

**VILLAGE OF WORTH, ILLINOIS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**APRIL 30, 2017**

Prepared By:

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

# VILLAGE OF WORTH, ILLINOIS

## Table of Contents

<b>Independent Auditors' Report</b>	1-2
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	3-12
<b>Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	13-14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Enterprise Funds	20
Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds	21
Statement of Cash Flows - Enterprise Funds	22
Statement of Fiduciary Net Position - Pension Trust Funds	23
Statement of Changes in Fiduciary Net Position - Pension Trust Funds	24
Notes to the Basic Financial Statements	25-54
<b>Required Supplementary Information</b>	
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	55
Police and Fire Pension Fund	56
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios:	
Police Pension Fund	57
Fire Pension Fund	58
Illinois Municipal Retirement Fund	59
Sheriffs Law Enforcement Personnel Plan	60
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	61
Schedule of General Fund Expenditures - Budget and Actual	62-67
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - Motor Fuel Tax Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tax Increment Financing Fund	69
Notes to the Required Supplementary Information	70-71

**VILLAGE OF WORTH, ILLINOIS**

**Table of Contents**

**Other Schedules**

Schedule of Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections	72
Schedule of Debt Service Requirements	73
Information Required by Revenue Bond Ordinance (Unaudited)	74

**Other Report**

Independent Auditors' Report on Compliance with the Requirements Applicable to Tax Increment Financing Districts	75
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## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Worth, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Worth, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The Village adopted GASB Statement No. 72 *Fair Value Measurement and Application* in 2017, which addresses accounting and financial reporting issues related to fair value measurements. The statement modifies certain disclosures in the notes to the financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

**December 12, 2017**  
**Mokena, IL**

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

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

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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

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

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

The management of the Village of Worth offers readers of the Village's Financial Statements, this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2017. 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 Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

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

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Fire and Police Pension, see pages 23-24). While these Funds represent trust responsibilities of the government, these assets are restricted on purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the total column on the Enterprise Funds Financial Statements (see pages 20-22) 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 19). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources, as well as, capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-Wide Financial Statements).

#### **Infrastructure Assets**

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

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

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

Net Position serves over time as a useful indicator of a government's financial position. In the case of the Village, liabilities exceeded assets by \$14.7 million as of April 30, 2017.

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



VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis  
April 30, 2017

**Table 1**  
**Condensed Statement of Net Position**  
**As of April 30, 2017**

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$ 4,515,282	\$ 3,412,687	\$ 7,927,969
Non Current Assets	<u>10,095,735</u>	<u>2,137,821</u>	<u>12,233,556</u>
Total Assets	<u>14,611,017</u>	<u>5,550,508</u>	<u>20,161,525</u>
Deferred Outflows of Resources	<u>2,515,556</u>	<u>-</u>	<u>2,515,556</u>
Current Liabilities	858,466	169,925	1,028,391
Non Current Liabilities	<u>34,148,483</u>	<u>136,518</u>	<u>34,285,001</u>
Total Liabilities	<u>35,006,949</u>	<u>306,443</u>	<u>35,313,392</u>
Deferred Inflows of Resources	<u>2,124,152</u>	<u>-</u>	<u>2,124,152</u>
Net Position:			
Net Investment in Capital	4,181,088	1,959,597	6,140,685
Restricted	320,349	871,464	1,191,813
Unrestricted	<u>(24,505,965)</u>	<u>2,413,004</u>	<u>(22,092,961)</u>
Total Net Position	<u>\$ (20,004,528)</u>	<u>\$ 5,244,065</u>	<u>\$ (14,760,463)</u>

**Condensed Statement of Net Position**  
**As of April 30, 2016**

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$ 4,269,990	\$ 3,038,414	\$ 7,308,404
Non Current Assets	<u>10,470,233</u>	<u>2,296,055</u>	<u>12,766,288</u>
Total Assets	<u>14,740,223</u>	<u>5,334,469</u>	<u>20,074,692</u>
Deferred Outflows of Resources	<u>3,073,233</u>	<u>-</u>	<u>3,073,233</u>
Current Liabilities	824,604	234,659	1,059,263
Non Current Liabilities	<u>35,957,325</u>	<u>180,120</u>	<u>36,137,445</u>
Total Liabilities	<u>36,781,929</u>	<u>414,779</u>	<u>37,196,708</u>
Deferred Inflows of Resources	<u>1,207,999</u>	<u>-</u>	<u>1,207,999</u>
Net Position:			
Net Investment in Capital	4,177,097	2,076,119	6,253,216
Restricted	306,198	674,631	980,829
Unrestricted	<u>(24,659,767)</u>	<u>2,168,940</u>	<u>(22,490,827)</u>
Total Net Position, Restated	<u>\$ (20,176,472)</u>	<u>\$ 4,919,690</u>	<u>\$ (15,256,782)</u>

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

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

The Village's combined net position (which is the Village's equity) increased to \$(14,760,463). This is a result of program and general revenues exceeding expenses for the fiscal year. Net position of the Village's governmental activities is \$(20,004,528) as of April 30, 2017. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations is \$(24,505,965) as of April 30, 2017. The net position of business-type activities increased to \$5,244,065 from \$4,919,690. The Village can use unrestricted net position to finance the continuing operation of its waterworks and sewerage system.

#### **NORMAL IMPACTS**

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

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

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

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

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

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

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

#### **CURRENT YEAR IMPACTS**

The Village's total assets increased by \$86,833 from the prior year mainly due to a net increase in current assets related to cash and cash equivalents. The Village's liabilities decreased by \$1,883,316 mainly due to a reduction in the net pension liability in the amount of \$1,529,427. The Village's deferred inflows of resources increased by \$916,153 due primarily to pension related activities.

In the current year, the Village's total net position increased by \$496,319. In the prior year the net position decreased by \$1,917,491. The changes in net position are further analyzed in the next section.

#### **Changes in Net Position**

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

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis  
April 30, 2017

Condensed Statement of Activities  
As of April 30, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 3,222,497	\$ 2,982,177	\$ 6,204,674
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	36,384	-	36,384
General Revenues:			-
Property Taxes	2,209,925	-	2,209,925
Sales Taxes	1,237,722	-	1,237,722
Income Taxes	946,928	-	946,928
Other Taxes	1,809,043	-	1,809,043
Other General Revenues	<u>72,551</u>	<u>-</u>	<u>72,551</u>
Total Revenues	<u>9,535,050</u>	<u>2,982,177</u>	<u>12,517,227</u>
<b>EXPENSES</b>			
General Government	516,427	-	516,427
Building Department	176,937	-	176,937
Boat Launch	6,200	-	6,200
Health Department	-	-	-
Fire Department	1,732,082	-	1,732,082
Police Department	3,845,923	-	3,845,923
Street and Bridge	1,080,058	-	1,080,058
Golf Course	1,528,688	-	1,528,688
Worth Days	4,000	-	4,000
Federal Seizure	19,545	-	19,545
Motor Fuel Tax	174,036	-	174,036
Tax Increment Financing	4,210	-	4,210
Interest	275,000	-	275,000
Waterworks and Sewerage	-	2,598,335	2,598,335
Commuter Parking Lot	-	59,467	59,467
Total Expenses	<u>9,363,106</u>	<u>2,657,802</u>	<u>12,020,908</u>
Change in Net Position	171,944	324,375	496,319
Beginning Net Position	<u>(20,176,472)</u>	<u>4,919,690</u>	<u>(15,256,782)</u>
Ending Net Position	<u>\$ (20,004,528)</u>	<u>\$ 5,244,065</u>	<u>\$ (14,760,463)</u>

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis  
April 30, 2017

Condensed Statement of Activities  
As of April 30, 2016

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 3,561,629	\$ 2,797,261	\$ 6,358,890
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	58,887	-	58,887
General Revenues:			-
Property Taxes	2,181,299	-	2,181,299
Sales Taxes	1,256,176	-	1,256,176
Income Taxes	1,093,600	-	1,093,600
Other Taxes	1,392,030	-	1,392,030
Other General Revenues	<u>82,491</u>	<u>-</u>	<u>82,491</u>
Total Revenues	<u>9,626,112</u>	<u>2,797,261</u>	<u>12,423,373</u>
<b>EXPENSES</b>			
General Government	505,165	-	505,165
Building Department	167,533	-	167,533
Boat Launch	9,792	-	9,792
Health Department	11,000	-	11,000
Fire Department	3,261,032	-	3,261,032
Police Department	4,798,558	-	4,798,558
Street and Bridge	844,359	-	844,359
Golf Course	1,587,001	-	1,587,001
Worth Days	4,000	-	4,000
Federal Seizure	60,847	-	60,847
Motor Fuel Tax	200,438	-	200,438
Tax Increment Financing	4,286	-	4,286
Interest	305,491	-	305,491
Waterworks and Sewerage	-	2,497,432	2,497,432
Commuter Parking Lot	-	83,930	83,930
Total Expenses	<u>11,759,502</u>	<u>2,581,362</u>	<u>14,340,864</u>
Change in Net Position	(2,133,390)	215,899	(1,917,491)
Beginning Net Position, as restated	<u>(18,043,082)</u>	<u>4,703,791</u>	<u>(13,339,291)</u>
Ending Net Position	<u>\$ (20,176,472)</u>	<u>\$ 4,919,690</u>	<u>\$ (15,256,782)</u>

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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, 2017, revenues from all activities totaled \$12,517,227, a 0.75% increase from 2016. The increases are mainly from property and other taxes received by the Village. Additionally, there was an increase of \$184,916 in revenues collected by the Village's Business Type Activities. The Village has a diversified revenue structure and depends on several key revenue sources to help pay for the services it provides. Property taxes increased by \$28,626 for the year and charges for services are down by \$339,132. Red Light fee revenue decreased by \$164,000. Grant revenue decreased \$22,503 from the prior year.

##### *Expenses:*

The Village's total expenses for all activities for the year ended April 30, 2017 and 2016 were \$12,020,908 and \$14,340,864, respectively or a decrease of \$2,319,956. The main decreases were in the governmental activities due primarily to the decrease in police and fire department pension expenses.

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis  
April 30, 2017

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 and Fire Department, and they accounted for about \$5.6 million of the total expenses in 2017 and \$8 million in 2016. 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, 2017, the governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$2,779,266 compared to \$2,567,641 in 2017. This \$211,625 increase was primarily due to an increase in general government revenues.

**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 2016. 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>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Property Taxes	\$ 2,341,010	\$ 2,191,564
Other Taxes & Intergovernmental	3,530,214	3,826,049
Licenses, Permits, Fees, Fines & Forfeitures	2,117,780	1,836,709
Golf Course	1,630,607	1,385,788
Other	21,754	43,740
Total	<u>\$ 9,641,365</u>	<u>\$ 9,283,850</u>
Expenditures		
General Government & Building	\$ 816,620	\$ 591,575
Boat Launch, Health, & Worth Days	37,286	10,200
Public Safety & Federal Seizure	5,695,574	5,585,760
Street & Bridge	1,035,702	960,837
Golf Course	1,560,165	1,404,229
Capital Outlay	143,685	130,669
Debt Service	559,387	569,264
Total	<u>\$ 9,848,419</u>	<u>\$ 9,252,534</u>

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2017**

As shown in Table 3, the General Fund had a budget deficit of \$207,054, while actual results were a \$31,316 surplus. There are several factors that attributed to this. Public Safety and the Golf Course were below budgeted expenses by \$109,814 and \$155,936, respectively. Intergovernmental revenues were greater than budgeted expectations by \$295,835 while revenues from licenses, permits, and fees and from the golf course were \$281,071 and \$244,819, respectively, below budgeted expectations.

**CAPITAL ASSETS**

At the end of the fiscal year 2017, the Village had a combined total of capital assets of \$12,233,556 invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, bridges, water mains, storm sewers, and sanitary sewer lines. (See Table 4 below). Additional information can be found in Note 4 of the Notes to the Basic Financial Statements.

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

	Balance April 30, 2016	Net Additions/ Deletions	Balance April 30, 2017
<b>Governmental Activities:</b>			
Land	\$ 3,781,982	\$ -	\$ 3,781,982
Buildings and Improvements	2,606,825	(168,313)	2,438,512
Machinery and Equipment	1,018,564	(99,962)	918,602
Infrastructure	3,062,862	(106,223)	2,956,639
<b>Total Capital Assets, Governmental Activities</b>	<b>\$ 10,470,233</b>	<b>\$ (374,498)</b>	<b>\$ 10,095,735</b>
<b>Business-Type Activities:</b>			
Land	\$ 47,824	\$ -	\$ 47,824
Waterworks and Sewerage System	2,011,367	(153,677)	1,857,690
Machinery and Equipment	53,602	3,425	57,027
Commuter Parking Lot	183,261	(7,981)	175,280
<b>Total Capital Assets, Business-Type Activities</b>	<b>\$ 2,296,054</b>	<b>\$ (158,233)</b>	<b>\$ 2,137,821</b>

**DEBT OUTSTANDING**

The Village has total outstanding bonded debt of \$5,997,071. There were no new bond issuances in the current year. See Note 5 to the financial statements for detail of debt activity and debt outstanding as of April 30, 2017.

**Table 5  
Changes in Long-Term Debt**

	April 30, 2016	Issuances/ Deletions	April 30, 2017
<b>Governmental Activities:</b>			
Bonds	\$ 6,107,826	\$ (288,979)	\$ 5,818,847
Note Payable	132,003	(36,203)	95,800
Capital Lease	53,307	(53,307)	-
Compensated Absences	1,634,782	50,767	1,685,549
Net Pension Obligation	28,371,002	(1,529,427)	26,841,575
Line of Credit	25,000	75,000	100,000
<b>Total Governmental Activities</b>	<b>\$ 36,323,920</b>	<b>\$ (1,782,149)</b>	<b>\$ 34,541,771</b>
<b>Business-Type Activities: Bonds</b>	<b>\$ 219,936</b>	<b>\$ (41,712)</b>	<b>\$ 178,224</b>

## **VILLAGE OF WORTH, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2017**

#### **Economic Factors**

The financial condition of the Federal and State governments continues to have a dramatic effect on the Village of Worth during 2017. Grant assistance is extremely competitive, and previously reliable state shared revenues (especially the income tax and use tax) have been materially reduced. The Village will continue to need to look internally and consider increasing other revenue sources and/or reduce expenditures so that it can increase its available funds and net position.

The financial markets experienced a 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 \$690,184 (Police Pension \$576,983 and Fire Pension \$133,201).

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

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



## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT - WIDE FINANCIAL STATEMENTS**

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position  
April 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 2,608,678	\$ 3,141,686	\$ 5,750,364
Receivables:			
Property Taxes	1,081,933	-	1,081,933
Other	725,787	271,001	996,788
Prepaid Expenses	33,580	-	33,580
Inventories	65,304	-	65,304
Total Current Assets	<u>4,515,282</u>	<u>3,412,687</u>	<u>7,927,969</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	3,781,982	47,824	3,829,806
Capital Assets Being Depreciated, Net	6,313,753	2,089,997	8,403,750
Total Noncurrent Assets	<u>10,095,735</u>	<u>2,137,821</u>	<u>12,233,556</u>
Total Assets	<u>14,611,017</u>	<u>5,550,508</u>	<u>20,161,525</u>
<b>Deferred Outflows of Resources</b>			
Related to Pensions	<u>2,515,556</u>	<u>-</u>	<u>2,515,556</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
Liabilities			
Current Liabilities			
Accounts Payable	274,733	101,471	376,204
Accrued Payroll & Liabilities	82,676	26,748	109,424
Pension Contribution Payable	47,497	-	47,497
Deposits	60,272	-	60,272
Long-Term Obligations, Due within One Year:			
General Obligation Bonds	68,288	-	68,288
Revenue Bonds	-	41,706	41,706
Alternative Revenue Bonds	225,000	-	225,000
Short-Term Notes Payable	100,000	-	100,000
Total Current Liabilities	<u>858,466</u>	<u>169,925</u>	<u>1,028,391</u>
Long-Term Obligations, Due in more than One Year:			
Installment Notes	95,800	-	95,800
General Obligation Bonds	225,559	136,518	362,077
Alternative Revenue Bonds	5,300,000	-	5,300,000
Compensated Absences	1,685,549	-	1,685,549
Net Pension Liability	26,841,575	-	26,841,575
Total Noncurrent Liabilities	<u>34,148,483</u>	<u>136,518</u>	<u>34,285,001</u>
Total Liabilities	<u>35,006,949</u>	<u>306,443</u>	<u>35,313,392</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position  
April 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Deferred Inflows of Resources</b>			
Pension Related	953,315	-	953,315
Unearned Revenue	88,904	-	88,904
Property Tax	<u>1,081,933</u>	<u>-</u>	<u>1,081,933</u>
Total Deferred Inflows of Resources	<u>2,124,152</u>	<u>-</u>	<u>2,124,152</u>
<b>Net Position</b>			
Net Investment in Capital Assets	4,181,088	1,959,597	6,140,685
Restricted for:			
Tax Increment Financing	320,349	-	320,349
Water Reserves	-	871,464	871,464
Unrestricted	<u>(24,505,965)</u>	<u>2,413,004</u>	<u>(22,092,961)</u>
Total Net Position	<u>\$ (20,004,528)</u>	<u>\$ 5,244,065</u>	<u>\$ (14,760,463)</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Activities  
Year Ended April 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General Government	\$ 516,427	\$ 196,956	\$ -	\$ (319,471)	\$ -	\$ (319,471)
Building Department	176,937	223,020	-	46,083	-	46,083
Boat Launch	6,200	17,123	-	10,923	-	10,923
Health Department	-	10,375	-	10,375	-	10,375
Fire Department	1,732,082	-	-	(1,732,082)	-	(1,732,082)
Police Department	3,845,923	1,209,430	27,977	(2,608,516)	-	(2,608,516)
Street and Bridge	1,080,058	179,805	8,407	(891,846)	-	(891,846)
Golf Course	1,528,688	1,385,788	-	(142,900)	-	(142,900)
Worth Days	4,000	-	-	(4,000)	-	(4,000)
Federal Seizure	19,545	-	-	(19,545)	-	(19,545)
Motor Fuel Tax Project	174,036	-	-	(174,036)	-	(174,036)
Tax Increment Financing	4,210	-	-	(4,210)	-	(4,210)
Interest	275,000	-	-	(275,000)	-	(275,000)
Total Governmental Activities	<u>9,363,106</u>	<u>3,222,497</u>	<u>36,384</u>	<u>(6,104,225)</u>	<u>-</u>	<u>(6,104,225)</u>
Business-Type Activities:						
Waterworks and Sewerage	2,598,335	2,884,809	-	-	286,474	286,474
Commuter Parking Lot	59,467	97,368	-	-	37,901	37,901
Total Business-Type Activities	<u>2,657,802</u>	<u>2,982,177</u>	<u>-</u>	<u>-</u>	<u>324,375</u>	<u>324,375</u>
Total	<u>\$ 12,020,908</u>	<u>\$ 6,204,674</u>	<u>\$ 36,384</u>	<u>(6,104,225)</u>	<u>324,375</u>	<u>(5,779,850)</u>
General Revenues						
Taxes:						
Property				2,209,925	-	2,209,925
Sales				1,237,722	-	1,237,722
Income				946,928	-	946,928
Other				1,809,043	-	1,809,043
Interest				19,575	-	19,575
Miscellaneous				52,976	-	52,976
Total General Revenues				<u>6,276,169</u>	<u>-</u>	<u>6,276,169</u>
Change in Net Position				171,944	324,375	496,319
Net Position Beginning of Year				<u>(20,176,472)</u>	<u>4,919,690</u>	<u>(15,256,782)</u>
Net Position End of Year				<u>\$ (20,004,528)</u>	<u>\$ 5,244,065</u>	<u>\$ (14,760,463)</u>

See the accompanying notes to the financial statements

## **FUND FINANCIAL STATEMENTS**

VILLAGE OF WORTH, ILLINOIS

Balance Sheet - Governmental Funds  
April 30, 2017

	General Fund	Motor Fuel Tax Fund	Tax Incremental Financing Fund	Total
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 2,168,836	\$ 119,492	\$ 320,349	\$ 2,608,677
Receivables:				
Property Taxes	1,081,933	-	-	1,081,933
Other	126,380	-	-	126,380
Due From Other Funds	173,860	-	-	173,860
Due From Other Government Agencies	575,785	23,622	-	599,407
Prepays	33,580	-	-	33,580
Inventories	65,304	-	-	65,304
Total Assets	<u>\$ 4,225,678</u>	<u>\$ 143,114</u>	<u>\$ 320,349</u>	<u>\$ 4,689,141</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	\$ 270,121	\$ 4,612	\$ -	\$ 274,733
Pension Contribution Payable	47,497	-	-	47,497
Accrued Payroll & Related Liabilities	82,246	430	-	82,676
Deposits	60,272	-	-	60,272
Due To Other Funds	-	173,860	-	173,860
Short-Term Note Payable	100,000	-	-	100,000
Total Liabilities	<u>560,136</u>	<u>178,902</u>	<u>-</u>	<u>739,038</u>
<b>Deferred Inflows of Resources</b>				
Deferred Revenues				
Unearned Revenue	88,904	-	-	88,904
Unavailable Property Taxes	1,081,933	-	-	1,081,933
Total Deferred Inflows of Resources	<u>1,170,837</u>	<u>-</u>	<u>-</u>	<u>1,170,837</u>
<b>Fund Balances (Deficits)</b>				
Non-Spendable				
Prepays	33,580	-	-	33,580
Inventory	65,304	-	-	65,304
Restricted for:				
Tax Increment Financing	-	-	320,349	320,349
Unassigned	2,395,821	(35,788)	-	2,360,033
Total Fund Balances (Deficits)	<u>2,494,705</u>	<u>(35,788)</u>	<u>320,349</u>	<u>2,779,266</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 4,225,678</u>	<u>\$ 143,114</u>	<u>\$ 320,349</u>	<u>\$ 4,689,141</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
April 30, 2017

Total Fund Balances - Governmental Funds	\$ 2,779,266
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources; and, therefore, are not reported in the funds.	10,095,735
Some amounts reported in the Statement of Net Position do not require or provide current financial resources; and, therefore, are not reported in governmental funds. These activities consist of:	
Deferred Outflows of Resources Related to Pensions	2,515,556
Deferred Inflows of Resources Related to Pensions	(953,315)
General Obligation Bonds	(291,776)
Installment Notes	(95,800)
Premium on General Obligation Bonds	(2,071)
Alternate Revenue Bonds	(5,525,000)
Compensated Absences	(1,685,548)
Net Pension Liability	<u>(26,841,575)</u>
Net Position of Governmental Activities	<u>\$ (20,004,528)</u>

See the accompanying notes to the financial statements



VILLAGE OF WORTH, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended April 30, 2017

	General Fund	Motor Fuel Tax Fund	Tax Incremental Financing Fund	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 2,191,564	\$ -	\$ 18,361	\$ 2,209,925
Sales Taxes	1,237,722	-	-	1,237,722
Grants	36,384	-	-	36,384
Intergovernmental	2,551,943	274,371	-	2,826,314
Licenses, Permits, and Fees	655,151	-	-	655,151
Fines and Forfeits	1,181,558	-	-	1,181,558
Charges for Service:				
Golf Course	1,385,788	-	-	1,385,788
Interest	18,111	1,464	-	19,575
Other	25,629	-	-	25,629
Total Revenues	<u>9,283,850</u>	<u>275,835</u>	<u>18,361</u>	<u>9,578,046</u>
<b>Expenditures:</b>				
Current:				
General Government	414,627	-	-	414,627
Building Department	176,948	-	-	176,948
Boat Launch	6,200	-	-	6,200
Fire Department	1,721,942	-	-	1,721,942
Police Department	3,847,522	-	-	3,847,522
Street and Bridge	960,837	-	-	960,837
Golf Course	1,404,229	-	-	1,404,229
Worth Days	4,000	-	-	4,000
Federal Seizure	16,296	-	-	16,296
Motor Fuel Tax Project	-	113,198	-	113,198
Tax Increment Financing	-	-	4,210	4,210
Capital Outlay	130,669	-	-	130,669
Debt Service:				
Principal	298,006	22,462	-	320,468
Interest	271,258	3,742	-	275,000
Total Expenditures	<u>9,252,534</u>	<u>139,402</u>	<u>4,210</u>	<u>9,396,146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,316	136,433	14,151	181,900
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	29,714	-	-	29,714
Total Other Financing Sources (Uses)	<u>29,714</u>	<u>-</u>	<u>-</u>	<u>29,714</u>
Net Change in Fund Balance	61,030	136,433	14,151	211,614
Fund Balance, Beginning of Year	<u>2,433,675</u>	<u>(172,221)</u>	<u>306,198</u>	<u>2,567,652</u>
Fund Balance, End of Year	<u>\$ 2,494,705</u>	<u>\$ (35,788)</u>	<u>\$ 320,349</u>	<u>\$ 2,779,266</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, 2017

Net Change in Fund Balance - Total Governmental Funds \$ 211,614

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

Some revenues were not collected for several months after the close of the  
fiscal year and therefore were not considered to be "available" and are not  
reported as revenue in the governmental funds. The change from fiscal year  
2016 to 2017 consists of:

Sales Taxes Received from the State of Illinois (70,343)

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	\$ 130,669	
Depreciation Expense	<u>(502,800)</u>	(372,131)

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

Installment contracts	\$ 53,307	
Alternate revenue bonds	<u>324,491</u>	377,798

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

Amortization of Premium	\$ 691	
Loss on disposal of capital assets	(2,356)	
Change in compensated absences	(50,766)	
Change in net pension liability	<u>77,437</u>	<u>25,006</u>

Change in net position of governmental activities \$ 171,944

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position - Enterprise Funds  
April 30, 2017

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,049,836	\$ 91,849	\$ 3,141,685
Accounts Receivable:			
Customers	60,774	-	60,774
Other	<u>210,227</u>	<u>-</u>	<u>210,227</u>
Total Current Assets	<u>3,320,837</u>	<u>91,849</u>	<u>3,412,686</u>
Noncurrent Assets			
Property and Equipment	8,983,612	993,024	9,976,636
Less: Accumulated Depreciation	<u>(7,019,179)</u>	<u>(819,636)</u>	<u>(7,838,815)</u>
Total Noncurrent Assets	<u>1,964,433</u>	<u>173,388</u>	<u>2,137,821</u>
 Total Assets	 <u>5,285,270</u>	 <u>265,237</u>	 <u>5,550,507</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	99,099	2,372	101,471
Accrued Payroll	26,400	348	26,748
Revenue Bonds, Due Within One Year	<u>41,706</u>	<u>-</u>	<u>41,706</u>
Total Current Liabilities	<u>167,205</u>	<u>2,720</u>	<u>169,925</u>
Noncurrent Liabilities			
Maturities of Revenue Bonds	<u>136,518</u>	<u>-</u>	<u>136,518</u>
Total Noncurrent Liabilities	<u>136,518</u>	<u>-</u>	<u>136,518</u>
 Total Liabilities	 <u>303,723</u>	 <u>2,720</u>	 <u>306,443</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,786,209	173,388	1,959,597
Restricted	871,464	-	871,464
Unrestricted	<u>2,323,874</u>	<u>89,129</u>	<u>2,413,003</u>
 Total Net Position	 <u>\$ 4,981,547</u>	 <u>\$ 262,517</u>	 <u>\$ 5,244,064</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position -  
Enterprise Funds  
Year Ended April 30, 2017

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Operating Revenues:</b>			
Water and Sewer Charges	\$ 2,687,188	\$ -	\$ 2,687,188
Commuter Parking Fees	-	60,897	60,897
Other Fees and Charges	788	36,343	37,131
Total Operating Revenues	<u>2,687,976</u>	<u>97,240</u>	<u>2,785,216</u>
<b>Operating Expenses:</b>			
Operations	2,175,755	47,899	2,223,654
Depreciation and Amortization	219,946	11,568	231,514
Total Operating Expenses	<u>2,395,701</u>	<u>59,467</u>	<u>2,455,168</u>
Operating Income (Loss)	<u>292,275</u>	<u>37,773</u>	<u>330,048</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	1,150	128	1,278
Interest Expense	(6,949)	-	(6,949)
Total Nonoperating Revenues (Expenses)	<u>(5,799)</u>	<u>128</u>	<u>(5,671)</u>
Change In Net Position	286,476	37,901	324,377
Net Position, Beginning of Year	<u>4,695,071</u>	<u>224,616</u>	<u>4,919,687</u>
Net Position, End of Year	<u>\$ 4,981,547</u>	<u>\$ 262,517</u>	<u>\$ 5,244,064</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Cash Flows - Enterprise Funds  
Year Ended April 30, 2017

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received for Services	\$ 2,728,643	\$ 97,240	\$ 2,825,883
Payments to Employees	(588,539)	(21,274)	(609,813)
Payments to Suppliers	(1,653,340)	(27,125)	(1,680,465)
Net Cash Provided by Operating Activities	<u>486,764</u>	<u>48,841</u>	<u>535,605</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
<b>Cash Flows from Capital and Related Financing Activities</b>			
Bond Principal Payments	(41,712)	-	(41,712)
Bond Interest Payments	(6,949)	-	(6,949)
Net Cash (Used in) Capital and and Related Financing Activities	<u>(48,661)</u>	<u>-</u>	<u>(48,661)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property & Equipment	(73,281)	-	(73,281)
Interest Received	1,150	128	1,278
Net Cash Provided By (Used In) Investing Activities	<u>(72,131)</u>	<u>128</u>	<u>(72,003)</u>
Net Increase In Cash and Cash Equivalents	365,972	48,969	414,941
Cash and Cash Equivalents May 1, 2016	<u>2,683,864</u>	<u>42,880</u>	<u>2,726,744</u>
Cash and Cash Equivalents April 30, 2017	<u>\$ 3,049,836</u>	<u>\$ 91,849</u>	<u>\$ 3,141,685</u>
<b>Reconciliation of Operating (Loss) to Net Cash by (Used In) Operating Activities</b>			
Operating Income	\$ 292,275	\$ 37,773	\$ 330,048
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	219,946	11,568	231,514
Changes In Assets and Liabilities			
Accounts Receivable	40,667	-	40,667
Accounts Payable and Accruals	(66,124)	(500)	(66,624)
Total Adjustments	<u>194,489</u>	<u>11,068</u>	<u>205,557</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 486,764</u>	<u>\$ 48,841</u>	<u>\$ 535,605</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Fiduciary Net Position  
Pension Trust Funds  
April 30, 2017

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,225	\$ 108,310	\$ 117,535
Investments, at Fair Value			
Certificates of Deposit	130,472	-	130,472
U.S. Government Securities	-	484,985	484,985
U.S. Agency Securities	-	93,539	93,539
Money Market Mutual Fund	110,078	58,906	168,984
Mutual Funds	1,564,684	1,208,557	2,773,241
Corporate Bonds	5,075,495	771,645	5,847,140
Municipal Bonds	-	32,048	32,048
Common Stock	2,034,394	-	2,034,394
Insurance Contract	1,689,274	-	1,689,274
Employer Contributions - Property Taxes	453,600	132,700	586,300
Accrued Interest Receivable	31,846	11,009	42,855
Prepaid Expenses	7,930	4,241	12,171
Employer Contribution Receivable	47,497	-	47,497
	<u>\$ 11,154,495</u>	<u>\$ 2,905,940</u>	<u>\$ 14,060,435</u>
<b>Total Assets</b>			
	<u>\$ 11,154,495</u>	<u>\$ 2,905,940</u>	<u>\$ 14,060,435</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 545	\$ 545
<b>Deferred Inflows of Resources</b>			
Unavailable Employer Contributions - Property Taxes	<u>453,600</u>	<u>132,700</u>	<u>586,300</u>
<b>Net Position Held In Trust For Employees' Benefits</b>	<u>10,700,895</u>	<u>2,772,695</u>	<u>13,473,590</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 11,154,495</u>	<u>\$ 2,905,940</u>	<u>\$ 14,060,435</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
April 30, 2017

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions			
Employer	\$ 913,031	\$ 151,675	\$ 1,064,706
Employee	<u>215,432</u>	<u>10,044</u>	<u>225,476</u>
Total Contributions	<u>1,128,463</u>	<u>161,719</u>	<u>1,290,182</u>
Investment Income			
Net Appreciation (Depreciation)in Fair Value of Investments	559,655	97,009	656,664
Interest Income	<u>220,439</u>	<u>81,818</u>	<u>302,257</u>
	780,094	178,827	958,921
Less Investment Expense	<u>25,495</u>	<u>15,074</u>	<u>40,569</u>
Net Investment Income (Loss)	<u>754,599</u>	<u>163,753</u>	<u>918,352</u>
Total Additions	<u>1,883,062</u>	<u>325,472</u>	<u>2,208,534</u>
<b>Deductions</b>			
Benefits	1,257,484	187,193	1,444,677
Refunds	14,245	-	14,245
Administrative Expenses	<u>34,350</u>	<u>25,078</u>	<u>59,428</u>
Total Deductions	<u>1,306,079</u>	<u>212,271</u>	<u>1,518,350</u>
Change in Plan Net Position	576,983	113,201	690,184
Plan Net Position, Beginning of Year	<u>10,123,912</u>	<u>2,659,494</u>	<u>12,783,406</u>
Plan Net Position, End of Year	<u>\$ 10,700,895</u>	<u>\$ 2,772,695</u>	<u>\$ 13,473,590</u>

See the accompanying notes to the financial statements

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Activities*

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

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

#### *Financial Reporting Entity*

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

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

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

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

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

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



## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

**Tax Incremental Financing (TIF) Fund** – This Fund is used to account for activity associated with the Village's 111<sup>th</sup> Street/ Toll road TIF District.

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

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

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

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

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

The government-wide financial statements and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state-shared revenues and various state, federal and local

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

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

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

*Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

#### **Cash and Cash Equivalents**

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

#### **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

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide statement of net position.

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

#### **Prepaid Items**

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

#### **Capital Assets**

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

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

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

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

Buildings and Improvements	15-40 years
Waterworks and Sewerage System	10-50 years
Machinery and Equipment	5-20 years
Infrastructure	40 years

#### **Deferred Inflows of Resources**

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. In addition, police retirees are permitted upon retirement to use unpaid sick time towards health insurance premiums and clerical personnel can be paid out 33% of sick leave upon retirement after ten years of service. All compensated absences are accrued when incurred in the government-wide

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and proprietary fund financial statements. A liability for these amounts is recorded in the governmental funds only if they have matured, as a result of employee resignations or retirements.

#### Long-Term Obligations

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

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

#### Restricted Net Position

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

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

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

#### Fund Equity

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

- Non-Spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be used only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because constraints that are externally imposed by creditors, grantors, or laws or regulations or other governments.
- Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees of the Village (the highest level of decision making authority for the Village). Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Village may assign amounts for specific purposes.
- Unassigned – all other spendable amounts; positive amounts are only reported in the general fund.

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village's Board of Trustees has provided otherwise.

#### **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.

### 2. PROPERTY TAXES

The Village's property tax becomes a lien on real property on January 1 of the year it is levied. The 2016 levy was adopted on December 6, 2016 and attached as an enforceable lien as of January 1, 2016. Property taxes are deposited with the County Treasurer who remits to the Village its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year on or about March 1 and August 1.

Based on the historical tax collection cycle, the Village has intended to finance its operations with portions of both the 2015 and 2016 levies. The Village has recorded a receivable for the remainder of the 2016 levied for collection in fiscal year 2017; that amount was deferred and will be recognized as revenue in fiscal year 2017, the period for which those taxes were levied.

### 3. CASH AND INVESTMENTS

#### *Cash – Village*

The carrying amount of cash, excluding the Pension Trust Funds, was \$1,777,084 at April 30, 2017, while the bank balances were \$1,771,742. All balances were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. government held in the Village's name by financial institutions acting as the Village's agent.

At April 30, 2017, the carrying amount of Illinois Funds for the Village was \$3,973,280 while the bank balance was \$3,967,417. Illinois Funds do not require collateralization. For the purposes of financial statement presentation, they are considered a cash equivalent as the weighted average maturity of the pool is less than one year. The Illinois Funds Investment Pool is not registered with the SEC. The pool is sponsored by the Treasurer of the State of Illinois in accordance with state law. The fair value of the position in the Pool is the same as the value of the Pool shares.

**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

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

standard rating services, the Illinois Funds and the Illinois Metropolitan Investment Fund. The Village's investment policy does not address credit risk.

*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, 2017, 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 Illinois Funds Investment Pool is not subject to custodial credit risk. The Village's investment policy does not address custodial credit risk for investments.

**4. CAPITAL ASSETS**

A summary of changes in the capital assets for governmental activities of the Village for the year ended April 30, 2017, is as follows:

	<u>Balance at April 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2017</u>
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,781,982	\$ -	\$ -	\$ 3,781,982
Capital Assets Being Depreciated:				
Building and Improvements	6,880,467	-	-	6,880,467
Machinery and Equipment	4,238,685	130,669	61,415	4,307,939
Infrastructure	7,138,494	-	-	7,138,494
Total Capital Assets Being Depreciated	<u>18,257,646</u>	<u>130,669</u>	<u>61,415</u>	<u>18,326,900</u>
Less Accumulated Depreciation for:				
Building and Improvements	4,273,642	168,313	-	4,441,955
Machinery and Equipment	3,220,121	228,264	59,048	3,389,337
Infrastructure	4,075,632	106,223	-	4,181,855
Total Accumulated Depreciation	<u>11,569,395</u>	<u>502,800</u>	<u>59,048</u>	<u>12,013,147</u>
Total Capital Assets Being Depreciated, Net	<u>6,688,251</u>	<u>(372,131)</u>	<u>2,367</u>	<u>6,313,753</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,470,233</u>	<u>\$ (372,131)</u>	<u>\$ 2,367</u>	<u>\$ 10,095,735</u>

Depreciation was charged to functions/programs as follows:

General Government	\$ 115,591
Fire Department	10,140
Police Department	15,304
Street and Bridge	119,221
Golf Course	178,457
Federal Seizure	3,249
Motor Fuel Tax Project	60,838
	<u>\$ 502,800</u>

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

**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, 2017, is as follows:

	<u>Balance at April 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2017</u>
<i>Business-Type Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 47,824	\$ -	\$ -	\$ 47,824
Capital Assets Being Depreciated:				
Waterworks and Sewerage System	8,373,528	-	-	8,373,528
Machinery and Equipment	697,765	73,281	-	771,046
Commuter Parking Lot	784,238	-	-	784,238
Total Capital Assets Being Depreciated	<u>9,855,531</u>	<u>73,281</u>	<u>-</u>	<u>9,928,812</u>
Less accumulated depreciation for:				
Waterworks and Sewerage System	6,362,160	153,677	-	6,515,837
Machinery and Equipment	644,163	69,856	-	714,019
Commuter Parking Lot	600,978	7,981	-	608,959
Total Accumulated Depreciation	<u>7,607,301</u>	<u>231,514</u>	<u>-</u>	<u>7,838,815</u>
Total Capital Assets Being Depreciated, Net	<u>2,248,230</u>	<u>(158,233)</u>	<u>-</u>	<u>2,089,997</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,296,054</u>	<u>\$ (158,233)</u>	<u>\$ -</u>	<u>\$ 2,137,821</u>

Depreciation was charged to functions/programs as follows:

Waterworks and Sewerage	\$ 219,946
Commuter Parking Lot	<u>11,568</u>
	<u>\$ 231,514</u>

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

**5. LONG-TERM OBLIGATIONS**

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

	Obligations Outstanding May 1, 2016	Additions	Reductions	Obligations Outstanding April 30, 2017	Due Within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds:					
Series 2012	\$ 360,064	\$ -	\$ 68,288	\$ 291,776	\$ 68,288
Alternate Revenue Bonds	5,745,000	-	220,000	5,525,000	225,000
Subtotal Bonds	6,105,064	-	288,288	5,816,776	293,288
Add Unamortized Bond Premium	2,762	-	691	2,071	691
Total Bonds	6,107,826	-	288,979	5,818,847	293,979
Note Payable	132,003	-	36,203	95,800	37,418
Capital Lease	53,307	-	53,307	-	-
Compensated Absences	1,634,782	50,766	-	1,685,549	-
Net Pension Liability	28,371,002	-	1,529,427	26,841,575	-
Line of Credit	25,000	100,000	25,000	100,000	-
Total Governmental Activities	<u>\$ 36,323,920</u>	<u>\$ 150,766</u>	<u>\$ 1,932,916</u>	<u>\$ 34,541,771</u>	<u>\$ 331,397</u>
<i>Business-Type Activities:</i>					
General Obligation Bonds	\$ 219,936	\$ -	\$ 41,712	\$ 178,224	\$ 41,712
Total Business-Type Activities	<u>\$ 219,936</u>	<u>\$ -</u>	<u>\$ 41,712</u>	<u>\$ 178,224</u>	<u>\$ 41,712</u>

**General Obligation Bonds:**

General Obligation Limited Tax Bonds, Series 2012 dated February 8, 2012, with bonds due in annual principal maturities of \$68,288 in 2018, \$71,392 due in 2019, \$74,496 due in 2020, and \$77,600 due in 2021. This bond is serviced by the General Fund, Water & Sewer Fund, Motor Fuel Tax Fund, and Street & Bridge Account in the General Fund. Payments are made to Amalgamated Bank of Chicago.

General Obligation Refunding Bonds (Alternate Revenue Source) Series 2009 dated April 1, 2009, with bonds due in annual principal maturities of \$225,000 in 2018. The balance of the principal maturities schedule is in the Debt Service requirements section of this report. Interest at rates between 3.0% and 5.0% due on January 1 and July 1. This bond is serviced by the Golf Course Account in the General Fund. See Note 10 for information related to the refunding of this debt subsequent to the Village's year-end.

*Note Payable:*

The Village entered into a \$150,000 equipment loan for its golf course during the 2016 fiscal year. The rate on this loan is 3.25% and is payable semi-annually in installments of \$20,136 plus interest through the maturity date of June 16, 2019.

*Line of Credit:*

The Village has a \$100,000 line of credit with Billy Casper Golf to cover operating expenditures. The loan is unsecured, interest free and is repaid at the beginning of the golf season. The line of credit has a balance of \$100,000 as of April 30, 2017.



**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	330,706	266,049	41,712	5,697	372,418	271,746
2019	345,053	253,756	43,608	4,446	388,661	258,202
2020	339,217	240,956	45,504	3,138	384,721	244,094
2021	332,600	228,689	47,400	1,659	380,000	230,348
2022	265,000	215,773	-	-	265,000	215,773
2023-2027	1,510,000	899,481	-	-	1,510,000	899,481
2028-2032	1,895,000	511,588	-	-	1,895,000	511,588
2033-2034	895,000	67,750	-	-	895,000	67,750
	<u>\$ 5,912,576</u>	<u>\$ 2,684,042</u>	<u>\$ 178,224</u>	<u>\$ 14,940</u>	<u>\$ 6,090,800</u>	<u>\$ 2,698,982</u>

**6. EMPLOYEE RETIREMENT PLANS**

The Village contributes to four defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer's public employee retirement system; the Sheriffs Law Enforcement Personnel Plan (SLEP), the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF & SLEP issue a publicly available Comprehensive Annual Financial report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The Police and Firefighters' Pension Plans do not issue separate reports.

*Plan Descriptions*

**Illinois Municipal Retirement Fund**

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 6. EMPLOYEE RETIREMENT PLANS (continued)

#### *Plan Descriptions (continued)*

#### **Illinois Municipal Retirement Fund (continued)**

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years of service credit, and 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of (a) 3% of the original pension amount, or (b) ½ the increase in the Consumer Price Index of the original pension amount.

#### *Employees Covered by Benefit Terms*

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	36
Inactive Plan Members entitled to but not yet receiving benefits	19
Active Plan Members	<u>20</u>
Total	<u><u>75</u></u>

#### *Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 11.38%. For the fiscal year ended April 30, 2017, the Village contributed \$110,575 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### *Net Pension Liability*

The Village's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

#### *Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Illinois Municipal Retirement Fund (continued)**

- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.00%	6.85%
International Equity	17.00%	6.75%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	5.75%
Alternative Investments	9.00%	2.65-7.35%
Cash Equivalents	<u>1.00%</u>	2.25%
Total	<u>100.00%</u>	

*Single Discount Rate*

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Illinois Municipal Retirement Fund (continued)**

measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

*Changes in the Net Pension Liability*

Changes in the Net Pension Liability are derived from the changes in total pension liability and changes in the plan net position. The Schedule of Changes in Net Pension Liability and Related Ratios, presented as required supplemental information (RSI) following the Notes to the Financial Statements, presents current period changes in the total pension liability and plan net position.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current (7.50%)	1% Higher (8.50%)
Total Pension Liability	\$ 7,966,630	\$ 7,108,737	\$ 6,422,077
Plan Fiduciary Net Position	6,554,152	6,554,152	6,554,152
Net Pension Liability	\$ 1,412,478	\$ 554,585	\$ (132,075)

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

For the year ended April 30, 2017, the Village recognized pension expense(benefit) of (\$102,777). At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Amounts Related to Pensions</u>		
Differences between expected and actual experience	\$ -	\$ 62,427
Changes of assumptions	2,040	4,812
Net difference between projected and actual earnings on pension plan investments	287,187	-
Total Deferred Amounts to be recognized in pension expense in future periods	289,227	67,239
Pension Contributions made subsequent to the Measurement Date	37,631	-
Total Deferred Amounts Related to Pensions	\$ 326,858	\$ 67,239

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Illinois Municipal Retirement Fund (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending <u>December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	81,235
2018	78,425
2019	93,613
2020	<u>6,346</u>
Total	<u><u>\$ 259,619</u></u>

**Sheriffs Law Enforcement Personnel Plan**

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years of service credit, and 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of (a) 3% of the original pension amount, or (b) ½ the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	0
Inactive Plan Members entitled to but not yet receiving benefits	1
Active Plan Members	<u>0</u>
Total	<u><u>1</u></u>

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 6. EMPLOYEE RETIREMENT PLANS (continued)

#### *Plan Descriptions (continued)*

#### **Sheriffs Law Enforcement Personnel Plan (continued)**

#### *Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 0.00%. For the fiscal year ended April 30, 2017, the Village contributed \$0.00 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### *Net Pension Liability*

The Village's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

#### *Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Sheriffs Law Enforcement Personnel Plan (continued)**

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.00%	6.85%
International Equity	17.00%	6.75%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	5.75%
Alternative Investments	9.00%	2.65-7.35%
Cash Equivalents	<u>1.00%</u>	2.25%
Total	<u>100.00%</u>	

*Single Discount Rate*

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

*Changes in the Net Pension Liability*

Changes in the Net Pension Liability are derived from the changes in total pension liability and changes in the plan net position. The Schedule of Changes in Net Pension Liability and Related Ratios, presented as required supplemental information (RSI) following the Notes to the Financial Statements, presents current period changes in the total pension liability and plan net position.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Sheriffs Law Enforcement Personnel Plan (continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current (7.50%)	1% Higher (8.50%)
Total Pension Liability	\$ 69,814	\$ 69,814	\$ 69,814
Plan Fiduciary Net Position	148,059	148,059	148,059
Net Pension Liability	\$ (78,245)	\$ (78,245)	\$ (78,245)

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

For the year ended April 30, 2017, the Village recognized pension (benefit)/expense of (\$5,292). At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Amounts Related to Pensions</u>		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	6,263	-
Total Deferred Amounts to be recognized in pension expense in future periods	6,263	-
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	\$ 6,263	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2017	2,055
2018	2,055
2019	2,057
2020	96
Total	\$ 6,263



VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (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.

Plan Membership

Membership in the plan consisted of the following as of April 30, 2017:

Inactive Members Currently Receiving Benefits	23
Inactive Members Entitled to, but not yet Receiving Benefits	0
Active nonvested plan members	<u>29</u>
Total	<u><u>52</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Police Pension Plan (continued)**

*Contributions*

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 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.

*Investment Policy*

Illinois Compiled Statutes (ILCS) limit the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

The long-term expected rate of return on assets shown here is from the State of Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation is added back in. Adjustment is made to reflect geometric returns.

A summary of the best estimate of future real rates of returns (annual arithmetic average) are included in the following table.

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equities	6.70%	1.90%	4.80%
US Small Cap Equities	7.50%	1.90%	5.60%
International Large Capitalization Stocks	6.90%	1.90%	5.00%
US Investment Grade Bonds	3.10%	1.90%	1.20%
Cash	1.90%	1.90%	0.00%

ILCS limit the Fund's investment in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset classes is comprised of all other asset classes to allow for rebalancing the portfolio.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Police Pension Plan (continued)**

*Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at May 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

*Investment Rate of Return*

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changes amounts actually invested.

*Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

*Interest Rate Risk*

The Fund has the following recurring fair value measurements as of April 30, 2017. The Mutual Funds and Equities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The Corporate Bonds, Certificates of Deposit and Insurance Contracts are valued using quoted pricing models (Level 2 inputs).

The following table presents the investments and maturities of the Police Pension Fund's cash and investments as of April 30, 2017.

Cash and Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	One to Five Years	Five to Ten Years	Greater Than Ten Years
Cash & Cash Equivalents	9,225	\$ 9,225	\$ -	\$ -	\$ -
Certificates of Deposit	130,473	55,235	75,238	-	-
Insurance Contracts	1,689,274	-	-	1,689,274	-
Corporate Bonds	5,075,494	1,568,083	1,807,921	1,699,490	-
Total Debt Securities	<u>6,904,466</u>	<u>\$ 1,632,543</u>	<u>\$ 1,883,159</u>	<u>\$ 3,388,764</u>	<u>\$ -</u>
Equities	2,034,394				
Mutual Funds	1,564,684				
Money Market Mutual Funds	<u>110,078</u>				
Total Cash and Investments - Police Pension Trust Fund	<u>\$ 10,613,622</u>				

The Fund categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Police Pension Plan (continued)**

*Credit Risk*

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. As of April 30, 2017, the Plan's investments in U.S. Government agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Plan's investments in the Illinois Funds were rated AAA by Standard & Poor's. The Money Market Mutual Funds, Insurance Contracts and Equities were not rated. The Bond credit ratings are listed in the following table.

Type of Investment	Rating	Amount
Corporate Bonds	Aa2	\$ 24,967
	A1	426,422
	A2	439,680
	A3	922,316
	Ba2	109,191
	Baa1	1,820,367
	Baa2	1,161,462
	Baa3	171,089
		\$ 5,075,494

*Custodial Credit Risk*

For an investment, this is the risk, that in the event of failure of the counterparty, the Fund 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

Fund's agent in the Fund's name. The Illinois Funds Investment Pool, Money Market Mutual Funds, and Equity Mutual Funds are not subject to custodial credit risk.

*Net Pension Liability*

The components of the net pension liability of the Police Pension Plan as of April 30, 2017 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 33,103,854
Plan Fiduciary Net Position	10,700,895
Village's Net Pension Liability	22,402,959
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.33%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Police Pension Plan (continued)**

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2017
Actuarial Cost Method	Entry-age, normal
Amortization Period	Level percentage of pay
Asset Valuation Method	Market
Long-Term Expected Rate of Return on Plan Assets	6.75%
Projected Salary Increases	3.50%
Includes Inflation at	2.50%
Cost-of-living Adjustments	3.00% per year

Mortality rates are based on rates developed in the L&A 2016 Mortality Table for Illinois Police Officers. Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

*Municipal Bond Rate*

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown in the Actuarial Assumption section is the April 30, 2017 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

*Discount Rate*

The discount rate of 5.55% is used in the determination of the Total Pension Liability and is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Police Pension Plan (continued)**

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 5.55% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.55%) of 1 percentage point higher (6.55%) than the current rate:

	1% Decrease <u>(4.55%)</u>	Discount Rate <u>(5.55%)</u>	1% Increase <u>(6.55%)</u>
Net Pension Liability	\$ 27,730,801	\$ 22,402,959	\$ 18,145,971

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Police Pension*

For the year ended April 30, 2017, the Village recognized Police Pension (benefit)/expense of (\$289,056). At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Deferred Amounts Related to Pensions</u>		
Differences between expected and actual experience	\$ 166,104	\$ 568,473
Changes of assumptions	1,484,949	240,861
Net difference between projected and actual earnings on pension plan investments	<u>414,690</u>	<u>61,784</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 2,065,743</u>	<u>\$ 871,118</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Police Pensions will be recognized in pension expense in future periods as follows:

Year Ending <u>April 30</u>	Net Deferred Outflows of <u>Resources</u>
2018	\$ 327,562
2019	327,562
2020	327,562
2021	189,332
2022	204,778
Thereafter	<u>(182,171)</u>
Total	<u>\$ 1,194,625</u>

VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan

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

Plan Membership.

Membership in the plan consisted of the following as of April 30, 2017:

Inactive Members Currently Receiving Benefits	6
Inactive Members Entitled to, but not yet Receiving Benefits	10
Active nonvested plan members	<u>0</u>
	<u><u>16</u></u>

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Employees attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the least day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years not to exceed 75.00% of such salary.

The monthly benefit of a Firefighters' officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Contributions

Costs of administering the plan are financed through employee and employer contributions. Covered employees are required to contribute 9.455 percent of their base salary to the Firefighters' Pension Plan. The member rate is determined by state statute. The Village is required to contribute at an actuarially determined rate. 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.

Investment Policy

Illinois Compiled Statutes (ILCS) limit the Firefighters' Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Firefighters' Pension Plan (continued)**

institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

ILCS limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on assets shown here is from the State of Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation is added back in. Adjustment is made to reflect geometric returns.

A summary of the best estimate of future real rates of returns (annual arithmetic average) are included in the following table.

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	10.00%	1.70%	8.30%
Fixed Income	5.00%	1.70%	3.30%

*Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

*Investment Rate of Return*

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changes amounts actually invested.

*Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.



**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Firefighters' Pension Plan (continued)**

*Interest Rate Risk*

The Fund has the following recurring fair value measurements as of April 30, 2017. The Mutual Funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The Municipal Bonds, Corporate Bonds, Certificates of Deposit and U.S. Government and Government Agency Obligations are valued using quoted pricing models (Level 2 inputs).

The following table presents the investments and maturities of the Firefighters' Pension Fund's cash and investments as of April 30, 2017.

Cash and Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	One to Five Years	Five to Ten Years	Greater Than Ten Years
Cash & Cash Equivalents	\$ 108,309	\$ 108,309	\$ -	\$ -	\$ -
U.S. Government Securities	484,986	\$ -	\$ 57,786	\$ 368,099	\$ 59,101
U.S. Gov't Agency Securities	93,540	\$ 15,005	\$ -	\$ 78,535	\$ -
Corporate Bonds	771,645	\$ 115,808	\$ 105,920	\$ 453,407	\$ 96,510
Municipal Bonds	32,047	\$ 5,003	\$ -	\$ 20,971	\$ 6,073
Total Debt Securities	<u>1,490,527</u>	<u>\$ 244,125</u>	<u>\$ 163,706</u>	<u>\$ 921,012</u>	<u>\$ 161,684</u>
Mutual Funds	1,208,557				
Money Market Mutual Funds	<u>58,906</u>				
Total Cash and Investments - Firefighters' Pension Trust Fund	<u>\$ 2,757,990</u>				

The Fund categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

*Credit Risk*

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. As of April 30, 2016, the Plan's investments in U.S. Government agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Plan's investments in the Illinois Funds were rated AAA by Standard & Poor's. The Money Market Mutual Funds, Insurance Contracts and Equities were not rated. The Bond credit ratings are listed in the following tables.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Firefighters' Pension Plan (continued)**

<u>Type of Investment</u>	<u>Rating</u>	<u>Amount</u>
Municipal Bonds	Aaa	\$ 5,352
	Aa1	5,003
	Aa2	16,289
	Aa3	-
	Not Rated	5,404
		<u>\$ 32,048</u>
U.S. Agency Securities		
Federal Home Loan Mtg. Corp.	Aaa	\$ 15,005
Federal Farm Credit Bank	Aaa	15,002
Federal National Mtg. Assoc.	Aaa	63,532
		<u>\$ 93,539</u>
Corporate Bonds		
	Aa1	\$ 7,373
	Aa2	5,396
	Aa3	30,184
	A1	43,255
	A2	65,565
	A3	159,810
	Aaa	8,361
	Baa1	336,050
	Baa2	100,158
	Baa3	15,493
		<u>\$ 771,645</u>

*Custodial Credit Risk*

For an investment, this is the risk, that in the event of failure of the counterparty, the Fund 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 Fund's agent in the Fund's name. The Illinois Funds Investment Pool, Money Market Mutual Funds, and Equity Mutual Funds are not subject to custodial credit risk.

*Net Pension Liability*

The components of the net pension liability of the Firefighters' Pension Plan as of April 30, 2017 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 6,734,971
Plan Fiduciary Net Position	2,772,695
Village's Net Pension Liability	3,962,276
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.17%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2017 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2017
Actuarial Cost Method	Entry-age, normal
Amortization Period	Level percentage of pay
Asset Valuation Method	Market
Long- Term Expected Rate of Return on Plan Assets	5.50%
Projected Salary Increases	0.00%
Includes Inflation at	2.50%
Cost of Living Adjustments	2.50%

Mortality rates are based on rates developed in the L&A 2016 Mortality Table for Illinois Firefighters.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Firefighters.

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown in the Actuarial Assumption section is the April 30, 2016 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Discount Rate

The discount rate of 4.27% is used in the determination of the Total Pension Liability and is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position; the expected rate of return on plan investments is used to determine the portion of net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

The plan's projected net position is expected to cover future benefit payments in full for the current employees through 2034.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2017

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

*Plan Descriptions (continued)*

**Firefighters' Pension Plan (continued)**

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 4.27% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%) of 1 percentage point higher (5.27%) than the current rate:

	1% Decrease (3.27%)	Discount Rate (4.27%)	1% Increase (5.27%)
Net Pension Liability	\$ 5,251,962	\$ 3,962,276	\$ 2,967,389

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Firefighters' Pension*

For the year ended April 30, 2017, the Village recognized Firefighters' Pension expense(benefit) of (\$1,059,349). At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Police Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Amounts Related to Pensions</u>		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	116,692	14,958
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 116,692	\$ 14,958

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Police Pensions will be recognized in pension expense in future periods as follows:

Year Ending <u>April 30</u>	Net Deferred Outflows of Resources
2018	\$ 35,158
2019	35,158
2020	35,156
2021	(3,738)
Total	\$ 101,734

*Significant Investments*

There are no significant investments (other than US Government guaranteed obligations) in any one organization that represent 5.0% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for IMRF is not available.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2017

### 7. INTERFUND BALANCES

At April 30, 2017, the Motor Fuel Tax fund owed the General Fund \$173,860 for operating expenses. The balance is expected to be repaid within the year.

### 8. INDIVIDUAL FUND DISCLOSURES

The Motor Fuel Tax Fund has a deficit balance of \$35,788 as of April 30, 2017. The deficit is expected to be funded by future Motor Fuel Taxes.

### 9. RISK MANAGEMENT

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

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

### 10. SUBSEQUENT EVENT

On August 14, 2017 the Village Board of the Village of Worth passed an ordinance for the issuance of General Obligations Refund Bonds (Alternate Revenue Source), Series 2017 in an amount not to exceed \$5,600,000. As of November 2, 2017, the Village has issued bonds in accordance with the ordinance in the amount of \$5,195,000. The purpose of the Series 2017 Bonds is to refund the Village's General Obligation Refunding Bonds (Alternate Revenue Source) Series 2009. The terms of the Series 2017 bonds are that the bonds are issued at a rate of 3.0% to 4.0% with the principal balance to be paid in annual installments through the final maturity of January 1, 2034.

**REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF WORTH, ILLINOIS

Schedule of Employer Contributions - Illinois Municipal Retirement Fund  
 Last Ten Calendar Years  
 (schedule to be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 111,139	\$ 111,139	\$ 0	\$ 948,288	11.72%
2016	110,575	110,575	0	971,663	11.38%

Schedule of Employer Contributions - Sheriffs Law Enforcement Personnel Plan  
 Last Ten Calendar Years  
 (schedule to be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
2016	0	0	0	0	0.00%

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS  
 Police and Fire Pension Funds  
 Schedule of Employer Contributions  
 Last Ten Fiscal Years  
 (Schedules to be built prospectively from 2015)

**Police Pension Fund**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a% of Covered Payroll
2017	982,205	913,031	69,174	2,321,667	39.33%
2016	869,031	802,434	66,597	2,076,797	38.64%
2015	816,445	849,730	(33,285)	1,851,721	45.89%

**Fire Pension Fund**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a% of Covered Payroll
2017	299,667	151,675	147,992	-	N/A
2016	251,039	173,487	77,552	-	N/A
2015	195,731	5,901	189,830	-	N/A

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. The schedule is presented to illustrate the requirement for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The information presented was determined as part of the actuarial valuations as of May 1, 2016. Additional information as of the latest actuarial values presented is as follows:

Actuarial Cost Method	Entry-age, normal
Amortization Method	Level percent of pay
Amortization Period	30 years
Asset Valuation Method	Market Value
Investment Rate of Return	6.75% Police Pension; 5.50% Firefighters' Pension
Projected Salary Increases	3.5% - 17.88% Police Pension; N/A Firefighters' Pension

See accompanying notes to the required supplementary information.



VILLAGE OF WORTH, ILLINOIS

Police Pension Fund  
 Schedule of Changes in the Employer's Net Pension Liability and Related Ratios  
 April 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 701,320	\$ 560,587	\$ 584,315
Interest	1,785,993	1,619,235	1,532,848
Difference Between Expected and Actual Experience	(651,584)	231,116	-
Changes of Assumptions	(276,075)	2,066,143	-
Benefit Payments, Including Refunds of Member Contributions	<u>(1,271,728)</u>	<u>(1,255,587)</u>	<u>(1,193,725)</u>
Net Change in Total Pension Liability	287,926	3,221,494	923,438
 Total Pension Liability - Beginning	 <u>32,815,927</u>	 <u>29,594,433</u>	 <u>28,670,996</u>
 Total Pension Liability - Ending	 <u><u>\$ 33,103,853</u></u>	 <u><u>\$ 32,815,927</u></u>	 <u><u>\$ 29,594,434</u></u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	913,031	802,434	849,730
Contributions - Member	215,432	200,578	186,555
Net Investment Income	754,599	1,718	443,973
Benefit Payments, Including Refunds of Member Contributions	(1,271,728)	(1,255,587)	(1,193,725)
Administrative Expense	<u>(34,351)</u>	<u>(32,486)</u>	<u>(31,408)</u>
Net Change in Plan Fiduciary Net Position	576,983	(283,343)	255,125
 Plan Fiduciary Net Position - Beginning	 <u>10,123,912</u>	 <u>10,407,255</u>	 <u>10,152,130</u>
 Plan Fiduciary Net Position - Ending	 <u><u>\$ 10,700,895</u></u>	 <u><u>\$ 10,123,912</u></u>	 <u><u>\$ 10,407,255</u></u>
 <b>Employer's Net Pension Liability</b>	 <u><u>\$ 22,402,958</u></u>	 <u><u>\$ 22,692,015</u></u>	 <u><u>\$ 19,187,179</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 32.33%	 30.85%	 35.17%
 Covered-Employee Payroll	 \$ 2,321,667	 \$ 2,076,797	 \$ 1,851,721
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 964.95%	 1,092.64%	 1,036.18%

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Fire Pension Fund  
 Schedule of Changes in the Employer's Net Pension Liability and Related Ratios  
 April 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Interest	\$ 323,987	\$ 216,717	\$ 245,984
Differences Between Expected and Actual Experience	(81,335)	617,994	-
Changes of Assumptions	(1,001,608)	1,194,524	-
Benefit Payments, Including Refunds of Member Contributions	<u>(187,192)</u>	<u>(410,638)</u>	<u>(136,481)</u>
Net Change in Total Pension Liability	(946,148)	1,618,597	109,503
Total Pension Liability - Beginning	<u>7,681,119</u>	<u>6,062,523</u>	<u>5,953,020</u>
Total Pension Liability - Ending	<u>\$ 6,734,971</u>	<u>\$ 7,681,120</u>	<u>\$ 6,062,523</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 151,675	\$ 173,487	\$ 5,901
Contributions - Member	10,212	30,680	-
Net Investment Income	163,585	(42,659)	157,691
Benefit Payments, Including Refunds of Member Contributions	(187,192)	(410,638)	(136,481)
Administrative Expense	<u>(25,079)</u>	<u>(17,263)</u>	<u>(39,474)</u>
Net Change in Plan Fiduciary Net Position	113,201	(266,393)	(12,363)
Plan Fiduciary Net Position - Beginning	<u>2,659,494</u>	<u>2,925,887</u>	<u>2,938,249</u>
Plan Net Position - Ending	<u>\$ 2,772,695</u>	<u>\$ 2,659,494</u>	<u>\$ 2,925,886</u>
<b>Employer's Net Pension Liability</b>	<u>\$ 3,962,276</u>	<u>\$ 5,021,626</u>	<u>\$ 3,136,637</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.17%	34.62%	48.26%
Covered-Employee Payroll	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Illinois Municipal Retirement Fund  
 Schedule of Changes in the Employer's Net Pension Liability and Related Ratios  
 April 30, 2017

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 96,466	\$ 97,773
Interest	505,538	486,640
Differences Between Expected and Actual Experience	(62,773)	(93,707)
Changes of Assumptions	(7,922)	7,864
Benefit Payments, Including Refunds of Member Contributions	<u>(247,697)</u>	<u>(226,190)</u>
Net Change in Total Pension Liability	283,612	272,380
 Total Pension Liability - Beginning	 <u>6,825,125</u>	 <u>6,552,745</u>
 Total Pension Liability - Ending	 <u>\$ 7,108,737</u>	 <u>\$ 6,825,125</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 110,575	\$ 111,139
Contributions - Employee	43,725	49,586
Net Investment Income	429,237	31,538
Benefit Payments, Including Refunds of Member Contributions	(247,697)	(226,190)
Other (Net Transfer)	<u>50,549</u>	<u>(138,550)</u>
Net Change in Plan Fiduciary Net Position	386,389	(172,477)
 Plan Fiduciary Net Position - Beginning	 <u>6,167,763</u>	 <u>6,340,240</u>
 Plan Net Position - Ending	 <u>\$ 6,554,152</u>	 <u>\$ 6,167,763</u>
 <b>Employer's Net Pension Liability</b>	 <u>\$ 554,585</u>	 <u>\$ 657,362</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 92.20%	 90.37%
 Covered-Employee Payroll	 \$ 971,663	 \$ 948,288
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 57.08%	 69.32%

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Sheriffs Law Enforcement Personnel Plan  
 Schedule of Changes in the Employer's Net Pension Liability and Related Ratios  
 April 30, 2017

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ -	\$ -
Interest	4,871	4,531
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	(2)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Member Contributions	-	-
Net Change in Total Pension Liability	<u>4,871</u>	<u>4,529</u>
Total Pension Liability - Beginning	<u>64,943</u>	<u>60,414</u>
Total Pension Liability - Ending	<u>\$ 69,814</u>	<u>\$ 64,943</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ -	\$ -
Contributions - Employee	-	-
Net Investment Income	9,881	717
Benefi Payments, Including Refunds of Member Contributions	-	-
Other (Net Transfer)	282	(6,282)
Net Change in Plan Fiduciary Net Position	<u>10,163</u>	<u>(5,565)</u>
Plan Fiduciary Net Position - Beginning	<u>137,896</u>	<u>143,461</u>
Plan Net Position - Ending	<u>\$ 148,059</u>	<u>\$ 137,896</u>
<b>Employer's Net Pension Liability</b>	<u>\$ (78,245)</u>	<u>\$ (72,953)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	212.08%	212.33%
Covered-Employee Payroll	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	0.00%	0.00%

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues:</b>			
Property Taxes	\$ 2,341,010	\$ 2,191,564	\$ (149,446)
Sales Taxes	1,220,439	1,237,722	17,283
Grants	-	36,384	36,384
Intergovernmental	2,309,775	2,551,943	242,168
Licenses, Permits, and Fees	672,690	655,151	(17,539)
Fines and Forfeits	1,445,090	1,181,558	(263,532)
Charges for Service:			
Golf Course	1,630,607	1,385,788	(244,819)
Interest	134	18,111	17,977
Other	21,620	25,629	4,009
Total Revenues	<u>9,641,365</u>	<u>9,283,850</u>	<u>(357,515)</u>
<b>Expenditures:</b>			
Current:			
General Government	649,656	414,627	(235,029)
Building Department	166,964	176,948	9,984
Boat Launch Department	37,286	6,200	(31,086)
Fire Protection	1,660,595	1,721,942	61,347
Police Department	4,024,679	3,847,522	(177,157)
Street and Bridge	1,035,702	960,837	(74,865)
Golf Course	1,560,165	1,404,229	(155,936)
Worth Days	-	4,000	4,000
Federal Seizure	10,300	16,296	5,996
Capital Outlay	143,685	130,669	(13,016)
Debt Service:			
Principal	556,136	298,006	(258,130)
Interest and Other Charges	3,251	271,258	268,007
Total Expenditures	<u>9,848,419</u>	<u>9,252,534</u>	<u>(595,885)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(207,054)	31,316	238,370
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	-	29,714	29,714
Total Other Financing Sources ( Uses)	<u>-</u>	<u>29,714</u>	<u>29,714</u>
Net Change in Fund Balance	<u>\$ (207,054)</u>	61,030	<u>\$ 268,084</u>
Fund Balance, Beginning of Year		<u>2,433,675</u>	
Fund Balance, End of Year		<u>\$ 2,494,705</u>	

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>General Government:</b>			
Village President Salary	\$ 31,776	\$ 30,850	\$ (926)
Liquor Commissioner Salary	4,635	4,500	(135)
Clerk/Collector Salary	24,761	25,130	369
Deputy Clerk	4,120	-	(4,120)
Trustees Salaries	40,479	39,300	(1,179)
Custodial Wages	3,708	2,798	(910)
Social Security/Medicare	8,375	7,834	(541)
Illinois Municipal Retirement Fund Contributions	7,652	6,758	(894)
Unemployment Taxes	-	3,916	3,916
Insurance Premiums	22,119	22,343	224
Professional Fees	33,578	17,530	(16,048)
Legal Fees	125,660	113,934	(11,726)
Programming Costs	14,935	14,107	(828)
Publication of Legal Notices	1,236	2,119	883
Travel Expenses for Village Officials	-	101	101
Grant Expenses	515	-	(515)
Officials Expenses	1,648	207	(1,441)
Employee Expenses	3,090	4,460	1,370
Bank Fees	10	8	(2)
Training Education	2,575	50	(2,525)
Professional Memberships	13,699	11,377	(2,322)
Postage	3,708	2,942	(766)
Telephone Service	6,489	4,671	(1,818)
Utilities	2,575	3,117	542
License Application Expenses	258	130	(128)
Building Maintenance	81,576	1,526	(80,050)
Machine Purchase Other	1,030	-	(1,030)
Repair and Maintenance	155	-	(155)
Public Relations Expense	258	-	(258)
Computer Software	4,120	2,140	(1,980)
Purchase of Office Equipment	2,575	-	(2,575)
Computer Purchase	2,575	-	(2,575)
Maintenance Contracts	12,681	13,786	1,105
PATSE Transportation Services	618	740	122
Credit Card Charges	5,768	4,411	(1,357)
Filing Fees	1,030	174	(856)
Computer Repair and Maintenance	10,300	10,541	241
Office Expense	4,841	5,794	953
Printing Expense	3,605	-	(3,605)
Departmental Supplies	1,236	1,759	523

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Custodial Expense	1,854	1,101	(753)
Building Expense	\$ 155	\$ 216	\$ 61
Economic Development	43,981	46,265	2,284
Village Events Expense	258	131	(127)
DNR Fishing/Hunting	1,751	1,778	27
Miscellaneous Expense	4,738	300	(4,438)
Liability Insurance	3,950	4,958	1,008
Paying Agents Fee	-	825	825
Contingencies/Miscellaneous	103,000	-	(103,000)
Total General Government	<u>649,656</u>	<u>414,627</u>	<u>(235,029)</u>
<b>Building Department:</b>			
Building Commissioner Salary	21,218	20,600	(618)
Building Inspector Salary	20,600	25,958	5,358
Plumbing Inspector Salary	2,060	3,185	1,125
Electrical Inspector Salary	3,708	8,269	4,561
HVAC Inspector Salary	515	1,090	575
Clerical Staff Salary	38,478	34,636	(3,842)
Ordinance Officer Salary	23,576	22,059	(1,517)
Social Security/Medicare	8,402	9,090	688
Illinois Municipal Retirement Fund Contributions	9,743	9,499	(244)
Insurance Premiums	19,795	16,440	(3,355)
Professional Fees	2,575	10,618	8,043
Engineering Fees	1,133	-	(1,133)
Printing Expenses	515	1,008	493
Departmental Supplies	515	819	304
Telephone Service	824	825	1
Training and Education	309	275	(34)
Legal Notices	721	1,312	591
Maintenance - Building	515	-	(515)
Liability Insurance	7,848	7,343	(505)
Miscellaneous	3,914	3,922	8
Total Building Department	<u>166,964</u>	<u>176,948</u>	<u>9,984</u>
<b>Boat Launch Department:</b>			
Attendant/Custodian	2,009	1,114	(895)
Social Security/Medicare	154	85	(69)
Utilities	2,884	3,454	570
Maintenance	30,900	190	(30,710)
Miscellaneous	1,339	1,357	18
Total Boat Launch Department	<u>37,286</u>	<u>6,200</u>	<u>(31,086)</u>

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Health Department:</b>			
Health Inspector Fees	-	-	-
<b>Fire Department:</b>			
Insurance Premiums	\$ 38,971	\$ 41,854	\$ 2,883
Intergovernmental Agreement - Fire Services	<u>1,621,624</u>	<u>1,680,088</u>	<u>58,464</u>
Total Fire Department	<u>1,660,595</u>	<u>1,721,942</u>	<u>61,347</u>
<b>Police Department:</b>			
Clerical Salary	162,225	152,748	(9,477)
Chief Salary	114,837	112,703	(2,134)
Lieutenant Salary	100,508	97,582	(2,926)
Deputy Chief	218,494	173,814	(44,680)
Administrative Assistant Salary	36,050	32,385	(3,665)
Sergeants Salary	374,701	399,834	25,133
Officers Salary	1,358,897	1,315,096	(43,801)
Court Time Salary	12,360	14,328	1,968
Custodial Wages	3,708	4,215	507
Hearing Officer	10,300	7,551	(2,749)
Training Officer	10,300	-	(10,300)
Collection Fees	135,960	53,132	(82,828)
Vacation, Sick Leave, Overtime	234,137	293,041	58,904
Social Security/Medicare	44,029	53,039	9,010
Illinois Municipal Retirement Fund Contributions	10,116	10,875	759
Crossing Guards	38,192	35,335	(2,857)
Grant Expenses	-	2,759	2,759
Computer Repair and Maintenance	10,300	9,981	(319)
Professional Fees	18,540	23,247	4,707
Central Dispatch	321,360	296,883	(24,477)
Uniforms and Personal Equipment	32,548	25,486	(7,062)
Training Costs	25,033	18,208	(6,825)
Education Reimbursement	10,300	-	(10,300)
Travel	1,030	2,006	976
Employee Costs	31,415	26,713	(4,702)
Membership and Subscriptions	7,210	6,352	(858)
Office Supplies	8,755	8,124	(631)
Departmental Supplies	6,180	5,586	(594)
Taxes & Licenses	721	751	30
Filing Fees	618	695	77
Legal Fees	16,480	15,425	(1,055)
Postage	2,575	2,761	186
Telephone	15,450	11,415	(4,035)
Computer Software	7,725	3,115	(4,610)

(Continued)

See accompanying notes to the required supplementary information



VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Maintenance Contracts	6,180	7,340	1,160
Utilities	1,030	-	(1,030)
Custodial Supplies	\$ 2,060	\$ 2,307	\$ 247
Prisoner Costs	1,236	1,167	(69)
Radio Purchase and Maintenance	5,150	606	(4,544)
Animal Warden Supplies	1,030	596	(434)
Printing Expense	3,090	3,383	293
Furniture Purchase	2,472	-	(2,472)
Other Equipment Purchase	7,210	972	(6,238)
Computer Purchase	1,133	-	(1,133)
Maintenance - Vehicles	25,750	31,806	6,056
Fuel	22,660	22,048	(612)
Ammunition	9,270	3,828	(5,442)
Purchase of Vehicles	91,670	78,100	(13,570)
Crime Prevention	2,575	2,299	(276)
Building Maintenance	5,150	54	(5,096)
Bullet Proof Vests	5,150	(297)	(5,447)
Dental Insurance Premiums	5,489	6,088	599
Health Insurance Premiums	345,925	339,361	(6,564)
Life Insurance Premiums	1,514	1,731	217
HRA Reimbursements	15,450	19,506	4,056
Worker's Compensation Insurance	155,376	158,487	3,111
Worker's Compensation Benefits Expense	-	2,588	2,588
Confiscated Cash Expenditure	5,150	12,133	6,983
IPRF Grant Expenditure	5,150	12,275	7,125
Miscellaneous	8,425	3,409	(5,016)
Total Police Department	<u>4,116,349</u>	<u>3,924,972</u>	<u>(191,377)</u>
<b>Street and Bridge:</b>			
Clerical Salary	3,708	-	(3,708)
Street and Alley Labor	158,120	119,672	(38,448)
Equipment Labor Wages	35,769	-	(35,769)
Social Security/Medicare	15,116	12,116	(3,000)
Illinois Municipal Retirement Fund Contributions	21,517	16,701	(4,816)
Refuse Pickup	2,060	1,219	(841)
Equipment Maintenance	-	34,558	34,558
Professional Fees	4,120	985	(3,135)
Engineering Fees	61,800	67,718	5,918
Uniforms and Personal Equipment	2,678	1,981	(697)
Employment Costs	1,545	128	(1,417)
Membership and Subscriptions	515	-	(515)
Office Supplies	515	523	8
Departmental Supplies	6,695	8,162	1,467

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Postage	5,150	4,927	(223)
Telephone	3,605	2,175	(1,430)
Utilities	\$ 30,900	\$ 31,242	\$ 342
Custodial Supplies	618	364	(254)
Material Purchases	8,755	17,657	8,902
Street Signs	5,665	2,210	(3,455)
Street Light Construction and Energy	3,605	966	(2,639)
Tree Planting and Removal	51,500	42,500	(9,000)
Materials for Streets and Alleys	30,900	31,068	168
Maintenance Contracts	5,665	5,447	(218)
Repair Maintenance Equipment	21,630	12,720	(8,910)
Street Construction	339,900	350,293	10,393
Radio Purchases and Repairs	1,236	-	(1,236)
Equipment Rental	1,545	4,419	2,874
Maintenance - Vehicles	7,210	4,792	(2,418)
Fuel	21,630	18,110	(3,520)
Health Insurance Premiums	12,690	10,419	(2,271)
Other Insurance Premiums	82,014	83,475	1,461
Building Maintenance	3,090	14,075	10,985
Custodial Expense	515	295	(220)
Machine and Equipment Purchase	52,015	57,347	5,332
Debt Issuance Costs	31,706	31,363	(343)
Hot Patch	20,600	928	(19,672)
Broken Asphalt Removal	3,090	100	(2,990)
IPRF Safety Grant Expenditure	5,150	4,093	(1,057)
Miscellaneous Costs	23,175	13,489	(9,686)
Total Street and Bridge	<u>1,087,717</u>	<u>1,008,237</u>	<u>(79,480)</u>
<b>Golf Course Operations:</b>			
Payroll Expense	698,390	655,464	(42,926)
General Administration	-	374,987	374,987
Course and Grounds	-	108,776	108,776
Food and Beverage	841,775	156,776	(684,999)
Range and Pro Shop	-	92,529	92,529
Improvements	20,000	21,516	1,516
Total Golf Course Operations	<u>1,560,165</u>	<u>1,410,048</u>	<u>(150,117)</u>
<b>Worth Days:</b>			
Worth Days Expense	<u>-</u>	<u>4,000</u>	<u>4,000</u>
<b>Federal Seizure:</b>			
Computer Purchase	-	1,073	1,073
Grant Expense	-	7,500	7,500
Network Purchase	-	4,125	4,125
Furniture Purchase	-	1,066	1,066

(Continued)

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of General Fund Expenditures - Budget and Actual  
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Equipment Purchase	-	1,532	1,532
Other Expenses	\$ 10,300	\$ 1,000	\$ (9,300)
Total Federal Seizure	<u>10,300</u>	<u>16,296</u>	<u>5,996</u>
<b>Debt Service:</b>			
Golf Course Principal	\$ 536,626	\$ 238,858	\$ (297,768)
Bond Principal	19,510	18,942	(568)
Lease Principal	-	40,206	40,206
Interest	<u>3,251</u>	<u>271,258</u>	<u>268,007</u>
Total Debt Service	<u>559,387</u>	<u>569,264</u>	<u>9,877</u>
Total Expenditures	<u>\$ 9,848,419</u>	<u>\$ 9,252,534</u>	<u>\$ (595,885)</u>

See accompanying notes to the required supplementary information

VILLAGE OF WORTH, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
 Budget and Actual  
 Motor Fuel Tax Fund  
 Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues</b>			
Intergovernmental	\$ 287,818	\$ 274,371	\$ (13,447)
Interest	-	1,464	1,464
Total Revenues	<u>287,818</u>	<u>275,835</u>	<u>(11,983)</u>
<b>Expenditures</b>			
Motor Fuel Tax Project	179,829	113,198	(66,631)
Debt Service:			
Principal	23,136	22,462	(674)
Interest	<u>3,854</u>	<u>3,742</u>	<u>(112)</u>
Total Expenses	<u>206,819</u>	<u>139,402</u>	<u>(67,417)</u>
Net Change in Fund Balance	<u>\$ 80,999</u>	136,433	<u>\$ 55,434</u>
Fund Balance (Deficit), Beginning of Year		<u>(172,221)</u>	
Fund Balance (Deficit), End of Year		<u>\$ (35,788)</u>	

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 Tax Increment Financing Fund  
 Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Property Taxes	\$ -	\$ 18,361	\$ 18,361
Total Revenues	<u>-</u>	<u>18,361</u>	<u>18,361</u>
<b>Expenditures</b>			
Professional Fees	3,090	2,250	(840)
Property Maintenance	<u>1,030</u>	<u>1,960</u>	<u>930</u>
Total Expenses	<u>4,120</u>	<u>4,210</u>	<u>90</u>
Net Change in Fund Balance	<u>\$ (4,120)</u>	14,151	<u>\$ 18,271</u>
Fund Balance, Beginning of Year		<u>306,198</u>	
Fund Balance, End of Year		<u>\$ 320,349</u>	

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Notes to the Required Supplementary Information  
For the Fiscal Year Ended April 30, 2017

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

**A. Budgetary Information**

The General Fund, the Motor Fuel Tax Fund and Tax Increment Financing 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 2017, no supplemental budgetary appropriations were made.

**B. Excess of Expenditures over Budget**

The following funds had excess actual expenditures over budgeted amounts for the year ended April 30, 2017.

	Budget	Actual	Over/Under Variance
Tax Increment Financing Fund	\$ 4,120	\$ 4,210	\$ 90

**II. Summary of Actuarial Methods and Assumptions used in the Calculation of the 2016 Contribution Rate - Illinois Municipal Retirement Fund.**

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine the 2016 Contribution Rates:**

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed

VILLAGE OF WORTH, ILLINOIS

Notes to the Required Supplementary Information  
For the Fiscal Year Ended April 30, 2017

**II. Summary of Actuarial Methods and Assumptions used in the Calculation of the 2016 Contribution Rate - Illinois Municipal Retirement Fund (continued).**

Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (2 employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50 %
Price Inflation	2.75 % - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75 % to 14.50 % including inflation.
Investment Rate of Return	7.50 %
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120 % of the table rates were used. For women 92 % of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes There were no benefit changes during the year.

## **OTHER SCHEDULES**



VILLAGE OF WORTH, ILLINOIS

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed Valuations	<u>\$ 137,146,562</u>	<u>\$ 132,167,911</u>	<u>\$135,495,720</u>	<u>\$147,429,661</u>	<u>\$159,158,928</u>	<u>\$176,796,155</u>	<u>\$216,267,934</u>
Tax Rates:							
General	0.4005	0.4250	0.4351	0.3920	0.3504	0.2724	0.2373
IMRF	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0681
Street and Bridge	0.0916	0.0971	0.0995	0.0968	0.0963	0.0840	0.0673
Police Protection	0.2851	0.2908	0.3013	0.3234	0.3489	0.3044	0.2630
Fire Protection	0.3413	0.3913	0.3713	0.3320	0.3342	0.2915	0.2527
Liability Insurance	0.0924	0.0943	0.0884	0.0791	0.0936	0.0833	0.0000
Police Pension	0.6607	0.6738	0.6031	0.5464	0.4150	0.3125	0.2505
Fire Pension	0.1516	0.1114	0.1002	0.0362	0.0054	0.0877	0.0135
Debt Service	<u>0.3666</u>	<u>0.3835</u>	<u>0.3720</u>	<u>0.3397</u>	<u>0.3153</u>	<u>0.2842</u>	<u>0.2326</u>
Total	<u>2.3898</u>	<u>2.4672</u>	<u>2.3709</u>	<u>2.1456</u>	<u>1.9591</u>	<u>1.7200</u>	<u>1.3850</u>
Tax Extensions:							
General	\$ 549,271	\$ 561,713	\$ 589,541	\$ 577,924	\$ 557,692	\$ 481,592	\$ 513,203
IMRF	-	-	-	-	-	-	147,278
Street and Bridge	125,626	128,335	134,818	142,711	153,270	148,508	145,548
Police Protection	391,004	384,344	408,248	476,787	555,305	538,167	568,784
Fire Protection	468,081	517,173	503,095	489,466	531,909	515,360	546,509
Liability Insurance	126,723	124,634	119,778	116,616	148,972	147,271	-
Police Pension	906,127	890,547	817,174	805,555	660,509	552,487	541,751
Fire Pension	207,857	147,247	135,776	53,300	8,605	155,000	29,248
Debt Service	<u>502,809</u>	<u>506,799</u>	<u>504,017</u>	<u>500,867</u>	<u>501,759</u>	<u>502,494</u>	<u>503,072</u>
	3,277,498	3,260,792	3,212,447	3,163,226	3,118,021	3,040,879	2,995,393
Road and Bridge	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Totals	<u>\$ 3,299,498</u>	<u>\$ 3,282,792</u>	<u>\$ 3,234,447</u>	<u>\$ 3,185,226</u>	<u>\$ 3,140,021</u>	<u>\$ 3,062,879</u>	<u>\$ 3,017,393</u>
Tax Collections	\$ 1,668,693	\$ 3,240,337	\$ 3,128,820	\$ 2,837,388	\$ 2,691,443	\$ 2,891,976	\$ 2,881,150
Percent Collections	<u>50.57%</u>	<u>98.71%</u>	<u>96.73%</u>	<u>89.08%</u>	<u>85.71%</u>	<u>94.42%</u>	<u>95.48%</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements  
April 30, 2017

	Year Ended April 30,	Principal	Interest	Total
<b>General Obligation Refunding Bonds (Alternate Revenue Source)</b>				
Series 2009:	2018	\$ 225,000	\$ 253,866	\$ 478,866
Dated April 1, 2009	2019	235,000	244,866	479,866
Interest payable on January 1	2020	245,000	235,466	480,466
and July 1 at rates	2021	255,000	225,972	480,972
between 3.00% and 5.00%	2022	265,000	215,772	480,772
Paying Agent: Amalgamated Bank	2023	275,000	205,172	480,172
of Chicago	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>\$ 5,525,000</u>	<u>\$ 2,654,764</u>	<u>\$ 8,179,764</u>
<b>General Obligation Limited Tax Bonds, Series 2012</b>				
Dated February 8, 2012	2018	\$ 110,000	\$ 15,025	\$ 125,025
Interest payable on December 1	2019	115,000	11,725	126,725
and June 1 at rates	2020	120,000	8,275	128,275
between 2.00% and 3.50%	2021	<u>125,000</u>	<u>4,375</u>	<u>129,375</u>
Paying Agent: Amalgamated Bank		<u>\$ 470,000</u>	<u>\$ 39,400</u>	<u>\$ 509,400</u>
of Chicago				
<b>Equipment Loan</b>				
Dated June 16, 2015	2018	\$ 37,418	\$ 2,855	\$ 40,273
Interest payable on December 1	2019	38,661	1,611	40,272
and June 1 at rate 3.2 %	2020	<u>19,721</u>	<u>353</u>	<u>20,074</u>
Paying Agent: The Private Bank		<u>\$ 95,800</u>	<u>\$ 4,819</u>	<u>\$ 100,619</u>

VILLAGE OF WORTH, ILLINOIS

Information Required By Revenue Bond Ordinance  
(Unaudited)  
April 30, 2017

Consumer data:

Number of customers:

Water and Sewer Service:

Residential	2,466
Commercial	<u>322</u>
Total	<u><u>2788</u></u>

Sewer Service only:

Residential	1
Commercial	<u>3</u>
Total	<u><u>4</u></u>

Percent

Water Usage:

Gallorage purchased	313,506,270	100%
Gallorage billed	<u>259,294,000</u>	<u>83%</u>
Gallorage lost and/or unaccounted for	54,212,270	17%

Insurance coverage data:

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

## **OTHER REPORT**



# HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

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

Matthew R. Truschka, Acct.  
Jessica L. Leonard, Acct.

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS APPLICABLE TO TAX INCREMENT FINANCING DISTRICTS**

December 12, 2017

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

We have examined management's assertion, included in its representation letter dated December 12, 2017 that the Village of Worth, Illinois (Worth) complied with the provisions of subsection (q) of Section 11-74-4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2017. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with statutory requirements.

In our opinion, management's assertion that the Village of Worth, Illinois complied with the aforementioned requirements for the year ended April 30, 2017 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the Board of Trustees, management of the Village, the Illinois State Comptroller's Office, and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Hearne & Associates, P.C.  
Certified Public Accountants