

**VILLAGE OF WORTH, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2014

Prepared By:

**HEARNE & ASSOCIATES, P.C.**  
Certified Public Accountants &  
Business Consultants

VILLAGE OF WORTH, ILLINOIS

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### **Independent Auditors' Report**

To the Honorable Members of the Village Council  
Village of Worth, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Worth, Illinois as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Worth, Illinois, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

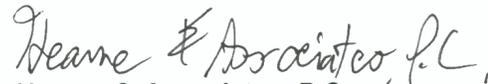
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Worth, Illinois' basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**December 15, 2014**  
**Mokena, IL**

  
**Hearne & Associates, P.C.**  
**Certified Public Accountants**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# VILLAGE OF WORTH, ILLINOIS

## Management's Discussion and Analysis

April 30, 2014

The Village of Worth's (the "Village") Management's Discussion and Analysis (MD&A) is designed to: (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the Village's financial activity; (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges); (4) identify any material deviations from the financial plan (the approved budget); and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (beginning on page 13).

### Using the Financial Section of this Comprehensive Annual Report

The management of the Village of Worth offers readers of the Village's Financial Statements, this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2014. This correspondence is intended to serve as an introduction to the Village's basic financial statements, which comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-Wide Financial Statements

The government-wide financial statements (see pages 13-14) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 14) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services to various business-type activities.

The Governmental Activities reflect the Village's basic services, including police, public works, and administration. Shared state sales, local utility, and shared state income taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Waterworks and Sewerage and the Commuter Parking Lot), where the fee for service typically covers all or most of the cost of operation, including depreciation.

### Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Fund, rather than (the previous model's) fund types.

The Governmental Funds' (see pages 15-18) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of government. Funds are established for various purposes, and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Fire and Police Pension, see pages 22-23). While these Funds represent trust responsibilities of the government, these assets are restricted on purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the total column on the Enterprise Funds Financial Statements (see pages 19-21) is the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 16 and 18). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources, as well as, capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-Wide Financial Statements).

#### **Infrastructure Assets**

The Governmental Accounting Standards Board Statement No. 34 (GASB 34) requires that a government's largest group of assets (infrastructure - roads, bridges, storm sewers, etc.) be valued and reported within the Governmental column of the Government-Wide Financial Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has chosen to depreciate assets over their useful lives. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity - the cost of the project will be expensed.

#### **Government-Wide Financial Statements**

##### **Statement of Net Position**

Net Position serves over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$8.1 million as of April 30, 2014.

A significant portion of the Village's net position (77%) reflects its investment in capital assets (i.e., land, land improvements, streets and bridges, storm sewers, water mains, buildings, and vehicles), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2014**

**Table 1  
Condensed Statement of Net Position  
As of April 30, 2014**

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$ 3,176,967	\$ 2,503,502	\$ 5,680,469
Non Current Assets	10,764,689	2,679,969	13,444,658
Total Assets	<u>13,941,656</u>	<u>5,183,471</u>	<u>19,125,127</u>
Current Liabilities	1,209,569	525,509	1,735,078
Non Current Liabilities	7,816,650	259,752	8,076,402
Total Liabilities	<u>9,026,219</u>	<u>785,261</u>	<u>9,811,480</u>
Deferred Inflows of Resources	<u>1,171,563</u>	-	<u>1,171,563</u>
Net Position:			
Net Investment in Capital Assets	3,915,113	2,380,401	6,295,514
Restricted	284,643	343,204	627,847
Unrestricted	(455,882)	1,674,605	1,218,723
Total Net Position	<u>\$ 3,743,874</u>	<u>\$ 4,398,210</u>	<u>\$ 8,142,084</u>

**Statement of Net Position  
As of April 30, 2013**

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets, as restated	\$ 3,046,582	\$ 2,143,810	5,190,392
Non Current Assets, as restated	10,471,451	2,784,739	13,256,190
Total Assets	<u>13,518,033</u>	<u>4,928,549</u>	<u>18,446,582</u>
Current Liabilities	1,273,538	384,443	1,657,981
Non Current Liabilities	8,147,247	307,964	8,455,211
Total Liabilities	<u>9,420,785</u>	<u>692,407</u>	<u>10,113,192</u>
Deferred Inflows of Resources	<u>1,319,973</u>	-	<u>1,319,973</u>
Net Position:			
Net Investment in Capital Assets, as restated	3,264,104	2,447,251	5,711,355
Restricted	308,988	167,148	476,136
Unrestricted, as restated	(795,817)	1,621,743	825,926
Total Net Position	<u>\$ 2,777,275</u>	<u>\$ 4,236,142</u>	<u>\$ 7,013,417</u>

For more detailed information see the Statement of Net Position (page 13).

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis

April 30, 2014

The Village's combined net position (which is the Village's equity) increased to \$8,142,084 from \$7,013,417 as a result of the increase in net position primarily in the Governmental Type Activities. Net position of the Village's governmental activities were \$3,743,874. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, was \$(455,882). The net position of business-type activities increased to \$4,398,210 from \$4,236,142. The Village can use unrestricted net position to finance the continuing operation of its waterworks and sewerage system.

#### **NORMAL IMPACTS**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

**Net Results of Activities** - which will impact (increase/decrease) current assets and unrestricted net position.

**Borrowing for Capital** - which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital** - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the net investment in capital assets.

**Spending of Non-borrowed Current Assets on New Capital** - which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

**Principal Payment on Debt** - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase the net investment in capital assets.

**Reduction of Capital Assets through Depreciation** - which will reduce capital assets and net investment in capital assets.

#### **CURRENT YEAR IMPACTS**

The Village's total assets increased by \$678,545 from the prior year mainly due to a net increase in current assets related to cash and cash equivalents. The Village's liabilities decreased by \$301,702 mainly due to the payment of debt.

The Village's total net position increased by \$1,128,667. In the prior year the net position increased by \$1,043,943 and can be attributed to several factors. The changes in net position are further analyzed in the next section.

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2014**

**Changes In Net Position**

The following chart compares the revenue and expenses for the current fiscal year.

**Table 2  
Condensed Statement of Activities  
For the Fiscal Year Ended April 30, 2014**

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 3,304,160	\$ 2,559,227	\$ 5,863,387
Operating Grants and Contributions	792	37,473	38,265
Capital Grants and Contributions	352,901	-	352,901
General Revenues:			
Property Taxes	2,431,128	-	2,431,128
Sales Taxes	1,247,848	-	1,247,848
Income Taxes	1,051,346	-	1,051,346
Other Taxes	1,329,702	-	1,329,702
Other General Revenues	94,338	483	94,821
Total Revenues	<u>9,812,215</u>	<u>2,597,183</u>	<u>12,409,398</u>
<b>EXPENSES</b>			
General Government	584,288	-	584,288
Building Department	109,115	-	109,115
Boat Launch	10,790	-	10,790
Health Department	6,060	-	6,060
Fire Department	1,584,003	-	1,584,003
Police Department	3,383,963	-	3,383,963
Street and Bridge	563,626	-	563,626
Golf Course	1,716,329	-	1,716,329
Worth Days	139,186	-	139,186
Federal Seizure	19,838	-	19,838
Motor Fuel Tax Project	373,719	-	373,719
Tax Increment Financing	30,514	-	30,514
Interest	324,185	-	324,185
Waterworks & Sewerage	-	2,290,512	2,290,512
Commuter Parking Lot	-	144,603	144,603
Total Expenses	<u>8,845,616</u>	<u>2,435,115</u>	<u>11,280,731</u>
Change In Net Position	966,599	162,068	1,128,667
Beginning Net Position, as restated	<u>2,777,275</u>	<u>4,236,142</u>	<u>7,013,417</u>
Ending Net Position	<u>\$ 3,743,874</u>	<u>\$ 4,398,210</u>	<u>\$ 8,142,084</u>

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2014**

**Changes In Net Position  
For the Fiscal Year Ended April 30, 2013**

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 3,721,049	\$ 2,534,220	\$ 6,255,269
Operating Grants and Contributions	234,058	-	234,058
General Revenues:			
Property Taxes	2,250,870	-	2,250,870
Other Taxes	3,077,147	-	3,077,147
Other	147,971	274	148,245
Total Revenues	9,431,095	2,534,494	11,965,589
<b>EXPENSES</b>			
General Government	547,407	-	547,407
Building Department	105,611	-	105,611
Boat Launch	16,647	-	16,647
Health Department	9,000	-	9,000
Fire Department	1,568,711	-	1,568,711
Police Department	3,335,512	-	3,335,512
Street and Bridge	757,749	-	757,749
Golf Course	1,825,971	-	1,825,971
Worth Days	69,673	-	69,673
Federal Seizure	3,378	-	3,378
Motor Fuel Tax Project	182,454	-	182,454
Tax Increment Financing	3,225	-	3,225
Interest	303,064	-	303,064
Waterworks & Sewerage	-	2,097,317	2,097,317
Commuter Parking Lot	-	95,927	95,927
Total Expenses	8,728,402	2,193,244	10,921,646
Change In Net Position	702,693	341,250	1,043,943
Beginning Net Position	2,166,183	3,894,892	6,061,075
Prior Period Adjustments	(91,601)	-	(91,601)
Ending Net Position, as restated	\$ 2,777,275	\$ 4,236,142	\$ 7,013,417

There are eight basic impacts on revenues and expenses as reflected below:

**NORMAL IMPACTS**

*Revenues:*

**Economic Condition** - which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue, as well as, public spending habits for building permits, elective user fees and volumes of consumption.

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

**Increase/Decrease in Village Board Approved Rates** - while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fee, building fees, home rule sales tax, etc.)

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)** - certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

**Market Impacts on Investment Income** - the Village's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

#### *Expenses:*

**Introduction of New Programs** - within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs.

**Increase in Authorized Personnel** - changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 80% of the Village's operating costs.

**Salary Increases (annual adjustments and merit)** - the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

**Inflation** - while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

### CURRENT YEAR IMPACTS

#### *Revenues:*

For the fiscal year ended April 30, 2014, revenues from all activities totaled \$12,409,398, a 4% increase from 2013. The increases are mainly in real estate taxes and grants received by the Village. The Village has a very diversified revenue structure and depends on several key revenue sources to help pay for the services it provides. Property taxes are up \$180,258 for the year while charges for services are down \$391,882. Grant revenue increased \$157,108 from the prior year.

#### *Expenses:*

The Village's total expenses for all activities for the year ended April 30, 2014 and 2013 were \$11,280,731 and \$10,921,646, respectively or an increase of \$359,085. The main increases were in the water and sewer fund \$241,871.

The Village provides Lake Michigan water to its residents by purchasing its water supply from the City of Chicago. The waterworks and sewerage accounted for 95% of the total Public Works activities. The remaining public works activities relate to the maintaining of Village streets and storm sewers.

Public safety expenses relate to the operations of the Police Department, Fire Department, and they accounted for \$ 4.9 million of the total expenses in 2013 and 2012. The Village has an authorized strength of 27 sworn personnel. The patrol officers are members of the Illinois Fraternal Order of Police Labor Chapter 143.

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2014**

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

**Governmental Funds**

At April 30, 2014, the governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,156,019 compared to \$805,150 in 2013. This \$350,869 increase was primarily due to an increase in property tax revenues and grants.

**General Fund Budgetary Highlights**

At the first Village Board meeting in May, the Mayor submits to the Village Council a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means to finance them. The Village had no budget amendments in fiscal year 2014. Below is a table that reflects the original budget and the actual activity for the revenues and expenditures for the General Fund.

**Table 3  
General Fund Budgetary Highlights**

	Original and Final Budget	Actual
<b>Revenues</b>		
Taxes	\$ 3,249,905	\$ 3,672,807
Licenses, Permits, and Fees	501,782	528,593
Grants	-	353,693
Intergovernmental	2,179,326	2,093,180
Fines and Forfeitures	741,622	1,048,808
Golf Course	1,918,198	1,645,097
Other	541,678	163,152
Total	\$ 9,132,511	\$ 9,505,330
<b>Expenditures</b>		
General Government	\$ 631,868	\$ 454,680
Building Department	129,018	109,115
Boat Launch	29,855	10,790
Health Department	9,270	6,060
Fire Department	1,647,745	1,575,667
Police Department	3,281,133	3,178,525
Street and Bridge	663,661	532,201
Golf Course	1,757,014	1,572,402
Worth Days	197,763	139,186
Federal Seizure	927	19,838
Capital Outlay	831,651	846,512
Debt Service	531,751	655,623
Total	9,711,656	9,100,599
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (579,145)	\$ 404,731

As shown above, the General Fund had a deficit budget of \$579,145, while actual results were a \$404,731 surplus. There are several factors that attributed to this. General Government was \$177,188 below budgeted expenses. The golf course was \$184,612 below budgeted expenses. Property and other taxes were greater than budget expectations by \$422,902.

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

#### CAPITAL ASSETS

At the end of the fiscal year 2014, the Village had a combined total of capital assets of \$13,444,658 invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, bridges, water mains, storm sewers, and sanitary sewer lines. (See Table 4 below). Additional information can be found in Note 4 of the Notes to the Basic Financial Statements.

**Table 4  
Change in Capital Assets  
Net of Depreciation**

	Balance April 30, 2013 As Restated	Net Additions/ Deletions	Balance April 30, 2014
<b>Governmental Activities:</b>			
Land	3,781,982	-	3,781,982
Building and Improvements	3,162,612	(205,340)	2,957,272
Machinery and Equipment	820,887	(66,297)	754,590
Infrastructure	2,705,970	564,875	3,270,845
Total Capital Assets, Governmental Activities	<u>\$ 10,471,451</u>	<u>\$ 293,238</u>	<u>\$ 10,764,689</u>
<b>Business-Type Activities:</b>			
Land	47,824	-	47,824
Waterworks and Sewerage System	2,451,259	5,764	2,457,023
Machinery and Equipment	84,411	(86,990)	(2,579)
Commuter Parking Lot	201,245	(23,544)	177,701
Total Capital Assets, Business-Type Activities	<u>\$ 2,784,739</u>	<u>\$ (104,770)</u>	<u>\$ 2,679,969</u>

#### DEBT OUTSTANDING

The Village has total outstanding bonded debt of \$7,149,144. There were no new bond issuances in the current year. See Note 5 to the financial statements for detail of debt activity and debt outstanding as of April 30, 2014.

**Table 4  
Change in Long-Term Debt**

	Outstanding April 30, 2013	Issuances/ Retirements	Outstanding April 30, 2014
<b>Governmental Activities:</b>			
Bonds	\$ 7,207,347	\$ (357,771)	\$ 6,849,576
Compensated Absences	198,720	5,291	204,011
Net Pension Obligation	1,093,260	29,988	1,123,248
Line of Credit	70,000	5,000	75,000
Total Governmental Activities	<u>\$ 8,569,327</u>	<u>\$ (317,492)</u>	<u>\$ 8,251,835</u>

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

	<u>Outstanding April 30, 2013</u>	<u>Issuances/ Retirements</u>	<u>Outstanding April 30, 2014</u>
Business-Type Activities:			
Bonds	\$ 337,488	\$ (37,920)	\$ 299,568
Capital Lease	<u>19,500</u>	<u>(19,500)</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 356,988</u>	<u>\$ (57,420)</u>	<u>\$ 299,568</u>

#### **Economic Factors**

The financial condition of the Federal and State governments continues to have a dramatic effect on the Village of Worth during 2014. Grant assistance is extremely competitive, and previously reliable state shared revenues (especially the income tax and use tax) have been materially reduced. The Village will continue to need to look internally and consider increasing other revenue sources and/or reduce expenditures so that it can increase its available funds and net position.

The financial markets experienced a rebound during the fiscal year. This positive impact had an effect on the results of the Village's pension funds. Overall, the pension trusts had a positive net change in the amount of \$509,765 (Police Pension \$497,195 and Fire Pension \$12,570).

#### **Contacting The Village's Financial Management**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Treasurer, Village of Worth, 7112 West 111th Street, Worth, Illinois 60482.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT - WIDE FINANCIAL STATEMENTS**

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position  
April 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,401,231	\$ 2,233,963	\$ 3,635,194
Receivables:			
Property Taxes	1,086,690	-	1,086,690
Other	613,376	269,539	882,915
Prepaid Expenses	55,095	-	55,095
Inventories	20,575	-	20,575
Total Current Assets	<u>3,176,967</u>	<u>2,503,502</u>	<u>5,680,469</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	3,781,982	47,824	3,829,806
Capital Assets Being Depreciated, Net	6,982,707	2,632,145	9,614,852
Total Noncurrent Assets	<u>10,764,689</u>	<u>2,679,969</u>	<u>13,444,658</u>
Total Assets	<u>13,941,656</u>	<u>5,183,471</u>	<u>19,125,127</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
Liabilities			
Current Liabilities			
Accounts Payable	306,313	348,694	655,007
Accrued Payroll	125,769	42,750	168,519
Accrued Vacation	219,484	-	219,484
Pension Contribution Payable	47,497	-	47,497
Water Billing Credits	-	94,249	94,249
Deposits	75,322	-	75,322
Long-Term Obligations, Due within One Year:			
General Obligation Bonds	165,184	-	165,184
Revenue Bonds	-	39,816	39,816
Alternative Revenue Bonds	195,000	-	195,000
Short-Term Notes Payable	75,000	-	75,000
Total Current Liabilities	<u>1,209,569</u>	<u>525,509</u>	<u>1,735,078</u>
Long-Term Obligations, Due in more than One Year:			
General Obligation Bonds	529,392	259,752	789,144
Alternative Revenue Bonds	5,960,000	-	5,960,000
Compensated Absences	204,010	-	204,010
Pension Obligations	1,123,248	-	1,123,248
Total Noncurrent Liabilities	<u>7,816,650</u>	<u>259,752</u>	<u>8,076,402</u>
Total Liabilities	<u>9,026,219</u>	<u>785,261</u>	<u>9,811,480</u>
Deferred Inflows of Resources			
Deferred Revenue			
Property Tax	1,171,563	-	1,171,563
Net Position			
Net Investment in Capital Assets	3,915,113	2,380,401	6,295,514
Restricted for:			
Tax Increment Financing	284,643	-	284,643
Water Reserves	-	343,204	343,204
Unrestricted	(455,882)	1,674,605	1,218,723
Total Net Position	<u>\$ 3,743,874</u>	<u>\$ 4,398,210</u>	<u>\$ 8,142,084</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Activities  
Year Ended April 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General Government	\$ 584,288	\$ 187,325	\$ 500	\$ -	\$ (396,463)	\$ -	\$ (396,463)
Building Department	109,115	114,386	-	-	5,271	-	5,271
Boat Launch	10,790	17,186	-	-	6,396	-	6,396
Health Department	6,060	7,530	-	-	1,470	-	1,470
Fire Department	1,584,003	-	-	-	(1,584,003)	-	(1,584,003)
Police Department	3,383,963	1,066,488	292	-	(2,317,183)	-	(2,317,183)
Street and Bridge	563,626	184,518	-	352,901	(26,207)	-	(26,207)
Golf Course	1,716,329	1,645,099	-	-	(71,230)	-	(71,230)
Worth Days	139,186	81,628	-	-	(57,558)	-	(57,558)
Federal Seizure	19,838	-	-	-	(19,838)	-	(19,838)
Motor Fuel Tax Project	373,719	-	-	-	(373,719)	-	(373,719)
Tax Increment Financing	30,514	-	-	-	(30,514)	-	(30,514)
Interest	324,185	-	-	-	(324,185)	-	(324,185)
Total Governmental Activities	<u>8,845,616</u>	<u>3,304,160</u>	<u>792</u>	<u>352,901</u>	<u>(5,187,763)</u>	<u>-</u>	<u>(5,187,763)</u>
Business-Type Activities:							
Waterworks and Sewerage	2,290,512	2,499,726	37,473	-	-	246,687	246,687
Commuter Parking Lot	144,603	59,501	-	-	-	(85,102)	(85,102)
Total Business-Type Activities	<u>2,435,115</u>	<u>2,559,227</u>	<u>37,473</u>	<u>-</u>	<u>-</u>	<u>161,585</u>	<u>161,585</u>
Total	<u>\$ 11,280,731</u>	<u>\$ 5,863,387</u>	<u>\$ 38,265</u>	<u>\$ 352,901</u>	<u>-</u>	<u>161,585</u>	<u>(5,026,178)</u>
General Revenues							
Taxes:							
Property					2,431,128	-	2,431,128
Sales					1,247,848	-	1,247,848
Income					1,051,346	-	1,051,346
Other					1,329,702	-	1,329,702
Interest					460	483	943
Miscellaneous					106,116	-	106,116
Net (Loss) from Disposal					(12,238)	-	(12,238)
Total General Revenues					<u>6,154,362</u>	<u>483</u>	<u>6,154,845</u>
Change in Net Position					966,599	162,068	1,128,667
Net Position Beginning of Year, as restated					<u>2,777,275</u>	<u>4,236,142</u>	<u>7,013,417</u>
Net Position End of Year					<u>\$ 3,743,874</u>	<u>\$ 4,398,210</u>	<u>\$ 8,142,084</u>

See the accompanying notes to the financial statements

## **FUND FINANCIAL STATEMENTS**

VILLAGE OF WORTH, ILLINOIS

Balance Sheet - Governmental Funds  
April 30, 2014

	General Fund	Other Governmental Funds	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,179,614	\$ 221,617	\$ 1,401,231
Receivables:			
Property Taxes	1,086,690	-	1,086,690
Other	111,469	-	111,469
Due From Other Funds	296,508	-	296,508
Due From Other Government Agencies	482,021	19,886	501,907
Prepays	55,095	-	55,095
Inventories	20,575	-	20,575
Total Assets	<u>\$ 3,231,972</u>	<u>\$ 241,503</u>	<u>\$ 3,473,475</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	\$ 288,279	\$ 18,034	\$ 306,313
Pension Contribution Payable	47,497	-	\$ 47,497
Accrued Payroll	125,623	146	125,769
Accrued Vacation	219,484	-	219,484
Deposits	75,322	-	75,322
Due To Other Funds	-	296,508	296,508
Short-Term Note Payable	75,000	-	75,000
Total Liabilities	<u>831,205</u>	<u>314,688</u>	<u>1,145,893</u>
<b>Deferred Inflows of Resources</b>			
Deferred Revenues			
Deferred Revenue	<u>1,171,563</u>	<u>-</u>	<u>1,171,563</u>
Total Liabilities and Deferred Inflows	<u>2,002,768</u>	<u>314,688</u>	<u>2,317,456</u>
<b>Fund Balances (Deficits)</b>			
Non-Spendable			
Prepays	55,095	-	55,095
Inventory	20,575	-	20,575
Restricted for:			
Tax Increment Financing	-	284,643	284,643
Unassigned	<u>1,153,534</u>	<u>(357,828)</u>	<u>795,706</u>
Total Fund Balances	<u>1,229,204</u>	<u>(73,185)</u>	<u>1,156,019</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 3,231,972</u>	<u>\$ 241,503</u>	<u>\$ 3,473,475</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
April 30, 2014

Total Fund Balances - Governmental Funds	\$ 1,156,019
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources; and, therefore, are not reported in the funds.	10,764,689
Some liabilities reported in the Statement of Activities do not require the use of current financial resources; and, therefore, are not reported in governmental funds. These activities consist of:	
General Obligation Bonds	(690,432)
Premium on General Obligation Bonds	(4,144)
Alternate Revenue Bonds	(6,155,000)
Compensated Absences	(204,010)
Pension Obligations	<u>(1,123,248)</u>
Net Position of Governmental Activities	<u>\$ 3,743,874</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended April 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 2,424,959	\$ 6,169	\$ 2,431,128
Sales Taxes	1,247,848	-	1,247,848
Grants	353,693	-	353,693
Intergovernmental	2,093,180	312,925	2,406,105
Licenses, Permits, and Fees	528,593	-	528,593
Fines and Forfeits	1,048,808	-	1,048,808
Charges for Service:			
Golf Course	1,645,097	-	1,645,097
Other	81,662	-	81,662
Interest	431	29	460
Other	81,059	-	81,059
Total Revenues	<u>9,505,330</u>	<u>319,123</u>	<u>9,824,453</u>
<b>Expenditures:</b>			
Current:			
General Government	454,680	-	454,680
Building Department	109,115	-	109,115
Boat Launch	10,790	-	10,790
Health Department	6,060	-	6,060
Fire Department	1,575,667	-	1,575,667
Police Department	3,178,525	-	3,178,525
Street and Bridge	532,201	-	532,201
Golf Course	1,572,402	-	1,572,402
Worth Days	139,186	-	139,186
Federal Seizure	19,838	-	19,838
Motor Fuel Tax Project	-	323,429	323,429
Tax Increment Financing	-	30,514	30,514
Capital Outlay	846,512	-	846,512
Debt Service:			
Principal	336,660	20,420	357,080
Interest	318,963	5,222	324,185
Total Expenditures	<u>9,100,599</u>	<u>379,585</u>	<u>9,480,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	404,731	(60,462)	344,269
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	<u>6,600</u>	<u>-</u>	<u>6,600</u>
Net Change in Fund Balance	411,331	(60,462)	350,869
Fund Balance, Beginning of Year	<u>817,873</u>	<u>(12,723)</u>	<u>805,150</u>
Fund Balance, End of Year	<u>\$ 1,229,204</u>	<u>\$ (73,185)</u>	<u>\$ 1,156,019</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended April 30, 2014

Net Change in Fund Balance - Total Governmental Funds \$ 350,869

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Outlay	\$ 846,512	
Depreciation Expense	<u>(534,436)</u>	
		312,076

The issuance of long-term debt provides current financial resources to governmental funds; however, it has no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is summarized as follows:

Amortization of Premium	<u>691</u>	
		691

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Alternate revenue bonds	<u>357,080</u>	
		357,080

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Loss on the disposal of capital assets		(18,838)
Accrued compensated absences		(5,291)
Change in net pension obligation		<u>(29,988)</u>

Change in net position of governmental activities		<u>\$ 966,599</u>
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See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position - Enterprise Funds  
April 30, 2014

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 2,162,835	\$ 71,128	\$ 2,233,963
Accounts Receivable:			
Customers	54,376	-	54,376
Other	<u>215,163</u>	<u>-</u>	<u>215,163</u>
Total Current Assets	<u>2,432,374</u>	<u>71,128</u>	<u>2,503,502</u>
Noncurrent Assets			
Property and Equipment	8,863,144	971,502	9,834,646
Less: Accumulated Depreciation	<u>(6,371,098)</u>	<u>(783,579)</u>	<u>(7,154,677)</u>
Total Noncurrent Assets	<u>2,492,046</u>	<u>187,923</u>	<u>2,679,969</u>
 Total Assets	 <u>4,924,420</u>	 <u>259,051</u>	 <u>5,183,471</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	346,348	2,346	348,694
Accrued Payroll	41,704	1,046	42,750
Revenue Bonds, Due Within One Year	39,816	-	39,816
Water Billing Credits	<u>94,249</u>	<u>-</u>	<u>94,249</u>
Total Current Liabilities	<u>522,117</u>	<u>3,392</u>	<u>525,509</u>
Noncurrent Liabilities			
Maturities of Revenue Bonds	259,752	-	259,752
Maturities of Capital Lease	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>259,752</u>	<u>-</u>	<u>259,752</u>
 Total Liabilities	 <u>781,869</u>	 <u>3,392</u>	 <u>785,261</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,192,478	187,923	2,380,401
Restricted	343,204	-	343,204
Unrestricted	<u>1,606,869</u>	<u>67,736</u>	<u>1,674,605</u>
 Total Net Position	 <u>\$ 4,142,551</u>	 <u>\$ 255,659</u>	 <u>\$ 4,398,210</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position -  
Enterprise Funds  
Year Ended April 30, 2014

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Operating Revenues:</b>			
Water and Sewer Charges	\$ 2,507,787	\$ -	\$ 2,507,787
Commuter Parking Fees	-	59,501	59,501
Other Fees and Charges	768	-	768
Discounts	(8,829)	-	(8,829)
Total Operating Revenues	<u>2,499,726</u>	<u>59,501</u>	<u>2,559,227</u>
<b>Operating Expenses:</b>			
Operations	2,068,445	121,059	2,189,504
Depreciation and Amortization	211,945	23,544	235,489
Total Operating Expenses	<u>2,280,390</u>	<u>144,603</u>	<u>2,424,993</u>
Operating Income (Loss)	<u>219,336</u>	<u>(85,102)</u>	<u>134,234</u>
<b>Nonoperating Revenues (Expenses):</b>			
Grant Revenue	37,473	-	37,473
Interest Income	324	159	483
Interest Expense	(10,122)	-	(10,122)
Total Nonoperating Revenues (Expenses)	<u>27,675</u>	<u>159</u>	<u>27,834</u>
Change In Net Position	247,011	(84,943)	162,068
Net Position, Beginning of Year	<u>3,895,540</u>	<u>340,602</u>	<u>4,236,142</u>
Net Position, End of Year	<u>\$ 4,142,551</u>	<u>\$ 255,659</u>	<u>\$ 4,398,210</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Cash Flows - Enterprise Funds  
Year Ended April 30, 2014

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received for Services	\$ 2,474,466	\$ 59,501	\$ 2,533,967
Payments to Employees	(377,058)	(26,308)	(403,366)
Payments to Suppliers	(1,521,576)	(94,676)	(1,616,252)
Net Cash Provided by (Used In) Operating Activities	<u>575,832</u>	<u>(61,483)</u>	<u>514,349</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
(Increases) Decreases In Due (To) From Other Funds	(19,611)	16,130	(3,481)
Grants	37,473	-	37,473
Net Cash Provided by Noncapital Financing Activities	<u>17,862</u>	<u>16,130</u>	<u>33,992</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Bond Principal Payments	(37,920)	-	(37,920)
Bond Interest Payments	(10,122)	-	(10,122)
Capital Lease Payments	(19,500)	-	(19,500)
Net Cash (Used in) Capital and and Related Financing Activities	<u>(67,542)</u>	<u>-</u>	<u>(67,542)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property & Equipment	(130,719)	-	(130,719)
Interest Received	324	159	483
Net Cash Provided By (Used In) Investing Activities	<u>(130,395)</u>	<u>159</u>	<u>(130,236)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	395,757	(45,194)	350,563
Cash and Cash Equivalents May 1, 2013	<u>1,767,078</u>	<u>116,322</u>	<u>1,883,400</u>
Cash and Cash Equivalents April 30, 2014	<u>\$ 2,162,835</u>	<u>\$ 71,128</u>	<u>\$ 2,233,963</u>
<b>Reconciliation of Operating (Loss) to Net Cash by (Used In) Operating Activities</b>			
Operating Income (Loss)	\$ 219,336	\$ (85,102)	\$ 134,234
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used In) Operating Activities:			
Depreciation and Amortization	211,945	23,544	235,489
Changes In Assets and Liabilities			
Accounts Receivable	(25,260)	-	(25,260)
Accounts Payable and Accruals	169,811	75	169,886
Total Adjustments	<u>356,496</u>	<u>23,619</u>	<u>380,115</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 575,832</u>	<u>\$ (61,483)</u>	<u>\$ 514,349</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Fiduciary Net Position  
Pension Trust Funds  
April 30, 2014

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,299	\$ 33,833	\$ 38,132
Investments, at Fair Value			
Certificates of Deposit	976,327	-	976,327
U.S. Government Securities	-	408,103	408,103
U.S. Agency Securities	99,774	240,830	340,604
Money Market Mutual Fund	162,230	77,628	239,858
Mutual Funds	1,053,296	1,407,302	2,460,598
Corporate Bonds	4,521,308	716,935	5,238,243
Municipal Bonds	-	37,304	37,304
Common Stock	1,835,875	-	1,835,875
Insurance Contract	1,421,756	-	1,421,756
Accrued Interest Receivable	25,801	12,550	38,351
Prepaid Expenses	7,416	4,014	11,430
Employer Contribution Receivable	47,497	-	47,497
	<u>\$ 10,155,579</u>	<u>\$ 2,938,499</u>	<u>\$ 13,094,078</u>
<b>Total Assets</b>			
	<u>\$ 10,155,579</u>	<u>\$ 2,938,499</u>	<u>\$ 13,094,078</u>
<b>Liabilities and Net Position</b>			
Liabilities			
Accounts Payable	\$ 3,450	\$ 250	\$ 3,700
Net Position Held In Trust For Employees' Benefits	10,152,129	2,938,249	13,090,378
	<u>10,152,129</u>	<u>2,938,249</u>	<u>13,090,378</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 10,155,579</u>	<u>\$ 2,938,499</u>	<u>\$ 13,094,078</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
April 30, 2014

	Pension Trust Funds		Total
	Police Pension	Firefighters' Pension	
<b>Additions</b>			
Contributions			
Employer	\$ 686,128	\$ 1,367	\$ 687,495
Employee	<u>176,814</u>	<u>-</u>	<u>176,814</u>
Total Contributions	<u>862,942</u>	<u>1,367</u>	<u>864,309</u>
Investment Income			
Net Appreciation in Fair Value of Investments	573,688	98,815	672,503
Interest Income	<u>191,048</u>	<u>121,811</u>	<u>312,859</u>
	764,736	220,626	985,362
Less Investment Expense	<u>24,224</u>	<u>11,508</u>	<u>35,732</u>
Net Investment Income	<u>740,512</u>	<u>209,118</u>	<u>949,630</u>
Total Additions	<u>1,603,454</u>	<u>210,485</u>	<u>1,813,939</u>
<b>Deductions</b>			
Benefits	1,078,201	135,092	1,213,293
Refunds	-	24,254	24,254
Administrative Expenses	<u>28,058</u>	<u>38,569</u>	<u>66,627</u>
Total Deductions	<u>1,106,259</u>	<u>197,915</u>	<u>1,304,174</u>
Change in Plan Net Position	497,195	12,570	509,765
Plan Net Position, Beginning of Year	<u>9,654,934</u>	<u>2,925,679</u>	<u>12,580,613</u>
Plan Net Position, End of Year	<u>\$ 10,152,129</u>	<u>\$ 2,938,249</u>	<u>\$ 13,090,378</u>

See the accompanying notes to the financial statements

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 1. 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.

The accounting policies of the Village of Worth conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

*Financial Reporting Entity*

Accounting principles generally accepted in the United States of America require the reporting entity to include all organizations, activities, functions, and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the Village's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden to the Village.

In conformity with GAAP, the Village's Police Pension Fund and Firefighters' Pension Fund have been included as component units in the Village's basic financial statements. Although they are separate legal entities, these funds provide pension benefits for the Village's police officers and firefighters. Thus, their financial information has been blended within the Village's basic financial statements as fiduciary funds.

**Government-Wide Financial Statements:** The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Village. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories:

- 1) Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position** result when constraints placed on net position use, are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position** consist of net position that does not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first to finance qualifying activities, then unrestricted resources as they are needed.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., general services, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

**Fund Financial Statements:** Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental fund - General Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

**General Fund** - This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for and reported in another fund. The services which are administered by the Village and accounted for in the general fund include general services, public works and public safety.

The Village has the following major enterprise funds - Waterworks and Sewerage Fund, and Commuter Parking Lot Fund.

**Waterworks and Sewerage Fund** - Accounts for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

**Commuter Parking Lot Fund** - Accounts for the provision of the Commuter Parking Lot services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Additionally, the Village administers fiduciary (pension trust) funds for assets held by the Village in fiduciary capacity on behalf of certain public safety employees.

*Measurement Focus and Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state-shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal year (60 days for property taxes).

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this basis of accounting and measurement focus, the Village applies all GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewerage enterprise fund is charges to the customers for sales and services. The operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accrual basis of accounting is utilized by the proprietary and fiduciary funds. Under this method, revenues are recognized when earned and expenses, including pension contributions, benefits paid and refunds paid, are recognized at the time liabilities are incurred. Earned, but unbilled services in the enterprise fund are accrued and reported in the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

*Assets, Liabilities, and Net Position or Equity*

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all highly liquid investments (including restricted amounts) with original maturities of three months or less when purchased are considered to be cash and cash equivalents.

**Investments**

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

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Interfund Receivables, Payables, and Activity**

**Loans** - amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide statement of net position.

**Reimbursements** - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Capital assets which include land and improvements, streets, sidewalks, buildings, storm sewers, sanitary sewers, water distribution system, furniture and fixtures, vehicles, and machinery and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the government funds. These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their fair market value at the date of donation.

Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-40 years
Waterworks and Sewerage System	10-50 years
Machinery and Equipment	5-20 years
Infrastructure	40 years

**Deferred Revenue**

The Village defers revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental funds only if they have matured, as a result of employee resignations or retirements.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Position. Items such as premiums, discounts and gains or losses on bond sales are capitalized and amortized over the life of the related debt.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. For other long-term obligations, only the portion expected to be financed with available financial resources is reported as a fund liability of a government fund.

**Restricted Net Position**

For the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

*Fund Equity*

The Village's fund balances are required to be reported using five separate classifications as listed below. The Village may not necessarily utilize each classification in a given fiscal year.

\*Non-Spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

\*Restricted - amounts that can be used only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because constraints that are externally imposed by creditors, grantors, or laws or regulations or other governments.

\*Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees of the Village (the highest level of decision making authority for the Village). Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

\*Assigned - amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Village may assign amounts for specific purposes.

\*Unassigned - all other spendable amounts; positive amounts are only reported in the general fund.

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village's Board of Trustees has provided otherwise in its commitment or assignment actions.

**Elimination and Reclassification**

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund balances in the funds are eliminated or reclassified.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

**NOTE 2. PROPERTY TAXES**

The Village's property tax becomes a lien on real property on January 1 of the year it is levied. The 2013 levy was adopted on December 17, 2013 and attached as an enforceable lien as of January 1, 2013. Property taxes are deposited with the County Treasurer who remit to the Village its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year on or about March 1 and August 1.

Based on the historical tax collection cycle, the Village has intended to finance its operations with portions of both the 2012 and 2013 levies. The Village has recorded a receivable for the remainder of the 2013 levied for collection in fiscal year 2015; that amount was deferred and will be recognized as revenue in fiscal year 2015, the period for which those taxes were levied.

**NOTE 3. CASH AND INVESTMENTS**

*Cash - Village*

The carrying amount of cash, excluding the Pension Trust Funds, was \$1,090,920 at April 30, 2014, while the bank balances were \$1,071,962. All balances were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. government held in the Village's name by financial institutions acting as the Village's agent.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 3. CASH AND INVESTMENTS (continued)**

At April 30, 2014, the carrying amount of Illinois Funds for the Village was \$2,544,274 while the bank balance was \$2,544,274. Illinois Funds do not require collateralization. For the purposes of financial statement presentation, they are considered a cash equivalent as the weighted average maturity of the pool is less than one year. The Illinois Funds Investment Pool is not registered with the SEC. The pool is sponsored by the Treasurer of the State of Illinois in accordance with state law. The fair value of the position in the Pool is the same as the value of the Pool shares.

*Cash and Investments - Pension Trust Funds*

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Pension Trust Funds cash and investments at April 30, 2014.

Cash and Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	One to Five Years	Six to Ten Years	Greater Than Ten Years
Cash & Cash Equivalents	\$ 38,131	\$ 38,131	\$ -	\$ -	\$ -
Certificates of Deposit	976,327	327,814	648,513	-	-
U.S. Government Securities	408,103	15,180	75,070	295,621	22,232
U.S. Gov't Agency Securities	340,604	127,301	213,303	-	-
Insurance Contracts	1,421,756	-	-	1,421,756	-
Corporate Bonds	5,238,243	1,028,453	3,984,081	196,129	29,580
Municipal Bonds	37,304	-	10,160	21,269	5,875
Total Debt Securities	8,460,468	\$ 1,536,879	\$ 4,931,127	\$ 1,934,775	\$ 57,687
Equities	1,835,875				
Mutual Funds	2,460,598				
Money Market Mutual Funds	239,858				
Total Cash and Investments - Pension Trust Funds	<u>\$ 12,996,799</u>				

*Interest Rate Risk* - The Village's investment policy does not specifically identify limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* - State statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. agencies obligations of states and their political subdivisions, repurchase agreements (under certain statutory restrictions), commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds and the Illinois Metropolitan Investment Fund. Pension funds may invest investments as allowed by Illinois Compiled Statutes. As of April 30, 2014, the Village's investments in U.S. Government agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Village's investments in the Illinois Funds were rated AAA by Standard & Poor's. The Money Market Mutual Funds, Insurance Contracts and Equities were not rated. The Bond credit ratings are listed in the following tables. The Village's investment policy does not address credit risk.

Type of Investment	Rating	Amount
Municipal Bonds	Aaa/AAA	\$ 10,513
	Aa/AAA	21,322
	Not Rated	5,469
		<u>\$ 37,304</u>

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 3. CASH AND INVESTMENTS (continued)**

Type of Investment	Rating	Amount
Corporate Bonds	Aaa/AAA	\$ 55,621
	Baa/A	1,319,385
	Baa/BBB	1,727,407
	A/A	1,598,700
	Baa/AA	49,630
	Aa/A	35,639
	Aa/AA	307,407
	A/BBB	46,309
	A/AA	98,145
		<u>\$ 5,238,243</u>

*Concentration of Credit Risk* - The Village's investment policy requires diversified investments to eliminate the risk of loss resulting in over-concentration in a specific issuer or class of securities. The diversification can be by type of investment, number of institutions invested in, and length of maturity. As of April 30, 2014, the Village is in compliance with their investment policy.

*Custodial Credit Risk* - For an investment, this is the risk, that in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The U.S. Treasury Notes, U.S. agency securities, and insurance contracts are held by the Village's agent in the Village's name. The Illinois Funds Investment Pool, Money Market Mutual Funds, and Equity Mutual Funds are not subject to custodial credit risk. The Village's investment policy does not address custodial credit risk for investments.

**NOTE 4. CAPITAL ASSETS**

A summary of changes in the capital assets for governmental activities of the Village for the year ended April 30, 2014, is as follows:

	Balance at April 30, 2013 <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance at April 30, 2014
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,781,982	\$ -	\$ -	\$ 3,781,982
Capital Assets Being Depreciated:				
Building and Improvements	6,845,766	15,900	-	6,861,666
Machinery and Equipment	3,473,676	156,945	31,397	3,599,224
Infrastructure	6,464,827	673,667	-	7,138,494
Total Capital Assets Being Depreciated	<u>16,784,269</u>	<u>846,512</u>	<u>31,397</u>	<u>17,599,384</u>
Less Accumulated Depreciation for:				
Building and Improvements	3,683,154	221,240	-	3,904,394
Machinery and Equipment	2,652,789	204,404	12,559	2,844,634
Infrastructure	3,758,857	108,792	-	3,867,649
Total Accumulated Depreciation	<u>10,094,800</u>	<u>534,436</u>	<u>12,559</u>	<u>10,616,677</u>
Total Capital Assets Being Depreciated, Net	<u>6,689,469</u>	<u>312,076</u>	<u>18,838</u>	<u>6,982,707</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,471,451</u>	<u>\$ 312,076</u>	<u>\$ 18,838</u>	<u>\$ 10,764,689</u>

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 4. CAPITAL ASSETS (continued)**

A summary of changes in the capital assets for business-type activities of the Village for the year ended April 30, 2014, is as follows:

	<u>Balance at April 30, 2013</u>	<u>Additions</u>	<u>Reclass/ Deletions</u>	<u>Balance at April 30, 2014</u>
<i>Business-Type Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 47,824	\$ -	\$ -	\$ 47,824
Capital Assets Being Depreciated:				
Waterworks and Sewerage System	8,361,875	-	-	8,361,875
Machinery and Equipment	531,511	130,719	-	662,230
Commuter Parking Lot	762,716	-	-	762,716
Total Capital Assets Being Depreciated	<u>9,656,102</u>	<u>130,719</u>	<u>-</u>	<u>9,786,821</u>
Less accumulated depreciation for:				
Waterworks and Sewerage System	5,910,616	124,955	-	6,035,571
Machinery and Equipment	447,100	86,990	-	534,090
Commuter Parking Lot	561,471	23,544	-	585,015
Total Accumulated Depreciation	<u>6,919,187</u>	<u>235,489</u>	<u>-</u>	<u>7,154,676</u>
Total Capital Assets Being Depreciated, Net	<u>2,736,915</u>	<u>(104,770)</u>	<u>-</u>	<u>2,632,145</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,784,739</u>	<u>\$ (104,770)</u>	<u>\$ -</u>	<u>\$ 2,679,969</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 94,329
Fire Department	8,336
Police Department	205,438
Street and Bridge	31,425
Golf Course	144,618
Motor Fuel Tax Project	50,290
	<u>\$ 534,436</u>

Business-type Activities:

Waterworks and Sewerage	\$ 211,945
Commuter Parking Lot	23,544
	<u>\$ 235,489</u>

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 5. LONG-TERM OBLIGATIONS**

The following is a summary of changes to the Village's long-term debt for the fiscal year.

	Obligations Outstanding May 1, 2013	Additions	Reductions	Obligations Outstanding April 30, 2014	Due Within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds:					
Series 1999B	\$ 300,000	\$ -	\$ 100,000	\$ 200,000	\$ 100,000
Series 2012	552,512	-	62,080	490,432	105,000
Alternate Revenue Bonds	<u>6,350,000</u>	<u>-</u>	<u>195,000</u>	<u>6,155,000</u>	<u>195,000</u>
Subtotal Bonds	7,202,512	-	357,080	6,845,432	400,000
Add Unamortized Bond Premium	<u>4,835</u>	<u>-</u>	<u>691</u>	<u>4,144</u>	<u>-</u>
Total Bonds	7,207,347	-	357,771	6,849,576	400,000
Compensated Absences	198,720	5,291	-	204,011	-
Net Pension Obligation	1,093,260	29,988	-	1,123,248	-
Line of Credit	<u>70,000</u>	<u>85,000</u>	<u>80,000</u>	<u>75,000</u>	<u>-</u>
	<u>\$ 8,569,327</u>	<u>\$ 120,279</u>	<u>\$ 437,771</u>	<u>\$ 8,251,835</u>	<u>\$ 400,000</u>
	Obligations Outstanding May 1, 2013	Additions	Reductions	Obligations Outstanding April 30, 2014	Due Within One Year
<i>Business-Type Activities:</i>					
General Obligation Bonds	\$ 337,488	\$ -	\$ 37,920	\$ 299,568	\$ 39,816
Capital Lease	<u>19,500</u>	<u>-</u>	<u>19,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 356,988</u>	<u>\$ -</u>	<u>\$ 57,420</u>	<u>\$ 299,568</u>	<u>\$ 39,816</u>

*General Obligation Bonds:*

General Obligation Limited Tax Bonds, Series 1999B dated May 1, 1999, with bonds due in annual principal maturities of \$100,000 in 2014, \$100,000 in 2015 and 2016 and interest rate of 9% due on January 1 and June 1. This bond is serviced by the Golf Course Account in the General Fund. Payments are made to Amalgamated Bank of Chicago.

General Obligation Limited Tax Bonds, Series 2012 dated February 8, 2012, with bonds due in annual principal maturities of \$100,000 in 2014, \$105,000 in 2015 and 2016, \$110,000 in 2017 and 2018, \$115,000 in 2019, \$120,000 in 2020, and \$125,000 in 2021. This bond is serviced by the General Fund, Water & Sewer Fund, Motor Fuel Tax Fund, and Street & Bridge Account in the General Fund. Payments are made to Amalgamated Bank of Chicago.

General Obligation Refunding Bonds (Alternate Revenue Source) Series 2009 dated April 1, 2009, with bonds due in annual principal maturities of \$190,000 in 2013, \$195,000 in 2014. The balance of the principal maturities schedule is in the Debt Service requirements section of this report. Interest at rates between 3.0% and 5.0% due on January 1 and July 1. This bond is serviced by the Golf Course Account in the General Fund.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 5. LONG-TERM OBLIGATIONS (Continued)**

*Capital Lease:*

Capital Lease dated May 1, 2004, for the purchase of truck mounted high pressure cleaner is due in annual installments of \$6,500. Interest is at an average rate of 2%. This lease is serviced by the Water and Sewer Fund.

*Line of Credit:*

The Village has a \$100,000 line of credit with Billy Casper Golf to cover operating expenditures. The loan is unsecured, interest free and is repaid at the beginning of the golf season.

Annual debt service requirements for all bond issues for each of the next five fiscal years and in five year increments thereafter are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 363,000	\$ 309,161	\$ 42,000	\$ 9,430	\$ 405,000	\$ 318,591
2016	373,000	291,586	42,000	8,380	415,000	299,966
2017	286,000	273,661	44,000	7,330	330,000	280,991
2018	291,000	262,881	44,000	6,010	335,000	268,891
2019	304,000	244,866	46,000	-	350,000	244,866
2020-2024	1,477,000	1,090,493	98,000	9,750	1,575,000	1,100,243
2025-2029	1,650,000	758,874	-	-	1,650,000	758,874
2030-2034	2,085,000	321,290	-	-	2,085,000	321,290
	<u>\$ 6,829,000</u>	<u>\$ 3,552,812</u>	<u>\$ 316,000</u>	<u>\$ 40,900</u>	<u>\$ 7,145,000</u>	<u>\$ 3,593,712</u>

**NOTE 6. EMPLOYEE RETIREMENT PLANS**

Substantially, all Village employees are covered under one of the following employee retirement plans:

*Illinois Municipal Retirement Fund*

*Plan Description*. The Village's defined benefit pension plan for Regular employees, provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy*. As set by statute, the Village's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual required contribution rate for calendar year 2013 was 10.96 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement rate is set by statute.

*Annual Pension Cost*. The required contribution for calendar year 2013 was \$100,112.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 6. EMPLOYEE RETIREMENT PLANS (Continued)**

The following table shows the components of the Village's annual IMRF cost for the year, the amount actually contributed to the plan, and changes in the Village's net pension obligation:

Annual Required Contribution	\$ 110,112
Interest in Net Pension Obligation	3,934
Adjustment to Annual Required Contribution	<u>(2,812)</u>
Annual Pension Cost	111,234
Contributions Made	<u>(110,112)</u>
Increase in Net Pension Obligation	1,122
Net Pension Obligation - Beginning of Year	<u>52,449</u>
Net Pension Obligation - End of Year	<u>\$ 53,571</u>

*Three-Year Trend Information for the Regular Plan*

<u>Calendar Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/13	\$ 100,112	100%	\$ 53,571
12/31/12	107,126	92%	52,449
12/31/11	97,522	83%	43,034

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included: (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4 percent a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit; and (d) post retirement benefit increases of 3 percent annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 86.25 percent funded. The actuarial accrued liability for benefits was \$3,934,814 and the actuarial value of assets was \$3,393,801, resulting in an underfunded actuarial accrued liability (UAAL) of \$541,013. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$913,433 and the ratio of the UAAL to the covered payroll was 59 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Police Pension Plan*

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois Legislature. The plan provides retirement benefits as well as death and disability benefits. The Police Pension Plan is a fund of the Village and does not issue separate financial statements.

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 6. EMPLOYEE RETIREMENT PLANS (Continued)**

Costs of administering the plan are financed through employee and employer contributions. Covered employees are required to contribute 9.91 percent of their base salary to the Police Pension Plan. The member rate is determined by state statute. The Village is required to contribute at an actuarially determined rate. The employer rate for fiscal year 2012 was 35.79 percent of covered payroll. The employer contribution is funded by property taxes. Administrative costs are funded by investment earnings. Contributions and benefits are recognized when due and payable. Refunds are recognized as paid.

The Village's annual pension cost and net pension asset to the Plan for the year ended April 30, 2014 were as follows:

Annual Required Contribution	\$ 816,445
Interest in Net Pension Obligation	84,371
Adjustment to Annual Required Contribution	<u>(68,698)</u>
Annual Pension Cost	832,118
Contributions Made	<u>(862,942)</u>
(Decrease) in Net Pension Obligation	(30,824)
Net Pension Obligation - Beginning of Year	<u>1,205,307</u>
Net Pension Obligation - End of Year	<u><u>\$ 1,174,483</u></u>

The annual contribution for the year ended April 30, 2014, was determined as part of the April 30, 2012 actuarial valuation report using the entry age normal cost method. The actuarial assumptions included: (a) 7.0% investment rate of return; (b) projected salary increases of 5.5% (depending on age); (c) 2.5% per year cost of living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of Police Pension 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 Police Pension Plan's unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at April 30, 2014 was 27 years.

*Three-Year Trend Information*

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
04/30/14	\$ 832,118	104%	\$ 1,174,483
04/30/13	831,415	87%	1,205,307
04/30/12	840,260	70%	1,093,260

Membership in the plan consisted of the following as of April 30, 2012:

Retirees and beneficiaries receiving benefits	22
Active vested plan members	18
Active nonvested plan members	<u>4</u>
	<u><u>44</u></u>

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 6. EMPLOYEE RETIREMENT PLANS (continued)**

*Firefighters' Pension Plan*

As of December 2008, the Village of Worth (Village) entered into an intergovernmental agreement with the North Palos Fire Protection District (District) whereby the District assumed responsibility for provision of all fire department services to the residents and property owners of the Village. Fire sworn personnel that were participants at the date of the agreement remained eligible for the Village's Firefighters' Pension Plan. The Firefighters' Pension Plan is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The plan provides retirement benefits as well as death and disability benefits. The plan does not issue a separate stand-alone report.

Covered employees are required to contribute 9.455 percent of their salary to the Firefighters' Pension Plan. The Village is required to contribute at an actuarially determined rate. (Since there is no longer payroll owed by the Village to participants, the Village does not owe based on covered payroll.) The employer contribution is funded by property taxes. Administrative costs are funded by investment earnings. Contributions and benefits are recognized when due and payable. Refunds are recognized as paid.

The Village's annual pension cost and net pension obligation to the Plan for the year ended April 30, 2014, were as follows:

Annual Required Contribution	\$ 195,731
Interest in Net Pension Obligation	(12,930)
Adjustment to Annual Required Contribution	<u>10,528</u>
Annual Pension Cost	193,329
Contributions Made	<u>(1,367)</u>
Increase in Net Pension Obligation	191,962
Net Pension Obligation - Beginning of Year	<u>(184,721)</u>
Net Pension Obligation - End of Year	<u>\$ 7,241</u>

The annual contribution for the year ended April 30, 2014, was determined as part of the April 30, 2012 actuarial valuation report using the entry age normal cost method. The actuarial assumptions included: (a) 7.0% investment rate of return; (b) projected salary increases of 5.5%; (c) 3.0% per year cost of living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of Firefighters' Pension 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 Firefighters' Pension Plan's unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at April 30, 2014 was 27 years.

*Three-Year Trend Information*

Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
04/30/14	\$ 193,329	1%	\$ 7,241
04/30/13	9,788	1987%	(184,721)
04/30/12	8,131	100%	-

Membership in the plan consisted of the following as of April 30, 2014:

Retirees and beneficiaries receiving benefits	4
Terminated plan members receiving benefits	<u>4</u>
	<u>8</u>

**VILLAGE OF WORTH, ILLINOIS**  
Notes to the Basic Financial Statements  
April 30, 2014

**NOTE 7. INTERFUND BALANCES**

At April 30, 2014, the Motor Fuel Tax fund owed the General Fund \$47,497 for operating expenses. The balance is expected to be repaid within the year.

**NOTE 8. INDIVIDUAL FUND DISCLOSURES**

The Tax Increment Financing Fund and the Motor Fuel Tax Fund incurred actual expenditures in excess of budgeted expenditures in the amounts of \$26,394 and \$8,95, respectively.

The Motor Fuel Tax Fund has a deficit balance of \$357,828 as of April, 30, 2014. The deficit is expected to be funded by future Motor Fuel Taxes.

**NOTE 9. RISK MANAGEMENT**

For the current and prior fiscal year, the Village purchased commercial insurance for various risks of loss due to torts, thefts, damage and errors and omissions, injuries to employees and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the prior two years.

Previously, the Village participated in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool managed by the Illinois Municipal League. The Village paid an annual premium to IMLRMA for workers compensation insurance, and for all common liability and property coverage. There had not been any reductions in the Village's insurance coverage during the prior fiscal year. Settlements did not exceed insurance coverage for the prior three fiscal years. Premiums had been displayed as expenditures in appropriate funds.

**NOTE 10. NET POSITION ADJUSTMENT**

The Village implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2014. As such, prior year deferred bond issue costs can no longer be reported as an asset in the Village's Statement of Net Position. The District removed the balance of deferred bond issue costs from the Statement of Net Position resulting in a reduction of the Village's net position for governmental activities. In addition, the Village had an appraisal performed of its capital assets, resulting in changes to the values of capital assets reported as of April 30, 2013. This adjustment increased the Village's net position of governmental activities.

	Governmental Activities
Net Position April 30, 2013, as originally reported	\$ 2,868,876
Adjustment for Deferred Bond Issue Costs	(181,299)
Adjustment for Capital Assets	89,698
Net Position April 30, 2013, as restated	\$ 2,777,275

**REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF WORTH, ILLINOIS

Illinois Municipal Retirement Fund  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(Overfunded) AAL as a Percentage of Covered Payroll (b-a)/c
12/31/2013	\$ 3,393,801	\$ 3,934,814	\$ 541,013	86.25%	\$ 913,433	59.23%
12/31/2012	3,517,598	4,107,776	590,178	85.63%	943,843	62.53%
12/31/2011	3,233,764	3,622,686	388,922	89.26%	848,013	45.86%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$3,975,502.

On a market basis, the funded ratio would be 101.03%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Worth. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

VILLAGE OF WORTH, ILLINOIS

Police Pension Fund  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/c)
04/30/2012	\$ 9,401,491	\$ 19,697,769	\$ 10,296,278	47.73%	\$ 1,644,962	625.93%
04/30/2011	N/A	N/A	N/A	N/A	N/A	N/A
04/30/2010	N/A	N/A	N/A	N/A	N/A	N/A
04/30/2009	10,845,491	17,158,773	6,313,282	63.21%	1,543,003	409.16%

NOTE: The most recent Actuarial Valuation Report for the Police Pension Fund is as of April 30, 2012.

VILLAGE OF WORTH, ILLINOIS

Fire Pension Fund  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/c)
04/30/2012	\$ 2,696,650	\$ 3,041,067	\$ 344,417	88.67%	\$ -	0.00
04/30/2011	N/A	N/A	N/A	N/A	N/A	N/A
04/30/2010	N/A	N/A	N/A	N/A	N/A	N/A
04/30/2009	N/A	N/A	N/A	N/A	N/A	N/A
04/30/2008	2,345,001	3,558,262	1,213,261	65.90%	714,510	169.80%

NOTE: The most recent Actuarial Valuation Report for the Fire Pension Fund is as of April 30, 2012.

VILLAGE OF WORTH, ILLINOIS

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues:</b>			
Property Taxes	\$ 2,020,497	\$ 2,424,959	\$ 404,462
Sales Taxes	1,229,408	1,247,848	18,440
Grants	-	353,693	353,693
Intergovernmental	2,179,326	2,093,180	(86,146)
Licenses, Permits, and Fees	501,782	528,593	26,811
Fines and Forfeits	741,622	1,048,808	307,186
Charges for Service:			
Golf Course	1,918,198	1,645,097	(273,101)
Other	76,066	81,662	5,596
Interest	309	431	122
Other	465,303	81,059	(384,244)
Total Revenues	<u>9,132,511</u>	<u>9,505,330</u>	<u>372,819</u>
<b>Expenditures:</b>			
Current:			
General Government	631,868	454,680	(177,188)
Building Department	129,018	109,115	(19,903)
Boat Launch Department	29,855	10,790	(19,065)
Health Department	9,270	6,060	(3,210)
Fire Protection	1,647,745	1,575,667	(72,078)
Police Department	3,281,133	3,178,525	(102,608)
Street and Bridge	663,661	532,201	(131,460)
Golf Course	1,757,014	1,572,402	(184,612)
Worth Days	197,763	139,186	(58,577)
Federal Seizure	927	19,838	18,911
Capital Outlay	831,651	846,512	14,861
Debt Service:			
Principal	337,910	336,660	(1,250)
Interest and Other Charges	193,841	318,963	125,122
Total Expenditures	<u>9,711,656</u>	<u>9,100,599</u>	<u>(611,057)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(579,145)	404,731	983,876
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	-	6,600	6,600
Net Change in Fund Balance	<u>\$ (579,145)</u>	411,331	<u>\$ 990,476</u>
Fund Balance, Beginning of Year		<u>817,873</u>	
Fund Balance, End of Year		<u>\$ 1,229,204</u>	

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>General Government:</b>			
Village President Salary	\$ 31,776	\$ 30,760	\$ (1,016)
Liquor Commissioner Salary	4,635	5,416	781
Clerk/Collector Salary	24,761	24,619	(142)
Trustees Salaries	40,479	42,632	2,153
Custodial Wages	11,783	7,674	(4,109)
Vacation & Sick Leave	-	20,959	20,959
Unemployment Taxes	5,150	4,406	(744)
Insurance Premiums	6,129	12,648	6,519
Professional Fees	31,647	31,472	(175)
Legal Fees	77,611	108,447	30,836
Programming Costs	19,055	9,248	(9,807)
Publication of Legal Notices	1,854	998	(856)
Travel Expenses for Village Officials	52	35	(17)
Grant Expenses	515	-	(515)
Officials Expenses	927	1,002	75
Employee Expenses	1,854	2,829	975
Bank Fees	103	60	(43)
Training Education	258	3,867	3,609
Professional Memberships	5,459	6,050	591
Officials Expense	1,839	-	(1,839)
Postage	4,378	1,365	(3,013)
Telephone Service	3,657	4,412	755
Utilities	2,472	3,389	917
License Application Expenses	258	186	(72)
Building Maintenance	60,770	1,803	(58,967)
Custodial Services	2,060	46	(2,014)
Machine Purchase Other	1,030	4,122	3,092
Repair and Maintenance	515	75	(440)
Public Relations Expense	515	228	(287)
Computer Software	1,545	2,590	1,045
Purchase of Office Equipment	1,030	230	(800)
Computer Purchase	1,030	2,454	1,424
Equipment Lease	206	-	(206)
Vehicle Rental	-	(18,483)	(18,483)
Maintenance Contracts	9,476	11,271	1,795
Credit Card Charges	3,090	3,187	97
Filing Fees	103	1,005	902
Computer Repair and Maintenance	10,300	7,044	(3,256)
Office Expense	5,356	4,295	(1,061)
Printing Expense	7,931	2,540	(5,391)

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Departmental Supplies	\$ 2,060	\$ 1,880	\$ (180)
Centennial Celebration	-	9,459	9,459
Custodial Expense	1,339	1,539	200
Building Expense	1,545	-	(1,545)
EDC/Beautification	36,153	26,807	(9,346)
DNR Fishing/Hunting	1,339	2,502	1,163
Miscellaneous Expense	80,958	1,486	(79,472)
Social Security/Medicare	8,704	61,859	53,155
Illinois Municipal Retirement Fund Contributions	8,035	10,101	2,066
Liability Insurance	6,096	1,411	(4,685)
Contingencies/Miscellaneous	104,030	-	(104,030)
Total General Government	<u>631,868</u>	<u>461,925</u>	<u>(169,943)</u>
<b>Building Department:</b>			
Building Commissioner Salary	20,600	20,077	(523)
Building Inspector Salary	24,720	10,552	(14,168)
Plumbing Inspector Salary	3,090	3,015	(75)
Electrical Inspector Salary	3,090	2,598	(492)
HVAC Inspector Salary	515	525	10
Clerical Staff Salary	35,221	32,729	(2,492)
Ordinance Officer Salary	7,210	11,104	3,894
Social Security/Medicare	8,530	-	(8,530)
Illinois Municipal Retirement Fund Contributions	6,908	7,155	247
Insurance Premiums	6,035	8,701	2,666
Professional Fees	1,030	982	(48)
Engineering Fees	-	2,341	2,341
Printing Expenses	103	188	85
Departmental Supplies	567	272	(295)
Telephone Service	412	1,018	606
Training and Education	309	160	(149)
Legal Notices	155	133	(22)
Legal Expenses	206	-	(206)
Maintenance - Building	515	-	(515)
Liability Insurance	5,681	6,965	1,284
Miscellaneous	4,121	600	(3,521)
Total Building Department	<u>129,018</u>	<u>109,115</u>	<u>(19,903)</u>
<b>Boat Launch Department:</b>			
Attendant	1,236	1,419	183
Social Security/Medicare	191	-	(191)
Illinois Municipal Retirement Fund Contributions	-	56	56
Utilities	3,090	2,846	(244)
Maintenance	20,600	1,262	(19,338)

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Equipment Rental	\$ 1,133	\$ 67	\$ (1,066)
Miscellaneous	2,060	5,198	3,138
Walking Trail	1,545	(58)	(1,603)
Total Boat Launch Department	<u>29,855</u>	<u>10,790</u>	<u>(19,065)</u>
<b>Health Department:</b>			
Health Inspector Fees	<u>9,270</u>	<u>6,060</u>	<u>(3,210)</u>
<b>Fire Department:</b>			
Insurance Premiums	21,905	17,842	(4,063)
Intergovernmental Agreement - Fire Services	<u>1,625,840</u>	<u>1,557,825</u>	<u>(68,015)</u>
Total Fire Department	<u>1,647,745</u>	<u>1,575,667</u>	<u>(72,078)</u>
<b>Police Department:</b>			
Clerical Salary	163,443	118,530	(44,913)
Chief Salary	99,298	102,764	3,466
Deputy Chief	97,187	100,573	3,386
Administrative Assistant Salary	27,099	26,834	(265)
Sergeants Salary	519,393	461,004	(58,389)
Officers Salary	1,073,554	1,056,857	(16,697)
Court Time Salary	16,480	14,377	(2,103)
Overtime Salary	134,103	174,465	40,362
Holiday	97,079	79,577	(17,502)
Custodial Wages	11,783	8,389	(3,394)
Sick Pay Benefits	-	53,546	53,546
Hearing Officer	8,755	12,611	3,856
Social Security/Medicare	48,518	-	(48,518)
Unemployment Taxes	-	6,608	6,608
Illinois Municipal Retirement Fund Contributions	8,057	7,495	(562)
Crossing Guards	46,350	34,511	(11,839)
Clothing Allowance	18,952	17,600	(1,352)
Computer Repair and Maintenance	-	6,397	6,397
Professional Fees	15,450	9,748	(5,702)
Central Dispatch	249,882	242,604	(7,278)
Uniforms and Personal Equipment	8,343	5,027	(3,316)
Training Costs	7,725	14,386	6,661
General Maintenance	3,090	-	(3,090)
Education Reimbursement	10,300	-	(10,300)
Travel	1,030	609	(421)
Employee Costs	1,236	382	(854)
Membership and Subscriptions	5,665	6,743	1,078
Employment Costs	5,150	9,099	3,949

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Office Supplies	\$ 8,755	\$ 7,705	\$ (1,050)
Bank Fees	72	-	(72)
Departmental Supplies	5,150	3,744	(1,406)
Taxes & Licenses	-	840	840
Filing Fees	-	790	790
Legal Fees	10,300	21,471	11,171
Postage	1,957	1,313	(644)
Telephone	13,184	15,716	2,532
Computer Software	37,595	3,810	(33,785)
Maintenance Contracts	6,798	4,754	(2,044)
Utilities	896	823	(73)
Custodial Supplies	3,605	1,839	(1,766)
Prisoner Costs	1,339	878	(461)
Radio Purchase and Maintenance	8,240	5,058	(3,182)
Animal Warden Supplies	1,236	827	(409)
Computer Repair and Maintenance	2,575	2,745	170
Office Equipment Purchase	309	-	(309)
Printing Expense	5,150	2,865	(2,285)
Furniture Purchase	309	630	321
Other Equipment Purchase	4,120	6,759	2,639
Computer Purchase	4,730	5,443	713
Repair Maintenance Equipment	1,030	280	(750)
Equipment Rental	1,442	527	(915)
Maintenance - Vehicles	23,834	24,417	583
Fuel	35,020	28,784	(6,236)
Ammunition	9,064	7,865	(1,199)
Purchase of Vehicles	76,559	73,920	(2,639)
Crime Prevention	3,090	1,804	(1,286)
Building Maintenance	13,390	27,081	13,691
Bullet Proof Vests	3,296	1,387	(1,909)
Dental Insurance Premiums	5,530	5,377	(153)
Health Insurance Premiums	256,847	274,494	17,647
Life Insurance Premiums	1,261	1,193	(68)
HRA Reimbursements	10,300	8,757	(1,543)
Worker's Compensation Insurance	115,628	139,612	23,984
Confiscated Cash Expenditure	4,120	5,798	1,678
Miscellaneous	3,039	9,168	6,129
Total Police Department	<u>3,357,692</u>	<u>3,269,210</u>	<u>(88,482)</u>
<b>Street and Bridge:</b>			
Clerical Salary	3,811	-	(3,811)
Street and Alley Labor	170,642	157,565	(13,077)

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Equipment Labor Wages	\$ 32,445	\$ -	\$ (32,445)
Summer Help	18,210	-	(18,210)
Vacation, Sick Leave, Overtime	10,300	5,794	(4,506)
Social Security/Medicare	16,951	14,538	(2,413)
Illinois Municipal Retirement Fund Contributions	24,286	17,265	(7,021)
Refuse Pickup	2,060	853	(1,207)
Equipment Maintenance	-	30,653	30,653
Professional Fees	4,120	3,100	(1,020)
Engineering Fees	61,800	94,350	32,550
Uniforms and Personal Equipment	5,150	2,270	(2,880)
Employment Costs	1,545	981	(564)
Membership and Subscriptions	515	197	(318)
Office Supplies	618	241	(377)
Departmental Supplies	4,635	7,222	2,587
Postage	1,545	3,406	1,861
Telephone	4,635	4,664	29
Utilities	21,630	28,404	6,774
Custodial Supplies	412	653	241
Material Purchases	8,240	573	(7,667)
Street Signs	5,150	843	(4,307)
Tree Planting and Removal	25,750	14,300	(11,450)
Materials for Streets and Alleys	20,600	42,666	22,066
Maintenance Contracts	2,472	1,574	(898)
Repair Maintenance Equipment	8,240	15,050	6,810
Computer Software	-	729	729
Street Construction	740,672	622,409	(118,263)
Sidewalk Construction	9,270	30	(9,240)
Reimbursed Exp. - Grass Cutting	2,060	935	(1,125)
Equipment Rental	8,240	1,294	(6,946)
Maintenance - Vehicles	12,360	8,744	(3,616)
Fuel	35,020	32,795	(2,225)
Health Insurance Premiums	30,788	29,182	(1,606)
Other Insurance Premiums	26,455	44,949	18,494
Building Maintenance	3,090	2,311	(779)
Custodial Expense	-	86	86
Machine and Equipment Purchase	26,516	25,100	(1,416)
Hot Patch	2,575	-	(2,575)
Broken Asphalt Removal	2,575	250	(2,325)
Vehicle Purchases	49,630	48,184	(1,446)
Miscellaneous Costs	8,590	10,391	1,801
Total Street and Bridge	<u>1,413,603</u>	<u>1,274,551</u>	<u>(139,052)</u>

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Golf Course Operations:</b>			
Payroll Expense	\$ 796,716	\$ 646,164	\$ (150,552)
General Administration	-	481,367	481,367
Course and Grounds	-	168,951	168,951
Food and Beverage	960,298	220,771	(739,527)
Range	-	55,149	55,149
Total Golf Course Operations	<u>1,757,014</u>	<u>1,572,402</u>	<u>(184,612)</u>
<b>Worth Days:</b>			
Worth Days Expense	195,600	71,862	(123,738)
Marketing Expense	2,163	2,324	161
Donation to Park District	-	65,000	65,000
Total Worth Days	<u>197,763</u>	<u>139,186</u>	<u>(58,577)</u>
<b>Federal Seizure:</b>			
Equipment Purchase	5,150	23,329	18,179
Other Expenses	927	2,741	1,814
Total Federal Seizure	<u>6,077</u>	<u>26,070</u>	<u>19,993</u>
<b>Debt Service:</b>			
Golf Course Principal	295,000	295,000	-
Principal	42,910	41,660	(1,250)
Interest	193,841	318,963	125,122
Total Debt Service	<u>531,751</u>	<u>655,623</u>	<u>123,872</u>
Total Expenditures	<u>\$ 9,711,656</u>	<u>\$ 9,100,599</u>	<u>\$ (611,057)</u>

See accompanying notes to the required supplementary information

## VILLAGE OF WORTH, ILLINOIS

### Note to the Required Supplementary Information For the Fiscal Year Ended April 30, 2014

#### **I. Stewardship, Compliance, and Accountability**

##### **A. Budgetary Information**

The General Fund and the Motor Fuel Tax Fund budgets are adopted on a basis of accounting consistent with generally accepted accounting principles.

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

1. The Village treasurer submits to the Village Board, a proposed operating budget for the fiscal year. With the help of the budget, the Village prepares the Appropriation Ordinance.
2. A public hearing is conducted to obtain taxpayer comments on the appropriation ordinance. Within the first quarter of the fiscal year, the Appropriation Ordinance is legally enacted by the board action.
3. Appropriation ordinances for the General Fund, certain Special Revenue Funds, and all Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles.
4. Budgets/Appropriation authority lapses at year-end.
5. State law requires that expenditures may not exceed appropriation. Transfers may be made between line items, departments and funds. The level of legal control is considered the Appropriations Ordinance.
6. Budgeted amounts are originally adopted, or as amended. During fiscal 2014, no supplemental budgetary appropriations were made.

**OTHER SUPPLEMENTARY INFORMATION**

VILLAGE OF WORTH, ILLINOIS

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Year Ended April 30, 2014

	Special Revenue Fund Type		Total Nonmajor Governmental Funds
	Tax Increment Financing Fund	Motor Fuel Tax Fund	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 290,008	\$ (68,391)	\$ 221,617
Receivables			
Motor Fuel Tax	-	19,886	19,886
Total Assets	<u>\$ 290,008</u>	<u>\$ (48,505)</u>	<u>\$ 241,503</u>
<b>Liabilities and Fund Balance</b>			
Accounts Payable	\$ 5,365	\$ 12,815	\$ 18,180
Due to Other Funds	-	296,508	296,508
Total Liabilities	<u>5,365</u>	<u>309,323</u>	<u>314,688</u>
<b>Fund Balance (Deficit)</b>			
Restricted for TIF	284,643	-	284,643
Unassigned	-	(357,828)	(357,828)
Total Fund Balance (Deficit)	<u>284,643</u>	<u>(357,828)</u>	<u>(73,185)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 290,008</u>	<u>\$ (48,505)</u>	<u>\$ 241,503</u>

VILLAGE OF WORTH, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) -  
 Nonmajor Governmental Funds  
 Year Ended April 30, 2014

	Special Revenue Fund Type		Total Nonmajor Governmental Fund
	Tax Increment Financing Fund	Motor Fuel Tax Fund	
<b>Revenues</b>			
Property Taxes	\$ 6,169	\$ -	\$ 6,169
Intergovernmental	-	312,925	312,925
Interest	-	29	29
Total Revenues	<u>6,169</u>	<u>312,954</u>	<u>319,123</u>
<b>Expenditures</b>			
Motor Fuel Tax Project	-	323,429	323,429
Professional Fees	27,864	-	27,864
Property Maintenance	2,650	-	2,650
Debt Service:			
Principal	-	20,420	20,420
Interest	-	5,222	5,222
Total Expenses	<u>30,514</u>	<u>349,071</u>	<u>379,585</u>
Net Change in Fund Balance	(24,345)	(36,117)	(60,462)
Fund Balance (Deficit), Beginning of Year	<u>308,988</u>	<u>(321,711)</u>	<u>(12,723)</u>
Fund Balance (Deficit), End of Year	<u>\$ 284,643</u>	<u>\$ (357,828)</u>	<u>\$ (73,185)</u>

VILLAGE OF WORTH, ILLINOIS

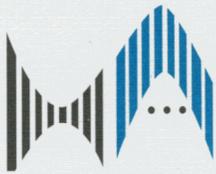
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 Tax Increment Financing Fund  
 Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues</b>			
Property Taxes	\$ -	\$ 6,169	\$ 6,169
Total Revenues	<u>-</u>	<u>6,169</u>	<u>6,169</u>
<b>Expenditures</b>			
Professional Fees	4,120	27,864	23,744
Property Maintenance	-	<u>2,650</u>	<u>2,650</u>
Total Expenses	<u>4,120</u>	<u>30,514</u>	<u>26,394</u>
Net Change in Fund Balance	<u>\$ (4,120)</u>	(24,345)	<u>\$ (20,225)</u>
Fund Balance, Beginning of Year		<u>308,988</u>	
Fund Balance, End of Year		<u>\$ 284,643</u>	

VILLAGE OF WORTH, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
 Budget and Actual  
 Motor Fuel Tax Fund  
 Year Ended April 30, 2014

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Intergovernmental	\$ 261,147	\$ 312,925	\$ 51,778
Interest	-	29	29
Total Revenues	<u>261,147</u>	<u>312,954</u>	<u>51,807</u>
<b>Expenditures</b>			
Motor Fuel Tax Project	313,964	323,429	9,465
Debt Service:			
Principal	21,033	20,420	(613)
Interest	5,379	5,222	(157)
Total Expenses	<u>340,376</u>	<u>349,071</u>	<u>8,695</u>
Net Change in Fund Balance	<u>\$ (79,229)</u>	(36,117)	<u>\$ 43,112</u>
Fund Balance (Deficit), Beginning of Year		<u>(321,711)</u>	
Fund Balance (Deficit), End of Year		<u>\$ (357,828)</u>	



David J. Hearne, Jr., CPA (1928-2014) Founder  
Phillip M. Hearne, CPA  
Anthony M. Scott, CPA  
John C. Williams, CPA, MST

Elizabeth R. Shields, CPA, MBA  
Matthew R. Truschka  
Ericka R. Wysocki

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE PROVISIONS OF  
SUBSECTION (Q) OF SECTION 11-74.4-3 OF THE ILLINOIS  
TAX INCREMENT ALLOCATION REDEVELOPMENT ACT**

December 15, 2014

To the Honorable Members of the Village Council  
Village of Worth, Illinois

We have audited the basic financial statements of the Village of Worth, Illinois as of and for the year ended April 30, 2014, and have issued our report thereon dated December 15, 2014. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the Village's Tax Increment Financing Redevelopment Project and Plan.

Our audit was made 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 basic 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 Village of Worth, Illinois' management is responsible for the Village's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the Village's compliance with the State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicated that for the items tested, the Village of Worth, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

Sincerely,

Hearne & Associates, P.C.  
Certified Public Accountants

## **OTHER SCHEDULES**

VILLAGE OF WORTH, ILLINOIS

Schedule of Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assessed Valuations	<u>\$ 147,429,661</u>	<u>\$ 159,158,928</u>	<u>\$ 176,796,155</u>	<u>\$ 216,267,934</u>	<u>\$ 215,773,382</u>	<u>\$ 210,131,229</u>	<u>\$ 186,612,161</u>
Tax Rates:							
General	0.3920	0.3504	0.2724	0.2373	0.2308	0.2683	0.3299
IMRF	0.0000	0.0000	0.0000	0.0681	0.0000	0.0000	0.0000
Street and Bridge	0.0968	0.0963	0.0840	0.0673	0.0654	0.0000	0.0000
Police Protection	0.3234	0.3489	0.3044	0.2630	0.2558	0.2855	0.1312
Fire Protection	0.3320	0.3342	0.2915	0.2527	0.2458	0.0952	0.1591
Liability Insurance	0.0791	0.0936	0.0833	0.0000	0.0000	0.0000	0.1706
Ambulance	-	-	-	-	-	0.1904	0.2098
Police Pension	0.5464	0.4150	0.3125	0.2505	0.2558	0.2264	0.1506
Fire Pension	0.0362	0.0054	0.0877	0.0135	0.0687	0.0792	0.0725
Debt Service	<u>0.3397</u>	<u>0.3153</u>	<u>0.2842</u>	<u>0.2326</u>	<u>0.2333</u>	<u>0.0348</u>	<u>0.0387</u>
Total	<u>2.1456</u>	<u>1.9591</u>	<u>1.7200</u>	<u>1.3850</u>	<u>1.3556</u>	<u>1.1798</u>	<u>1.2624</u>
Tax Extensions:							
General	\$ 577,924	\$ 557,692	\$ 481,592	\$ 513,203	\$ 498,004	\$ 563,800	\$ 615,633
IMRF	-	-	-	147,278	-	-	-
Street and Bridge	142,711	153,270	148,508	145,548	141,115	-	-
Police Protection	476,787	555,305	538,167	568,784	551,948	600,000	244,835
Fire Protection	489,466	531,909	515,360	546,509	530,370	200,000	296,899
Liability Insurance	116,616	148,972	147,271	-	-	-	318,360
Ambulance	-	-	-	-	-	400,000	391,512
Police Pension	805,555	660,509	552,487	541,751	551,948	475,734	281,037
Fire Pension	53,300	8,605	155,000	29,248	148,145	166,444	135,293
Debt Service	<u>500,867</u>	<u>501,759</u>	<u>502,494</u>	<u>503,072</u>	<u>503,492</u>	<u>73,028</u>	<u>72,188</u>
	3,163,226	3,118,021	3,040,879	2,995,393	2,925,022	2,479,006	2,355,757
Road and Bridge	<u>22,000</u>						
Totals	<u>\$ 3,185,226</u>	<u>\$ 3,140,021</u>	<u>\$ 3,062,879</u>	<u>\$ 3,017,393</u>	<u>\$ 2,947,022</u>	<u>\$ 2,501,006</u>	<u>\$ 2,377,757</u>
Tax Collections	\$ 1,217,682	\$ 2,412,105	\$ 2,950,047	\$ 2,926,971	\$ 2,830,016	\$ 2,226,956	\$ 2,120,019
Percent Collections	<u>38.23%</u>	<u>76.82%</u>	<u>96.32%</u>	<u>97.00%</u>	<u>96.03%</u>	<u>89.04%</u>	<u>89.16%</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements  
April 30, 2014

	Year Ended April 30,	Principal	Interest	Total
General Obligation Limited Tax Bonds, Series 1999B				
Dated May 1, 1999,				
Interest payable on January 1	2015	\$ 100,000	\$ 18,000	\$ 118,000
and June 1 at a rate of 9.00%	2016	<u>100,000</u>	<u>9,000</u>	<u>109,000</u>
Paying Agent: The Depository Trust Company		<u>\$ 200,000</u>	<u>\$ 27,000</u>	<u>\$ 227,000</u>
General Obligation Refunding Bonds				
(Alternate Revenue Source)				
Series 2009:				
Dated April 1, 2009				
Interest payable on January 1	2015	\$ 200,000	\$ 277,016	\$ 477,016
and July 1 at rates	2016	210,000	270,016	480,016
between 3.00% and 5.00%	2017	220,000	262,666	482,666
Paying Agent: Amalgamated Bank of Chicago	2018	225,000	253,866	478,866
	2019	235,000	244,866	479,866
	2020	245,000	235,466	480,466
	2021	255,000	225,972	480,972
	2022	265,000	215,772	480,772
	2023	275,000	205,172	480,172
	2024	290,000	193,486	483,486
	2025	300,000	180,798	480,798
	2026	315,000	167,298	482,298
	2027	330,000	152,728	482,728
	2028	345,000	137,218	482,218
	2029	360,000	120,832	480,832
	2030	380,000	103,282	483,282
	2031	395,000	84,756	479,756
	2032	415,000	65,500	480,500
	2033	435,000	44,750	479,750
	2034	<u>460,000</u>	<u>23,002</u>	<u>483,002</u>
		<u>\$ 6,155,000</u>	<u>\$ 3,464,462</u>	<u>\$ 9,619,462</u>
General Obligation				
Limited Tax Bonds, Series 2012				
Dated February 8, 2012				
Interest payable on December 1	2015	\$ 105,000	\$ 23,575	\$ 128,575
and June 1 at rates	2016	105,000	20,950	125,950
between 2.00% and 3.50%	2017	110,000	18,325	128,325
Paying Agent: Amalgamated Bank of Chicago	2018	110,000	15,025	125,025
	2019	115,000	11,725	126,725
	2020	120,000	8,275	128,275
	2021	<u>125,000</u>	<u>4,375</u>	<u>129,375</u>
		<u>\$ 790,000</u>	<u>\$ 102,250</u>	<u>\$ 892,250</u>

VILLAGE OF WORTH, ILLINOIS

Information Required By Revenue Bond Ordinance  
(Unaudited)  
April 30, 2014

Consumer data:

Number of customers:

Water and Sewer Service:

Residential	2,350
Commercial	<u>289</u>
Total	<u><u>2,639</u></u>

Sewer Service only:

Residential	0
Commercial	<u>3</u>
Total	<u><u>3</u></u>

Percent

Water Usage:

Gallage purchased	360,749,180	100%
Gallage billed	<u>271,037,606</u>	<u>76%</u>
Gallage lost and/or unaccounted for	631,786,786	24%

Insurance coverage data:

Umbrella	\$	9,000,000
Law Enforcement Liability - Each wrongful act		1,000,000
General Liability - Each occurrence		1,000,000
Public Officials Liability - Each wrongful act		1,000,000
Public Officials Liability - Aggregate		3,000,000
Auto Liability - Each accident		1,000,000
Property - Building		12,807,300
Property - BPP		12,807,300
Property - Tax Interruption		918,750
Contractor's (Mobile) Equipment		1,618,709
Flood		5,000,000
Earthquake		5,000,000
Equipment Breakdown:		
Expediting Equipment		12,378,600
Pollution Clean Up and Removal		25,000
Liquor		1,000,000
Crime:		
Public Employee Dishonesty		250,000
Money and Securities (inside premises)		250,000
Money and Securities (outside premises)		250,000
Forgery or Alteration		250,000
Workers' Compensation - Aggregate		2,500,000
Workers' Compensation - Each occurrence		2,500,000