

**VILLAGE OF WORTH, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2011

Prepared By:

**HEARNE & ASSOCIATES, P.C.**  
Certified Public Accountants &  
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# VILLAGE OF WORTH, ILLINOIS

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# VILLAGE OF WORTH, ILLINOIS

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### **Independent Auditor's 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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Worth, Illinois. 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 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 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information which includes management's discussion and analysis (pages 3-12), pension related schedules (pages 42-43) and budgetary schedule (page 44-50) is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information; however, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Worth, Illinois. The combining fund financial statements and other schedules listed in the table of contents are presented for the purposes of additional analysis, and are not a required part of the basic financial statements. Such information, except for the information required by bond revenue ordinance on page 61 which is marked unaudited and on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

October 14, 2011  
Mokena, IL



Hearne & Associates, P.C.  
Certified Public Accountants

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## VILLAGE OF WORTH, ILLINOIS

### Management Discussion and Analysis April 30, 2011

The Village of Worth's (the "Village") Management 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, 2011. 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 13-15) 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 Assets (the "Unrestricted Net Assets") 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 15) 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 Funds, rather than (the previous model's) fund types.

The Governmental Funds (see pages 16-19) presentation is presented on a source 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 Discussion and Analysis April 30, 2011

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Fire and Police Pension, see pages 24-25). 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 Business-type Activities column on the Business-type Fund Financial Statements (see pages 21-23) 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 17 and 20). 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.

**VILLAGE OF WORTH, ILLINOIS**

**Management Discussion and Analysis  
April 30, 2011**

**Government-Wide Financial Statements**

**Statement of Net Assets**

Net assets serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$ 4.6 million as of April 30, 2011.

A significant portion of the Village's net assets (100%) 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.

**Table 1  
Statement of Net Assets  
As of April 30, 2011**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total Primary</u>
Current Assets	\$ 2,518,129	\$ 1,879,632	\$ 4,397,761
Non Current Assets	9,777,660	2,968,757	12,746,417
Total Assets	<u>\$ 12,295,789</u>	<u>\$ 4,848,389</u>	<u>\$ 17,144,178</u>
Current Liabilities	\$ 2,665,831	\$ 1,004,700	\$ 3,670,531
Non Current Liabilities	8,435,029	405,703	8,840,732
Total Liabilities	<u>\$ 11,100,860</u>	<u>\$ 1,410,403</u>	<u>\$ 12,511,263</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 2,090,359	\$ 2,541,615	\$ 4,631,974
Unrestricted (Deficit)	(895,430)	896,371	941
Total Net Assets	<u>\$ 1,194,929</u>	<u>\$ 3,437,986</u>	<u>\$ 4,632,915</u>

**Statement of Net Assets  
As of April 30, 2010**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total Primary</u>
Current Assets	\$ 3,131,163	\$ 1,193,807	\$ 4,324,970
Non Current Assets	10,010,254	3,263,267	13,273,521
Total Assets	<u>\$ 13,141,417</u>	<u>\$ 4,457,074</u>	<u>\$ 17,598,491</u>
Current Liabilities	\$ 3,302,372	\$ 951,027	\$ 4,253,399
Non Current Liabilities	8,835,783	472,096	9,307,879
Total Liabilities	<u>\$ 12,138,155</u>	<u>\$ 1,423,123</u>	<u>\$ 13,561,278</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 1,926,586	\$ 2,782,732	\$ 4,709,318
Unrestricted (Deficit)	(923,324)	251,219	(672,105)
Total Net Assets	<u>\$ 1,003,262</u>	<u>\$ 3,033,951</u>	<u>\$ 4,037,213</u>

For more detailed information see the Statement of Net Assets (page 13-14).

## VILLAGE OF WORTH, ILLINOIS

### Management Discussion and Analysis April 30, 2011

The Village's combined net assets (which is the Village's equity) increased to \$ 4,632,915 from \$ 4,037,213 as a result of the increase in net assets primarily in the Business Type Activities. Net assets of the Village's governmental activities were \$ 1,194,930. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, were \$ (895,430). The net assets of business-type activities increased to \$ 3,437,985 from \$ 3,033,951. The Village can use unrestricted net assets 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 Assets summary presentation.

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

**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 capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

**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 assets and increase invested in capital assets, net of debt.

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

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

#### **CURRENT YEAR IMPACTS**

The Village's total assets decreased by \$ 454,000 from the prior year mainly due to a net decrease in noncurrent assets related to depreciation. The Village's liabilities decreased by \$ 1,050,000 mainly the payment of a prior liability owed for the Village's fire department and the pay down of the Village's debts.

The Village's total net assets increased by \$ 596,000. In the prior year the net assets decreased by \$664,000 and can be attributed to several factors. The changes in net assets are further analyzed in the next section.

VILLAGE OF WORTH, ILLINOIS

Management Discussion and Analysis  
April 30, 2011

Changes In Net Assets

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

Table 2  
Changes In Net Assets  
For the Fiscal Year Ended April 30, 2011

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total Primary</u>
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$ 3,184,548	2,408,238	\$ 5,592,786
Operating Grants and Contributions	60,430	-	60,430
General Revenues			
Property Taxes	2,430,831	-	2,430,831
Other Taxes	2,584,026	-	2,584,026
Other	200,914	866	201,780
Total Revenues	<u>\$ 8,460,749</u>	<u>\$ 2,409,104</u>	<u>\$ 10,869,853</u>
<b>EXPENSES</b>			
General Government	\$ 452,466	\$ -	\$ 452,466
Building Department	115,055	-	115,055
Boat Launch	13,972	-	13,972
Health Department	6,600	-	6,600
Fire Department	1,623,676	-	1,623,676
Ambulance & Paramedic Department	51,531	-	51,531
Police Department	2,955,636	-	2,955,636
Street and Bridge	499,414	-	499,414
Golf Course	1,787,634	-	1,787,634
Worth Days	61,392	-	61,392
Federal Seizure	10,611	-	10,611
Motor Fuel Tax Project	276,898	-	276,898
Tax Increment Financing Interest	411,517	-	411,517
Waterworks & Sewerage	-	1,779,963	1,779,963
Commuter Parking Lot	-	152,463	152,463
Total Expenses	<u>\$ 8,269,081</u>	<u>\$ 1,932,426</u>	<u>\$ 10,201,507</u>
Change In Net Assets	\$ 191,668	\$ 476,678	\$ 668,346
Beginning Net Assets	1,003,262	3,033,951	4,037,213
Prior Period Adjustment	-	(72,644)	(72,644)
Ending Net Assets	<u>\$ 1,194,930</u>	<u>\$ 3,437,985</u>	<u>\$ 4,632,915</u>

VILLAGE OF WORTH, ILLINOIS

Management Discussion and Analysis  
April 30, 2011

Changes In Net Assets  
For the Fiscal Year Ended April 30, 2010

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total Primary</u>
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$ 3,626,371	\$ 2,206,265	\$ 5,832,636
Operating Grants and Contributions	91,681	-	91,681
General Revenues			
Property Taxes	1,993,602	-	1,993,602
Other Taxes	2,464,210	-	2,464,210
Other	215,356	1,885	217,241
Total Revenues	<u>\$ 8,391,220</u>	<u>\$ 2,208,150</u>	<u>\$ 10,599,370</u>
<b>EXPENSES</b>			
General Government	\$ 666,313	\$ -	\$ 666,313
Building Department	131,933	-	131,933
Boat Launch	11,767	-	11,767
Health Department	6,600	-	6,600
Fire Department	796,054	-	796,054
Ambulance & Paramedic Department	772,995	-	772,995
Police Department	3,420,715	-	3,420,715
Street and Bridge	737,356	-	737,356
Golf Course	1,792,279	-	1,792,279
Worth Days	111,148	-	111,148
Federal Seizure	16,916	-	16,916
Motor Fuel Tax Project	500,212	-	500,212
Tax Increment Financing Interest	323,326	-	323,326
Waterworks & Sewerage	-	1,877,143	1,877,143
Commuter Parking Lot	-	91,495	91,495
Total Expenses	<u>\$ 9,294,401</u>	<u>\$ 1,968,638</u>	<u>\$ 11,263,039</u>
Change In Net Assets	\$ (903,181)	\$ 239,512	\$ (663,669)
Beginning Net Assets	1,906,443	2,794,439	4,700,882
Prior Period Adjustment	-	-	0
Ending Net Assets	<u>\$ 1,003,262</u>	<u>\$ 3,033,951</u>	<u>\$ 4,037,213</u>

## VILLAGE OF WORTH, ILLINOIS

### Management Discussion and Analysis April 30, 2011

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.

**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, 2011, revenues from all activities totaled \$ 10,869,853, a 2.6% increase from 2010. The increases are mainly in property tax revenues 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 \$437,000 for the year while charges for services are down \$240,000

VILLAGE OF WORTH, ILLINOIS

Management Discussion and Analysis  
April 30, 2011

*Expenses:*

The Village's total expenses for all activities for the year ended April 30, 2011 and 2010 were \$ 10,201,507 and \$ 11,263,039, respectively or a decrease of \$1,061,532. The main decreases were in the General Government fund (\$214,000), Fire Department Fund (\$106,000), Police Department Fund (465,000) and Street and Bridge Fund (238,000). This is due to overall cost savings instituted by the Village.

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 Ambulance Department and they accounted for \$ 4.6 million of the total expenses in 2011 and \$ 5.0 million of the total expenses in 2010. 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.

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

**Governmental Funds**

At April 30, 2011, the governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$ 66,301 compared to \$ 128,153 in 2010. Expenditures exceeded revenues and other financing sources (uses) in 2011.

**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 2011. 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**

<u>General Fund</u>	<u>Original Budget</u>	<u>Actual</u>
Revenues and Other Financing Sources		
Taxes	\$ 3,204,046	\$ 3,154,548
Licenses, Permits, and Fees	1,643,205	838,314
Intergovernmental	1,334,886	1,439,441
Fines and Forfeitures	65,000	620,298
Golf Course	2,033,715	1,719,587
Other	258,100	267,604
Total	<u>\$ 8,538,952</u>	<u>\$ 8,039,792</u>

VILLAGE OF WORTH, ILLINOIS

Management Discussion and Analysis  
April 30, 2011

<u>General Fund</u>	<u>Original Budget</u>	<u>Actual</u>
Expenditures and Other Financing Uses		
General Government	\$ 728,907	\$ 374,795
Building Department	136,279	115,055
Boat Launch	36,453	13,972
Health Department	-	6,600
Fire Department	1,519,232	1,614,876
Ambulance & Paramedic Department	97,727	51,531
Police Department	2,982,123	2,783,395
Street and Bridge	767,800	707,865
Golf Course	907,234	1,644,745
Worth Days	81,423	61,392
Federal Seizure	17,510	10,612
Debt Service	1,326,159	869,449
Total	<u>\$ 8,600,847</u>	<u>\$ 8,254,287</u>
Change In Fund Balance	<u>\$ (61,895)</u>	<u>\$ (214,495)</u>

As shown above the General Fund had a deficit budget of \$ (61,895), while actual results were a \$ (214,495) deficit. There are several factors that attributed to this deficit. General Government was \$354,000 below budgeted expenses. The golf course did not meet the expected net increase budgeted by a net amount of \$ 423,000; licenses and permit revenues did not realize the budget amount by \$ 805,000; fine revenue exceeded budget by \$ 555,000 and debt service was down from the budgeted amount.

**CAPITAL ASSETS**

At the end of the fiscal year 2011, the Village had a combined total of capital assets of \$ 12,746,417 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).

**Table 4**  
**Total Capital Assets at Year End**  
**Net of Depreciation**

	<u>Balance</u> <u>April 30, 2010</u>	<u>Net</u>	<u>Balance</u> <u>April 30, 2011</u>
Land	\$ 3,535,289	\$ -	\$ 3,535,289
Building and Improvements	3,487,105	(202,626)	3,284,479
Waterworks & Sewerage System	2,896,827	(265,509)	2,631,318
Machinery and Equipment	1,253,043	(178,409)	1,074,634
Commuter Parking Lot	284,874	(24,912)	259,962
Infrastructure	1,816,383	144,352	1,960,735
Total Capital Assets	<u>\$ 13,273,521</u>	<u>\$ (527,104)</u>	<u>\$ 12,746,417</u>

**VILLAGE OF WORTH, ILLINOIS**

**Management Discussion and Analysis  
April 30, 2011**

**DEBT OUTSTANDING**

See Note 7 to the financial statements for detail of debt activity and debt outstanding as of April 30, 2011.

**Economic Factors**

The financial condition of the Federal and State governments continues to have a dramatic effect on the Village of Worth during 2011. 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 assets.

The financial markets continued to make a recovery 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 \$ 505,000 (Police Pension - \$ 325,000 and Fire Pension - \$ 180,000) compared to the prior year positive change of \$ 936,000. As of the date of the financial report, the financial markets have experienced a downturn and will need to be monitored for the annual performance.

**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 Assets  
April 30, 2011

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 205,886	\$ 853,777	\$ 1,059,663
Receivables:			
Property Taxes	1,400,107	-	1,400,107
Other	593,627	228,742	822,369
Bond Issue Costs	191,502	-	191,502
Due From Other Funds	-	16,130	16,130
Prepaid Expenses	81,752	-	81,752
Inventories	45,255	-	45,255
Total Current Assets	<u>\$ 2,518,129</u>	<u>\$ 1,098,649</u>	<u>\$ 3,616,778</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	\$ 3,487,465	\$ 47,824	\$ 3,535,289
Capital Assets Being Depreciated, Net	6,290,195	2,920,933	9,211,128
Total Noncurrent Assets	<u>\$ 9,777,660</u>	<u>\$ 2,968,757</u>	<u>\$ 12,746,417</u>
Total Assets	<u>\$ 12,295,789</u>	<u>\$ 4,067,406</u>	<u>\$ 16,363,195</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	\$ 448,289	\$ 122,696	\$ 570,985
Short Term Notes Payable	50,000	-	50,000
Accrued Payroll	75,013	34,082	109,095
Accrued Vacation	147,073	-	147,073
Due To Fiduciary Funds	47,497	-	47,497
Deferred Revenue	1,455,232	-	1,455,232
Deposits	21,092	-	21,092
Installment Contracts	47,301	-	47,301
General Obligation Bonds	85,000	-	85,000
Revenue Bonds	-	53,939	53,939
General Obligation Debt Certificates	88,204	-	88,204
Alternative Revenue Bonds	185,000	-	185,000
Capital Lease	-	13,000	13,000
Due To Other Funds	16,130	-	16,130
Total Current Liabilities	<u>\$ 2,665,831</u>	<u>\$ 223,717</u>	<u>\$ 2,889,548</u>
Long-Term Liabilities, Net of Current Maturities			
General Obligation Bonds	\$ 395,000	\$ -	\$ 395,000
Revenue Bonds	-	373,203	373,203
General Obligation Debt Certificates	346,796	-	346,796
Alternative Revenue Bonds	6,540,000	-	6,540,000
Capital Lease	-	32,500	32,500
Compensated Absences	105,998	-	105,998
Pension Obligations	1,047,235	-	1,047,235
Total Noncurrent Liabilities	<u>\$ 8,435,029</u>	<u>\$ 405,703</u>	<u>\$ 8,840,732</u>
Total Liabilities	<u>\$ 11,100,860</u>	<u>\$ 629,420</u>	<u>\$ 11,730,280</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Assets  
April 30, 2011

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Net Assets</b>			
Invested In Capital Assets, Net of Related Debt	\$ 2,090,359	\$ 2,541,615	\$ 4,631,974
Unrestricted, (Deficit)	<u>(895,430)</u>	<u>896,371</u>	<u>941</u>
Total Net Assets	<u>\$ 1,194,929</u>	<u>\$ 3,437,986</u>	<u>\$ 4,632,915</u>
 Total Liabilities and Net Assets	 <u>\$ 12,295,789</u>	 <u>\$ 4,067,406</u>	 <u>\$ 16,363,195</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Activities  
Year Ended April 30, 2011

Functions/Programs	Program Revenues			Net (Expense), Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>						
General Government	\$ 452,466	\$ 566,091	\$ -	\$ 113,625	\$ -	\$ 113,625
Building Department	115,055	139,444	-	24,389	-	24,389
Boat Launch	13,972	22,297	-	8,325	-	8,325
Health Department	6,600	8,985	-	2,385	-	2,385
Fire Department	1,623,676	-	-	(1,623,676)	-	(1,623,676)
Ambulance and Paramedic Department	51,531	1,089	-	(50,442)	-	(50,442)
Police Department	2,955,636	620,298	-	(2,335,338)	-	(2,335,338)
Street and Bridge	499,414	39,978	60,430	(399,006)	-	(399,006)
Golf Course	1,787,634	1,719,587	-	(68,047)	-	(68,047)
Worth Days	61,392	66,779	-	5,387	-	5,387
Federal Seizure	10,611	-	-	(10,611)	-	(10,611)
Motor Fuel Tax Project	276,898	-	-	(276,898)	-	(276,898)
Tax Increment Financing	2,679	-	-	(2,679)	-	(2,679)
Interest	411,517	-	-	(411,517)	-	(411,517)
Total Governmental Activities	<u>\$ 8,269,081</u>	<u>\$ 3,184,548</u>	<u>\$ 60,430</u>	<u>\$ (5,024,103)</u>	<u>\$ -</u>	<u>\$(5,024,103)</u>
<b>Business-Type Activities:</b>						
Waterworks and Sewerage	\$ 1,779,963	\$ 2,359,112	\$ -	\$ -	\$ 579,149	\$ 579,149
Commuter Parking Lot	152,463	49,126	-	-	(103,337)	(103,337)
Total Business Type Activities	<u>\$ 1,932,426</u>	<u>\$ 2,408,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,812</u>	<u>\$ 475,812</u>
<b>Total</b>	<u>\$10,201,507</u>	<u>\$ 5,592,786</u>	<u>\$ 60,430</u>	<u>\$ (5,024,103)</u>	<u>\$ 475,812</u>	<u>\$(4,548,291)</u>
<b>General Revenues</b>						
<b>Taxes:</b>						
Property				\$ 2,430,831	\$ -	\$ 2,430,831
Other				2,584,026		2,584,026
Interest				1,576	-	1,576
Miscellaneous				199,338	866	200,204
Total General Revenues, Contributions, and Transfers				<u>\$ 5,215,771</u>	<u>\$ 866</u>	<u>\$ 5,216,637</u>
Change in Net Assets				\$ 191,668	\$ 476,678	\$ 668,346
Net Assets May 1, 2010				1,003,262	3,033,951	4,037,213
Prior Period Adjustment				-	(72,644)	(72,644)
Net Assets April 30, 2011				<u>\$ 1,194,930</u>	<u>\$3,437,985</u>	<u>\$ 4,632,915</u>

See the accompanying notes to the financial statements

## **FUND FINANCIAL STATEMENTS**

VILLAGE OF WORTH, ILLINOIS

Balance Sheet - Governmental Funds  
April 30, 2011

	General Fund	Other Governmental Funds	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 113,173	\$ 92,715	\$ 205,888
Receivables:			
Property Taxes	1,400,107	-	1,400,107
Other	102,393	-	102,393
Due From Other Funds	296,508	35,665	332,173
Due From Other Government Agencies	468,434	22,800	491,234
Prepays	81,752	-	81,752
Inventories	45,255	-	45,255
Total Assets	<u>\$ 2,507,622</u>	<u>\$ 151,180</u>	<u>\$ 2,658,802</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	\$ 437,856	\$ 10,433	\$ 448,289
Accrued Payroll	74,645	370	75,015
Accrued Vacation	147,073	-	147,073
Deferred Revenue	1,455,232	-	1,455,232
Deposits	21,092	-	21,092
Due To Other Funds	99,292	296,508	395,800
Short Term Note Payable	50,000	-	50,000
Total Liabilities	<u>\$ 2,285,190</u>	<u>\$ 307,311</u>	<u>\$ 2,592,501</u>
<b>Fund Balances</b>			
Reserved For:			
Prepays	\$ 81,752	\$ -	\$ 81,752
Inventory	45,255	-	45,255
Unreserved:			
General Fund	95,425		95,425
Special Revenue Funds	-	(156,131)	(156,131)
Total Fund Balances	<u>222,432</u>	<u>(156,131)</u>	<u>66,301</u>
Total Liabilities and Fund Balances	<u>\$ 2,507,622</u>	<u>\$ 151,180</u>	<u>\$ 2,658,802</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
April 30, 2011

Total Fund Balances - Governmental Funds \$ 66,301

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not current financial resources;  
and, therefore, are not reported in the funds. 9,777,660

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:

Installment Contracts	(47,300)
General Obligation Bonds	(480,000)
General Obligation Debt Certificates	(435,000)
Alternate Revenue Bonds	(6,725,000)
Compensated Absences	(105,998)
Pension Obligations	(1,047,235)
Bond Issuance Costs	<u>191,502</u>

Net Assets of Governmental Activities \$ 1,194,930

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended April 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 2,338,496	\$ 92,335	\$ 2,430,831
Sales Taxes	816,052	-	816,052
Intergovernmental	1,439,441	328,533	1,767,974
Licenses, Permits, and Fees	838,314	-	838,314
Fines and Forfeits	620,298	-	620,298
Charges for Service:			
Golf Course	1,719,587	-	1,719,587
Other	66,779	-	66,779
Interest	1,487	89	1,576
Other	199,338	-	199,338
Total Revenues	<u>\$ 8,039,792</u>	<u>\$ 420,957</u>	<u>\$ 8,460,749</u>
<b>Expenditures:</b>			
Current:			
General Government	\$ 374,796	\$ -	\$ 374,796
Building Department	115,055	-	115,055
Boat Launch	13,972	-	13,972
Health Department	6,600	-	6,600
Fire Department	1,614,876	-	1,614,876
Ambulance and Paramedic Department	51,531	-	51,531
Police Department	2,783,395	-	2,783,395
Street and Bridge	707,865	-	707,865
Golf Course	1,644,745	-	1,644,745
Worth Days	61,392	-	61,392
Federal Seizure	10,611	-	10,611
Motor Fuel Tax Project	-	227,197	227,197
Tax Increment Financing	-	2,679	2,679
Golf Course Principal	299,344	-	299,344
Other Principal	168,273	28,750	197,023
Golf Course Interest	355,208	-	355,208
Other Interest	46,624	9,685	56,309
Total Expenditures	<u>\$ 8,254,287</u>	<u>\$ 268,311</u>	<u>\$ 8,522,598</u>
Net Changes in Fund Balances	<u>\$ (214,495)</u>	<u>\$ 152,646</u>	<u>\$ (61,849)</u>
<b>Fund Balances:</b>			
May 1, 2010	<u>436,926</u>	<u>(308,776)</u>	<u>128,150</u>
April 30, 2011	<u>\$ 222,431</u>	<u>\$ (156,130)</u>	<u>\$ 66,301</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, 2011

Net Change in Fund Balance - Total Governmental Funds \$ (61,849)

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	\$ 304,275	
Depreciation Expense	<u>(536,869)</u>	(232,594)

The issuance of long-term debt provides current financial resources to governmental funds; however, it has no effect on net assets. 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 bond issuance costs		(8,705)
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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 Assets:

Tax Anticipation Warrant	\$ 100,000	
Installment contracts	44,332	
General obligation bonds and debt certificates	172,035	
Alternate revenue bonds	<u>180,000</u>	496,367

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:

Accrued compensated absences	\$ <u>(1,551)</u>	
		<u>(1,551)</u>

Change in net assets of governmental activities		<u>\$ 191,668</u>
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See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Assets - Enterprise Funds  
April 30, 2011

	Business-Type Activities		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 690,813	\$ 162,964	\$ 853,777
Accounts Receivable:			
Customers	60,496	-	60,496
Other	168,246	-	168,246
Due From Other Funds	-	16,130	16,130
Total Current Assets	<u>\$ 919,555</u>	<u>\$ 179,094</u>	<u>\$ 1,098,649</u>
Property and Equipment	\$ 8,442,025	\$ 971,502	\$ 9,413,527
Less: Accumulated Depreciation	<u>(5,742,737)</u>	<u>(702,033)</u>	<u>(6,444,770)</u>
	<u>\$ 2,699,288</u>	<u>\$ 269,469</u>	<u>\$ 2,968,757</u>
Total Assets	<u>\$ 3,618,843</u>	<u>\$ 448,563</u>	<u>\$ 4,067,406</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	\$ 118,969	\$ 3,727	\$ 122,696
Accrued Payroll	33,001	1,081	34,082
Current Maturities of Revenue Bonds	53,939	-	53,939
Current Maturities of Capital Lease	13,000	-	13,000
Total Current Liabilities	<u>\$ 218,909</u>	<u>\$ 4,808</u>	<u>\$ 223,717</u>
Long Term Liabilities, Net of Current Maturities			
Maturities of Revenue Bonds	\$ 373,203	\$ -	\$ 373,203
Maturities of Capital Lease	32,500	-	32,500
Total Liabilities	<u>\$ 624,612</u>	<u>\$ 4,808</u>	<u>\$ 629,420</u>
<b>Net Assets</b>			
Invested In Capital Assets, Net of Related Debt	\$ 2,272,146	\$ 269,469	\$ 2,541,615
Unrestricted, (Deficit)	<u>722,085</u>	<u>174,286</u>	<u>896,371</u>
Total Net Assets	<u>\$ 2,994,231</u>	<u>\$ 443,755</u>	<u>\$ 3,437,986</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Assets -  
Enterprise Funds  
Year Ended April 30, 2011

	Business-Type Activities		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Operating Revenues:</b>			
Water and Sewer Charges	\$ 2,248,238	\$ -	\$ 2,248,238
Commuter Parking Fees	-	49,126	49,126
Other Fees and Charges	110,874	-	110,874
Total Operating Revenues	<u>\$ 2,359,112</u>	<u>\$ 49,126</u>	<u>\$ 2,408,238</u>
<b>Operating Expenses:</b>			
Operations	\$ 1,561,424	\$ 123,462	\$ 1,684,886
Depreciation and Amortization	198,694	29,001	227,695
Total Operating Expenses	<u>\$ 1,760,118</u>	<u>\$ 152,463</u>	<u>\$ 1,912,581</u>
Operating Income (Loss)	<u>\$ 598,994</u>	<u>\$ (103,337)</u>	<u>\$ 495,657</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	\$ -	\$ 866	\$ 866
Interest Expense	19,845	-	19,845
Income (Loss) Before Transfers	<u>\$ 579,149</u>	<u>\$ (102,471)</u>	<u>\$ 476,678</u>
Change In Net Assets	\$ 579,149	\$ (102,471)	\$ 476,678
<b>Net Assets:</b>			
May 1, 2010	2,487,721	546,226	3,033,947
Prior Period Adjustment	<u>(72,644)</u>	<u>-</u>	<u>(72,644)</u>
April 30, 2011	<u>\$ 2,994,226</u>	<u>\$ 443,755</u>	<u>\$ 3,437,981</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Cash Flows - Enterprise Funds  
Year Ended April 30, 2011

	Business-Type Activities		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received for Services	\$ 2,378,831	\$ 49,126	\$ 2,427,957
Payments to Employees	(325,648)	(26,630)	(352,278)
Payments to Suppliers	(1,175,350)	(95,072)	(1,270,422)
Net Cash Provided by (Used In) Operating Activities	<u>\$ 877,833</u>	<u>\$ (72,576)</u>	<u>\$ 805,257</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
(Increases) Decreases In Due (To) From Other Funds	<u>\$ (780,983)</u>	<u>\$ -</u>	<u>\$ (780,983)</u>
Net Cash Used by Noncapital Financing Activities	<u>\$ (780,983)</u>	<u>\$ -</u>	<u>\$ (780,983)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Bond Principal Payments	\$ (53,393)	\$ -	\$ (53,393)
Bond Interest Payments	(19,845)	-	(19,845)
Capital Lease Payments	(13,000)	-	(13,000)
Net Cash (Used in) Capital and Related Financing Activities	<u>\$ (86,238)</u>	<u>\$ -</u>	<u>\$ (86,238)</u>
<b>Cash Flows from Investing Activities,</b>			
Purchase of Property & Equipment	\$ (5,830)	\$ -	\$ (5,830)
Interest Received	-	866	866
Net cash used in investing activities	<u>\$ (5,830)</u>	<u>\$ 866</u>	<u>\$ (4,964)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	\$ 4,782	\$ (71,710)	\$ (66,928)
<b>Cash and Cash Equivalents:</b>			
May 1, 2010	<u>686,031</u>	<u>234,674</u>	<u>920,705</u>
April 30, 2011	<u>\$ 690,813</u>	<u>\$ 162,964</u>	<u>\$ 853,777</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating (Loss)	<u>\$ 598,994</u>	<u>\$ (103,337)</u>	<u>\$ 495,657</u>
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	198,694	29,001	227,695
Changes In Assets and Liabilities			
Accounts Receivable	19,717	-	19,717
Prepaid Insurance	8,515	-	8,515
Accounts Payable and Accruals	51,913	1,760	53,673
Total Adjustments	<u>\$ 278,839</u>	<u>\$ 30,761</u>	<u>\$ 309,600</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 877,833</u>	<u>\$ (72,576)</u>	<u>\$ 805,257</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Combining Statement of Fiduciary Net Assets  
Pension Trust Funds  
April 30, 2011

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 14,902	\$ 36,850	\$ 51,752
Investments	9,449,135	2,770,276	12,219,411
Property Taxes Receivable	49,356	-	49,356
Accrued Interest Receivable	20,643	8,561	29,204
Prepaid Expenses	2,613	-	2,613
Due From Other Funds	47,497	-	47,497
Total Assets	<u>\$ 9,584,146</u>	<u>\$ 2,815,687</u>	<u>\$ 12,399,833</u>
<b>Liabilities and Net Assets</b>			
Liabilities			
Accounts Payable	\$ 6,865	\$ 4,007	\$ 10,872
Net Assets Held In Trust For Employees' Benefits	<u>9,577,281</u>	<u>2,811,680</u>	<u>12,388,961</u>
Total Liabilities and Net Assets	<u>\$ 9,584,146</u>	<u>\$ 2,815,687</u>	<u>\$ 12,399,833</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Combining Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds  
April 30, 2011

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions			
Employer	\$ 568,950	\$ 133,644	\$ 702,594
Employee	<u>147,630</u>	<u>5,021</u>	<u>152,651</u>
Total Contributions	<u>\$ 716,580</u>	<u>\$ 138,665</u>	<u>\$ 855,245</u>
<b>Investment Income</b>			
Net Appreciation (Decrease) in Fair Value of Investments	\$ 397,360	\$ 168,713	\$ 566,073
Interest Income	<u>188,329</u>	<u>22,306</u>	<u>210,635</u>
Total Investment Income	\$ 585,689	\$ 191,019	\$ 776,708
<b>Investment Expenses</b>			
Other Investment Expenses	<u>\$ 27,243</u>	<u>\$ 9,372</u>	<u>\$ 36,615</u>
Net Investment Gain	<u>\$ 558,446</u>	<u>\$ 181,647</u>	<u>\$ 740,093</u>
Total Additions (Reductions)	<u>\$ 1,275,026</u>	<u>\$ 320,312</u>	<u>\$ 1,595,338</u>
Deductions, Benefits Taken	\$ 920,398	\$ 127,853	\$ 1,048,251
Administrative Expenses	<u>29,411</u>	<u>12,491</u>	<u>41,902</u>
Total Deductions	<u>\$ 949,809</u>	<u>\$ 140,344</u>	<u>\$ 1,090,153</u>
Changes in Net Assets	\$ 325,217	\$ 179,968	\$ 505,185
<b>Net Assets Held in Trust for Employee's</b>			
May 1, 2010	<u>\$9,252,064</u>	<u>\$2,631,712</u>	<u>\$ 11,883,776</u>
April 30, 2011	<u><u>\$9,577,281</u></u>	<u><u>\$2,811,680</u></u>	<u><u>\$ 12,388,961</u></u>

See the accompanying notes to the financial statements

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

**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: (1) the primary government; (2) organizations for which the primary government is financially accountable for; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria there are no potential component units which should be included with the Village's general purpose financial statements, nor is the Village considered to be a potential component unit of any other government.

**Government-Wide Financial Statements:** The government-wide Statement of Net Assets 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 Assets presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories:

- 1) Invested in capital assets, net of related debt** 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 assets** result when constraints placed on net asset 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 assets** consist of net assets that do 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.

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 (agency) 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 funds - General Fund and Motor Fuel Tax Fund.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has the following major enterprise funds - Waterworks and Sewerage Fund, and Commuter Parking Lot Fund.

The Village administers the following major 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 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.

**Motor Fuel Tax Fund** - This Fund is used to account for revenue sources that are legally restricted for road maintenance projects.

The Village administers the following major proprietary funds:

**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.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

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 Assets 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.

**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 assets.

**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.

**Other Assets**

In government funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

**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.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated 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 Assets 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.

**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 debt and other long-term obligations, including compensated absences, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Assets. Items such as premiums, discounts, bond issuance costs 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 Assets**

For the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

- 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 Balance Reserves or Designations**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances, if any, represent tentative plans for future use of financial resources.

**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 annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by its Village Board. Property taxes are recognized as a receivable at the time they are levied. In the governmental funds, since the 2010 tax levy is intended to finance the expenditures for the year ending April 30, 2012, the entire 2010 tax levy has been reflected as deferred revenue as of April 30, 2011, except for employee pension taxes which are recognized as revenue in the year in which they are received. The 2009 property tax levy, together with any prior levy year collections, has been recognized as revenue of the governmental funds for the year ended April 30, 2010. A reduction of collection losses, based on historical collection experience, has been provided to reduce the taxes receivable to the estimated amounts to be collected.

The property tax calendar for the 2010 tax levy is as follows:

Levy Date	December 28, 2010
Lien Date	January 1, 2010
Tax Bills Mailed (at least 30 days prior to collection deadline)	
First Installment Date	March 1, 2011
Second Installment Date	November 1, 2011

Property taxes are billed and collected by the County Treasurer of Cook County, Illinois.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

**NOTE 3. CASH AND INVESTMENTS**

*Deposits*

*Custodial Credit Risk* - Deposits - Custodial credit risk that, in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a policy for custodial credit risk. As of April 30, 2010 the carrying amount of the Village's deposits was \$ 1,104,242. All of the Village's deposits were insured or collateralized at April 30, 2011.

*Investments*

As of April 30, 2011, the Village had the following investments and maturities:

<b>Village Funds</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10 More Than 10</b>
Illinois Funds	\$ 328,571	\$ 328,571	\$ -	\$ -

  

<b>Pension Funds</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10 More Than 10</b>
U.S. Treasury Notes	\$ 391,891	\$ 358,688	\$ -	\$ 33,203
U.S. Agencies - FHLB	330,395	25,000	305,395	-
U.S. Agencies - FHLMC	378,521	318,521	60,000	-
U.S. Agencies - GNMA	5,640	-	-	5,640
U.S. Agencies - TVA	296,413	7,000	4,097	285,316
Certificates of Deposit	3,316,448	1,842,123	1,474,325	-
Stock and MMA Mutual Funds	6,389,106	6,389,106	-	-
	<u>\$ 11,108,414</u>	<u>\$ 8,940,438</u>	<u>\$ 1,843,817</u>	<u>\$ 318,519</u>

The Illinois Funds are shown as maturing in less than one year because 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.

*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, 2011, 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 were not rated. The Village's investment policy does not address credit risk.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

*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, 2011, 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, 2011, is as follows:

	Balance at April 30, 2010	Additions	Deletions	Balance at April 30, 2011
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,487,465	\$ -	\$ -	\$ 3,487,465
-				
Capital Assets Being Depreciated:				
Building and Improvements	6,535,652	-	-	6,535,652
Machinery and Equipment	3,895,423	64,761	-	3,960,184
Infrastructure	5,376,266	239,514	-	5,615,780
Total Capital Assets Being Depreciated	15,807,341	304,275	-	16,111,616
Less Accumulated Depreciation for:				
Building and Improvements	3,048,547	202,626	-	3,251,173
Machinery and Equipment	2,676,124	239,081	-	2,915,205
Infrastructure	3,559,881	95,162	-	3,655,043
Total Accumulated Depreciation	9,284,552	536,869	-	9,821,421
Total Capital Assets Being Depreciated, Net	6,522,789	(232,594)	-	6,290,195
Governmental Activities Capital Assets, Net	\$ 10,010,254	\$ (232,594)	\$ -	\$ 9,777,660

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

**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, 2011, is as follows:

	Balance at April 30, 2010	Additions	Reclass/ Deletions	Balance at April 30, 2011
<i>Business-Type Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 47,824	\$ -	\$ -	\$ 47,824
Capital Assets Being Depreciated:				
Waterworks and Sewerage System	8,065,586	5,829	-	8,071,415
Machinery and Equipment	531,511	-	-	531,511
Commuter Parking Lot	762,716	-	-	762,716
Total Capital Assets Being Depreciated	9,359,813	5,829	-	9,365,642
Less accumulated depreciation for:				
Waterworks and Sewerage System	5,222,802	271,338	-	5,494,140
Machinery and Equipment	434,833	4,089	-	438,922
Commuter Parking Lot	486,735	24,912	-	511,647
Total Accumulated Depreciation	6,144,370	300,339	-	6,444,709
Total Capital Assets Being Depreciated, Net	3,215,443	(294,510)	-	2,920,933
Business-Type Activities Capital Assets, Net	\$ 3,263,267	\$ (294,510)	\$ -	\$ 2,968,757

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 93,189
Fire Department	8,800
Police Department	211,227
Street and Bridge	31,063
Golf Course	142,889
Motor Fuel Tax Project	49,701
	\$ 536,869
Business-type Activities:	
Waterworks and Sewerage	\$ 271,338
Commuter Parking Lot	29,001
	\$ 300,339

Included with the Waterworks and Sewerage depreciation expense for the current year is a prior period adjustment in the amount of \$72,644. See Note 11 for further information.

**NOTE 5. LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation activity for the Village associated with governmental activities for the year ended April 30, 2011:

Debt Description Key:

IC - Installment Contracts  
GO Bonds - General Obligation Bonds  
ARB - Alternate Revenue Bonds  
LOC - Line of Credit

GO Debt - General Obligation Debt  
CA - Compensated Absences  
PO - Pension Obligations

RB - Revenue Bonds  
CL - Capital Lease  
TAW - Tax Anticipation  
Warrant

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

	Outstanding Debt as of May 1, 2010	Additions	Reductions	Refunded	Outstanding Debt as of April 30, 2011	Due Within One Year
IC	\$ 91,633	\$ -	\$ 44,332	\$ -	\$ 47,301	\$ 47,301
GO Bonds	560,000	-	80,000	-	480,000	85,000
ARB	6,905,000	-	180,000	-	6,725,000	185,000
GO Debt	527,035	-	92,035	-	435,000	88,204
TAW	100,000	1,000,000	1,100,000	-	-	-
CA	104,450	1,548	-	-	105,998	-
PO	1,047,235	-	-	-	1,047,235	-
LOC	-	50,000	-	-	50,000	50,000
	<u>\$ 9,335,353</u>	<u>\$ 1,051,548</u>	<u>\$ 1,496,367</u>	<u>\$ -</u>	<u>\$ 8,890,534</u>	<u>\$ 455,505</u>

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2011:

	Outstanding Debt as of May 1, 2010	Additions	Reductions	Refunded	Outstanding Debt as of April 30, 2011	Due Within One Year
GO Debt	\$ 480,535	\$ -	\$ 53,393	\$ -	\$ 427,142	\$ 53,939
CL	58,500	-	13,000	-	45,500	13,000
	<u>\$ 539,035</u>	<u>\$ -</u>	<u>\$ 66,393</u>	<u>\$ -</u>	<u>\$ 472,642</u>	<u>\$ 66,939</u>

Outstanding debt as of April 30, 2011, consists of the following:

*General Obligation Bonds:*

General Obligation Limited Tax Bonds, Series 1999B dated May 1, 1999, with bonds due in annual principal maturities of \$ 85,000 in 2012, \$ 95,000 in 2013, and \$ 100,000 in 2014, 2015 and 2016 and interest rate of 9% due on January 1 and June 1. This bond is serviced by the Golf Course Fund.  
Paying Agent: Amalgamated Bank of Chicago

\$ 480,000

*General Obligation Debt Certificates:*

2004 General Obligation Debt Certificates dated January 26, 2004, with bonds due in principal maturities of \$ 82,143 in 2007 through 2018, and \$ 82,141 in 2019. Interest between 1.85% and 4.90% is due on January 26 and July 26. \$ 400,000 general government and \$ 750,000 Enterprise Fund. \$ 400,000 of this debt certificate is to be serviced from the General Fund and \$ 750,000 is to be serviced from the Water and Sewer Fund. (Private Bank)

\$ 657,143

2006 General Obligation Debt Certificates dated March 8, 2007, with principal due annually, and interest due quarterly. This debt certificate is to be serviced from the General Fund. (Private Bank).

205,000

\$ 862,143

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

*Installment Notes:*

Installment note dated November 2006, for the purchase of golf carts, is due in annual payments of \$ 7,291 each year through 2012. This note is serviced by the Golf Course Fund.	\$ 43,027
Installment note dated November 2006, for the purchase of golf course equipment, is due in monthly payments from June through November of \$ 207 each year through 2012. This note is serviced by the Golf Course Fund.	1,179
Installment note dated November 2006, for the purchase of golf course equipment, is due in monthly payments from June through November of \$ 207 each year through 2012. This note is serviced by the Golf Course Fund.	1,179
Installment note dated November 2006, for the purchase of golf course equipment, is due in monthly payments from May through October of \$ 336 each year through 2012. This note is serviced by the Golf Course Fund.	1,916
	\$ 47,301

*Alternate Revenue Bonds:*

General Obligation Refunding Bonds (Alternate Revenue Source) Series 2009 dated April 1, 2009, with bonds due in annual principal maturities of \$ 185,000 in 2012, \$ 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 Fund.	\$ <u>6,725,000</u>
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*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.	\$ <u>45,500</u>
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<b>Line of Credit:</b> 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.	\$ <u>50,000</u>
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*Tax Anticipation Warrant:*

On February 11, 2011, the Village issued and repaid \$ 1,000,000 of Tax Anticipation Warrants at a rate of 4.0% in anticipation of taxes levied for the year 2010. The warrants were repaid at the maturity date of April 30, 2011.	\$ <u>-</u>
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The future annual debt service requirements on the outstanding debt, other than compensated absences of \$ 105,998; net pension obligation of \$ 1,047,235 and including interest of \$ 4,612,760, are as follows:

	General Obligation Bonds	General Obligation Debt Certificates	Installment Notes	Capital Lease	Alternate Revenue Bonds	Total
2012-2016	\$ 612,750	\$ 733,424	\$ 49,790	\$ 49,170	\$ 2,392,580	\$ 3,837,714
2017-2021	-	267,560	-	-	2,402,836	2,670,396
2022-beyond	-	-	-	-	6,259,594	6,259,594
	\$ 612,750	\$ 1,000,984	\$ 49,790	\$ 49,170	\$ 11,055,010	\$ 12,767,704

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

**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 employer 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. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, your employer 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 employer contribution rate for calendar year 2010 was 8.64 percent of annual covered payroll. 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.** For the year ending December 31, 2010, the Village's actual contributions for pension cost for the Regular plan members were \$ 82,604. Its required contribution for calendar year 2010 was \$ 108,131.

*Trend Information*

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 108,131	76%	\$ -
12/31/09	\$ 89,398	100%	-
12/31/08	\$ 88,383	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included: (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4.00% a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit; and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer 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% corridor between the actuarial and market value of assets. The employer 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, 2010, the most recent actuarial valuation date, the Regular plan was 85.17 percent funded. The actuarial accrued liability for benefits was \$ 3,547,574 and the actuarial value of assets was \$ 3,021,531, resulting in an underfunded actuarial accrued liability (UAAL) of \$ 526,043. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$ 956,068 and the ratio of the UAAL to the covered payroll was 55 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.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

*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.

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 2009 was 39 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, 2009 were as follows:

Annual required contribution	\$ 556,296
Interest on net pension obligation	-
Adjustment to annual requirement contribution	-
Annual pension cost	<u>556,296</u>
Contributions made	<u>(273,468)</u>
Increase in net pension obligation	282,828
Net pension obligation (asset), beginning of year	<u>(1,756)</u>
Net pension obligation, end of year	<u><u>\$ 281,072</u></u>

The annual contribution for the year ended April 30, 2009, was determined as part of the April 30, 2008 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 2.5%. 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, 2009 was 29 years.

*Trend Information*

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Annual Contributions Made</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/10	\$ *	\$ *	*	\$ *
4/30/09	\$ 556,296	\$ 273,468	49	\$ 281,072
4/30/08	\$ *	\$ *	*	\$ *

\*Information not available

Membership in the plan consisted of the following as of April 30, 2009:

Retirees and beneficiaries receiving benefits	18
Terminated plan members entitled to but not yet receiving benefits	1
Active vested plan members	13
Active nonvested plan members	<u>12</u>
<b>Total Members</b>	<u><u>44</u></u>

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

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

*Firefighters' Pension Plan*

Fire sworn personnel are covered by the Firefighters' Pension Plan which 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. The employer rate for fiscal year ended April 30, 2008 was 28 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 obligation to the Plan for the year ended April 30, 2008, were as follows:

Annual required contribution	\$ 200,000
Interest on net pension obligation	44,387
Adjustment to annual requirement contribution	<u>(29,042)</u>
Annual pension cost	215,345
Contributions made	<u>(41,110)</u>
Increase (decrease) in net pension obligation	174,235
Net pension obligation, beginning of year	<u>591,828</u>
Net pension obligation, end of year	<u><u>\$ 766,063</u></u>

The annual contribution for the year ended April 30, 2008, was determined as part of the April 30, 2007 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) 2.5% per year cost of living adjustments. Both (a) and (b) included an inflation component of 2.5%. 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, 2007 was 29 years.

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Annual Contributions Made</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/08	\$ *	\$ *	*	\$ *
4/30/07	\$ *	\$ *	*	\$ *
4/30/06	\$ 215,345	\$ 41,110	19	\$ 766,063

\*Information not available

Membership in the plan consisted of the following as of April 30, 2007:

Retirees and beneficiaries receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	4
Active nonvested plan members	8
<b>Total Members</b>	<u><u>14</u></u>

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

**NOTE 7. OTHER FINANCIAL DISCLOSURES (FFS LEVEL ONLY)**

Individual interfund receivable and payable balances as of April 30, 2011, are as follows:

<b>Fund</b>	<b>Due From</b>	<b>Due To</b>
Major Governmental:		
General:		
Motor Fuel Tax	\$ 296,508	\$ -
Tax Increment Financing	-	35,665
Commuter Parking Lot	-	16,130
Police Pension	-	47,497
	<u>296,508</u>	<u>99,292</u>
Nonmajor Governmental:		
Motor Fuel Tax:		
General	-	296,508
Tax Increment Financing District		
General	35,665	-
Major Business-type:		
Commuter Parking Lot:		
General	16,130	-
Agency:		
Police Pension:	47,497	
General		-
<b>Total</b>	<u>\$ 395,800</u>	<u>\$ 395,800</u>

Interfund debt reflects operating loans which are expected to be repaid in the following fiscal year.

**NOTE 8. Other Fund Disclosures**

Generally accepted accounting principles require disclosure, as part of the Combined Statements - Overview of certain information concerning individual funds including:

Deficit fund balances of individual funds:

The Motor Fuel Tax Fund has a deficit balance of \$ 427,090 as of April, 30, 2011. The deficit is expected to be funded by future Motor Fuel Taxes.

**NOTE 9. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the Village beginning with its fiscal year ending April 30, 2012.

This statement establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**VILLAGE OF WORTH, ILLINOIS**  
**Notes to Basic Financial Statements**  
**April 30, 2011**

**NOTE 10. RISK MANAGEMENT**

In the current fiscal year, the Village purchased 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 current year.

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 11. Prior Period Adjustment**

The Village has recorded a prior period adjustment in the amount of \$ 72,644. This adjustment is to recognize depreciation expense for Water and Sewer capital assets that were not properly depreciated for the fiscal years 2006 - 2010. This adjustment has had an effect to the Business-type Activities in the amount of \$ 72,644.

**REQUIRED SUPPLEMENTAL 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)
12/31/2010	\$ 3,021,531	\$ 3,547,574	\$ 526,043	85.17	\$ 956,068	55.02
12/31/2009	2,802,394	3,428,196	625,802	81.75	1,138,833	54.95
12/31/2008	2,684,216	3,242,430	558,214	82.78	1,106,171	50.46

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$3,209,760.  
On a market basis, the funded ratio would be 90.48%.

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)
04/30/2011	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, 2009.

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
04/30/2010	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, 2008.

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Revenues - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Property Taxes	\$ 2,403,046	\$ 2,338,496	\$ (64,550)
Sales Taxes	801,000	816,052	15,052
Intergovernmental	1,334,886	1,439,441	104,555
Licenses, Permits, and Fees	1,643,205	838,314	(804,891)
Fines and Forfeits	65,000	620,298	555,298
Charges for Service:			
Golf Course	2,033,715	1,719,587	(314,128)
Other	92,800	66,779	(26,021)
Interest	3,950	1,487	(2,463)
Transfer In	-	13,834	13,834
Other	<u>161,350</u>	<u>199,338</u>	<u>37,988</u>
Total Revenues	<u>\$ 8,538,952</u>	<u>\$ 8,053,626</u>	<u>\$ (485,326)</u>

See accompanying notes to required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>General Government:</b>			
Village President Salary	\$ 30,614	\$ 28,305	\$ (2,309)
Liquor Commissioner Salary	4,466	3,720	(746)
Clerk/Collector Salary	23,856	19,969	(3,887)
Trustees Salaries	39,000	35,698	(3,302)
Vacation & Sick Leave	-	(46,758)	(46,758)
Unemployment Taxes	7,725	66,623	58,898
Insurance Premiums	5,520	20,431	14,911
Professional Fees	30,900	33,242	2,342
Legal Fees	104,030	72,996	(31,034)
Programming Costs	23,175	18,464	(4,711)
Publication of Legal Notices	1,751	785	(966)
Travel Expenses for Village Officials	618	-	(618)
Officials Expenses	1,030	110	(920)
Employee Expenses	1,030	473	(557)
Hotel Occupancy	1,854	1,409	(445)
Bank Fees	206	252	46
Employment Expenses	258	-	(258)
Training Education	618	-	(618)
Professional Memberships	5,686	564	(5,122)
Officials Expense	386	210	(176)
Postage	4,326	5,062	736
Telephone Service	4,738	8,044	3,306
Utilities	2,472	2,748	276
Material Purchases	-	22	22
License Application Expenses	927	(380)	(1,307)
Building Maintenance	6,309	1,587	(4,722)
Custodial Services	3,708	2,852	(856)
Machine Purchase Other	1,545	-	(1,545)
Repair and Maintenance	2,060	52	(2,008)
Public Relations Expense	206	34	(172)
Computer Software	123,600	2,214	(121,386)
Paper Yard bags	1,803	-	(1,803)
Salt Purchase	206	42	(164)
Purchase of Office Equipment	3,296	420	(2,876)
Computer Purchase	2,060	-	(2,060)
Equipment Lease	258	-	(258)
Maintenance Contracts	4,223	7,659	3,436
PATSE Transportation Services	412	-	(412)
Senior Citizen Commission	1,030	-	(1,030)
Other Senior Expenses	-	498	498

See accompanying notes to required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Credit Card Charges	\$ 1,133	\$ 3,001	\$ 1,868
Filing Fees	258	-	(258)
Computer Repair and Maintenance	4,635	1,803	(2,832)
Office Expense	6,592	3,834	(2,758)
Printing Expense	9,270	12,496	3,226
Departmental Supplies	1,648	1,411	(237)
Custodial Expense	1,545	840	(705)
Building Expense	3,193	-	(3,193)
EDC/Beautification	30,900	14,007	(16,893)
Administrative Expenses	206	84	(122)
Village Events Expense	1,030	155	(875)
DNR Fishing/Hunting	2,575	1,734	(841)
Miscellaneous Expense	5,150	1,262	(3,888)
Banner Program	-	5,070	5,070
Social Security/Medicare	7,492	8,006	514
Illinois Municipal Retirement Fund Contributions	7,879	7,854	(25)
Liability Insurance	7,085	25,891	18,806
Paying Agents Fee	10,300	-	(10,300)
Contingencies/Miscellaneous	182,114	-	(182,114)
<b>Total General Government</b>	<b>\$ 728,907</b>	<b>\$ 374,795</b>	<b>\$ (354,112)</b>
<b>Building Department:</b>			
Building Commissioner Salary	\$ 19,847	\$ 19,153	\$ (694)
Building Inspector Salary	28,840	25,781	(3,059)
Plumbing Inspector Salary	3,090	4,621	1,531
Electrical Inspector Salary	2,060	950	(1,110)
HVAC Inspector Salary	1,030	-	(1,030)
Clerical Staff Salary	27,453	26,387	(1,066)
Ordinance Officer Salary	8,870	7,133	(1,737)
Social Security/Medicare	6,928	5,603	(1,325)
Illinois Municipal Retirement Fund Contributions	4,087	4,724	637
Insurance Premiums	10,397	9,588	(809)
Professional Fees	5,665	1,553	(4,112)
Hearing Officer	1,545	-	(1,545)
Engineering Fees	1,030	-	(1,030)
Printing Expenses	515	335	(180)
Departmental Supplies	309	233	(76)
Telephone Service	412	270	(142)
Training and Education	515	370	(145)
Legal Notices	515	50	(465)
Legal Expenses	3,605	-	(3,605)
Maintenance - Equipment	979	-	(979)
Maintenance - Building	515	-	(515)

See accompanying notes to required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Liability Insurance	\$ 6,681	\$ 7,859	\$ 1,178
Miscellaneous	1,391	445	(946)
Total Building Department	<u>\$ 136,279</u>	<u>\$ 115,055</u>	<u>\$ (21,224)</u>
<b>Boat Launch Department:</b>			
Attendant	\$ 1,494	\$ 1,146	\$ (348)
Telephone	155	90	(65)
Utilities	4,120	3,175	(945)
Maintenance	26,451	4,131	(22,320)
Equipment Rental	1,236	1,005	(231)
Insurance Premiums	216	-	(216)
Miscellaneous	2,781	4,064	1,283
Walking Trail	-	300	300
Custodial Supplies	-	61	61
Total Boat Launch Department	<u>\$ 36,453</u>	<u>\$ 13,972</u>	<u>\$ (22,481)</u>
<b>Health Department:</b>			
Health Inspector Fees	\$ -	\$ 6,600	\$ 6,600
<b>Fire Department:</b>			
Insurance Premiums	\$ -	\$ 32,991	\$ 32,991
Intergovernmental Agreement - Fire Services	<u>1,519,232</u>	<u>1,581,885</u>	<u>62,653</u>
Total Fire Department	<u>\$ 1,519,232</u>	<u>\$ 1,614,876</u>	<u>\$ 95,644</u>
<b>Paramedic Department:</b>			
Overtime Salary	\$ -	\$ 117	\$ 117
Paramedics	82,808	48,847	(33,961)
Medical Insurance Premiums	13,753	-	(13,753)
Para OT Straight	-	2,567	2,567
Medicare Expense	1,166	-	(1,166)
Total Paramedic Department	<u>\$ 97,727</u>	<u>\$ 51,531</u>	<u>\$ (46,196)</u>
<b>Police Department:</b>			
Clerical Salary	\$ 127,173	\$ 122,376	\$ (4,797)
Chief Salary	80,371	43,517	(36,854)
Lieutenant Salary	165,486	158,437	(7,049)
Administrative Assistant Salary	26,916	21,046	(5,870)
Sergeants Salary	320,086	229,229	(90,857)
Officers Salary	1,046,131	1,030,935	(15,196)
Court Time Salary	15,450	12,525	(2,925)
Overtime Salary	105,991	113,889	7,898
Holiday	95,497	70,904	(24,593)
Emergency Police	-	1,690	1,690
Hearing Officer	5,562	-	(5,562)
Engineering Fees	-	5,352	5,352

See accompanying notes to required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Social Security/Medicare	\$ 49,650	\$ 42,475	\$ (7,175)
Illinois Municipal Retirement Fund Contributions	5,081	7,643	2,562
Crossing Guards	41,371	36,650	(4,721)
Management Fees	371	340	(31)
Clothing Allowance	18,128	17,600	(528)
Computer Repair and Maintenance	2,060	1,975	(85)
Professional Fees	14,832	21,636	6,804
Central Dispatch	253,134	245,761	(7,373)
Uniforms and Personal Equipment	8,240	788	(7,452)
Training Costs	6,242	2,902	(3,340)
General Maintenance	2,387	-	(2,387)
Education Reimbursement	-	15,380	15,380
Travel	309	47	(262)
Employee Costs	309	165	(144)
Membership and Subscriptions	5,665	1,623	(4,042)
Employment Costs	5,150	1,900	(3,250)
Office Supplies	8,755	4,949	(3,806)
Bank Fees	206	-	(206)
Departmental Supplies	8,240	4,780	(3,460)
Legal Fees	7,210	19,385	12,175
Postage	1,674	1,752	78
Telephone	15,450	18,684	3,234
Computer Software	1,030	852	(178)
Maintenance Contracts	3,605	4,111	506
Utilities	1,521	939	(582)
Custodial Supplies	4,635	5,236	601
Prisoner Costs	1,133	975	(158)
Radio Purchase and Maintenance	2,060	2,400	340
Animal Warden Supplies	1,030	690	(340)
Computer Repair and Maintenance	2,060	997	(1,063)
Office Equipment Purchase	309	290	(19)
Printing Expense	-	10	10
Furniture Purchase	1,030	86	(944)
Other Equipment Purchase	2,575	40,195	37,620
Computer Purchase	2,060	2,880	820
Repair Maintenance Equipment	2,060	1,120	(940)
Equipment Rental	206	-	(206)
Maintenance - Vehicles	26,780	44,707	17,927
Fuel	20,600	26,796	6,196
Ammunition	4,120	2,110	(2,010)
Crime Prevention	1,545	658	(887)
Tobacco Monitoring	-	50	50

See accompanying notes to required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Building Maintenance	\$ 7,313	\$ 6,940	\$ (373)
Bullet Proof Vests	3,605	2,050	(1,555)
Dental Insurance Premiums	5,382	3,391	(1,991)
Health Insurance Premiums	283,162	209,532	(73,630)
Life Insurance Premiums	1,366	1,135	(231)
Worker's Compensation Insurance	146,461	165,693	19,232
Confiscated Cash Expenditure	5,150	2,215	(2,935)
Miscellaneous	4,841	1,002	(3,839)
Contribution to Police Pension Fund	3,357	-	(3,357)
Total Police Department	<u>\$ 2,982,123</u>	<u>\$ 2,783,395</u>	<u>\$ (198,728)</u>
<b>Street and Bridge:</b>			
Clerical Salary	\$ 5,843	\$ 2,826	\$ (3,017)
Street and Alley Labor	194,342	167,922	(26,420)
Equipment Labor Wages	30,197	-	(30,197)
Summer Help	13,893	-	(13,893)
Vacation, Sick Leave, Overtime	36,413	17,872	(18,541)
Social Security/Medicare	17,098	16,767	(331)
Illinois Municipal Retirement Fund Contributions	18,570	16,913	(1,657)
Refuse Pickup	3,090	2,052	(1,038)
Equipment Maintenance	-	30,832	30,832
Professional Fees	4,120	-	(4,120)
Engineering Fees	41,200	36,277	(4,923)
Grant Expenses	1,030	-	(1,030)
Uniforms and Personal Equipment	4,120	1,891	(2,229)
Employment Costs	1,030	133	(897)
Membership and Subscriptions	258	-	(258)
Office Supplies	309	206	(103)
Departmental Supplies	6,695	2,133	(4,562)
Postage	1,545	3,525	1,980
Telephone	6,180	5,134	(1,046)
Utilities	25,750	18,984	(6,766)
Custodial Supplies	412	128	(284)
Material Purchases	19,055	2,616	(16,439)
Street Signs	5,150	11,031	5,881
Tree Planting and Removal	14,420	7,475	(6,945)
Materials for Streets and Alleys	10,300	9,395	(905)
Maintenance Contracts	103	1,157	1,054
Repair Maintenance Equipment	14,420	8,560	(5,860)
Computer Software	5,150	4,815	(335)
Street Construction	84,460	247,496	163,036
Sidewalk Construction	9,270	-	(9,270)
Reimbursed Exp. - Grass Cutting	-	2,140	2,140

See accompanying notes to required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Leaf Disposal	\$ -	\$ 182	\$ 182
Radio Purchases and Repairs	1,030	-	(1,030)
Equipment Rental	7,725	-	(7,725)
Maintenance - Vehicles	12,360	9,215	(3,145)
Fuel	27,810	25,088	(2,722)
Health Insurance Premiums	40,908	25,010	(15,898)
Other Insurance Premiums	19,760	7,602	(12,158)
Building Maintenance	61,800	249	(61,551)
Custodial Expense	-	20	20
Machine and Equipment Purchase	11,279	18,762	7,483
Walking Trail	4,215	-	(4,215)
Hot Patch	2,575	80	(2,495)
Miscellaneous Costs	3,915	3,377	(538)
Total Street and Bridge	<u>\$ 767,800</u>	<u>\$ 707,865</u>	<u>\$ (59,935)</u>
<b>Golf Course Operations:</b>			
Payroll Expense	\$ 709,130	\$ 654,555	\$ (54,575)
General Administration	-	409,776	409,776
Course and Grounds	198,104	247,236	49,132
Pro Shop	-	6,185	6,185
Food and Beverage	-	284,632	284,632
Range	-	27,976	27,976
Improvements	-	14,385	14,385
Total Golf Course Operations	<u>\$ 907,234</u>	<u>\$ 1,644,745</u>	<u>\$ 737,511</u>
<b>Worth Days:</b>			
Worth Days Expense	\$ 79,569	\$ 59,653	\$ (19,916)
Marketing Expense	1,854	1,739	(115)
Total Worth Days	<u>\$ 81,423</u>	<u>\$ 61,392</u>	<u>\$ (20,031)</u>
<b>Federal Seizure:</b>			
Computer Purchase	\$ -	\$ 679	\$ 679
Equipment Purchase	-	2,664	2,664
Vehicle Purchase	-	3,800	3,800
Other Expenses	-	3,468	3,468
Transfer Out	17,510	13,834	(3,676)
Total Federal Seizure	<u>\$ 17,510</u>	<u>\$ 24,445</u>	<u>\$ 6,935</u>
<b>Debt Service:</b>			
Golf Course Principal	\$ 491,489	\$ 299,344	\$ (192,145)
Other Principal	1,199,908	168,273	(1,031,635)
Golf Course Interest	314,230	355,208	40,978
Other Interest	320,532	46,624	(273,908)
Total Debt Service	<u>\$ 2,326,159</u>	<u>\$ 869,449</u>	<u>\$(1,456,710)</u>
Total Expenditures	<u>\$ 9,600,847</u>	<u>\$ 8,268,120</u>	<u>\$(1,332,727)</u>

See accompanying notes to required supplementary information

## VILLAGE OF WORTH, ILLINOIS

### Note to the Required Supplementary Information

#### **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 2011, no supplemental budgetary appropriations were made.

##### **B. Excess of Expenditures over Budget**

Actual expenditures were less than budgeted amounts for all of the funds for the year ended April 30, 2011.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

VILLAGE OF WORTH, ILLINOIS

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Year Ended April 30, 2011

	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 235,294	\$ (142,579)	\$ 92,715
Receivables			
Motor Fuel Tax	-	22,800	22,800
Due from Other Funds	<u>35,665</u>	<u>-</u>	<u>35,665</u>
Total Assets	<u>\$ 270,959</u>	<u>\$ (119,779)</u>	<u>\$ 151,180</u>
<b>Liabilities and Fund Balance</b>			
Accounts Payable	\$ -	\$ 10,803	\$ 10,803
Due to Other Funds	<u>-</u>	<u>296,508</u>	<u>296,508</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 307,311</u>	<u>\$ 307,311</u>
<b>Fund balance</b>			
Special Revenue Funds	<u>\$ 270,959</u>	<u>\$ (427,090)</u>	<u>\$ (156,131)</u>
Total Liabilities and Fund Balances	<u>\$ 270,959</u>	<u>\$ (119,779)</u>	<u>\$ 151,180</u>

VILLAGE OF WORTH, ILLINOIS

Combining Statement of Revenues, Expenditures and Change in Fund Balance -  
 Nonmajor Governmental Funds  
 Year Ended April 30, 2011

	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total Nonmajor Governmental Fund
<b>Revenues</b>			
Property Taxes	\$ 92,335	\$ -	\$ 92,335
Intergovernmental	-	328,533	328,533
Interest	-	89	89
Total Revenues	<u>\$ 92,335</u>	<u>\$ 328,622</u>	<u>\$ 420,957</u>
<b>Expenditures, Current</b>			
Motor Fuel Tax Project	\$ -	\$ 227,197	\$ 227,197
Legal Fees	2,680	-	2,680
Debt Service:			
Principal	-	28,750	28,750
Interest	-	9,685	9,685
Total Expenses	<u>\$ 2,680</u>	<u>\$ 265,632</u>	<u>\$ 268,312</u>
Excess revenues or (expenditures)	\$ 89,655	\$ 62,990	\$ 152,645
Fund balance:			
May 1, 2010	<u>\$ 181,304</u>	<u>\$ (490,080)</u>	<u>\$ 308,776</u>
April 30, 2011	<u>\$ 270,959</u>	<u>\$ (427,090)</u>	<u>\$ (156,131)</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, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues</b>			
Property Taxes	\$ -	\$ 92,335	\$ 92,335
Total Revenues	\$ -	\$ 92,335	\$ 92,335
<b>Expenditures, Current</b>			
Legal Fees	\$ 10,300	\$ 2,680	\$ (7,620)
Total Expenses	\$ 10,300	\$ 2,680	\$ (7,620)
Excess revenues or (expenditures)	<u>\$ (10,300)</u>	\$ 89,655	<u>\$ 99,955</u>
Fund balance:			
May 1, 2010		<u>\$ 181,304</u>	
April 30, 2011		<u>\$ 270,959</u>	

VILLAGE OF WORTH, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 Motor Fuel Tax  
 Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues</b>			
Intergovernmental	\$ 282,803	\$ 328,533	\$ 45,730
Interest	-	89	89
Total Revenues	<u>\$ 282,803</u>	<u>\$ 328,622</u>	<u>\$ 45,819</u>
<b>Expenditures, Current</b>			
Motor Fuel Tax Project	\$ 383,009	\$ 227,197	\$ (155,812)
Debt Service:			
Principal	29,613	28,750	(863)
Interest	9,528	9,685	157
Total Expenses	<u>\$ 422,150</u>	<u>\$ 265,632</u>	<u>\$ (156,518)</u>
Excess revenues or (expenditures)	<u>\$ (139,347)</u>	\$ 62,990	<u>\$ 202,337</u>
Fund balance:			
May 1, 2010		<u>\$ (490,080)</u>	
April 30, 2011		<u>\$ (427,090)</u>	

## **SUPPLEMENTAL INFORMATION**



HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (Ret'd)  
Phillip M. Hearne, CPA  
Rebecca L. Heintz, CPA

Anthony M. Scott, CPA  
John C. Williams, CPA, MST  
Matthew R. Truschka

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

October 14, 2011

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, 2011, and have issued our report thereon dated October 17, 2011. 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

VILLAGE OF WORTH, ILLINOIS

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

	Tax Year						
	2010	2009	2008	2007	2006	2005	2004
Assessed Valuations	<u>\$216,267,934</u>	<u>\$ 215,773,382</u>	<u>\$ 210,131,229</u>	<u>\$ 186,612,161</u>	<u>\$177,472,688</u>	<u>\$176,436,473</u>	<u>\$154,099,262</u>
Tax Rates:							
General	0.8203	0.8016	1.0225	1.0006	0.9184	0.8694	0.9900
Garbage	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
IMRF	0.0681	0.0000	0.0000	0.0000	0.1108	0.1133	0.1007
Police Pension	0.2505	0.2558	0.1538	0.1506	0.1579	0.1265	0.1434
Fire Pension	0.0135	0.0649	0.0740	0.0725	0.0758	0.1139	0.1087
Debt Service	<u>0.2326</u>	<u>0.2333</u>	<u>0.0387</u>	<u>0.0387</u>	<u>0.2792</u>	<u>0.2740</u>	<u>0.0472</u>
Total	<u>1.3850</u>	<u>1.3556</u>	<u>1.2890</u>	<u>1.2624</u>	<u>1.5421</u>	<u>1.4971</u>	<u>1.3900</u>
Extended Tax Rate	<u>1.385</u>	<u>1.356</u>	<u>1.263</u>	<u>1.268</u>	<u>1.542</u>	<u>1.497</u>	<u>1.390</u>
Tax Extensions:							
General	\$ 1,921,322	\$ 1,729,546	\$ 1,867,239	\$ 1,906,901	\$ 1,620,400	\$ 1,533,945	\$ 1,525,642
IMRF	-	-	-	-	195,500	199,902	155,177
Police Pension	541,751	551,948	281,037	287,000	278,663	223,192	220,978
Fire Pension	29,428	140,036	135,293	138,000	133,730	200,837	169,046
Debt Service	<u>503,072</u>	<u>503,492</u>	<u>72,188</u>	<u>68,750</u>	<u>492,563</u>	<u>483,407</u>	<u>72,752</u>
	\$ 2,995,573	\$ 2,925,022	\$ 2,355,757	\$ 2,400,651	\$ 2,720,856	\$ 2,641,283	\$ 2,143,595
Road and Bridge	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Totals	<u>\$ 3,017,573</u>	<u>\$ 2,947,022</u>	<u>\$ 2,377,757</u>	<u>\$ 2,422,651</u>	<u>\$ 2,742,856</u>	<u>\$ 2,663,283</u>	<u>\$ 2,165,595</u>
Tax Collections	\$ 1,409,986	\$ 2,846,009	\$ 2,230,067	\$ 2,120,935	\$ 2,718,157	\$ 2,579,515	\$ 2,132,901
Percent Collections	<u>46.73%</u>	<u>96.57%</u>	<u>93.79%</u>	<u>87.55%</u>	<u>99.10%</u>	<u>96.85%</u>	<u>98.49%</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements  
April 30, 2011

	Year Ended April 30,	Principal	Interest	Total
General Obligation Limited Tax Bonds, Series 1999B Dated May 1, 1999, Interest payable on January 1 and June 1 at a rate of 9.00% Paying Agent: The Depository Trust Company				
	2012	\$ 85,000	\$ 43,200	\$ 128,200
	2013	95,000	35,550	130,550
	2014	100,000	27,000	127,000
	2015	100,000	18,000	118,000
	2016	<u>100,000</u>	<u>9,000</u>	<u>109,000</u>
		<u>\$ 480,000</u>	<u>\$ 132,750</u>	<u>\$ 612,750</u>
General Obligation Refunding Bonds (Alternate Revenue Source) Series 2009: Dated April 1, 2009 Interest payable on January 1 and July 1 at rates between 3.00% and 5.00 Paying Agent: Amalgamated Bank of Chicago				
	2012	\$ 185,000	\$ 294,116	\$ 479,116
	2013	190,000	288,566	478,566
	2014	195,000	282,866	477,866
	2015	200,000	277,016	477,016
	2016	210,000	270,016	480,016
	2017	220,000	262,666	482,666
	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>\$ 6,725,000</u>	<u>\$ 4,330,010</u>	<u>\$11,055,010</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements  
April 30, 2011

	Year Ended April 30,	Principal	Interest	Total
General Obligation Debt Certificates Dated January 26, 2004, Interest payable on January 26 and July 26 at rates between 1.85% and 4.90 Paying Agent: Mesirow Financial				
	2012	\$ 82,143	\$ 25,146	\$ 107,289
	2013	82,143	23,010	105,153
	2014	82,143	21,254	103,397
	2015	82,143	17,558	99,701
	2016	82,143	14,940	97,083
	2017	82,143	11,069	93,212
	2018	82,143	7,044	89,187
	2019	<u>82,142</u>	<u>3,019</u>	<u>85,161</u>
		<u>\$ 657,143</u>	<u>\$ 123,040</u>	<u>\$ 780,183</u>
General Obligation Debt Certificates Dated March 8, 2006, Interest payable quarterly				
	2012	\$ 60,000	\$ 9,585	\$ 69,585
	2013	60,000	7,039	67,039
	2014	60,000	3,630	63,630
	2015	<u>25,000</u>	<u>547</u>	<u>25,547</u>
		<u>\$ 205,000</u>	<u>\$ 20,801</u>	<u>\$ 225,801</u>
Installment Note Dated November 2006, Principal and interest payable on May through October of each year at a rate of approximately 6.5%				
	2012	<u>\$ 43,027</u>	<u>\$ 2,264</u>	<u>\$ 45,291</u>
		<u>\$ 43,027</u>	<u>\$ 2,264</u>	<u>\$ 45,291</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements  
April 30, 2011

	Year Ended April 30,	Principal	Interest	Total
Installment Note Dated November 2006, Principal and interest payable on June through November of each at a rate of approximately 6.5%	2012	\$ 1,179	\$ 62	\$ 1,241
		<u>\$ 1,179</u>	<u>\$ 62</u>	<u>\$ 1,241</u>
Installment Note Dated November 2006, Principal and Interest payable on May through October of each year at a rate of approximately 6.5%	2012	\$ 1,179	\$ 62	\$ 1,241
		<u>\$ 1,179</u>	<u>\$ 62</u>	<u>\$ 1,241</u>
Installment Note Dated November 2006, Principal and Interest payable on May through October of each year at a rate of approximately 6.5%	2012	\$ 1,916	\$ 101	\$ 2,017
		<u>\$ 1,916</u>	<u>\$ 101</u>	<u>\$ 2,017</u>
Capital Lease Dated May 1, 2004, With an average interest rate of 2%	2012	\$ 13,000	\$ 1,646	\$ 14,646
	2013	13,000	1,181	14,181
	2014	13,000	697	13,697
	2015	<u>6,500</u>	<u>146</u>	<u>6,646</u>
		<u>\$ 45,500</u>	<u>\$ 3,670</u>	<u>\$ 49,170</u>

VILLAGE OF WORTH, ILLINOIS

Information Required By Revenue Bond Ordinance  
(Unaudited)  
April 30, 2011

Consumer data:

Number of customers:

Water and Sewer Service:

Residential	2,462
Commercial	<u>147</u>
Total	<u><u>2,609</u></u>

Sewer Service only:

Residential	3
Commercial	<u>2</u>
Total	<u><u>5</u></u>

Percent

Water Usage:

Gallage purchased	367,674,000	100%
Gallage billed	<u>287,632,700</u>	<u>78%</u>
Gallage lost and/or unaccounted for	80,041,300	22%

Insurance coverage

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	11,269,119
Property - BPP	869,555
Property - Tax Interruption	750,000
Contractor's (Mobile) Equipment	1,338,210
Flood	5,000,000
Earthquake	5,000,000
Equipment Breakdown:	
Expediting Equipment	12,889,674
Pollution Clean Up and Removal	100,000
Liquor	1,000,000
Crime:	
Public Employee Dishonesty	500,000
Money and Securities (inside premises)	500,000
Money and Securities (outside premises)	500,000
Forgery or Alteration	500,000
Workers' Compensation - Aggregate	2,500,000
Workers' Compensation - Each occurrence	2,500,000