

VILLAGE OF WORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2019

Prepared By:

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VILLAGE OF WORTH, ILLINOIS

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Worth, Illinois as of and for the year ended April 30, 2019, 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, 2019, 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

As of April 30, 2019, the Village adopted Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*, which has modified the reporting of OPEB by the Village in the notes to the financial statements and the required supplementary information. 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.

January 20, 2020
Mokena, IL


Hearne & Associates, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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, 2019. 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 source and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of government. Funds are established for various purposes, and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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 \$19.9 million as of April 30, 2019.

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.

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Management's Discussion and Analysis
April 30, 2019

Table 1
Condensed Statement of Net Position
As of April 30, 2019

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$ 3,975,224	\$ 4,000,094	\$ 7,975,318
Non Current Assets	9,520,029	1,780,142	11,300,171
Total Assets	<u>13,495,253</u>	<u>5,780,236</u>	<u>19,275,489</u>
Deferred Outflows of Resources	<u>4,621,794</u>	<u>-</u>	<u>4,621,794</u>
Current Liabilities	970,369	183,337	1,153,706
Non Current Liabilities	40,045,077	47,400	40,092,477
Total Liabilities	<u>41,015,446</u>	<u>230,737</u>	<u>41,246,183</u>
Deferred Inflows of Resources	<u>2,568,649</u>	<u>-</u>	<u>2,568,649</u>
Net Position:			
Net Investment in Capital	4,173,811	1,687,238	5,861,049
Restricted	534,868	1,244,608	1,779,476
Unrestricted	(30,175,727)	2,617,653	(27,558,074)
Total Net Position	<u>\$ (25,467,048)</u>	<u>\$ 5,549,499</u>	<u>\$ (19,917,549)</u>

Condensed Statement of Net Position
As of April 30, 2018

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$ 4,210,775	\$ 3,679,288	\$ 7,890,063
Non Current Assets	9,807,207	1,926,736	11,733,943
Total Assets	<u>14,017,982</u>	<u>5,606,024</u>	<u>19,624,006</u>
Deferred Outflows of Resources	<u>3,529,672</u>	<u>-</u>	<u>3,529,672</u>
Current Liabilities	731,897	274,152	1,006,049
Non Current Liabilities	35,589,979	94,806	35,684,785
Total Liabilities	<u>36,321,876</u>	<u>368,958</u>	<u>36,690,834</u>
Deferred Inflows of Resources	<u>2,325,189</u>	<u>-</u>	<u>2,325,189</u>
Net Position:			
Net Investment in Capital	4,078,982	1,790,224	5,869,206
Restricted	399,031	1,045,587	1,444,618
Unrestricted	(25,577,424)	2,401,255	(23,176,169)
Total Net Position	<u>\$ (21,099,411)</u>	<u>\$ 5,237,066</u>	<u>\$ (15,862,345)</u>

For more detailed information see the Statement of Net Position (page 13-14). The Village's combined net position (which is the Village's equity) decreased to \$(19,917,549). This is a result of expenditures

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Management's Discussion and Analysis April 30, 2019

exceeding program and general revenues for the fiscal year. The Additional expenditures are mainly from the increase in the net pension obligation of the Village. Net position of the Village's governmental activities is \$(25,467,048) as of April 30, 2019. 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 \$(30,175,727) as of April 30, 2019. The net position of business-type activities increased to \$5,549,499 from \$5,237,066. 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 investment 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 decreased by \$(348,517) from the prior year mainly due to a net increase in non-current liabilities. The Village's liabilities increased by \$4,555,349 mainly due to an increase in the net pension liability in the amount of \$2,316,532 and the addition of OPEB liabilities of \$2,665,849. The Village's deferred inflows of resources increased by \$243,460 due primarily to pension related activities.

In the current year, the Village's total net position decreased by \$4,055,204. In the prior year the net position decreased by \$1,101,884. The changes in net position are further analyzed in the next section.

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Management's Discussion and Analysis
April 30, 2019

Changes in Net Position

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

Condensed Statement of Activities
As of April 30, 2019

	Governmental Activities	Business-Type Activities	Total Primary Government
REVENUES			
Program Revenues:			
Charges for Services	\$ 3,067,749	\$ 2,865,307	\$ 5,933,056
Capital Grants and Contributions	46,603	262,245	308,848
General Revenues:			-
Property Taxes	1,743,478	-	1,743,478
Sales Taxes	1,462,339	-	1,462,339
Income Taxes	1,116,179	-	1,116,179
Other Taxes	1,770,117	-	1,770,117
Other General Revenues	161,824	-	161,824
Total Revenues	<u>9,368,289</u>	<u>3,127,552</u>	<u>12,495,841</u>
EXPENSES			
General Government	1,720,535	-	1,720,535
Building Department	214,791	-	214,791
Boat Launch	11,839	-	11,839
Fire Department	1,738,844	-	1,738,844
Police Department	4,198,248	-	4,198,248
Street and Bridge	1,074,377	-	1,074,377
Golf Course	1,569,505	-	1,569,505
Worth Days	4,059	-	4,059
Federal Seizure	80,724	-	80,724
Motor Fuel Tax	181,495	-	181,495
Tax Increment Financing	2,830	-	2,830
Interest	229,251	-	229,251
Waterworks and Sewerage	-	2,753,591	2,753,591
Commuter Parking Lot	-	61,529	61,529
Total Expenses	<u>11,026,498</u>	<u>2,815,120</u>	<u>13,841,618</u>
Change in Net Position	(1,658,209)	312,432	(1,345,777)
Beginning Net Position	<u>(23,808,839)</u>	<u>5,237,067</u>	<u>(18,571,772)</u>
Ending Net Position	<u>\$ (25,467,048)</u>	<u>\$ 5,549,499</u>	<u>\$ (19,917,549)</u>

VILLAGE OF WORTH, ILLINOIS

**Management's Discussion and Analysis
April 30, 2019**

**Condensed Statement of Activities
As of April 30, 2018**

	Governmental Activities	Business-Type Activities	Total Primary Government
REVENUES			
Program Revenues:			
Charges for Services	\$ 3,014,389	\$ 2,875,668	\$ 5,890,057
Capital Grants and Contributions	119,679	-	119,679
General Revenues:			
Property Taxes	2,078,868	-	2,078,868
Sales Taxes	1,335,223	-	1,335,223
Income Taxes	981,734	-	981,734
Other Taxes	1,518,046	-	1,518,046
Other General Revenues	134,930	-	134,930
Total Revenues	9,182,869	2,875,668	12,058,537
EXPENSES			
General Government	515,041	-	515,041
Building Department	179,845	-	179,845
Boat Launch	10,406	-	10,406
Fire Department	1,525,213	-	1,525,213
Police Department	5,106,077	-	5,106,077
Street and Bridge	1,032,427	-	1,032,427
Golf Course	1,323,947	-	1,323,947
Worth Days	3,900	-	3,900
Federal Seizure	41,761	-	41,761
Motor Fuel Tax	154,410	-	154,410
Tax Increment Financing	2,818	-	2,818
Interest	381,907	-	381,907
Waterworks and Sewerage	-	2,801,259	2,801,259
Commuter Parking Lot	-	81,409	81,409
Total Expenses	10,277,752	2,882,668	13,160,420
Change in Net Position	(1,094,883)	(7,000)	(1,101,883)
Beginning Net Position, as Restated	(22,713,956)	5,244,067	(17,469,889)
Ending Net Position, as Restated	\$ (23,808,839)	\$ 5,237,067	\$ (18,571,772)

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.)

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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, 2019, revenues from all activities totaled \$12,495,841, a 3.6% increase from 2018. The increases are mainly from charges for services and other taxes received by the Village. The Village has a diversified revenue structure and depends on several key revenue sources to help pay for the services it provides. Property taxes decreased by \$335,396 for the year (as additional taxes were utilized to fund pension costs) and charges for services are up by \$42,999. Red Light fee revenue decreased by \$69,717.

Expenses:

The Village's total expenses for all activities for the year ended April 30, 2019 and 2018 were \$13,841,618 and \$13,160,421, respectively or an increase of \$681,198. The main increase was in the governmental activities due primarily to the increase in police pension expenses and OPEB expenses.

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 98% 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 \$5.9 million of the total expenses in 2019 and \$6.6 million in 2018. The patrol officers are members of the Illinois Fraternal Order of Police Labor Chapter 143.

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Management's Discussion and Analysis
April 30, 2019

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

At April 30, 2019, the governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$2,279,141 compared to \$2,592,922 in 2018. This \$313,781 decrease was primarily due to an increase in general government and golf course expenditures.

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 2019. Below is a table that reflects the original budget and the actual activity for the revenues and expenditures for the General Fund.

Table 3
General Fund Budgetary Highlights

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 2,053,395	\$ 1,743,478
Other Taxes & Intergovernmental	3,659,549	4,113,009
Licenses, Permits, Fees, Fines & Forfeitures	557,591	1,685,931
Golf Course	1,818,554	1,364,845
Other	467,492	103,615
Total	<u>\$ 8,556,581</u>	<u>\$ 9,010,878</u>
Expenditures		
General Government & Building	\$ 876,395	\$ 611,990
Boat Launch, Health, & Worth Days	42,159	15,898
Public Safety & Federal Seizure	5,717,326	5,910,023
Street & Bridge	986,950	851,442
Golf Course	1,541,841	1,444,361
Capital Outlay	82,400	127,471
Debt Service	456,695	553,427
Total	<u>\$ 9,703,766</u>	<u>\$ 9,514,612</u>

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**Management's Discussion and Analysis
April 30, 2019**

As shown in Table 3, the General Fund had actual expenditures that were less than the budgeted by \$189,154. There are several factors that attributed to this. General Government, and the Golf Course were below budgeted expenses by \$264,851 and \$97,480, respectively. Revenues from fines and forfeitures exceeded the budget by \$1,086,032 as no amounts were budgeted for this category in the current year.

CAPITAL ASSETS

At the end of the fiscal year 2019, the Village had a combined total of capital assets of \$11,300,171 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, 2018	Net Additions/ Deletions	Balance April 30, 2019
Governmental Activities:			
Land	\$ 3,768,982	\$ -	\$ 3,768,982
Buildings and Improvements	2,299,876	(119,262)	2,180,614
Machinery and Equipment	817,776	(59,898)	757,878
Infrastructure	2,920,573	(108,018)	2,812,555
Total Capital Assets, Governmental Activities	\$ 9,807,207	\$ (287,178)	\$ 9,520,029
Business-Type Activities:			
Land	\$ 47,824	\$ -	\$ 47,824
Waterworks and Sewerage System	1,574,693	(72,148)	1,502,545
Machinery and Equipment	237,502	(66,464)	171,038
Commuter Parking Lot	66,716	(7,981)	58,735
Total Capital Assets, Business-Type Activities	\$ 1,926,735	\$ (146,593)	\$ 1,780,142

DEBT OUTSTANDING

The Village has total outstanding bonded debt of \$5,335,410. See Note 5 to the financial statements for detail of debt activity and debt outstanding as of April 30, 2019.

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

	April 30, 2018	Issuances/ Deletions	April 30, 2019
Governmental Activities:			
Bonds	\$ 5,669,843	\$ (334,433)	\$ 5,335,410
Note Payable	58,382	(38,661)	19,721
Capital Lease	-	-	-
Compensated Absences	1,424,782	141,677	1,566,459
Net Pension Obligation	28,508,365	2,316,532	30,824,897
Net OPEB Liability	2,709,429	(43,580)	2,665,849
Line of Credit	100,000	(100,000)	-
Total Governmental Activities	\$ 38,470,801	\$ 1,941,535	\$ 40,412,336
Business-Type Activities: Bonds	\$ 136,512	\$ (43,608)	\$ 92,904

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Economic Factors

The financial condition of the Federal and State governments continues to have a dramatic effect on the Village of Worth during 2019. 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 continued to experience 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 \$1,149,398 (Police Pension \$1,056,359 and Fire Pension \$93,039).

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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 2,150,307	\$ 3,452,302	\$ 5,602,609
Receivables:			
Property Taxes	1,002,367	-	1,002,367
Other	704,317	547,792	1,252,109
Prepaid Expenses	61,750	-	61,750
Inventories	56,483	-	56,483
Total Current Assets	<u>3,975,224</u>	<u>4,000,094</u>	<u>7,975,318</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	3,768,982	47,824	3,816,806
Capital Assets Being Depreciated, Net	5,751,047	1,732,318	7,483,365
Total Noncurrent Assets	<u>9,520,029</u>	<u>1,780,142</u>	<u>11,300,171</u>
Total Assets	<u>13,495,253</u>	<u>5,780,236</u>	<u>19,275,489</u>
Deferred Outflows of Resources			
Related to Pensions	4,621,794	-	4,621,794
Total Deferred Outflows of Resources	<u>4,621,794</u>	<u>-</u>	<u>4,621,794</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	398,533	106,664	505,197
Accrued Payroll & Liabilities	94,664	31,168	125,832
Pension Contribution Payable	47,497	-	47,497
Deposits	62,416	-	62,416
Long-Term Obligations, Due within One Year:			
General Obligation Bonds	74,497	45,505	120,002
Revenue Bonds	273,041	-	273,041
Installment Notes	19,721	-	19,721
Total Current Liabilities	<u>970,369</u>	<u>183,337</u>	<u>1,153,706</u>
Long-Term Obligations, Due in more than One Year:			
General Obligation Bonds	77,600	47,400	125,000
Alternative Revenue Bonds	4,910,273	-	4,910,273
Compensated Absences	1,566,458	-	1,566,458
Net Pension Liability	30,824,897	-	30,824,897
Net OPEB Liability	2,665,849	-	2,665,849
Total Noncurrent Liabilities	<u>40,045,077</u>	<u>47,400</u>	<u>40,092,477</u>
Total Liabilities	<u>41,015,446</u>	<u>230,737</u>	<u>41,246,183</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position
April 30, 2019

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Pension Related	\$ 1,475,676	\$ -	\$ 1,475,676
Unearned Revenue	90,606	-	90,606
Property Tax	<u>1,002,367</u>	-	<u>1,002,367</u>
Total Deferred Inflows of Resources	<u>2,568,649</u>	<u>-</u>	<u>2,568,649</u>
Net Position			
Net Investment in Capital Assets	4,173,811	1,687,238	5,861,049
Restricted for:			
Tax Increment Financing	358,069	-	358,069
Motor Fuel Tax	176,799	-	176,799
Water Reserves	-	1,244,608	1,244,608
Unrestricted	<u>(30,175,727)</u>	<u>2,617,653</u>	<u>(27,558,074)</u>
Total Net Position	<u>\$ (25,467,048)</u>	<u>\$ 5,549,499</u>	<u>\$ (19,917,549)</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Activities
Year Ended April 30, 2019

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	\$ 573,026	\$ 209,055	\$ -	\$ (363,971)	\$ -	\$ (363,971)
Building Department	214,791	168,771	-	(46,020)	-	(46,020)
Boat Launch	11,839	15,721	-	3,882	-	3,882
Health Department	-	14,025	-	14,025	-	14,025
Fire Department	1,881,632	-	-	(1,881,632)	-	(1,881,632)
Police Department	5,202,969	1,108,827	43,666	(4,050,476)	-	(4,050,476)
Street and Bridge	1,074,377	186,505	2,937	(884,935)	-	(884,935)
Golf Course	1,569,505	1,364,845	-	(204,660)	-	(204,660)
Worth Days	4,059	-	-	(4,059)	-	(4,059)
Federal Seizure	80,724	-	-	(80,724)	-	(80,724)
Motor Fuel Tax Project	181,495	-	-	(181,495)	-	(181,495)
Tax Increment Financing	2,830	-	-	(2,830)	-	(2,830)
Interest	229,251	-	-	(229,251)	-	(229,251)
Total Governmental Activities	<u>11,026,498</u>	<u>3,067,749</u>	<u>46,603</u>	<u>(7,912,146)</u>	<u>-</u>	<u>(7,912,146)</u>
Business-Type Activities:						
Waterworks and Sewerage	2,753,591	2,786,386	262,245	-	295,040	295,040
Commuter Parking Lot	61,529	78,921	-	-	17,392	17,392
Total Business-Type Activities	<u>2,815,120</u>	<u>2,865,307</u>	<u>262,245</u>	<u>-</u>	<u>312,432</u>	<u>312,432</u>
Total	<u>\$ 13,841,618</u>	<u>\$ 5,933,056</u>	<u>\$ 308,848</u>	<u>(7,912,146)</u>	<u>312,432</u>	<u>(7,599,714)</u>
General Revenues						
Taxes:						
Property				1,743,478	-	1,743,478
Sales				1,462,339	-	1,462,339
Income				1,116,179	-	1,116,179
Other				1,770,117	-	1,770,117
Interest				84,488	-	84,488
Miscellaneous				77,336	-	77,336
Total General Revenues				<u>6,253,937</u>	<u>-</u>	<u>6,253,937</u>
Change in Net Position				(1,658,209)	312,432	(1,345,777)
Net Position Beginning of Year, As Restated				<u>(23,808,839)</u>	<u>5,237,067</u>	<u>(18,571,772)</u>
Net Position End of Year				<u>\$ (25,467,048)</u>	<u>\$ 5,549,499</u>	<u>\$ (19,917,549)</u>

See the accompanying notes to the financial statements

FUND FINANCIAL STATEMENTS

VILLAGE OF WORTH, ILLINOIS

Balance Sheet - Governmental Funds
April 30, 2019

	General Fund	Motor Fuel Tax Fund	Tax Incremental Financing Fund	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,636,364	\$ 155,874	\$ 358,069	\$ 2,150,307
Receivables:				
Property Taxes	1,002,367	-	-	1,002,367
Other	124,153	-	-	124,153
Due From Other Government Agencies	556,283	23,881	-	580,164
Prepays	61,750	-	-	61,750
Inventories	56,483	-	-	56,483
Total Assets	<u>\$ 3,437,400</u>	<u>\$ 179,755</u>	<u>\$ 358,069</u>	<u>\$ 3,975,224</u>
Liabilities				
Current Liabilities				
Accounts Payable	\$ 396,556	\$ 1,977	\$ -	\$ 398,533
Pension Contribution Payable	47,497	-	-	47,497
Accrued Payroll & Related Liabilities	93,685	979	-	94,664
Deposits	62,416	-	-	62,416
Total Liabilities	<u>600,154</u>	<u>2,956</u>	<u>-</u>	<u>603,110</u>
Deferred Inflows of Resources				
Deferred Revenues				
Unearned Revenue	90,606	-	-	90,606
Unavailable Property Taxes	1,002,367	-	-	1,002,367
Total Deferred Inflows of Resources	<u>1,092,973</u>	<u>-</u>	<u>-</u>	<u>1,092,973</u>
Fund Balances				
Non-Spendable				
Prepays	61,750	-	-	61,750
Inventory	56,483	-	-	56,483
Restricted for:				
Tax Increment Financing	-	-	358,069	358,069
Motor Fuel Tax	-	176,799	-	176,799
Unassigned	1,626,040	-	-	1,626,040
Total Fund Balances	<u>1,744,273</u>	<u>176,799</u>	<u>358,069</u>	<u>2,279,141</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,437,400</u>	<u>\$ 179,755</u>	<u>\$ 358,069</u>	<u>\$ 3,975,224</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, 2019

Total Fund Balances - Governmental Funds	\$ 2,279,141
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.	9,520,029
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	4,621,794
Deferred Inflows of Resources Related to Pensions	(1,475,676)
General Obligation Bonds	(152,096)
Installment Notes	(19,721)
Premium on General Obligation Bonds	(689)
Alternate Revenue Bonds	(5,182,625)
Compensated Absences	(1,566,459)
Net OPEB Liability	(2,665,849)
Net Pension Liability	<u>(30,824,897)</u>
Net Position of Governmental Activities	<u><u>\$(25,467,048)</u></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, 2019

	General Fund	Motor Fuel Tax Fund	Tax Incremental Financing Fund	Total Governmental Funds
Revenues:				
Property Taxes	\$ 1,743,478	\$ -	\$ 24,338	\$ 1,767,816
Sales Taxes	1,462,398	-	-	1,462,398
Grants	46,603	-	-	46,603
Intergovernmental	2,604,005	274,865	-	2,878,870
Licenses, Permits, and Fees	599,899	-	-	599,899
Fines and Forfeits	1,086,032	-	-	1,086,032
Charges for Service:				
Golf Course	1,364,845	-	-	1,364,845
Interest	80,393	4,095	-	84,488
Other	23,225	-	-	23,225
Total Revenues	<u>9,010,878</u>	<u>278,960</u>	<u>24,338</u>	<u>9,314,176</u>
Expenditures:				
Current:				
General Government	397,199	-	-	397,199
Building Department	214,791	-	-	214,791
Boat Launch	11,839	-	-	11,839
Fire Department	1,760,226	-	-	1,760,226
Police Department	4,073,857	-	-	4,073,857
Street and Bridge	851,442	-	-	851,442
Golf Course	1,444,361	-	-	1,444,361
Worth Days	4,059	-	-	4,059
Federal Seizure	75,940	-	-	75,940
Motor Fuel Tax Project	-	138,757	-	138,757
Tax Increment Financing	-	-	2,830	2,830
Capital Outlay	127,471	-	-	127,471
Debt Service:				
Principal	352,072	23,483	-	375,555
Interest	201,355	2,394	-	203,749
Total Expenditures	<u>9,514,612</u>	<u>164,634</u>	<u>2,830</u>	<u>9,682,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(503,734)	114,326	21,508	(367,900)
Other Financing Sources (Uses)				
Transfer In	37,611	-	-	37,611
Proceeds from Sale of Capital Assets	16,500	-	-	16,500
Total Other Financing Sources (Uses)	<u>54,111</u>	<u>-</u>	<u>-</u>	<u>54,111</u>
Net Change in Fund Balance	(449,623)	114,326	21,508	(313,789)
Fund Balance, Beginning of Year	<u>2,193,896</u>	<u>62,473</u>	<u>336,561</u>	<u>2,592,930</u>
Fund Balance, End of Year	<u>\$ 1,744,273</u>	<u>\$ 176,799</u>	<u>\$ 358,069</u>	<u>\$ 2,279,141</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, 2019

Net Change in Fund Balance - Total Governmental Funds \$ (313,789)

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

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

Capital Outlay	\$	127,471	
Depreciation Expense		<u>(414,649)</u>	(287,178)

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	\$	38,661	
Alternate revenue bonds		<u>311,392</u>	350,053

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	\$	23,048	
Change in Compensated Absences		(141,677)	
Change in Net OPEB Liability		43,580	
Change in Net Pension Liability		<u>(1,332,246)</u>	<u>(1,407,295)</u>

Change in net position of governmental activities \$ (1,658,209)

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position - Enterprise Funds
April 30, 2019

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 3,360,774	\$ 91,528	\$ 3,452,302
Accounts Receivable:			
Customers	285,546	-	285,546
Other	<u>262,246</u>	<u>-</u>	<u>262,246</u>
Total Current Assets	<u>3,908,566</u>	<u>91,528</u>	<u>4,000,094</u>
Noncurrent Assets			
Property and Equipment	8,998,612	993,024	9,991,636
Less: Accumulated Depreciation	<u>(7,368,721)</u>	<u>(842,773)</u>	<u>(8,211,494)</u>
Total Noncurrent Assets	<u>1,629,891</u>	<u>150,251</u>	<u>1,780,142</u>
 Total Assets	 <u>5,538,457</u>	 <u>241,779</u>	 <u>5,780,236</u>
Liabilities			
Current Liabilities			
Accounts Payable	106,246	417	106,663
Accrued Payroll	30,632	536	31,168
Revenue Bonds, Due Within One Year	<u>45,506</u>	<u>-</u>	<u>45,506</u>
Total Current Liabilities	<u>182,384</u>	<u>953</u>	<u>183,337</u>
Noncurrent Liabilities			
Maturities of Revenue Bonds	<u>47,400</u>	<u>-</u>	<u>47,400</u>
Total Noncurrent Liabilities	<u>47,400</u>	<u>-</u>	<u>47,400</u>
 Total Liabilities	 <u>229,784</u>	 <u>953</u>	 <u>230,737</u>
Net Position			
Net Investment in Capital Assets	1,536,987	150,251	1,687,238
Restricted	1,244,608	-	1,244,608
Unrestricted	<u>2,527,078</u>	<u>90,575</u>	<u>2,617,653</u>
 Total Net Position	 <u>\$ 5,308,673</u>	 <u>\$ 240,826</u>	 <u>\$ 5,549,499</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, 2019

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
Operating Revenues:			
Water and Sewer Charges	\$ 2,743,689	\$ -	\$ 2,743,689
Commuter Parking Fees	-	62,588	62,588
Other Fees and Charges	40,425	15,956	56,381
Total Operating Revenues	<u>2,784,114</u>	<u>78,544</u>	<u>2,862,658</u>
Operating Expenses:			
Operations	2,614,120	49,961	2,664,081
Depreciation and Amortization	135,025	11,568	146,593
Total Operating Expenses	<u>2,749,145</u>	<u>61,529</u>	<u>2,810,674</u>
Operating Income (Loss)	<u>34,969</u>	<u>17,015</u>	<u>51,984</u>
Nonoperating Revenues (Expenses):			
Grant Revenue	262,246	-	262,246
Interest Income	2,272	377	2,649
Interest Expense	(4,446)	-	(4,446)
Total Nonoperating Revenues (Expenses)	<u>260,072</u>	<u>377</u>	<u>260,449</u>
Change In Net Position	295,041	17,392	312,433
Net Position, Beginning of Year	<u>5,013,632</u>	<u>223,434</u>	<u>5,237,066</u>
Net Position, End of Year	<u>\$ 5,308,673</u>	<u>\$ 240,826</u>	<u>\$ 5,549,499</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Cash Flows - Enterprise Funds
Year Ended April 30, 2019

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
Cash Flows from Operating Activities			
Cash Received for Services	\$ 2,838,817	\$ 78,545	\$ 2,917,362
Payments to Employees	(640,310)	(17,401)	(657,711)
Payments to Suppliers	(2,065,037)	(35,947)	(2,100,984)
Net Cash Provided by Operating Activities	<u>133,470</u>	<u>25,197</u>	<u>158,667</u>
Cash Flows from Noncapital Financing Activities			
Cash Flows from Capital and Related Financing Activities			
Bond Principal Payments	(43,608)	-	(43,608)
Bond Interest Payments	(4,446)	-	(4,446)
Net Cash (Used in) Capital and Related Financing Activities	<u>(48,054)</u>	<u>-</u>	<u>(48,054)</u>
Cash Flows from Investing Activities			
Interest Received	<u>2,273</u>	<u>377</u>	<u>2,650</u>
Net Cash Provided By (Used In) Investing Activities	<u>2,273</u>	<u>377</u>	<u>2,650</u>
Net Increase In Cash and Cash Equivalents	87,689	25,574	113,263
Cash and Cash Equivalents May 1, 2018	<u>3,273,085</u>	<u>65,954</u>	<u>3,339,039</u>
Cash and Cash Equivalents April 30, 2019	<u>\$ 3,360,774</u>	<u>\$ 91,528</u>	<u>\$ 3,452,302</u>
Reconciliation of Operating (Loss) to Net Cash by (Used In) Operating Activities			
Operating Income (Loss)	<u>\$ 34,969</u>	<u>\$ 17,015</u>	<u>\$ 51,984</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	135,025	11,568	146,593
Changes In Assets and Liabilities			
Accounts Receivable	54,703	-	54,703
Accounts Payable and Accruals	(91,227)	(3,386)	(94,613)
Total Adjustments	<u>98,501</u>	<u>8,182</u>	<u>106,683</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 133,470</u>	<u>\$ 25,197</u>	<u>\$ 158,667</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Fiduciary Net Position
Pension Trust Funds
April 30, 2019

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and Cash Equivalents	\$ 10,000	\$ 61,046	\$ 71,046
Investments, at Fair Value			
Certificates of Deposit	99,857	-	99,857
U.S. Government Securities	-	670,146	670,146
U.S. Agency Securities	-	86,000	86,000
Money Market Mutual Fund	100,963	134,070	235,033
Mutual Funds	3,768,713	1,342,317	5,111,030
Corporate Bonds	5,252,638	681,458	5,934,096
Municipal Bonds	-	26,461	26,461
Common Stock	2,668,174	-	2,668,174
Employer Contributions - Property Taxes	594,370	86,100	680,470
Accrued Interest Receivable	37,106	11,634	48,740
Prepaid Expenses	8,781	4,604	13,385
Employer Contribution Receivable	47,497	-	47,497
	<u>\$ 12,588,099</u>	<u>\$ 3,103,836</u>	<u>\$ 15,691,935</u>
Total Assets			
	<u>\$ 12,588,099</u>	<u>\$ 3,103,836</u>	<u>\$ 15,691,935</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts Payable	\$ 360	\$ 300	\$ 660
Deferred Inflows of Resources			
Unavailable Employer Contributions - Property Taxes	594,370	86,100	680,470
Net Position Held In Trust For Employees' Benefits	11,993,369	3,017,436	15,010,805
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 12,588,099</u>	<u>\$ 3,103,836</u>	<u>\$ 15,691,935</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, 2019

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employer	\$ 1,211,971	\$ 143,737	\$ 1,355,708
Employee	<u>227,688</u>	<u>-</u>	<u>227,688</u>
Total Contributions	<u>1,439,659</u>	<u>143,737</u>	<u>1,583,396</u>
Investment Income			
Net Appreciation in Fair Value of Investments	975,926	-	975,926
Interest Income	<u>291,297</u>	<u>184,529</u>	<u>475,826</u>
	1,267,223	184,529	1,451,752
Less: Investment Expense	<u>27,941</u>	<u>19,546</u>	<u>47,487</u>
Net Investment Income (Loss)	<u>1,239,282</u>	<u>164,983</u>	<u>1,404,265</u>
Total Additions	<u>2,678,941</u>	<u>308,720</u>	<u>2,987,661</u>
Deductions			
Benefits	1,588,809	190,097	1,778,906
Administrative Expenses	<u>33,773</u>	<u>25,584</u>	<u>59,357</u>
Total Deductions	<u>1,622,582</u>	<u>215,681</u>	<u>1,838,263</u>
Change in Plan Net Position	1,056,359	93,039	1,149,398
Plan Net Position, Beginning of Year	<u>10,937,010</u>	<u>2,924,397</u>	<u>13,861,407</u>
Plan Net Position, End of Year	<u>\$ 11,993,369</u>	<u>\$ 3,017,436</u>	<u>\$ 15,010,805</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

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, 2019

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 111th 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)

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

equal value in exchange, include various taxes, state-shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

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

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

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 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 and advances to other funds in lender funds and advances from other funds in borrower funds for

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019

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, 2019

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 2018 levy was adopted on December 19, 2018 and attached as an enforceable lien as of January 1, 2018. 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 2017 and 2018 levies. The Village has recorded a receivable for the remainder of the 2018 levied for collection in fiscal year 2019; that amount was deferred and will be recognized as revenue in fiscal year 2019, 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 \$2,285,158 at April 30, 2019, while the bank balances were \$2,296,326. 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, 2019, the carrying amount of Illinois Funds for the Village was \$3,317,451 and the bank balance was \$3,317,451. 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 standard rating services, the Illinois Funds and the Illinois Metropolitan Investment Fund. The

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

3. CASH AND INVESTMENTS (Continued)

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, 2019, 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, 2019, is as follows:

	<u>Balance at</u> <u>April 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>April 30, 2019</u>
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,768,982	\$ -	\$ -	\$ 3,768,982
Capital Assets Being Depreciated:				
Building and Improvements	6,911,167	49,674	-	6,960,841
Machinery and Equipment	4,338,806	77,797	34,695	4,381,908
Infrastructure	7,210,297	-	-	7,210,297
Total Capital Assets Being Depreciated	<u>18,460,270</u>	<u>127,471</u>	<u>34,695</u>	<u>18,553,046</u>
Less Accumulated Depreciation for:				
Building and Improvements	4,611,291	168,936	-	4,780,227
Machinery and Equipment	3,521,030	137,695	34,695	3,624,030
Infrastructure	4,289,724	108,018	-	4,397,742
Total Accumulated Depreciation	<u>12,422,045</u>	<u>414,649</u>	<u>34,695</u>	<u>12,801,999</u>
Total Capital Assets Being Depreciated, Net	<u>6,038,225</u>	<u>(287,178)</u>	<u>-</u>	<u>5,751,047</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,807,207</u>	<u>\$ (287,178)</u>	<u>\$ -</u>	<u>\$ 9,520,029</u>

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

4. CAPITAL ASSETS (continued)

Depreciation was charged to functions/programs as follows:

General Government	\$	81,126
Fire Department		7,166
Police Department		32,279
Street and Bridge		121,411
Golf Course		125,144
Federal Seizure		4,784
Motor Fuel Tax Project		42,739
	<u>\$</u>	<u>414,649</u>

A summary of changes in the capital assets for business-type activities of the Village for the year ended April 30, 2019, is as follows:

	<u>Balance at April 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2019</u>
<i>Business-Type Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 47,824	\$ -	\$ -	\$ 47,824
Capital Assets Being Depreciated:				
Waterworks and Sewerage System	8,564,582	-	-	8,564,582
Machinery and Equipment	600,253	-	-	600,253
Commuter Parking Lot	780,978	-	-	780,978
Total Capital Assets Being Depreciated	<u>9,945,813</u>	<u>-</u>	<u>-</u>	<u>9,945,813</u>
Less accumulated depreciation for:				
Waterworks and Sewerage System	6,989,889	72,148	-	7,062,037
Machinery and Equipment	362,751	66,464	-	429,215
Commuter Parking Lot	714,262	7,981	-	722,243
Total Accumulated Depreciation	<u>8,066,902</u>	<u>146,593</u>	<u>-</u>	<u>8,213,495</u>
Total Capital Assets Being Depreciated, Net	<u>1,878,911</u>	<u>(146,593)</u>	<u>-</u>	<u>1,732,318</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,926,735</u>	<u>\$ (146,593)</u>	<u>\$ -</u>	<u>\$ 1,780,142</u>

Depreciation was charged to functions/programs as follows:

Waterworks and Sewerage	\$	135,025
Commuter Parking Lot		11,568
	<u>\$</u>	<u>146,593</u>

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

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, 2018	Additions	Reductions	Obligations Outstanding April 30, 2019	Due Within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds:					
Series 2012	\$ 223,488	\$ -	\$ 71,392	\$ 152,096	\$ 74,496
Refunding Bonds 2017	5,145,000	-	240,000	4,905,000	250,000
Subtotal Bonds	5,368,488	-	311,392	5,057,096	324,496
Add Unamortized Bond Premium	301,355	-	23,041	278,314	23,041
Total Bonds	5,669,843	-	334,433	5,335,410	347,537
Note Payable	58,382	-	38,661	19,721	19,721
Compensated Absences	1,424,782	141,677	-	1,566,459	-
Net Pension Liability	28,508,365	2,316,532	-	30,824,897	-
Net OPEB Liability	2,709,429	-	43,580	2,665,849	-
Line of Credit	100,000	-	100,000	-	-
Total Governmental Activities	<u>\$ 38,470,801</u>	<u>\$ 2,458,209</u>	<u>\$ 516,674</u>	<u>\$ 40,412,336</u>	<u>\$ 367,258</u>
<i>Business-Type Activities:</i>					
General Obligation Bonds	\$ 136,512	\$ -	\$ 43,608	\$ 92,904	\$ 45,504
Total Business-Type Activities	<u>\$ 136,512</u>	<u>\$ -</u>	<u>\$ 43,608</u>	<u>\$ 92,904</u>	<u>\$ 45,504</u>

General Obligation Bonds:

General Obligation Limited Tax Bonds, Series 2012 dated February 8, 2012, with bonds due in annual principal maturities of \$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.

On November 2, 2017, the Village issued General Obligations Refund Bonds (Alternate Revenue Source), Series 2017 bonds in the amount of \$5,195,000. 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. Bonds outstanding as of April 30, 2020 are \$4,905,000. 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%.

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 \$0 as of April 30, 2019.

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

5. LONG-TERM OBLIGATIONS (continued)

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 \$19,721 plus interest through the maturity date of June 16, 2019.

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
2020	\$ 344,217	\$ 193,940	\$ 45,504	\$ 3,138	\$ 389,721	\$ 197,078
2021	337,600	183,666	47,400	1,659	385,000	185,325
2022	265,000	173,150	-	-	265,000	173,150
2023	275,000	165,200	-	-	275,000	165,200
2024	290,000	154,200	-	-	290,000	154,200
2025-2029	1,605,000	589,600	-	-	1,605,000	589,600
2030-2034	1,960,000	241,200	-	-	1,960,000	241,200
	<u>\$ 5,076,817</u>	<u>\$ 1,700,956</u>	<u>\$ 92,904</u>	<u>\$ 4,797</u>	<u>\$ 5,169,721</u>	<u>\$ 1,705,753</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. 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. 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

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Illinois Municipal Retirement Fund (continued)

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, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	41
Inactive Plan Members entitled to but not yet receiving benefits	17
Active Plan Members	<u>22</u>
Total	<u>80</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 2018 was 9.90%. For the fiscal year ended April 30, 2019, the Village contributed \$110,069 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, 2018. 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, 2018:

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

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 2017 valuation according to an experience study from years 2014 to 2016.
- 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-2017 (base year 2015). 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-2017 (base year 2015). 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	37.00%	7.15%
International Equity	18.00%	7.25%
Fixed Income	28.00%	3.75%
Real Estate	9.00%	6.25%
Alternative Investments	7.00%	3.20-8.50%
Cash Equivalents	1.00%	2.50%
Total	<u>100.00%</u>	

Single Discount Rate

A Single Discount Rate of 7.25% 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

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Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Illinois Municipal Retirement Fund (continued)

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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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 as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 1/1/2018	<u>\$ 7,267,966</u>	<u>\$ 7,470,646</u>	<u>\$ (202,680)</u>
Charges for the year:			
Service Cost	101,096	-	101,096
Interest	537,018	-	537,018
Actuarial Experience	325,739	-	325,739
Assumptions Changes	212,738	-	212,738
Plan Changes	-	-	-
Contributions - Employer	-	110,069	(110,069)
Contributions - Employee	-	50,032	(50,032)
Contributions - Other	-	-	-
Net Investment Income	-	(346,249)	346,249
Benefit Payments from Trust	(316,553)	(316,553)	-
Other (Net Transfer)	-	111,774	(111,774)
Net Changes	<u>860,038</u>	<u>(390,927)</u>	<u>1,250,965</u>
Balances Ending at 12/31/2018	<u>\$ 8,128,004</u>	<u>\$ 7,079,719</u>	<u>\$ 1,048,285</u>

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 7.25%, 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 (6.25%)	Current (7.25%)	1% Higher (8.25%)
Total Pension Liability	<u>\$ 9,094,547</u>	<u>\$ 8,128,004</u>	<u>\$ 7,335,254</u>
Plan Fiduciary Net Position	<u>7,079,719</u>	<u>7,079,719</u>	<u>7,079,719</u>
Net Pension Liability (Asset)	<u>\$ 2,014,828</u>	<u>\$ 1,048,285</u>	<u>\$ 255,535</u>

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Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Illinois Municipal Retirement Fund (continued)

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

For the year ended April 30, 2019, the Village recognized pension expense (benefit) of (\$757,265). At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 200,384	\$ -
Changes of assumptions	128,254	47,298
Net difference between projected and actual earnings on pension plan investments	<u>823,857</u>	<u>357,680</u>
Total Deferred Amounts to be recognized in pension expense in future periods	1,152,495	404,978
Pension Contributions made subsequent to the Measurement Date	<u>28,276</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,180,771</u>	<u>\$ 404,978</u>

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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 354,186
2020	178,885
2021	61,746
2022	180,976
2023	-
Thereafter	-
Total	<u>\$ 775,793</u>

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

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, 2018, 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>

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 2018 was 0.00%. For the fiscal year ended April 30, 2019, 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Sheriffs Law Enforcement Personnel Plan (continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- 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-2017 (base year 2015). 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-2017 (base year 2015). 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37.00%	7.15%
International Equity	18.00%	7.25%
Fixed Income	28.00%	3.75%
Real Estate	9.00%	6.25%
Alternative Investments	7.00%	3.20-8.50%
Cash Equivalents	1.00%	2.50%
Total	100.00%	

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Sheriffs Law Enforcement Personnel Plan (continued)

Single Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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 are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 1/1/2018	\$ 75,051	\$ 168,700	\$ (93,649)
Charges for the year:			
Service Cost	-	-	-
Interest	5,629	-	5,629
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	(1,901)	1,901
Benefit Payments from Trust	-	-	-
Other (Net Transfer)	-	476	(476)
Net Changes	<u>5,629</u>	<u>(1,425)</u>	<u>7,054</u>
Balances Ending at 12/31/2018	<u>\$ 80,680</u>	<u>\$ 167,275</u>	<u>\$ (86,595)</u>

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

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 7.25%, 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 (6.25%)	Current (7.25%)	1% Higher (8.25%)
Total Pension Liability	\$ 80,680	\$ 80,680	\$ 80,680
Plan Fiduciary Net Position	167,275	167,275	167,275
Net Pension Liability (Asset)	\$ (86,595)	\$ (86,595)	\$ (86,595)

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

For the year ended April 30, 2019, the Village recognized pension (benefit)/expense of (\$15,404). At April 30, 2019, 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	13,810	5,920
Total Deferred Amounts to be recognized in pension expense in future periods	13,810	5,920
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	\$ 13,810	\$ 5,920

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
2019	\$ 2,998
2020	1,037
2021	940
2022	2,915
2023	-
Thereafter	-
Total	\$ 7,890

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

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, 2019:

Inactive Members Currently Receiving Benefits	25
Inactive Members Entitled to, but not yet Receiving Benefits	0
Active nonvested plan members	<u>29</u>
Total	<u>54</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 preceding calendar year.

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Notes to the Basic Financial Statements
April 30, 2019

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%

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Police Pension Plan (continued)

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 are comprised of all other asset classes to allow for rebalancing the portfolio.

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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.13%. 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, 2019. 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, 2019.

The following table presents the investments and maturities of the Police Pension Fund's cash and investments as of April 30, 2019:

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	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -
Certificates of Deposit	99,857	99,857	-	-	-
Insurance Contracts	-	-	-	-	-
Corporate Bonds	5,252,638	2,435,643	2,816,995	-	-
Total Debt Securities	5,362,495	\$ 2,545,500	\$ 2,816,995	\$ -	\$ -
Equities	2,668,174				
Mutual Funds	3,768,713				
Money Market Mutual Funds	100,963				
Total Cash and Investments - Police Pension Trust Fund	\$ 11,900,345				

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Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Police Pension Plan (continued)

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, 2019, 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	A1	\$ 534,361
	A2	352,953
	A3	1,071,495
	Ba2	-
	Baa1	1,541,621
	Baa2	1,553,446
	Baa3	124,909
	BBB	73,854
		<u>\$ 5,252,639</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.

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Police Pension Plan (continued)

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of April 30, 2019 calculated in accordance with GASB Statement No. 67 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 1/1/2018	<u>\$ 35,919,065</u>	<u>\$ 10,937,010</u>	<u>\$ 24,982,055</u>
Charges for the year:			
Service Cost	787,640	-	787,640
Interest	1,840,532	-	1,840,532
Actuarial Experience	1,025,080	-	1,025,080
Assumptions Changes	(55,006)	-	(55,006)
Contributions - Employer	-	1,211,971	(1,211,971)
Contributions - Employee	-	227,688	(227,688)
Net Investment Income	-	1,239,213	(1,239,213)
Benefit Payments from Trust	(1,588,808)	(1,588,808)	-
Administrative Expense	-	(33,706)	33,706
Net Changes	<u>2,009,438</u>	<u>1,056,358</u>	<u>953,080</u>
Balances Ending at 12/31/2018	<u>\$ 37,928,503</u>	<u>\$ 11,993,368</u>	<u>\$ 25,935,135</u>

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2019 using the following actuarial methods and assumptions:

Actuarial Valuation Date	May 1, 2019
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	2.50% per year

Mortality rates are based on rates developed in the L&A 2017 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.

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Police Pension Plan (continued)

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, 2019 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 5.25% 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.

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 5.24% 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 (4.24%) of 1 percentage point higher (6.24%) than the current rate:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability	\$ 32,121,959	\$ 25,935,135	\$ 21,011,128

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

For the year ended April 30, 2019, the Village recognized Police Pension (benefit)/expense of \$953,080. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,048,980	\$ 402,251
Changes of assumptions	2,074,932	218,449
Net difference between projected and actual earnings on pension plan investments	251,837	436,600
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 3,375,749	\$ 1,057,300

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Police Pension Plan (continued)

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
2020	\$ 596,897
2021	458,667
2022	474,110
2023	148,682
2024	233,509
Thereafter	<u>406,584</u>
Total	<u>\$ 2,318,449</u>

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 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 plan does not issue a separate stand-alone report.

Plan Membership

Membership in the plan consisted of the following as of April 30, 2019:

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

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

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 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>	<u>Target Allocation</u>
Domestic Equity	10.00%	1.70%	8.30%	35%
Fixed Income	5.00%	1.70%	3.30%	65%

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

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 6.19%. 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, 2019. 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, 2019.

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	\$ 61,046	\$ 61,046	\$ -	\$ -	\$ -
U.S. Government Securities	670,146	29,757	343,443	222,376	74,570
U.S. Gov't Agency Securities	86,000	-	59,565	26,435	-
Corporate Bonds	681,458	57,372	269,999	234,033	120,054
Municipal Bonds	26,461	10,011	10,256	-	6,194
Total Debt Securities	1,525,111	\$ 158,186	\$ 683,263	\$ 482,844	\$ 200,818
Mutual Funds	1,342,317				
Money Market Mutual Fund	134,070				
Total Cash and Investments - Firefighters' Pension Tr	\$ 3,001,498				

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, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' 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, 2019, 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:

<u>Type of Investment</u>	<u>Rating</u>	<u>Amount</u>
Municipal Bonds	Aaa	\$ 5,149
	Aa1	-
	Aa2	16,205
	Aa3	-
	Not Rated	<u>5,107</u>
		<u>\$ 26,461</u>
U.S. Agency Securities		
Federal Farm Credit Bank	Aaa	\$ 14,904
Federal National Mtg. Assoc.	Aaa	<u>71,096</u>
		<u>\$ 86,000</u>
Corporate Bonds		
	Aa1	\$ 9,717
	Aa2	5,144
	Aa3	21,858
	A1	35,531
	A2	60,148
	A3	115,813
	Aaa	8,516
	Baa1	198,422
	Baa2	163,866
	Baa3	<u>62,443</u>
		<u>\$ 681,458</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.

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

Net Pension Liability

The components of the net pension liability of the Firefighters' Pension Plan as of April 30, 2019 calculated in accordance with GASB Statement No. 67 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 1/1/2018	<u>\$ 6,747,036</u>	<u>\$ 2,924,397</u>	<u>\$ 3,822,639</u>
Charges for the year:			
Service Cost	-	-	-
Interest	288,696	-	288,696
Actuarial Experience	(8,984)	-	(8,984)
Assumptions Changes	108,888	-	108,888
Plan Changes	-	-	-
Contributions - Employer	-	133,157	(133,157)
Contributions - Employee	-	18,377	(18,377)
Contributions - Other	-	-	-
Net Investment Income	-	157,181	(157,181)
Benefit Payments from Trust	(190,097)	(190,097)	-
Administrative Expense	-	(25,578)	25,578
Net Changes	<u>198,503</u>	<u>93,040</u>	<u>105,463</u>
Balances Ending at 12/31/2018	<u>\$ 6,945,539</u>	<u>\$ 3,017,437</u>	<u>\$ 3,928,102</u>

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2019 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2019
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	N/A
Includes Inflation at	2.50%
Cost of Living Adjustments	2.50%

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

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, 2019 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 4.24% 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.

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 4.24% 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 (3.24%) of 1 percentage point higher (5.24%) than the current rate:

	1% Decrease <u>(3.24%)</u>	Discount Rate <u>(4.24%)</u>	1% Increase <u>(5.24%)</u>
Net Pension Liability	\$ 5,184,299	\$ 3,928,102	\$ 2,950,117

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

For the year ended April 30, 2019, the Village recognized Firefighters' Pension expense of \$105,463. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension from the following sources:

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>51,464</u>	<u>7,478</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 51,464</u>	<u>\$ 7,478</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>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 39,220
2021	326
2022	4,063
2023	377
2024	-
Thereafter	<u>-</u>
Total	<u>\$ 43,986</u>

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.

7. OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description

In addition to providing the pension benefits described, the Village provides post-employment health care benefits (OPEB) for retired employees. The benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by it through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental activities.

Benefits Provided

The Village provides medical and prescription coverage to Tier I IMRF employees, at least 55 years old with at least 35 years of service and full-time police officers, at least 50 years old with at least 20

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS PLAN (continued)

years of service. Additionally, Tier II IMRF employees, at least 62 years old with at least 35 years of service and full-time police officers, at least 55 years old with at least 10 years of service. There are no active firefighters included. There is one retiree and 2 PSEBA firefighters on Village coverage as of April 30, 2019.

This coverage allows employees to continue employer sponsored insurance in retirement. The employee is responsible for the full cost of coverage including coverage for any eligible spouse/dependent.

At April 30, 2019, the measurement date, the Fund's membership consisted of:

Inactive plan members or beneficiaries	
currently receiving benefits	10
Inactive plan members entitled to, but not yet	
receiving benefits	-
Active plan members	47
Total	57

Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. The Village does not have an OPEB trust set up. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Total OPEB Liability

The Village's net OPEB liability was measured as of April 30 2019. The total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation, in accordance with parameters of GASB 75, as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at April 30, 2019:

Actuarial Valuation Date	April 30, 2019
Asset Valuation Method	Entry-age Normal
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	3.51% Net of Expe
Healthcare Cost Trends	Market Value

Mortality Rates

Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Spousal Mortality Follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Pensioners. These rates are improved generationally using MP-2016 Improvement Rates.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.79%. The determination of Total OPEB Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal rate. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits, therefore, then only the municipal bond rate is used in determining the Total OPEB Liability.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The Net OPEB Liability has been determined using the end of year discount rate. The table showing the sensitivity of the Net OPEB Liability to the discount rate follows:

	1% Decrease (2.79%)	Discount Rate (3.79%)	1% Increase (4.79%)
Net OPEB Liability	\$ 2,846,952	\$ 2,665,849	\$ 2,506,960

Changes in Net OPEB Liability

The Schedule of Changes in Net OPEB Liability and Related Ratios, presents current period changes in the total OPEB liability and plan OPEB position. Changes in the Net OPEB Liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances Beginning, 5/1/18	\$ 2,709,429	\$ -	\$ 2,709,429
Changes for the year:			
Service Cost	40,653	-	40,653
Interest	103,245	-	103,245
Actuarial Experience	-	-	-
Assumption Changes	29,932	-	29,932
Plan Changes	-	-	-
Contributions - Employer	-	217,410	(217,410)
Contributions -Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(217,410)	(217,410)	-
Administrative Expenses	-	-	-
Net Changes	(43,580)	-	(43,580)
Balances Ending, 4/30/19	\$ 2,665,849	\$ -	\$ 2,665,849

VILLAGE OF WORTH

Notes to the Basic Financial Statements
April 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the Village recognized OPEB expense of \$56,455. At April 30, 2019, the Village reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

8. 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.

9. RESTATEMENT OF NET POSITION

The Village adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (Employer). This statement outlines reporting by governments that provide OPEB to their employees and for the governments that finance OPEB for employees of other governments. This pronouncement requires the restatement of the April 30, 2018 net position of the governmental activities.

Following is a summary of the restatement:

Net Position as previously reported, April 30, 2018	\$ (21,099,412)
Adjustments for beginning Total OPEB Liability	<u>(2,709,427)</u>
Net Position as restated, April 30, 2018	<u><u>\$ (23,808,839)</u></u>

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,	Actuarially 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%
2017	110,619	110,618	(1)	1,025,200	10.79%
2018	110,070	110,069	(1)	1,111,814	9.90%

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,	Actuarially 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%
2017	0	0	0	0	0.00%
2018	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
2015	\$ 816,445	\$ 849,730	\$ (33,285)	\$ 1,851,721	45.89%
2016	869,031	802,434	66,597	2,076,797	38.64%
2017	982,205	913,031	69,174	2,321,667	39.33%
2018	1,151,022	882,222	268,800	2,402,925	36.71%
2019	1,230,179	1,211,971	18,208	2,433,858	49.80%

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
2015	\$ 195,731	\$ 5,901	\$ 189,830	\$ -	N/A
2016	251,039	173,487	77,552	-	N/A
2017	299,667	151,675	147,992	-	N/A
2018	477,810	234,027	243,783	-	N/A
2019	495,801	133,157	362,644	-	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, 2019. 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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service Cost	\$ 787,640	\$ 740,243	\$ 701,320	\$ 560,587	\$ 584,315
Interest	1,840,532	1,799,306	1,785,993	1,619,235	1,532,848
Difference Between Expected and Actual Experience	1,025,080	71,231	(651,584)	231,116	-
Changes of Assumptions	(55,006)	1,572,267	(276,075)	2,066,143	-
Benefit Payments, Including Refunds of Member Contributions	<u>(1,588,808)</u>	<u>(1,367,837)</u>	<u>(1,271,728)</u>	<u>(1,255,587)</u>	<u>(1,193,725)</u>
Net Change in Total Pension Liability	2,009,438	2,815,210	287,926	3,221,494	923,438
Total Pension Liability - Beginning	<u>35,919,065</u>	<u>33,103,854</u>	<u>32,815,927</u>	<u>29,594,433</u>	<u>28,670,996</u>
Total Pension Liability - Ending	<u>\$ 37,928,503</u>	<u>\$ 35,919,064</u>	<u>\$ 33,103,853</u>	<u>\$ 32,815,927</u>	<u>\$ 29,594,434</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,211,971	\$ 882,222	\$ 913,031	\$ 802,434	\$ 849,730
Contributions - Member	227,688	231,387	215,432	200,578	186,555
Net Investment Income	1,239,213	523,272	754,599	1,718	443,973
Benefit Payments, Including Refunds of Member Contributions	(1,588,808)	(1,367,837)	(1,271,728)	(1,255,587)	(1,193,725)
Administrative Expense	<u>(33,706)</u>	<u>(32,929)</u>	<u>(34,351)</u>	<u>(32,486)</u>	<u>(31,408)</u>
Net Change in Plan Fiduciary Net Position	1,056,358	236,115	576,983	(283,343)	255,125
Plan Fiduciary Net Position - Beginning	<u>10,937,010</u>	<u>10,700,895</u>	<u>10,123,912</u>	<u>10,407,255</u>	<u>10,152,130</u>
Plan Fiduciary Net Position - Ending	<u>\$ 11,993,368</u>	<u>\$ 10,937,010</u>	<u>\$ 10,700,895</u>	<u>\$ 10,123,912</u>	<u>\$ 10,407,255</u>
Employer's Net Pension Liability	<u>\$ 25,935,135</u>	<u>\$ 24,982,054</u>	<u>\$ 22,402,958</u>	<u>\$ 22,692,015</u>	<u>\$ 19,187,179</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.62%	30.45%	32.33%	30.85%	35.17%
Covered-Employee Payroll	\$ 2,433,858	\$ 2,402,925	\$ 2,321,667	\$ 2,076,797	\$ 1,851,721
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	1,065.60%	1,039.65%	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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Interest	\$ 288,696	\$ 283,554	\$ 323,987	\$ 216,717	\$ 245,984
Differences Between Expected and Actual Experience	(8,984)	(5,887)	(81,335)	617,994	-
Changes of Assumptions	108,888	(76,883)	(1,001,608)	1,194,524	-
Benefit Payments, Including Refunds of Member Contributions	<u>(190,097)</u>	<u>(188,719)</u>	<u>(187,192)</u>	<u>(410,638)</u>	<u>(136,481)</u>
Net Change in Total Pension Liability	198,503	12,065	(946,148)	1,618,597	109,503
Total Pension Liability - Beginning	<u>6,747,036</u>	<u>6,734,971</u>	<u>7,681,119</u>	<u>6,062,523</u>	<u>5,953,020</u>
Total Pension Liability - Ending	<u>\$ 6,945,539</u>	<u>\$ 6,747,036</u>	<u>\$ 6,734,971</u>	<u>\$ 7,681,120</u>	<u>\$ 6,062,523</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 133,157	\$ 234,027	\$ 151,675	\$ 173,487	\$ 5,901
Contributions - Member	18,377	-	10,212	30,680	-
Net Investment Income	157,181	134,551	163,585	(42,659)	157,691
Benefit Payments, Including Refunds of Member Contributions	(190,097)	(188,719)	(187,192)	(410,638)	(136,481)
Administrative Expense	<u>(25,578)</u>	<u>(28,157)</u>	<u>(25,079)</u>	<u>(17,263)</u>	<u>(39,474)</u>
Net Change in Plan Fiduciary Net Position	93,040	151,702	113,201	(266,393)	(12,363)
Plan Fiduciary Net Position - Beginning	<u>2,924,397</u>	<u>2,772,695</u>	<u>2,659,494</u>	<u>2,925,887</u>	<u>2,938,249</u>
Plan Net Position - Ending	<u>\$ 3,017,437</u>	<u>\$ 2,924,397</u>	<u>\$ 2,772,695</u>	<u>\$ 2,659,494</u>	<u>\$ 2,925,886</u>
Employer's Net Pension Liability	<u>\$ 3,928,102</u>	<u>\$ 3,822,639</u>	<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	43.44%	43.34%	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	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, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service Cost	\$ 101,096	\$ 99,643	\$ 96,466	\$ 97,773
Interest	537,018	525,968	505,538	486,640
Differences Between Expected and Actual Experience	325,739	16,192	(62,773)	(93,707)
Changes of Assumptions	212,738	(191,276)	(7,922)	7,864
Benefit Payments, Including Refunds of Member Contributions	<u>(316,553)</u>	<u>(291,298)</u>	<u>(247,697)</u>	<u>(226,190)</u>
Net Change in Total Pension Liability	860,038	159,229	283,612	272,380
Total Pension Liability - Beginning	<u>7,267,966</u>	<u>7,108,737</u>	<u>6,825,125</u>	<u>6,552,745</u>
Total Pension Liability - Ending	<u>\$ 8,128,004</u>	<u>\$ 7,267,966</u>	<u>\$ 7,108,737</u>	<u>\$ 6,825,125</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 110,069	\$ 110,618	\$ 110,575	\$ 111,139
Contributions - Employee	50,032	48,359	43,725	49,586
Net Investment Income	(346,249)	1,081,505	429,237	31,538
Benefit Payments, Including Refunds of Member Contributions	(316,553)	(291,298)	(247,697)	(226,190)
Other (Net Transfer)	<u>111,774</u>	<u>(32,690)</u>	<u>50,549</u>	<u>(138,550)</u>
Net Change in Plan Fiduciary Net Position	(390,927)	916,494	386,389	(172,477)
Plan Fiduciary Net Position - Beginning	<u>7,470,646</u>	<u>6,554,152</u>	<u>6,167,763</u>	<u>6,340,240</u>
Plan Net Position - Ending	<u>\$ 7,079,719</u>	<u>\$ 7,470,646</u>	<u>\$ 6,554,152</u>	<u>\$ 6,167,763</u>
Employer's Net Pension Liability	<u>\$ 1,048,285</u>	<u>\$ (202,680)</u>	<u>\$ 554,585</u>	<u>\$ 657,362</u>

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, 2019

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.10%		102.79%		92.20%		90.37%
Covered-Employee Payroll	\$ 1,111,814	\$	1,025,200	\$	971,663	\$	948,288
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	94.29%		(19.77)%		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, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Interest	\$ 5,629	\$ 5,236	\$ 4,871	\$ 4,531
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	1	-	(2)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	-	-	-	-
Net Change in Total Pension Liability	<u>5,629</u>	<u>5,237</u>	<u>4,871</u>	<u>4,529</u>
Total Pension Liability - Beginning	<u>75,051</u>	<u>69,814</u>	<u>64,943</u>	<u>60,414</u>
Total Pension Liability - Ending	<u>\$ 80,680</u>	<u>\$ 75,051</u>	<u>\$ 69,814</u>	<u>\$ 64,943</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	-	-	-	-
Net Investment Income	(1,901)	20,959	9,881	717
Benefit Payments, Including Refunds of Member Contributions	-	-	-	-
Other (Net Transfer)	476	(318)	282	(6,282)
Net Change in Plan Fiduciary Net Position	<u>(1,425)</u>	<u>20,641</u>	<u>10,163</u>	<u>(5,565)</u>
Plan Fiduciary Net Position - Beginning	<u>168,700</u>	<u>148,059</u>	<u>137,896</u>	<u>143,461</u>
Plan Net Position - Ending	<u>\$ 167,275</u>	<u>\$ 168,700</u>	<u>\$ 148,059</u>	<u>\$ 137,896</u>
Employer's Net Pension Liability	<u>\$ (86,595)</u>	<u>\$ (93,649)</u>	<u>\$ (78,245)</u>	<u>\$ (72,953)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	207.33%	224.78%	212.08%	212.33%
Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Other Post Employment Benefit Plan
 Schedule of Contributions
 April 30, 2019

<u>Calendar Ending April 30</u>	<u>Actuarially Determined Contribution</u>	<u>Less: Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as a Percentage of Covered- Employee Payroll</u>
2019	N/A	\$ -	0.00%	\$ 3,397,788	0.00%

See accompanying notes to the required supplementary information.

VILLAGE OF WORTH, ILLINOIS

Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
For the Year Ended April 30, 2019

	<u>April 30, 2019</u>
Total OPEB Liability	
Service Cost	\$ 40,653
Interest	103,245
Changes of Benefit Term	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	29,932
Benefit Payments, Including Refunds of Member Contributions	<u>(217,410)</u>
Net Change in Total OPEB Liability	(43,580)
Total OPEB Liability - Beginning	<u>2,709,429</u>
Total OPEB Liability - Ending	<u><u>\$ 2,665,849</u></u>
OPEB Plan Net Position	
Contributions - Employer	\$ 217,410
Contributions - Member	-
Net Investment Income	-
Benefit Payments, Including Refunds of Member Contributions	(217,410)
Administrative Expense	<u>-</u>
Net Change in OPEB Fiduciary Net Position	-
OPEB Net Position - Beginning	<u>-</u>
OPEB Net Position - Ending	<u><u>\$ -</u></u>
Employer's Net OPEB Liability	<u><u>\$ 2,665,849</u></u>
OPEB Plan Net Position as a Percentage of the Total Pension Liability	0%
Covered-Employee Payroll	\$ 3,397,788
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	78.45%

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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Revenues:			
Property Taxes	\$ 2,053,395	\$ 1,743,478	\$ (309,917)
Sales Taxes	1,308,100	1,462,398	154,298
Grants	-	46,603	46,603
Intergovernmental	2,351,449	2,604,005	252,556
Licenses, Permits, and Fees	557,591	599,899	42,308
Fines and Forfeits	-	1,086,032	1,086,032
Charges for Service:			
Golf Course	1,818,554	1,364,845	(453,709)
Interest	1,906	80,393	78,487
Other	465,586	23,225	(442,361)
Total Revenues	<u>8,556,581</u>	<u>9,010,878</u>	<u>454,297</u>
Expenditures:			
Current:			
General Government	662,050	397,199	(264,851)
Building Department	214,345	214,791	446
Boat Launch Department	42,159	11,839	(30,320)
Fire Protection	1,692,234	1,760,226	67,992
Police Department	4,025,092	4,073,857	48,765
Street and Bridge	986,950	851,442	(135,508)
Golf Course	1,541,841	1,444,361	(97,480)
Worth Days	-	4,059	4,059
Federal Seizure	-	75,940	75,940
Capital Outlay	82,400	127,471	45,071
Debt Service:			
Principal	433,347	352,072	(81,275)
Interest and Other Charges	23,348	201,355	178,007
Total Expenditures	<u>9,703,766</u>	<u>9,514,612</u>	<u>(189,154)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,147,185)	(503,734)	643,451
Other Financing Sources (Uses):			
Transfer In	-	37,611	37,611
Proceeds from Sale of Capital Assets	-	16,500	16,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>54,111</u>	<u>54,111</u>
Net Change in Fund Balance	<u>\$ (1,147,185)</u>	(449,623)	<u>\$ 697,562</u>
Fund Balance, Beginning of Year		<u>2,193,896</u>	
Fund Balance, End of Year		<u>\$ 1,744,273</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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
General Government:			
Village President Salary	\$ 31,724	\$ 30,967	\$ (757)
Liquor Commissioner Salary	4,635	4,518	(117)
Clerk/Collector Salary	24,761	24,410	(351)
Trustees Salaries	40,479	39,300	(1,179)
Custodial Wages	3,535	3,453	(82)
Clerical Wages	36,750	732	(36,018)
Social Security/Medicare	10,854	8,101	(2,753)
Illinois Municipal Retirement Fund Contributions	9,689	5,343	(4,346)
Unemployment Taxes	2,060	-	(2,060)
Insurance Premiums	24,170	23,281	(889)
Professional Fees	32,239	26,779	(5,460)
Legal Fees	108,150	76,018	(32,132)
Programming Costs	15,450	15,364	(86)
Publication of Legal Notices	1,854	620	(1,234)
Travel Expenses for Village Officials	103	106	3
Officials Expenses	1,648	772	(876)
Employee Expenses	3,193	2,299	(894)
Training Education	3,090	-	(3,090)
Professional Memberships	15,965	13,432	(2,533)
Postage	3,605	3,627	22
Telephone Service	5,150	4,508	(642)
Utilities	3,502	3,141	(361)
License Application Expenses	258	428	170
Maintenance Expense Vehicle	-	158	158
Building Maintenance	81,370	50,419	(30,951)
Custodial Services	155	-	(155)
Machine Purchase Other	515	120	(395)
Repair and Maintenance	721	16	(705)
Computer Software	2,575	1,137	(1,438)
Purchase of Office Equipment	6,180	214	(5,966)
Computer Purchase	4,635	2,052	(2,583)
Vehicle Rental	-	2,305	2,305
Maintenance Contracts	14,008	11,148	(2,860)
PATSE Transportation Services	762	1,031	269
Credit Card Charges	5,356	10,903	5,547
Filing Fees	1,030	820	(210)
Computer Repair and Maintenance	12,360	18,478	6,118
Office Expense	4,738	6,984	2,246
Printing Expense	1,545	309	(1,236)
Departmental Supplies	1,545	88	(1,457)

(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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
State Collection Fees	\$ -	\$ 7,761	\$ 7,761
Custodial Expense	1,545	859	(686)
Building Expense	412	-	(412)
Economic Development	29,561	31,993	2,432
Village Events Expense	258	209	(49)
DNR Fishing/Hunting	1,339	2,071	732
Miscellaneous Expense	-	205	205
Liability Insurance	4,726	10,044	5,318
Paying Agents Fee	850	350	(500)
Contingencies/Miscellaneous	103,000	-	(103,000)
Total General Government	<u>662,050</u>	<u>446,873</u>	<u>(215,177)</u>
Building Department:			
Building Commissioner Salary	21,855	20,854	(1,001)
Building Inspector Salary	23,690	17,994	(5,696)
Plumbing Inspector Salary	4,120	3,265	(855)
Electrical Inspector Salary	8,240	6,441	(1,799)
HVAC Inspector Salary	1,545	1,275	(270)
Clerical Staff Salary	40,833	39,797	(1,036)
Ordinance Officer Salary	38,484	38,600	116
Social Security/Medicare	10,616	8,658	(1,958)
State Payroll Tax	-	23,313	23,313
Illinois Municipal Retirement Fund Contributions	10,016	7,867	(2,149)
Insurance Premiums	24,698	16,857	(7,841)
Professional Fees	12,875	11,350	(1,525)
Engineering Fees	515	-	(515)
Printing Expenses	1,030	175	(855)
Departmental Supplies	979	1,390	411
Telephone Service	1,030	327	(703)
Training and Education	206	380	174
Legal Notices	1,030	139	(891)
Maintenance - Equipment	-	417	417
Maintenance - Building	-	77	77
Liability Insurance	8,050	9,504	1,454
Miscellaneous	4,533	6,111	1,578
Total Building Department	<u>214,345</u>	<u>214,791</u>	<u>446</u>
Boat Launch Department:			
Attendant/Custodian	412	940	528
Social Security/Medicare	32	72	40
Utilities	3,090	2,383	(707)
Maintenance	30,900	7,705	(23,195)
Miscellaneous	7,725	739	(6,986)
Total Boat Launch Department	<u>42,159</u>	<u>11,839</u>	<u>(30,320)</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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Health Department:			
Health Inspector Fees	\$ -	\$ -	\$ -
Fire Department:			
Insurance Premiums	42,102	43,449	1,347
Engineering Fees	-	6,100	6,100
Intergovernmental Agreement - Fire Services	<u>1,650,132</u>	<u>1,710,677</u>	<u>60,545</u>
Total Fire Department	<u>1,692,234</u>	<u>1,760,226</u>	<u>67,992</u>
Police Department:			
Clerical Salary	167,363	155,403	(11,960)
Chief Salary	121,830	119,568	(2,262)
Lieutenant Salary	106,630	105,863	(767)
Deputy Chief	231,503	202,838	(28,665)
Administrative Assistant Salary	40,834	40,433	(401)
Sergeants Salary	394,387	407,965	13,578
Officers Salary	1,389,027	1,386,880	(2,147)
Court Time Salary	20,600	1,557	(19,043)
Custodial Wages	5,302	5,180	(122)
Hearing Officer	10,300	4,174	(6,126)
Collection Fees	61,800	73,544	11,744
Vacation, Sick Leave, Overtime	203,940	231,198	27,258
Social Security/Medicare	55,417	55,019	(398)
Illinois Municipal Retirement Fund Contributions	8,197	13,231	5,034
Crossing Guards	41,200	40,172	(1,028)
Computer Repair and Maintenance	10,300	12,935	2,635
Professional Fees	22,969	50,399	27,430
Central Dispatch	321,360	288,729	(32,631)
Uniforms and Personal Equipment	29,252	21,154	(8,098)
Training Costs	20,600	20,344	(256)
Education Reimbursement	10,300	3,900	(6,400)
Travel	3,090	682	(2,408)
Employee Costs	15,965	6,889	(9,076)
Membership and Subscriptions	8,775	13,598	4,823
Office Supplies	10,300	10,826	526
Departmental Supplies	7,210	6,617	(593)
Taxes & Licenses	927	1,166	239
Filing Fees	618	67	(551)
Legal Fees	16,480	13,788	(2,692)
Postage	4,635	3,711	(924)
Telephone	12,360	11,282	(1,078)
Computer Software	4,635	1,137	(3,498)

(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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Maintenance Contracts	\$ 8,240	\$ 5,706	\$ (2,534)
Utilities	515	-	(515)
Custodial Supplies	2,575	1,904	(671)
Prisoner Costs	1,236	1,086	(150)
Radio Purchase and Maintenance	5,150	678	(4,472)
Animal Warden Supplies	1,030	2,019	989
Printing Expense	4,120	2,204	(1,916)
Other Equipment Purchase	-	2,224	2,224
Computer Purchase	-	14,648	14,648
Maintenance - Vehicles	25,750	25,038	(712)
Fuel	30,900	42,322	11,422
Ammunition	5,150	2,984	(2,166)
Purchase of Vehicles	82,400	82,096	(304)
Crime Prevention	2,575	2,141	(434)
Building Maintenance	2,575	5,463	2,888
Bullet Proof Vests	5,150	4,054	(1,096)
Dental Insurance Premiums	7,279	7,537	258
Health Insurance Premiums	363,608	392,077	28,469
Life Insurance Premiums	1,803	1,983	180
HRA Reimbursements	28,840	23,966	(4,874)
Worker's Compensation Insurance	159,740	212,401	52,661
Confiscated Cash Expenditure	1,030	-	(1,030)
IPRF Grant Expenditure	5,150	7,265	2,115
Miscellaneous	4,570	1,609	(2,961)
Total Police Department	<u>4,107,492</u>	<u>4,151,654</u>	<u>44,162</u>
Street and Bridge:			
Clerical Salary	3,708	2,718	(990)
Street and Alley Labor	145,250	129,365	(15,885)
Social Security/Medicare	11,395	11,071	(324)
Illinois Municipal Retirement Fund Contributions	13,768	12,062	(1,706)
Refuse Pickup	1,545	2,439	894
Equipment Maintenance	-	10,074	10,074
Professional Fees	1,545	1,474	(71)
Engineering Fees	61,800	51,836	(9,964)
Uniforms and Personal Equipment	3,348	2,316	(1,032)
Employment Costs	2,266	794	(1,472)
Membership and Subscriptions	294	90	(204)
Office Supplies	515	418	(97)
Street Sweeping	-	2,343	2,343
Departmental Supplies	7,210	5,097	(2,113)
Postage	1,030	40	(990)
Telephone	2,678	2,786	108

(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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Utilities	\$ 23,690	\$ 29,629	\$ 5,939
Custodial Supplies	927	435	(492)
Material Purchases	21,630	16,518	(5,112)
Street Signs	6,180	4,035	(2,145)
Street Light Construction and Energy	1,030	1,560	530
Tree Planting and Removal	20,600	27,877	7,277
Materials for Streets and Alleys	30,900	8,546	(22,354)
Maintenance Contracts	3,605	4,890	1,285
Repair Maintenance Equipment	33,475	27,058	(6,417)
Street Construction	406,850	368,407	(38,443)
Radio Purchases and Repairs	1,236	-	(1,236)
Equipment Rental	5,150	8,512	3,362
Maintenance - Vehicles	25,750	10,917	(14,833)
Fuel	13,390	6,873	(6,517)
Health Insurance Premiums	11,624	3,260	(8,364)
Other Insurance Premiums	78,108	34,965	(43,143)
Building Maintenance	2,575	936	(1,639)
Custodial Expense	515	141	(374)
Machine and Equipment Purchase	2,060	120	(1,940)
Debt Issuance Costs	-	30,972	30,972
Hot Patch	20,600	10,973	(9,627)
Broken Asphalt Removal	1,030	3,391	2,361
Vehicle Rental	-	8,553	8,553
IPRF Safety Grant Expenditure	4,120	-	(4,120)
Miscellaneous Costs	15,553	7,951	(7,602)
Total Street and Bridge	<u>986,950</u>	<u>851,442</u>	<u>(135,508)</u>
Golf Course Operations:			
Payroll Expense	750,391	615,525	(134,866)
General Administration	-	453,140	453,140
Course and Grounds	-	154,643	154,643
Food and Beverage	791,450	150,089	(641,361)
Range and Pro Shop	-	70,964	70,964
Total Golf Course Operations	<u>1,541,841</u>	<u>1,444,361</u>	<u>(97,480)</u>
Worth Days:			
Worth Days Expense	-	4,059	4,059
Federal Seizure:			
Computer Purchase	-	920	920
Grant Expense	-	12,500	12,500
Building Expense	-	5,980	5,980
Equipment Purchase	-	49,330	49,330
Other Expenses	-	7,210	7,210
Total Federal Seizure	<u>-</u>	<u>75,940</u>	<u>75,940</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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Debt Service:			
Golf Course Principal	\$ 388,928	\$ 278,661	\$ (110,267)
Bond Principal	62,736	19,803	(42,933)
Lease Principal	-	53,608	53,608
Interest	5,031	201,355	196,324
Total Debt Service	<u>456,695</u>	<u>553,427</u>	<u>96,732</u>
Total Expenditures	<u>\$ 9,703,766</u>	<u>\$ 9,514,612</u>	<u>\$ (189,154)</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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Revenues			
Intergovernmental	\$ 286,134	\$ 274,865	\$ (11,269)
Interest	-	4,095	4,095
Total Revenues	<u>286,134</u>	<u>278,960</u>	<u>(7,174)</u>
Expenditures			
Motor Fuel Tax Project	163,455	138,755	(24,700)
Debt Service:			
Principal	24,187	23,483	(704)
Interest	2,466	2,394	(72)
Total Expenses	<u>190,108</u>	<u>164,632</u>	<u>(25,476)</u>
Net Change in Fund Balance	<u>\$ 96,026</u>	114,328	<u>\$ 18,302</u>
Fund Balance (Deficit), Beginning of Year		<u>62,471</u>	
Fund Balance, End of Year		<u>\$ 176,799</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, 2019

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
Revenues			
Property Taxes	\$ -	\$ 24,338	\$ 24,338
Total Revenues	<u>-</u>	<u>24,338</u>	<u>24,338</u>
Expenditures			
Professional Fees	3,090	2,830	(260)
Property Maintenance	<u>1,030</u>	<u>-</u>	<u>(1,030)</u>
Total Expenses	<u>4,120</u>	<u>2,830</u>	<u>(1,290)</u>
Net Change in Fund Balance	<u>\$ (4,120)</u>	21,508	<u>\$ 25,628</u>
Fund Balance, Beginning of Year		<u>336,561</u>	
Fund Balance, End of Year		<u>\$ 358,069</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, 2019

1. Stewardship, Compliance, and Accountability

A. Budgetary Information

The General Fund, the Motor 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 statement:

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 2019, no supplemental budgetary appropriations were made.

B. Excess of Expenditures over Budget.

The village had no funds that had an excess of actual expenditures over budgeted amounts for the year ended April 30, 2019.

2. Actuarial Assumptions – Pension Plans

For the Police Pension Plan, the actuarial assumptions used for determining the contribution rate for 2019 are as follows.

Valuation Date:	May 1, 2017
Actuarial Cost Method:	Entry-age, normal
Amortization Method:	3.00% Increasing Payments
Remaining Amort. Period:	Varies
Asset Valuation Method:	5-Year Smoothed Market Value
Investment Return:	6.75%
Projected Salary Increases:	3.50% - 17.88%
Inflation:	2.50%
Mortality:	RP 2014 *

*Mortality Table with a blue-collar adjustment and Illinois Public Pension Data, as appropriate.

VILLAGE OF WORTH, ILLINOIS

Notes to the Required Supplementary Information
For the Fiscal Year Ended April 30, 2019

2. Actuarial Assumptions - Pension Plans (continued)

For the Fire Pension Plan, the actuarial assumptions used for determining the contribution rate for 2019 are as follows.

Valuation Date:	May 1, 2017
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level Dollar
Remaining Amort. Period:	6.4 ears
Asset Valuation Method:	5-Year Smoothing
Investment Return:	5.50%
Projected Salary Increases:	N/A
Inflation:	2.50%
Mortality:	RP 2014 *

* - See the Police Pension on prior page.

For the IMRF Pension Plan, the actuarial assumptions used for determining the contribution rate for 2018 are as follows.

Valuation Date:	December 31, 2018
Actuarial Cost Method:	Aggregate Entry-age, normal
Amortization Period:	Level percentage of payroll
Remaining Amort. Period:	25- year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Investment Return:	7.5% net of expenses
Projected Salary Increases:	3.75% to 14.50% including inflation
Inflation:	2.75%
Mortality:	RP 2014*

*Employee Mortality Table with adjustments to match current IMRF experience.

3. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate – Postretirement Health Plan

Methods and Assumptions Used to Determine 2019 Contribution Rates

Valuation Date	April 30, 2019
Discount Rate:	3.79%
Investment Rate of Return:	N/A
Remaining Amortization Period:	10-year closed period
Wage Growth:	3.25%
Price Inflation:	5% approximate. No explicit price inflation
Retirement Age:	Varies
Health Care Trend Rates	4.00% to 7.20%
Mortality:	RP-2014 Study with the Blue-Collar Adjustment

Other Information – 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed Valuations	<u>\$155,411,122</u>	<u>\$ 161,692,090</u>	<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>
Tax Rates:								
General	0.3709	0.3481	0.4005	0.4250	0.4351	0.3920	0.3504	0.2724
Street and Bridge	0.0848	0.0796	0.0916	0.0971	0.0995	0.0968	0.0963	0.0840
Police Protection	0.1119	0.1050	0.2851	0.2908	0.3013	0.3234	0.3489	0.3044
Fire Protection	0.3466	0.3253	0.3413	0.3913	0.3713	0.3320	0.3342	0.2915
Liability Insurance	0.0856	0.0803	0.0924	0.0943	0.0884	0.0791	0.0936	0.0833
Police Pension	0.7642	0.7171	0.6607	0.6738	0.6031	0.5464	0.4150	0.3125
Fire Pension	0.1036	0.1030	0.1516	0.1114	0.1002	0.0362	0.0054	0.0877
Debt Service	<u>0.2962</u>	<u>0.2829</u>	<u>0.3666</u>	<u>0.3835</u>	<u>0.3720</u>	<u>0.3397</u>	<u>0.3153</u>	<u>0.2842</u>
Total	<u>2.1638</u>	<u>2.0413</u>	<u>2.3898</u>	<u>2.4672</u>	<u>2.3709</u>	<u>2.1456</u>	<u>1.9591</u>	<u>1.7200</u>
Tax Extensions:								
General	\$ 578,071	\$ 562,850	\$ 549,271	\$ 561,713	\$ 589,541	\$ 577,924	\$ 557,692	\$ 481,592
Street and Bridge	132,166	128,706	125,626	128,335	134,818	142,711	153,270	148,508
Police Protection	174,403	169,776	391,004	384,344	408,248	476,787	555,305	538,167
Fire Protection	540,198	525,984	468,081	517,173	503,095	489,466	531,909	515,360
Liability Insurance	133,413	129,838	126,723	124,634	119,778	116,616	148,972	147,271
Police Pension	1,191,055	1,159,493	906,127	890,547	817,174	805,555	660,509	552,487
Fire Pension	170,494	166,479	207,857	147,247	135,776	53,300	8,605	155,000
Debt Service	<u>461,647</u>	<u>457,433</u>	<u>502,809</u>	<u>506,799</u>	<u>504,017</u>	<u>500,867</u>	<u>501,759</u>	<u>502,494</u>
	3,381,447	3,300,559	3,277,498	3,260,792	3,212,447	3,163,226	3,118,021	3,040,879
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>	<u>22,000</u>
Totals	<u>\$ 3,403,447</u>	<u>\$ 3,322,559</u>	<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>
Tax Collections	\$ 1,659,825	\$ 3,138,789	\$ 3,209,589	\$ 3,218,555	\$ 3,062,908	\$ 2,805,485	\$ 2,680,007	\$ 2,853,368
Percent Collections	<u>48.77%</u>	<u>94.47%</u>	<u>97.28%</u>	<u>98.04%</u>	<u>94.70%</u>	<u>88.08%</u>	<u>85.35%</u>	<u>93.16%</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements
April 30, 2019

	Year Ended April 30,	Principal	Interest	Total
General Obligation Refunding Bonds				
Series 2017:	2020	\$ 250,000	\$ 188,450	\$ 438,450
Dated November 2, 2017	2021	260,000	180,950	440,950
Interest payable on January 1	2022	265,000	173,150	438,150
and July 1 at rates	2023	275,000	165,200	440,200
between 3.00% and 5.00%	2024	290,000	154,200	444,200
Paying Agent: Amalgamated Bank	2025	295,000	142,600	437,600
of Chicago	2026	310,000	130,800	440,800
	2027	320,000	118,400	438,400
	2028	335,000	105,600	440,600
	2029	345,000	92,200	437,200
	2030	365,000	78,400	443,400
	2031	375,000	63,800	438,800
	2032	390,000	48,800	438,800
	2033	405,000	33,200	438,200
	2034	<u>425,000</u>	<u>17,000</u>	<u>442,000</u>
		<u>\$ 4,905,000</u>	<u>\$ 1,692,750</u>	<u>\$ 6,597,750</u>
General Obligation				
Limited Tax Bonds, Series 2012				
Dated February 8, 2012				
Interest payable on December 1	2020	\$ 74,496	\$ 5,137	\$ 79,633
and June 1 at rates	2021	<u>77,600</u>	<u>2,716</u>	<u>80,316</u>
between 2.00% and 3.50%				
Paying Agent: Amalgamated Bank		<u>\$ 152,096</u>	<u>\$ 7,853</u>	<u>\$ 159,949</u>
of Chicago				
Equipment Loan				
Dated June 16, 2015				
Interest payable on December 1	2020	\$ 19,721	\$ 353	\$ 20,074
and June 1 at rate 3.2 %				
Paying Agent: The Private Bank		<u>\$ 19,721</u>	<u>\$ 353</u>	<u>\$ 20,074</u>

VILLAGE OF WORTH, ILLINOIS

Information Required By Revenue Bond Ordinance
(Unaudited)
April 30, 2019

Consumer data:

Number of customers:

Water and Sewer Service:

Residential	2,467
Commercial	<u>328</u>
Total	<u><u>2,795</u></u>

Sewer Service only:

Residential	1
Commercial	<u>2</u>
Total	<u><u>3</u></u>

Percent

Water Usage:

Gallage purchased	285,650,000	100%
Gallage billed	<u>251,922,000</u>	<u>88%</u>
Gallage lost and/or unaccounted for	33,728,000	12%

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

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Matthew R. Truschka, Acct.

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

January 20, 2020

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

We have examined management's assertion, included in its representation letter dated January 20, 2020 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, 2019. 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, 2019 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