs.

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 revenue bond ordinance on pages 56 and 57 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 16, 2003

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VILLAGE OF WORTH, ILLINOIS

COMBINED BALANCE SHEET

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

April 30, 2003

ASSETS AND OTHER DEBITS	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Pension Trusts	General Long- Term Debt	
Cash and cash equivalents	\$ 931,359	\$ 264,483	\$ -	\$ 458,302	\$ 1,264,132	\$ -	\$ 2,918,276
Investments	-	-	-	-	9,530,986	-	9,530,986
Receivables:							
Property taxes	906,449	84,090	-	-	-	-	990,539
Accrued interest	-	-	-	-	19,705	-	19,705
Accounts	-	-	-	233,842	-	-	233,842
Other	51,567	-	-	-	-	-	51,567
Due from other govern- mental agencies	377,996	25,412	-	-	-	-	403,408
Due from other funds	361,900	-	-	535,966	-	-	897,866
Inventory	79,437	-	-	-	-	-	79,437
Prepaid expenses	15,436	-	-	-	-	-	15,436
Deferred bond issuance costs	-	-	-	44,495	-	-	44,495
Property and equipment, net of accumulated depreciation	-	-	-	3,795,818	-	-	3,795,818
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	8,585,322	8,585,322
<b>Total assets and other debits</b>	<b>\$ 2,724,144</b>	<b>\$ 373,985</b>	<b>\$ -</b>	<b>\$ 5,068,423</b>	<b>\$ 10,814,823</b>	<b>\$ 8,585,322</b>	<b>\$ 27,566,697</b>



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	Pension Trusts	General Long- Term Debt	
<b>Liabilities</b>							
Accounts payable	\$ 116,048	\$ 7,074	\$ 1,354	\$ 79,674	\$ -	\$ -	\$ 204,150
Accrued payroll	120,302	591	1,539	20,376	-	-	142,808
Accrued interest	-	-	-	32,725	-	-	32,725
Accrued sales tax	-	-	-	-	-	-	-
Insurance claims	82,998	-	-	22,690	-	-	-
Compensated absences	114,669	-	-	-	-	2,715	108,403
Deposits	25,832	-	-	-	-	26,385	141,054
Due to other funds	535,966	79,876	282,024	-	-	-	25,832
Deferred revenue	991,965	84,090	-	-	-	-	897,866
General obligation bonds	-	-	-	-	-	-	1,076,055
Installment notes	90,000	-	-	-	-	935,000	935,000
Alternate revenue bonds	-	-	-	-	-	191,222	281,222
Revenue bonds	-	-	-	-	-	7,430,000	7,430,000
<b>Total liabilities</b>	<b>2,077,780</b>	<b>171,631</b>	<b>284,917</b>	<b>1,175,465</b>	<b>-</b>	<b>8,585,322</b>	<b>12,295,115</b>
<b>Municipal Equity and Other Credits</b>							
Contributed capital	-	-	-	2,646,432	-	-	2,646,432
Retained earnings:							
Bond ordinance reserves	-	-	-	418,845	-	-	418,845
Unreserved	-	-	-	827,681	-	-	827,681
Fund balances:							
Reserved for employees pension benefits	-	-	-	-	10,814,823	-	10,814,823
Reserved for inventory	79,437	-	-	-	-	-	79,437
Reserved for prepaids	15,436	-	-	-	-	-	15,436
Unreserved (deficit)	551,491	202,354	(284,917)	-	-	-	468,928
<b>Total municipal equity and other credits</b>	<b>646,364</b>	<b>202,354</b>	<b>(284,917)</b>	<b>3,892,958</b>	<b>10,814,823</b>	<b>-</b>	<b>15,271,582</b>
<b>Total liabilities and municipal equity and other credits</b>	<b>\$ 2,724,144</b>	<b>\$ 373,985</b>	<b>\$ -</b>	<b>\$ 5,068,423</b>	<b>\$ 10,814,823</b>	<b>\$ 8,585,322</b>	<b>\$ 27,566,697</b>

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, 2003

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
<b>Revenues:</b>					
Property taxes	\$ 1,791,010	\$ 162,688	\$ -	\$ -	\$ 1,953,698
Sales taxes	810,408	-	-	-	810,408
Intergovernmental	882,062	332,109	-	37,500	1,251,671
Licenses, permits and fees	536,709	-	-	-	536,709
Fines and forfeits	143,164	-	-	-	143,164
Charges for service	2,096,547	-	-	-	2,096,547
Interest	22,912	2,478	-	-	25,390
Other	207,851	2,655	-	-	210,506
<b>Total revenues</b>	<b>6,490,663</b>	<b>499,930</b>	<b>-</b>	<b>37,500</b>	<b>7,028,093</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	660,680	-	-	-	660,680
Building department	87,370	-	-	-	87,370
Health department	10,531	-	-	-	10,531
Fire department	116,044	-	-	-	116,044
Ambulance and paramedic department	949,445	-	-	-	949,445
Police department	2,076,990	-	-	-	2,076,990
Street and bridge	543,662	-	-	-	543,662
Crossing guard	41,050	-	-	-	41,050
Golf course operations	1,476,938	-	-	-	1,476,938
Insurance	462,494	-	-	-	462,494
Motor fuel tax projects	-	287,388	-	-	287,388
Retirement benefits	-	153,752	-	-	153,752
Senior citizens projects	-	5,459	-	-	5,459
<b>Debt service:</b>					
Principal	141,612	-	135,000	-	276,612
Interest and fees	41,216	-	462,895	-	504,111
Capital outlay	-	-	-	107,905	107,905
<b>Total expenditures</b>	<b>6,608,032</b>	<b>446,599</b>	<b>597,895</b>	<b>107,905</b>	<b>7,760,431</b>
Excess revenues or (expenditures)	(117,369)	53,331	(597,895)	(70,405)	(732,338)
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	597,895	-	597,895
Operating transfers (out)	(597,895)	-	-	-	(597,895)
Excess revenues and other financing sources or (expenditures and other financing uses)	(715,264)	53,331	-	(70,405)	(732,338)
<b>Fund balances (deficit):</b>					
Beginning	1,361,628	149,023	-	(214,512)	1,296,139
Ending	\$ 646,364	\$ 202,354	\$ -	\$ (284,917)	\$ 563,801

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 FOR WHICH BUDGETS WERE ADOPTED  
 Year Ended April 30, 2003

	General		Special Revenue	
	Budget	Actual	Budget	Actual
<b>Revenues:</b>				
Property taxes	\$ 1,429,000	\$ 1,791,010	\$ 145,000	\$ 152,254
Sales taxes	675,000	810,408	-	-
Intergovernmental	827,500	882,062	327,500	332,109
Licenses, permits and fees	437,850	536,709	-	-
Fines and forfeits	135,000	143,164	-	-
Charges for services	2,588,336	2,096,547	-	-
Interest	25,000	22,912	35,000	2,478
Other	98,320	207,851	-	-
<b>Total revenues</b>	<b>6,216,006</b>	<b>6,490,663</b>	<b>507,500</b>	<b>486,841</b>
<b>Expenditures:</b>				
Current:				
General government	819,755	660,680	-	-
Building department	106,350	87,370	-	-
Health department	12,800	10,531	-	-
Fire department	194,800	116,044	-	-
Ambulance and paramedic department	911,050	949,445	-	-
Police department	2,050,725	2,076,990	-	-
Street and bridge	741,100	543,662	-	-
Crossing guard	40,000	41,050	-	-
Golf course	1,555,037	1,476,938	-	-
Insurance	410,000	462,494	-	-
Motor fuel tax projects	-	-	871,000	287,388
Retirement benefits	-	-	182,000	153,752
Debt service:				
Principal	55,000	141,612	-	-
Interest and fees	37,000	41,216	-	-
<b>Total expenditures</b>	<b>6,933,617</b>	<b>6,608,032</b>	<b>1,053,000</b>	<b>441,140</b>
Excess revenues or (expenditures)	(717,611)	(117,369)	(545,500)	45,701
Other financing sources (uses):				
Operating transfers (out)	-	(597,895)	-	-
Excess revenues and other financing sources or (expenditures and other financing uses)	<u>\$ (717,611)</u>	<u>(715,264)</u>	<u>\$ (545,500)</u>	45,701
Fund balances:				
Beginning		<u>1,361,628</u>		<u>63,265</u>
Ending		<u>\$ 646,364</u>		<u>\$ 108,966</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, 2003

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Operating revenues:	
Water and sewer charges	\$ 1,570,944
Commuter parking fees	66,489
Other fees and charges	18,213
<b>Total operating revenues</b>	<u>1,655,646</u>
Operating expenses:	
Waterworks and sewerage	1,330,723
Commuter parking lot	33,410
Depreciation	216,229
<b>Total operating expenses</b>	<u>1,580,362</u>
<b>Operating income</b>	75,284
Nonoperating income (expense):	
Interest income	1,027
Interest expense	<u>(65,449)</u>
<b>Net income</b>	10,862
Retained earnings:	
Beginning	<u>1,235,664</u>
Ending	<u>\$ 1,246,526</u>

See Notes to Financial Statements.

Village of Worth, Illinois

Statement of Cash Flows  
All Enterprise Funds  
Year Ended April 30, 2003

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Cash Flows From Operating Activities	
Operating income	\$ 75,284
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	216,229
Change in assets and liabilities:	
Decrease in receivables	12,931
Increase in accounts payable	38,376
Increase in accrued payroll	3,346
Increase in accrued insurance claims payable	11,877
<b>Net cash provided by operating activities</b>	<u>358,043</u>
Cash Flows From Noncapital Financing Activities	
Decrease in amounts due from other funds	<u>245,516</u>
Cash Flows From Capital and Related Financing Activities	
Payment of revenue bonds	(235,000)
Purchase of property and equipment	(14,494)
Interest and fees paid	(68,811)
<b>Net cash (used in) capital and related financing activities</b>	<u>(318,305)</u>
Cash Flows From Investing Activities	
Interest received	<u>1,027</u>
<b>Net increase in cash and cash equivalents</b>	286,281
Cash and cash equivalents, May 1, 2002	<u>172,021</u>
Cash and cash equivalents, April 30, 2003	<u>\$ 458,302</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, 2003

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**Additions**

Contributions:

Employer	\$ 173,187
Plan members	161,905
<b>Total contributions</b>	<u>335,092</u>

Investment income:

Net appreciation in fair value of investments	266,099
Interest	48,266
<b>Net investment income</b>	<u>314,365</u>

<b>Total additions</b>	<u>649,457</u>
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**Deductions**

Benefits	612,185
Administrative expenses	59,647
<b>Total deductions</b>	<u>671,832</u>

<b>Net (decrease)</b>	(22,375)
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Net assets held in trust for employees pension benefits:

Beginning	<u>10,837,198</u>
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Ending	<u>\$ 10,814,823</u>
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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 servicing of general long-term debt not being financed by proprietary funds.

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.