

**VILLAGE OF WORTH, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2020

Prepared By:

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

# VILLAGE OF WORTH, ILLINOIS

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# HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

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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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

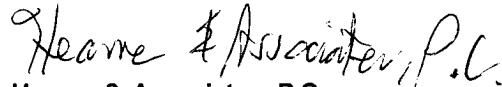
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part 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.

**February 17, 2021**  
**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, 2020

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, 2020. 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.

#### **Financial Highlights**

- The assets and deferred outflows of resources were exceeded by the liabilities and deferred inflows of resources by \$25,083,940 as of April 30, 2020. This compares to the exceeded amount as of April 30, 2019 of \$19,917,549. This negative Net Position amount is due mainly to the Net Pension and OPEB amounts (net pension liability and related deferred inflows, and outflows) of \$35,160,131 and \$30,344,628 as of April 30, 2020 and 2019, respectively.
- The Village of Worth's total net position decrease by \$5,166,391 at fiscal year-end, April 30, 2020. The large decrease in Net Position was mainly due to a large increase in pension and OPEB liabilities.
- As of April 30, 2020, the governmental funds reported combined fund balances of \$1,743,645, a decrease of \$535,496 in comparison with the prior year. Of this amount \$1,036,168 is available for spending at the Village's discretion (unassigned fund balance).
- At the end of the current fiscal year ending April 30, 2020, unrestricted fund balance for the general fund was \$1,036,168, or approximately 11% of total general fund expenditures.

#### **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.

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

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**

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. The focus is on major funds.

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 \$25.1 million as of April 30, 2020.

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



VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis  
April 30, 2020

provide services to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**Condensed Statement of Net Position**  
**As of April 30, 2020**

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$ 3,318,233	\$ 4,320,108	\$ 7,638,341
Non Current Assets	9,246,571	1,702,714	10,949,285
Total Assets	<u>12,564,804</u>	<u>6,022,822</u>	<u>18,587,626</u>
Deferred Outflows of Resources	<u>12,757,252</u>	<u>-</u>	<u>12,757,252</u>
Current Liabilities	975,608	213,489	1,189,097
Non Current Liabilities	<u>52,548,037</u>	<u>-</u>	<u>52,548,037</u>
Total Liabilities	<u>53,523,645</u>	<u>213,489</u>	<u>53,737,134</u>
Deferred Inflows of Resources	<u>2,691,684</u>	<u>-</u>	<u>2,691,684</u>
Net Position:			
Net Investment in Capital	3,911,160	1,655,314	5,566,474
Restricted	514,821	1,429,665	1,944,486
Unrestricted	<u>(35,319,254)</u>	<u>2,724,354</u>	<u>(32,594,900)</u>
Total Net Position	<u>\$ (30,893,273)</u>	<u>\$ 5,809,333</u>	<u>\$ (25,083,940)</u>

**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	<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	<u>4,621,794</u>	<u>-</u>	<u>4,621,794</u>
Current Liabilities	970,369	183,337	1,153,706
Non Current 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>
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	<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>

## VILLAGE OF WORTH, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

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 \$(25,083,940). This is a result of expenditures 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 \$(30,893,273) as of April 30, 2020. 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 \$(35,319,254) as of April 30, 2020. The net position of business-type activities increased to \$5,809,333 from \$5,549,499. 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 \$(687,863) from the prior year mainly due to a net increase in non-current liabilities. The Village's liabilities increased by \$12,490,951 mainly due to an increase in the net pension liability in the amount of \$12,490,500. The Village's deferred inflows of resources increased by \$123,035 due primarily to pension related activities.

In the current year, the Village's total net position decreased by \$5,166,391. In the prior year, the net position decreased by \$1,345,777. The changes in net position are further analyzed in the next section.

**VILLAGE OF WORTH, ILLINOIS**  
**Management's Discussion and Analysis**  
**April 30, 2020**

**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, 2020**

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 2,950,080	\$ 2,910,758	\$ 5,860,838
Capital Grants and Contributions	7,923	18,303	26,226
General Revenues:			-
Property Taxes	2,051,629	-	2,051,629
Sales Taxes	1,640,498	-	1,640,498
Income Taxes	1,061,476	-	1,061,476
Other Taxes	1,635,165	-	1,635,165
Other General Revenues	168,776	-	168,776
Total Revenues	<u>9,515,547</u>	<u>2,929,061</u>	<u>12,444,608</u>
<b>EXPENSES</b>			
General Government	673,054	-	673,054
Building Department	224,042	-	224,042
Boat Launch	4,726	-	4,726
Fire Department	3,749,157	-	3,749,157
Police Department	7,080,182	-	7,080,182
Street and Bridge	1,085,124	-	1,085,124
Golf Course	1,349,124	-	1,349,124
Worth Lot	765	-	765
Federal Seizure	56,460	-	56,460
Motor Fuel Tax	232,315	-	232,315
Tax Increment Financing	252,350	-	252,350
Interest	234,473	-	234,473
Waterworks and Sewerage	-	2,595,884	2,595,884
Commuter Parking Lot	-	73,343	73,343
Total Expenses	<u>14,941,772</u>	<u>2,669,227</u>	<u>17,610,999</u>
Change in Net Position	(5,426,225)	259,834	(5,166,391)
Beginning Net Position	<u>(25,467,048)</u>	<u>5,549,499</u>	<u>(19,917,549)</u>
Ending Net Position	<u>\$ (30,893,273)</u>	<u>\$ 5,809,333</u>	<u>\$ (25,083,940)</u>

VILLAGE OF WORTH, ILLINOIS

Management's Discussion and Analysis  
April 30, 2020

Condensed Statement of Activities  
As of April 30, 2019

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>REVENUES</b>			
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>
<b>EXPENSES</b>			
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>

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, 2020

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, 2020, revenues from all activities totaled \$12,444,608, a .41% decrease from 2019. The decreases 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 increased by \$308,151 for the year (as additional taxes were utilized to fund pension costs) and charges for services decreased by \$72,218.

#### *Expenses:*

The Village's total expenses for all activities for the year ended April 30, 2020 and 2019 were \$17,610,999 and \$13,841,618, respectively or an increase of \$3,769,381. 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 \$10.8 million of the total expenses in 2020 and \$5.9 million in 2019. The patrol officers are members of the Illinois Fraternal Order of Police Labor Chapter 143.

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2020**

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

**Governmental Funds**

At April 30, 2020, the governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$1,743,645 compared to \$2,279,141 in 2019. This \$535,496 decrease was primarily due to an increase in general government, fire department and police department 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 2020. Below is a table that reflects the original budget and the actual activity for the revenues and expenditures for the General Fund.

**Table 3  
General Fund Budgetary Highlights**

	Original and Final Budget	Actual
<b>Revenues</b>		
Property Taxes	\$ 2,221,520	\$ 2,011,378
Other Taxes & Intergovernmental	3,878,381	3,934,332
Licenses, Permits, Fees, Fines & Forfeitures	1,653,198	1,648,685
Golf Course	1,537,146	1,301,395
Other	370,864	153,432
Total	\$ 9,661,109	\$ 9,049,222
<b>Expenditures</b>		
General Government & Building	\$ 938,097	\$ 728,409
Boat Launch, Health, & Worth Lot	46,485	5,491
Public Safety & Federal Seizure	5,933,855	6,067,797
Street & Bridge	905,431	855,474
Golf Course	1,453,522	1,226,179
Capital Outlay	82,400	146,325
Debt Service	527,820	552,496
Total	\$ 9,887,610	\$ 9,582,171

As shown in Table 3, the General Fund had actual expenditures that were less than the budgeted by \$305,439. There are several factors that attributed to this. Public Safety and Federal Seizure, and Debt Service were over budget by \$133,942 and \$24,676, respectively. However, the Golf Course ,Boat Launch and Worth Lot were below budgeted expenses by \$227,343 and \$40,994, respectively . Revenues were under budget expectations by \$611,887 for the fiscal year.

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2020**

**CAPITAL ASSETS**

At the end of the fiscal year 2020, the Village had a combined total of capital assets of \$11,329,239 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**

	<u>Balance April 30, 2019</u>	<u>Net Additions/ Deletions</u>	<u>Balance April 30, 2020</u>
<b>Governmental Activities:</b>			
Land	\$ 3,768,982	\$ -	\$ 3,768,982
Buildings and Improvements	2,180,614	(120,352)	2,060,262
Machinery and Equipment	757,878	(45,088)	712,790
Infrastructure	<u>2,812,555</u>	<u>(108,018)</u>	<u>2,704,537</u>
Total Capital Assets, Governmental Activities	<u>\$ 9,520,029</u>	<u>\$ (273,458)</u>	<u>\$ 9,246,571</u>
<b>Business-Type Activities:</b>			
Land	\$ 47,824	\$ -	\$ 47,824
Waterworks and Sewerage System	1,502,545	(71,703)	1,430,842
Machinery and Equipment	171,038	2,255	173,293
Commuter Parking Lot	<u>58,735</u>	<u>(7,980)</u>	<u>50,755</u>
Total Capital Assets, Business-Type Activities	<u>\$ 1,780,142</u>	<u>\$ (77,428)</u>	<u>\$ 1,702,714</u>

**DEBT OUTSTANDING**

The Village has total outstanding bonded debt of \$4,987,873. See Note 5 to the financial statements for detail of debt activity and debt outstanding as of April 30, 2020.

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

	<u>April 30, 2019</u>	<u>Issuances/ Deletions</u>	<u>April 30, 2020</u>
<b>Governmental Activities:</b>			
Bonds	\$ 5,335,410	\$ (347,537)	\$ 4,987,873
Note Payable	19,721	(19,721)	-
Compensated Absences	1,566,459	169,024	1,735,483
Net Pension Obligation	30,824,897	12,490,500	43,315,397
Net OPEB Liability	<u>2,665,849</u>	<u>204,074</u>	<u>2,869,923</u>
Total Governmental Activities	<u>\$ 40,412,336</u>	<u>\$ 12,496,340</u>	<u>\$ 52,908,676</u>
Business-Type Activities: Bonds	<u>\$ 92,904</u>	<u>\$ (45,504)</u>	<u>\$ 47,400</u>

**ECONOMIC FACTORS**

The financial condition of the Federal and State governments continues to have a dramatic effect on the Village of Worth during 2020. 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.

**VILLAGE OF WORTH, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2020**

**FUTURE EVENTS**

Management is not aware of any currently known facts, decisions, or conditions that would have a significant impact on the Township's financial position (net position) or results of operations (revenues, expenses, and other changes in net position) in the next fiscal year, except for the COVID-19 pandemic which may have a significant impact.

**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, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,617,180	\$ 3,974,538	\$ 5,591,718
Receivables:			
Property Taxes	959,621	-	959,621
Other	548,776	343,787	892,563
Prepaid Expenses	74,757	1,783	76,540
Inventories	117,899	-	117,899
Total Current Assets	<u>3,318,233</u>	<u>4,320,108</u>	<u>7,638,341</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	3,768,982	47,824	3,816,806
Capital Assets Being Depreciated, Net	5,477,589	1,654,890	7,132,479
Total Noncurrent Assets	<u>9,246,571</u>	<u>1,702,714</u>	<u>10,949,285</u>
Total Assets	<u>12,564,804</u>	<u>6,022,822</u>	<u>18,587,626</u>
<b>Deferred Outflows of Resources</b>			
Related to Pensions	12,757,252	-	12,757,252
Total Deferred Outflows of Resources	<u>12,757,252</u>	<u>-</u>	<u>12,757,252</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
Liabilities			
Current Liabilities			
Accounts Payable	290,605	129,523	420,128
Accrued Payroll & Liabilities	123,055	36,566	159,621
Pension Contribution Payable	47,497	-	47,497
Unearned Revenue	90,533	-	90,533
Deposits	63,277	-	63,277
Long-Term Obligations, Due within One Year:			
General Obligation Bonds	77,600	47,400	125,000
Revenue Bonds	283,041	-	283,041
Total Current Liabilities	<u>975,608</u>	<u>213,489</u>	<u>1,189,097</u>
Long-Term Obligations, Due in more than One Year:			
General Obligation Bonds	-	-	-
Alternative Revenue Bonds	4,627,234	-	4,627,234
Compensated Absences	1,735,483	-	1,735,483
Net Pension Liability	43,315,397	-	43,315,397
Net OPEB Liability	2,869,923	-	2,869,923
Total Noncurrent Liabilities	<u>52,548,037</u>	<u>-</u>	<u>52,548,037</u>
Total Liabilities	<u>53,523,645</u>	<u>213,489</u>	<u>53,737,134</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position  
April 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Deferred Inflows of Resources</b>			
Pension Related	\$ 1,732,063	\$ -	\$ 1,732,063
Property Tax	959,621	-	959,621
Total Deferred Inflows of Resources	<u>2,691,684</u>	<u>-</u>	<u>2,691,684</u>
<b>Net Position</b>			
Net Investment in Capital Assets	3,911,160	1,655,314	5,566,474
Restricted for:			
Tax Increment Financing	145,970	-	145,970
Motor Fuel Tax	368,851	-	368,851
Water Reserves	-	1,429,665	1,429,665
Unrestricted	<u>(35,319,254)</u>	<u>2,724,354</u>	<u>(32,594,900)</u>
Total Net Position	<u>\$ (30,893,273)</u>	<u>\$ 5,809,333</u>	<u>\$ (25,083,940)</u>

See the accompanying notes to financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Activities  
Year Ended April 30, 2020

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	\$ 673,054	\$ 216,712	\$ 814	\$ (455,528)	\$ -	\$ (455,528)
Building Department	224,042	17,682	-	(206,360)	-	(206,360)
Boat Launch	4,726	6,609	-	1,883	-	1,883
Health Department	-	13,500	-	13,500	-	13,500
Fire Department	3,749,157	-	-	(3,749,157)	-	(3,749,157)
Police Department	7,080,182	1,004,505	7,109	(6,068,568)	-	(6,068,568)
Street and Bridge	1,085,124	389,677	-	(695,447)	-	(695,447)
Golf Course	1,349,124	1,301,395	-	(47,729)	-	(47,729)
Worth Lot	765	-	-	(765)	-	(765)
Federal Seizure	56,460	-	-	(56,460)	-	(56,460)
Motor Fuel Tax Project	232,315	-	-	(232,315)	-	(232,315)
Tax Increment Financing	252,350	-	-	(252,350)	-	(252,350)
Interest	234,473	-	-	(234,473)	-	(234,473)
Total Governmental Activities	<u>14,941,772</u>	<u>2,950,080</u>	<u>7,923</u>	<u>(11,983,769)</u>	<u>-</u>	<u>(11,983,769)</u>
Business-Type Activities:						
Waterworks and Sewerage	2,595,884	2,859,331	18,303	-	281,750	281,750
Commuter Parking Lot	73,343	51,427	-	-	(21,916)	(21,916)
Total Business-Type Activities	<u>2,669,227</u>	<u>2,910,758</u>	<u>18,303</u>	<u>-</u>	<u>259,834</u>	<u>259,834</u>
Total	<u>\$ 17,610,999</u>	<u>\$ 5,860,838</u>	<u>\$ 26,226</u>	<u>(11,983,769)</u>	<u>259,834</u>	<u>(11,723,935)</u>
General Revenues						
Taxes:						
Property				2,051,629	-	2,051,629
Sales				1,640,498	-	1,640,498
Income				1,061,476	-	1,061,476
Other				1,635,165	-	1,635,165
Interest				68,424	-	68,424
Miscellaneous				82,852	-	82,852
Net Gain (Loss) from Disposal				17,500	-	17,500
Total General Revenues				<u>6,557,544</u>	<u>-</u>	<u>6,557,544</u>
Change in Net Position				(5,426,225)	259,834	(5,166,391)
Net Position Beginning of Year				<u>(25,467,048)</u>	<u>5,549,499</u>	<u>(19,917,549)</u>
Net Position End of Year				<u>\$ (30,893,273)</u>	<u>\$ 5,809,333</u>	<u>\$ (25,083,940)</u>

See the accompanying notes to the financial statements

## **FUND FINANCIAL STATEMENTS**

VILLAGE OF WORTH, ILLINOIS

Balance Sheet - Governmental Funds  
April 30, 2020

	General Fund	Motor Fuel Tax Fund	Tax Incremental Financing Fund	Total
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 1,130,327	\$ 340,883	\$ 145,970	\$ 1,617,180
Receivables:				
Property Taxes	959,621	-	-	959,621
Other	113,179	-	-	113,179
Due From Other Government Agencies	403,598	31,999	-	435,597
Prepays	74,757	-	-	74,757
Inventories	117,899	-	-	117,899
Total Assets	<u>\$ 2,799,381</u>	<u>\$ 372,882</u>	<u>\$ 145,970</u>	<u>\$ 3,318,233</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	\$ 288,658	\$ 1,947	\$ -	\$ 290,605
Pension Contribution Payable	47,497	-	-	47,497
Accrued Payroll & Related Liabilities	120,971	2,084	-	123,055
Unearned Revenue	90,533	-	-	90,533
Deposits	63,277	-	-	63,277
Total Liabilities	<u>610,936</u>	<u>4,031</u>	<u>-</u>	<u>614,967</u>
<b>Deferred Inflows of Resources</b>				
Deferred Revenues				
Unavailable Property Taxes	959,621	-	-	959,621
Total Deferred Inflows of Resources	<u>959,621</u>	<u>-</u>	<u>-</u>	<u>959,621</u>
<b>Fund Balances</b>				
Non-Spendable				
Prepays	74,757	-	-	74,757
Inventory	117,899	-	-	117,899
Restricted for:				
Tax Increment Financing	-	-	145,970	145,970
Motor Fuel Tax	-	368,851	-	368,851
Unassigned	1,036,168	-	-	1,036,168
Total Fund Balances	<u>1,228,824</u>	<u>368,851</u>	<u>145,970</u>	<u>1,743,645</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,799,381</u>	<u>\$ 372,882</u>	<u>\$ 145,970</u>	<u>\$ 3,318,233</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, 2020

Total Fund Balances - Governmental Funds \$ 1,743,645

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. 9,246,571

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	12,757,252
Deferred Inflows of Resources Related to Pensions	(1,732,063)
General Obligation Bonds	(77,600)
Alternate Revenue Bonds	(4,910,275)
Compensated Absences	(1,735,483)
Net OPEB Liability	(2,869,923)
Net Pension Liability	<u>(43,315,397)</u>

Net Position of Governmental Activities \$(30,893,273)

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, 2020

	General Fund	Motor Fuel Tax Fund	Tax Incremental Financing Fund	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 2,011,378	\$ -	\$ 40,251	\$ 2,051,629
Sales Taxes	1,640,498	-	-	1,640,498
Grants	7,923	-	-	7,923
Intergovernmental	2,293,834	402,807	-	2,696,641
Licenses, Permits, and Fees	645,680	-	-	645,680
Fines and Forfeits	1,003,005	-	-	1,003,005
Charges for Service:				
Golf Course	1,301,395	-	-	1,301,395
Interest	62,657	5,767	-	68,424
Other	82,852	-	-	82,852
Total Revenues	<u>9,049,222</u>	<u>408,574</u>	<u>40,251</u>	<u>9,498,047</u>
<b>Expenditures:</b>				
Current:				
General Government	504,367	-	-	504,367
Building Department	224,042	-	-	224,042
Boat Launch	4,726	-	-	4,726
Fire Department	1,867,093	-	-	1,867,093
Police Department	4,155,127	-	-	4,155,127
Street and Bridge	855,474	-	-	855,474
Golf Course	1,226,179	-	-	1,226,179
Worth Lot	765	-	-	765
Federal Seizure	45,577	-	-	45,577
Motor Fuel Tax Project	-	190,328	-	190,328
Tax Increment Financing	-	-	252,350	252,350
Capital Outlay	146,325	-	-	146,325
Debt Service:				
Principal	360,240	24,504	-	384,744
Interest	192,256	1,690	-	193,946
Total Expenditures	<u>9,582,171</u>	<u>216,522</u>	<u>252,350</u>	<u>10,051,043</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(532,949)	192,052	(212,099)	(552,996)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	17,500	-	-	17,500
Total Other Financing Sources (Uses)	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>17,500</u>
Net Change in Fund Balance	(515,449)	192,052	(212,099)	(535,496)
Fund Balance, Beginning of Year	1,744,273	176,799	358,069	2,279,141
Fund Balance, End of Year	<u>\$ 1,228,824</u>	<u>\$ 368,851</u>	<u>\$ 145,970</u>	<u>\$ 1,743,645</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, 2020

Net Change in Fund Balance - Total Governmental Funds \$ (535,496)

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	\$ 146,325	
Depreciation Expense	<u>(419,783)</u>	(273,458)

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	\$ 19,721	
Alternate revenue bonds	<u>324,496</u>	344,217

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

Amortization of Premium	\$ 23,039	
Change in Compensated Absences	(169,024)	
Change in Net OPEB Liability	(204,074)	
Change in Net Pension Liability	<u>(4,611,429)</u>	<u>(4,961,488)</u>

Change in net position of governmental activities \$ (5,426,225)

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Net Position - Enterprise Funds  
April 30, 2020

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,893,539	\$ 80,999	\$ 3,974,538
Accounts Receivable:			
Customers	343,787	-	343,787
Prepaid Expenses	1,783	-	1,783
Total Current Assets	<u>4,239,109</u>	<u>80,999</u>	<u>4,320,108</u>
Noncurrent Assets			
Property and Equipment	9,071,305	993,024	10,064,329
Less: Accumulated Depreciation	<u>(7,507,275)</u>	<u>(854,340)</u>	<u>(8,361,615)</u>
Total Noncurrent Assets	<u>1,564,030</u>	<u>138,684</u>	<u>1,702,714</u>
 Total Assets	 <u>5,803,139</u>	 <u>219,683</u>	 <u>6,022,822</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	129,099	424	129,523
Accrued Payroll	36,217	349	36,566
Revenue Bonds, Due Within One Year	<u>47,400</u>	<u>-</u>	<u>47,400</u>
Total Current Liabilities	<u>212,716</u>	<u>773</u>	<u>213,489</u>
Noncurrent Liabilities			
 Total Liabilities	 <u>212,716</u>	 <u>773</u>	 <u>213,489</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,516,630	138,684	1,655,314
Restricted	1,429,665	-	1,429,665
Unrestricted	<u>2,644,128</u>	<u>80,226</u>	<u>2,724,354</u>
 Total Net Position	 <u>\$ 5,590,423</u>	 <u>\$ 218,910</u>	 <u>\$ 5,809,333</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, 2020

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Operating Revenues:</b>			
Water and Sewer Charges	\$ 2,843,245	\$ -	\$ 2,843,245
Commuter Parking Fees	-	51,098	51,098
Other Fees and Charges	13,407	-	13,407
Total Operating Revenues	<u>2,856,652</u>	<u>51,098</u>	<u>2,907,750</u>
<b>Operating Expenses:</b>			
Operations	2,454,192	61,776	2,515,968
Depreciation and Amortization	138,554	11,567	150,121
Total Operating Expenses	<u>2,592,746</u>	<u>73,343</u>	<u>2,666,089</u>
Operating Income (Loss)	<u>263,906</u>	<u>(22,245)</u>	<u>241,661</u>
<b>Nonoperating Revenues (Expenses):</b>			
Grant Revenue	18,303	-	18,303
Interest Income	2,679	329	3,008
Interest Expense	(3,138)	-	(3,138)
Total Nonoperating Revenues (Expenses)	<u>17,844</u>	<u>329</u>	<u>18,173</u>
Change In Net Position	281,750	(21,916)	259,834
Net Position, Beginning of Year	<u>5,308,673</u>	<u>240,826</u>	<u>5,549,499</u>
Net Position, End of Year	<u>\$ 5,590,423</u>	<u>\$ 218,910</u>	<u>\$ 5,809,333</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Cash Flows - Enterprise Funds  
Year Ended April 30, 2020

	Enterprise Funds		
	Waterworks and Sewerage Fund	Commuter Parking Lot Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received for Services	\$ 3,060,657	\$ 51,098	\$ 3,111,755
Payments to Employees	(569,430)	(15,870)	(585,300)
Payments to Suppliers	(1,858,107)	(46,086)	(1,904,193)
Net Cash Provided by Operating Activities	<u>633,120</u>	<u>(10,858)</u>	<u>622,262</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Grants	18,303	-	18,303
Net Cash Provided by Noncapital Financing Activities	<u>18,303</u>	<u>-</u>	<u>18,303</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Bond Principal Payments	(45,506)	-	(45,506)
Bond Interest Payments	(3,138)	-	(3,138)
Net Cash (Used in) Capital and Related Financing Activities	<u>(48,644)</u>	<u>-</u>	<u>(48,644)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property & Equipment	(72,693)	-	(72,693)
Interest Received	2,679	329	3,008
Net Cash Provided By (Used In) Investing Activities	<u>(70,014)</u>	<u>329</u>	<u>(69,685)</u>
Net Increase In Cash and Cash Equivalents	532,765	(10,529)	522,236
Cash and Cash Equivalents May 1, 2019	<u>3,360,774</u>	<u>91,528</u>	<u>3,452,302</u>
Cash and Cash Equivalents April 30, 2020	<u>\$ 3,893,539</u>	<u>\$ 80,999</u>	<u>\$ 3,974,538</u>
<b>Reconciliation of Operating (Loss) to Net Cash by (Used In) Operating Activities</b>			
Operating Income (Loss)	<u>\$ 263,906</u>	<u>\$ (22,245)</u>	<u>\$ 241,661</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	138,554	11,567	150,121
Changes In Assets and Liabilities			
Accounts Receivable	204,005	-	204,005
Prepaid Insurance	(1,783)	-	(1,783)
Accounts Payable and Accruals	28,438	(180)	28,258
Total Adjustments	<u>369,214</u>	<u>11,387</u>	<u>380,601</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 633,120</u>	<u>\$ (10,858)</u>	<u>\$ 622,262</u>

See the accompanying notes to the financial statements

VILLAGE OF WORTH, ILLINOIS

Statement of Fiduciary Net Position  
Pension Trust Funds  
April 30, 2020

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 10,000	\$ 4,144	\$ 14,144
Investments, at Fair Value			
Certificates of Deposit	350,179	-	350,179
U.S. Government Securities	-	993,717	993,717
Money Market Mutual Fund	170,594	56,778	227,372
Mutual Funds	3,780,907	1,418,203	5,199,110
Corporate Bonds	4,835,444	420,952	5,256,396
Municipal Bonds	-	177,172	177,172
Common Stock	2,371,981	-	2,371,981
Employer Contributions - Property Taxes	666,892	95,019	761,911
Accrued Interest Receivable	33,458	8,743	42,201
Prepaid Expenses	9,039	1,975	11,014
Employer Contribution Receivable	47,497	-	47,497
	<u>\$ 12,275,991</u>	<u>\$ 3,176,703</u>	<u>\$ 15,452,694</u>
<b>Total Assets</b>			
	<u>\$ 12,275,991</u>	<u>\$ 3,176,703</u>	<u>\$ 15,452,694</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,420	\$ 922	\$ 2,342
<b>Deferred Inflows of Resources</b>			
Unavailable Employer Contributions - Property Taxes	666,892	95,019	761,911
<b>Net Position Held In Trust For Employees' Benefits</b>	11,607,679	3,080,762	14,688,441
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 12,275,991</u>	<u>\$ 3,176,703</u>	<u>\$ 15,452,694</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, 2020

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions			
Employer	\$ 1,171,157	\$ 168,477	\$ 1,339,634
Employee	<u>233,947</u>	<u>-</u>	<u>233,947</u>
Total Contributions	<u>1,405,104</u>	<u>168,477</u>	<u>1,573,581</u>
Investment Income			
Net Appreciation in Fair Value of Investments	(83,389)	123,510	40,121
Interest Income	<u>(3,646)</u>	<u>(2,893)</u>	<u>(6,539)</u>
	(87,035)	120,617	33,582
Less: Investment Expense	<u>(29,780)</u>	<u>(8,918)</u>	<u>(38,698)</u>
Net Investment Income (Loss)	<u>(116,815)</u>	<u>111,699</u>	<u>(5,116)</u>
Total Additions	<u>1,288,289</u>	<u>280,176</u>	<u>1,568,465</u>
<b>Deductions</b>			
Benefits	1,636,502	191,595	1,828,097
Administrative Expenses	<u>37,476</u>	<u>25,256</u>	<u>62,732</u>
Total Deductions	<u>1,673,978</u>	<u>216,851</u>	<u>1,890,829</u>
Change in Plan Net Position	(385,689)	63,325	(322,364)
Plan Net Position, Beginning of Year	<u>11,993,368</u>	<u>3,017,437</u>	<u>15,010,805</u>
Plan Net Position, End of Year	<u>\$ 11,607,679</u>	<u>\$ 3,080,762</u>	<u>\$ 14,688,441</u>

See the accompanying notes to the financial statements

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 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, 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 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, 2020

**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.

**Inventory**

The Village carries Inventory in the General Fund due to the Pro Shop at Water’s Edge Golf Course. Inventories are valued at cost using the first-in/ first-out (FIFO) method and consists of clothing and golf supplies. The cost of inventory items is recorded as expenditures/ expenses when consumed rather than purchased.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/ expenses when consumed rather than purchased.

**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

**Unearned Revenues**

Unearned Revenues are funds that are received by an organization for a service that has not yet been provided. It is recorded as a liability because it is a debt owed to the customer. For the Village of Worth, gift certificates to Water’s Edge golf course comprise the unearned revenue.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

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

#### Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits. 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 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.

#### 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. The governmental funds report unavailable revenues from two sources: property taxes and pensions. These amounts are deferred and recognized as inflows of resources in the period that the amounts became available.

#### 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.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

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

- 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 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 2019 levy was adopted on December 26, 2019 and attached as an enforceable lien as of January 1, 2019. 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 2018 and 2019 levies. The Village has recorded a receivable for the remainder of the 2019 levied for collection in fiscal year 2020; that amount was deferred and will be recognized as revenue in fiscal year 2020, 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 \$2,351,093 at April 30, 2020, while the bank balances were \$2,386,132. All balances were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. government held in the Village's name by financial institutions acting as the Village's agent.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 3. CASH AND INVESTMENTS (Continued)

At April 30, 2020, the carrying amount of Illinois Funds for the Village was \$3,240,626 and the bank balance was \$3,231,633. 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'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, 2020, 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, 2020, is as follows:

<i>Governmental Activities:</i>	<u>Balance at April 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2020</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,768,982	\$ -	\$ -	\$ 3,768,982
Capital Assets Being Depreciated:				
Building and Improvements	6,960,841	49,450	-	7,010,291
Machinery and Equipment	4,381,908	96,875	(137,495)	4,616,278
Infrastructure	7,210,297	-	-	7,210,297
Total Capital Assets Being Depreciated	<u>18,553,046</u>	<u>146,325</u>	<u>(137,495)</u>	<u>18,836,866</u>

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**4. CAPITAL ASSETS (continued)**

	Balance at <u>April 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>April 30, 2020</u>
Less Accumulated Depreciation for:				
Building and Improvements	4,780,227	169,802	-	4,950,029
Machinery and Equipment	3,624,030	141,963	(137,495)	3,903,488
Infrastructure	<u>4,397,742</u>	<u>108,018</u>	<u>-</u>	<u>4,505,760</u>
Total Accumulated Depreciation	<u>12,801,999</u>	<u>419,783</u>	<u>(137,495)</u>	<u>13,359,277</u>
Total Capital Assets Being Depreciated, Net	<u>5,751,047</u>	<u>(273,458)</u>	<u>-</u>	<u>5,477,589</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,520,029</u>	<u>\$ (273,458)</u>	<u>\$ -</u>	<u>\$ 9,246,571</u>

Depreciation was charged to functions/programs as follows:

General Government	\$ 79,700
Fire Department	7,040
Police Department	32,279
Street and Bridge	124,948
Golf Course	122,945
Federal Seizure	10,883
Motor Fuel Tax Project	<u>41,988</u>
	<u>\$ 419,783</u>

A summary of changes in the capital assets for business-type activities of the Village for the year ended April 30, 2020, is as follows:

	Balance at <u>April 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>April 30, 2019</u>
<i>Business-Type Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	<u>\$ 47,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,824</u>
Capital Assets Being Depreciated:				
Waterworks and Sewerage System	8,564,582	-	-	8,564,582
Machinery and Equipment	600,253	72,693	-	672,946
Commuter Parking Lot	<u>780,978</u>	<u>-</u>	<u>-</u>	<u>780,978</u>
Total Capital Assets Being Depreciated	<u>9,945,813</u>	<u>72,693</u>	<u>-</u>	<u>10,018,506</u>
Less accumulated depreciation for:				
Waterworks and Sewerage System	7,062,037	71,703	-	7,133,740
Machinery and Equipment	429,215	70,438	-	499,653
Commuter Parking Lot	<u>722,243</u>	<u>7,980</u>	<u>-</u>	<u>730,223</u>
Total Accumulated Depreciation	<u>8,213,495</u>	<u>150,121</u>	<u>-</u>	<u>8,363,616</u>
Total Capital Assets Being Depreciated, Net	<u>1,732,318</u>	<u>(77,428)</u>	<u>-</u>	<u>1,654,890</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,780,142</u>	<u>\$ (77,428)</u>	<u>\$ -</u>	<u>\$ 1,702,714</u>

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 4. CAPITAL ASSETS (continued)

Depreciation was charged to functions/programs as follows:

Waterworks and Sewerage	\$	138,554
Commuter Parking Lot		<u>11,567</u>
	\$	<u>150,121</u>

### 5. LONG-TERM OBLIGATIONS

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

	Obligations Outstanding <u>May 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Obligations Outstanding <u>April 30, 2020</u>	Due Within <u>One Year</u>
<i>Governmental Activities:</i>					
General Obligation Bonds:					
Series 2012	\$ 152,096	\$ -	\$ 74,496	\$ 77,600	\$ 77,600
Refunding Bonds 2017	<u>4,905,000</u>	<u>-</u>	<u>250,000</u>	<u>4,655,000</u>	<u>260,000</u>
Subtotal Bonds	5,057,096	-	324,496	4,732,600	337,600
Add Unamortized Bond Premium	<u>278,314</u>	<u>-</u>	<u>23,041</u>	<u>255,273</u>	<u>23,041</u>
Total Bonds	5,335,410	-	347,537	4,987,873	360,641
Note Payable	19,721	-	19,721	-	-
Compensated Absences	1,566,459	169,024	-	1,735,483	-
Net Pension Liability	30,824,897	12,490,500	-	43,315,397	-
Net OPEB Liability	<u>2,665,849</u>	<u>204,074</u>	<u>-</u>	<u>2,869,923</u>	<u>-</u>
Total Governmental Activities	<u>\$ 40,412,336</u>	<u>\$ 12,863,598</u>	<u>\$ 367,258</u>	<u>\$ 52,908,676</u>	<u>\$ 360,641</u>
<i>Business-Type Activities:</i>					
General Obligation Bonds	\$ 92,904	\$ -	\$ 45,504	\$ 47,400	\$ 47,400
Total Business-Type Activities	<u>\$ 92,904</u>	<u>\$ -</u>	<u>\$ 45,504</u>	<u>\$ 47,400</u>	<u>\$ 47,400</u>

#### General Obligation Bonds:

General Obligation Limited Tax Bonds, Series 2012 dated February 8, 2012, with bonds due in annual principal maturities \$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 \$4,655,000. 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, 2020.



**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**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
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	295,000	142,600	-	-	295,000	142,600
2026-2030	1,675,000	525,400	-	-	1,675,000	525,400
2031-2034	1,595,000	162,800	-	-	1,595,000	162,800
	<u>\$ 4,732,600</u>	<u>\$ 1,507,016</u>	<u>\$ 47,400</u>	<u>\$ 1,659</u>	<u>\$ 4,780,000</u>	<u>\$ 1,508,675</u>

2019 Assessed Valuation	<u>\$ 155,093,264</u>
Statutory Debt Limitation (8.625%)	\$ 13,377,569
Less Outstanding General Obligation Bonds	<u>4,732,600</u>
Legal Debt Margin	<u>\$ 8,644,969</u>

**6. EMPLOYEE RETIREMENT PLANS**

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

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

	Net Pension <u>Liability (Asset)</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
IMRF Pension	\$ 193,213	\$ 702,779	\$ 899,321
SLEP Pension	(104,986)	8,839	13,893
Police Pension	37,565,279	11,994,786	815,111
Firefighters' Pension	5,661,891	50,848	3,738
	<u>\$ 43,315,397</u>	<u>\$ 12,757,252</u>	<u>\$ 1,732,063</u>

**Illinois Municipal Retirement Fund**

*Plan Descriptions*

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, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	44
Inactive Plan Members entitled to but not yet receiving benefits	14
Active Plan Members	<u>22</u>
Total	<u>80</u>

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 6. EMPLOYEE RETIREMENT PLANS (continued)

#### *Plan Descriptions (continued)*

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

#### *Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2019 was 7.19%. For the fiscal year ended April 30, 2020, the Village contributed \$80,717 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, 2019. 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, 2019:

- 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 3.35% 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.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

**Illinois Municipal Retirement Fund (continued)**

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.00%	5.75%
International Equity	18.00%	6.50%
Fixed Income	28.00%	3.25%
Real Estate	9.00%	5.50%
Alternative Investments	7.00%	3.60%-7.60%
Cash Equivalents	<u>1.00%</u>	1.85%
Total	<u><u>100.00%</u></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
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 2.75%, and the resulting single discount rate is 7.25%.

VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

6. EMPLOYEE RETIREMENT PLANS (continued)

*Plan Descriptions (continued)*

**Illinois Municipal Retirement Fund (continued)**

*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)
<b>Balances Beginning at 1/1/2019</b>	<u>\$ 8,128,004</u>	<u>\$ 7,079,719</u>	<u>\$ 1,048,285</u>
<b>Charges for the year:</b>			
Service Cost	108,993	-	108,993
Interest	579,764	-	579,764
Actuarial Experience	(63,466)	-	(63,466)
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	80,717	(80,717)
Contributions - Employee	-	51,236	(51,236)
Contributions - Other	-	-	-
Net Investment Income	-	1,283,492	(1,283,492)
Benefit Payments from Trust	(371,520)	(371,520)	-
Other (Net Transfer)	-	64,918	(64,918)
<b>Net Changes</b>	<u>253,771</u>	<u>1,108,843</u>	<u>(855,072)</u>
<b>Balances Ending at 12/31/2019</b>	<u>\$ 8,381,775</u>	<u>\$ 8,188,562</u>	<u>\$ 193,213</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	\$ 9,408,052	\$ 8,381,775	\$ 7,540,292
Plan Fiduciary Net Position	8,188,562	8,188,562	8,188,562
Net Pension Liability (Asset)	<u>\$ 1,219,490</u>	<u>\$ 193,213</u>	<u>\$ (648,270)</u>

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**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, 2020, the Village recognized pension benefit of \$855,072. At April 30, 2020, 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	\$ 67,021	\$ -
Changes of assumptions	43,770	39,633
Net difference between projected and actual earnings on pension plan investments	<u>549,270</u>	<u>859,688</u>
Total Deferred Amounts to be recognized in pension expense in future periods	660,061	899,321
Pension Contributions made subsequent to the Measurement Date	<u>28,276</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 688,337</u>	<u>\$ 899,321</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>
2020	\$ (257)
2021	(109,363)
2022	25,667
2023	(155,307)
2024	-
Thereafter	-
Total	<u>\$ (239,260)</u>

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**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, 2019, 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	0
Total	1

*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 2019 was 0.00%. For the fiscal year ended April 30, 2020, 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.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 6. EMPLOYEE RETIREMENT PLANS (continued)

*Plan Descriptions (continued)*

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

##### *Net Pension Liability*

The Village's net pension liability was measured as of December 31, 2019. 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, 2019:

- 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 3.35% 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:



**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.00%	5.75%
International Equity	18.00%	6.50%
Fixed Income	28.00%	3.25%
Real Estate	9.00%	5.50%
Alternative Investments	7.00%	3.60%-7.60%
Cash Equivalents	1.00%	1.85%
Total	100.00%	

*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 2.75%, and the resulting single discount rate is 7.25%.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

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

*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)
<b>Balances Beginning at 1/1/2019</b>	<u>\$ 80,680</u>	<u>\$ 167,275</u>	<u>\$ (86,595)</u>
<b>Charges for the year:</b>			
Service Cost	-	-	-
Interest	5,849	-	5,849
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	24,577	(24,577)
Benefit Payments from Trust	-	-	-
Other (Net Transfer)	-	(337)	337
<b>Net Changes</b>	<u>5,849</u>	<u>24,240</u>	<u>(18,391)</u>
<b>Balances Ending at 12/31/2019</b>	<u>\$ 86,529</u>	<u>\$ 191,515</u>	<u>\$ (104,986)</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	\$ 86,529	\$ 86,529	\$ 86,529
Plan Fiduciary Net Position	191,485	191,485	191,485
Net Pension Liability (Asset)	<u>\$ (104,956)</u>	<u>\$ (104,956)</u>	<u>\$ (104,956)</u>

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

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

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

For the year ended April 30, 2020, the Village recognized pension (benefit)/expense of (\$5,447). At April 30, 2020, 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	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>8,839</u>	<u>13,893</u>
Total Deferred Amounts to be recognized in pension expense in future periods	8,839	13,893
Pension Contributions made subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 8,839</u>	<u>\$ 13,893</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>
2020	\$ (1,449)
2021	(1,546)
2022	429
2023	(2,488)
2024	-
Thereafter	-
Total	<u>\$ (5,054)</u>

**Police Pension Plan**

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

VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Police Pension Plan (continued)

Plan Membership

Membership in the plan consisted of the following as of April 30, 2020:

Inactive Members Currently Receiving Benefits	27
Inactive Members Entitled to but not yet Receiving Benefits	1
Active nonvested plan members	<u>27</u>
Total	<u>55</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% 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% of the original pension and 3% 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% 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% 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% or 1/2 of the change in the Consumer Price Index for the preceding calendar year.

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.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 6. EMPLOYEE RETIREMENT PLANS (continued)

*Plan Descriptions (continued)*

#### **Police Pension Plan (continued)**

##### *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	8.10%	2.00%	6.10%
US Mid Cap Equities	8.40%	2.00%	6.40%
US Small Cap Equities	8.60%	2.00%	6.60%
Global Developed (World)	8.00%	2.00%	6.20%
Emerging Markets	11.60%	2.00%	9.60%
U.S. Govt. Bond	3.30%	2.00%	1.30%
US Investment Grade Bonds	4.30%	2.00%	2.30%

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.

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 6. EMPLOYEE RETIREMENT PLANS (continued)

*Plan Descriptions (continued)*

#### **Police Pension Plan (continued)**

*Investment Rate of Return*

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (.75%). 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, 2020. 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, 2020.

The following table presents the investments and maturities of the Police Pension Fund's cash and investments as of April 30, 2020:

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	350,179	250,122	100,057	-	-
Corporate Bonds	4,835,444	1,567,986	3,267,458	-	-
Total Debt Securities	<u>5,195,623</u>	<u>\$ 1,828,108</u>	<u>\$ 3,367,515</u>	<u>\$ -</u>	<u>\$ -</u>
Equities	2,371,981				
Mutual Funds	3,780,907				
Money Market Mutual Funds	<u>170,594</u>				
Total Cash and Investments - Police Pension Trust Fund	<u>\$ 11,519,104</u>				

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

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

**Police Pension Plan (continued)**

*Credit Risk*

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. As of April 30, 2020, 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	A+	\$ 101,158
	A-	20,108
	A1	241,846
	A2	569,540
	A3	801,442
	Baa1	1,225,144
	Baa2	1,781,422
	Baa3	70,688
	BBB	24,095
		\$ 4,835,443

*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, 2020

**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, 2020, 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)
<b>Balances Beginning at 5/1/2019</b>	<u>\$ 37,928,503</u>	<u>\$ 11,993,368</u>	<u>\$ 25,935,135</u>
<b>Charges for the year:</b>			
Service Cost	697,503	-	697,503
Interest	1,948,288	-	1,948,288
Actuarial Experience	492,729	-	492,729
Assumptions Changes	9,315,279	-	9,315,279
Change in Benefit Terms	427,159	-	427,159
Contributions - Employer	-	1,171,157	(1,171,157)
Contributions - Employee	-	233,947	(233,947)
Net Investment Income	-	(117,003)	117,003
Benefit Payments from Trust	(1,636,502)	(1,636,502)	-
Administrative Expense	-	(37,287)	37,287
<b>Net Changes</b>	<u>11,244,456</u>	<u>(385,688)</u>	<u>11,630,144</u>
<b>Balances Ending at 4/30/2020</b>	<u>\$ 49,172,959</u>	<u>\$ 11,607,680</u>	<u>\$ 37,565,279</u>

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions:

Actuarial Valuation Date	May 1, 2020
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	3.25%
Includes Inflation at	2.25%
Cost-of-living Adjustments	2.25% 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, 2020

**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, 2020 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 4.08% 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 4.08% 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 (3.08%) of 1 percentage point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Net Pension Liability	\$ 44,922,151	\$ 37,565,279	\$ 28,667,944

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

For the year ended April 30, 2020, the Village recognized Police Pension (benefit)/expense of \$2,768,918. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Amounts Related to Pensions</u>		
Differences between expected and actual experience	\$ 1,312,902	\$ 319,140
Changes of assumptions	9,822,158	176,245
Net difference between projected and actual earnings on pension plan investments	809,726	319,726
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 11,944,786	\$ 815,111

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**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
2021	\$ 1,776,039
2022	1,791,482
2023	1,466,054
2024	1,550,878
2025	1,433,218
Thereafter	<u>3,112,004</u>
Total	<u>\$ 11,129,675</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, 2020:

Inactive Members Currently Receiving Benefits	5
Inactive Members Entitled to, but not yet Receiving Benefits	11
Active nonvested plan members	<u>-</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% 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, 2020

### 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% of the original pension and 3% 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>
Large Cap Domestic Equity	8.80%	2.50%	6.30%	31.5%
Small Cap Domestic Equity	10.60%	2.50%	8.10%	9.0%
International Equity	9.30%	2.50%	6.80%	4.5%
Fixed Income	3.80%	2.50%	1.30%	55.0%

## VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

### 6. EMPLOYEE RETIREMENT PLANS (continued)

*Plan Descriptions (continued)*

#### **Firefighters' Pension Plan (continued)**

*Investment Valuations*

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

*Investment Rate of Return*

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 4.01%. 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, 2020. 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, 2020.

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	\$ 4,145	\$ 4,145	\$ -	\$ -	\$ -
U.S. Government Securities	317,427	25,266	119,339	140,435	32,387
U.S. Gov't Agency Securities	676,290	98,751	156,129	421,410	-
Corporate Bonds	420,951	35,549	229,059	119,082	37,262
Municipal Bonds	177,173	10,085	50,551	92,185	24,352
Total Debt Securities	<u>1,595,986</u>	<u>\$ 173,796</u>	<u>\$ 555,078</u>	<u>\$ 773,112</u>	<u>\$ 94,001</u>
Mutual Funds	1,418,203				
Money Market Mutual Funds	<u>56,778</u>				
Total Cash and Investments - Firefighters' Pension Trust Fund	<u>\$ 3,070,967</u>				

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

**Firefighters' 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, 2020, 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	\$ 50,312
	Aa1	-
	Aa2	71,827
	Aa3	5,064
	AA	25,270
	Not Rated	<u>24,700</u>
		<u>\$ 177,173</u>
U.S. Agency Securities		
Federal Farm Credit Bank	Aaa	\$ 371,527
Federal Home Loan Banks	Aaa	106,592
Federal National Mtg. Assoc.	Aaa	43,549
Freddie Mac	Aaa	104,556
Tennessee Valley Authority	Aaa	<u>50,066</u>
		<u>\$ 676,290</u>
Corporate Bonds		
	Aa1	\$ 11,823
	Aa2	5,127
	Aa3	17,033
	A1	36,637
	A2	50,013
	A3	76,074
	Baa1	77,789
	Baa2	<u>146,455</u>
		<u>\$ 420,951</u>

VILLAGE OF WORTH

Notes to the Basic Financial Statements  
April 30, 2020

6. EMPLOYEE RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Firefighters' Pension Plan (continued)

Custodial Credit Risk

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

Net Pension Liability

The components of the net pension liability of the Firefighters' Pension Plan as of April 30, 2020 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)
<b>Balances Beginning at 5/1/2019</b>	\$ 6,945,539	\$ 3,017,437	\$ 3,928,102
<b>Charges for the year:</b>			
Service Cost	-	-	-
Interest	290,429	-	290,429
Actuarial Experience	(6,354)	-	(6,354)
Assumptions Changes	1,704,634	-	1,704,634
Plan Changes	-	-	-
Contributions - Employer	-	168,477	(168,477)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	111,699	(111,699)
Benefit Payments from Trust	(191,595)	(191,595)	-
Administrative Expense	-	(25,256)	25,256
<b>Net Changes</b>	<u>1,797,114</u>	<u>63,325</u>	<u>1,733,789</u>
<b>Balances Ending at 4/30/2020</b>	<u>\$ 8,742,653</u>	<u>\$ 3,080,762</u>	<u>\$ 5,661,891</u>

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2020 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2020
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

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

**Firefighters' Pension Plan (continued)**

Includes Inflation at	2.25%
Cost of Living Adjustments	2.25%

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, 2020 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 3.20% 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 3.20% 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 (2.20%) of 1 percentage point higher (4.20%) than the current rate:

	1% Decrease (2.20%)	Discount Rate (3.20%)	1% Increase (4.20%)
Net Pension Liability	\$ 7,382,860	\$ 5,661,891	\$ 4,336,269

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

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

*Plan Descriptions (continued)*

**Firefighters' Pension Plan (continued)**

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

For the year ended April 30, 2020, the Village recognized Firefighters' Pension expense of \$1,730,655. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' 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	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>50,848</u>	<u>3,738</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 50,848</u>	<u>\$ 3,738</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>
2021	\$ 10,912
2022	14,649
2023	10,963
2024	10,586
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 47,110</u>

*Significant Investments*

The following are 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. Police did not have any significant investments in the current fiscal year. Information for IMRF is not available.

<u>Firefighter's Investment Funds Over 5 %</u>	<u>Percentage of Portfolio</u>
T ROWE PRICE GWTH STOCK	10%
VANGUARD 500 INDEX FD	14%



**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**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 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, 2020.

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, 2020, 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	<u>47</u>
Total	<u>57</u>

*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, 2020. 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.

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**7. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)**

*Actuarial Assumptions*

The following are the methods and assumptions used to determine total OPEB liability at April 30, 2020:

Actuarial Valuation Date	April 30, 2020
Asset Valuation Method	Entry-age Normal
Inflation	2.25%
Salary Increases	3.00%
Investment Rate of Return	3.51% Net of Expenses
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.

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 2.56%. 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 <u>(1.56%)</u>	Discount Rate <u>(2.56%)</u>	1% Increase <u>(3.56%)</u>
Net OPEB Liability	\$ 3,094,611	\$ 2,869,923	\$ 2,676,785

**VILLAGE OF WORTH**

Notes to the Basic Financial Statements  
April 30, 2020

**7. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)**

*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)
<b>Balances Beginning, 5/1/19</b>	\$ 2,665,849	\$ -	\$ 2,665,849
<b>Changes for the year:</b>			
Service Cost	43,466	-	43,466
Interest	96,544	-	96,544
Actuarial Experience	-	-	-
Assumption Changes	299,668	-	299,668
Plan Changes	-	-	-
Contributions - Employer	-	235,604	(235,604)
Contributions -Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(235,604)	(235,604)	-
Administrative Expenses	-	-	-
<b>Net Changes</b>	<u>204,074</u>	<u>-</u>	<u>204,074</u>
<b>Balances Ending, 4/30/20</b>	<u>\$ 2,869,923</u>	<u>\$ -</u>	<u>\$ 2,869,923</u>

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

For the year ended April 30, 2020, the Village recognized OPEB expense of \$204,074. At April 30, 2020, 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 three years.

**9. UNCERTAINTY**

The Village's operations may be affected by the recent and ongoing outbreak of coronavirus disease 2019 (COVID-2019) which was declared a pandemic by the World Health Organization in March of 2020. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. The ultimate disruption to the Village is uncertain at this time.

**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%
2019	80,718	80,717	(1)	1,122,639	7.19%

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%
2019	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%
2020	1,341,497	1,171,157	170,340	2,360,717	49.61%

**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
2020	561,321	168,477	392,844	-	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, 2020. 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	28.43 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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>						
Service Cost	\$ 697,503	\$ 787,640	\$ 740,243	\$ 701,320	\$ 560,587	\$ 584,315
Interest	1,948,288	1,840,532	1,799,306	1,785,993	1,619,235	1,532,848
Changes of Benefit Terms	427,159	-	-	-	-	-
Difference Between Expected and Actual Experience	492,729	1,025,080	71,231	(651,584)	231,116	-
Changes of Assumptions	9,315,279	(55,006)	1,572,267	(276,075)	2,066,143	-
Benefit Payments, Including Refunds of Member Contributions	<u>(1,636,502)</u>	<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	11,244,456	2,009,438	2,815,210	287,926	3,221,494	923,438
Total Pension Liability - Beginning	<u>37,928,503</u>	<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>\$ 49,172,959</u>	<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>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 1,171,157	\$ 1,211,971	\$ 882,222	\$ 913,031	\$ 802,434	\$ 849,730
Contributions - Member	233,947	227,688	231,387	215,432	200,578	186,555
Net Investment Income	(117,003)	1,239,213	523,272	754,599	1,718	443,973
Benefit Payments, Including Refunds of Member Contributions	<u>(1,636,502)</u>	<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>
Administrative Expense	<u>(37,287)</u>	<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	(385,688)	1,056,358	236,115	576,983	(283,343)	255,125
Plan Fiduciary Net Position - Beginning	<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>	<u>10,152,130</u>
Plan Fiduciary Net Position - Ending	<u>\$ 11,607,680</u>	<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>
<b>Employer's Net Pension Liability</b>	<u>\$ 37,565,279</u>	<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	23.61%	31.62%	30.45%	32.33%	30.85%	35.17%
Covered Payroll	\$ 2,360,717	\$ 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	1,591.27%	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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>					
Interest	\$ 290,429	\$ 283,554	\$ 323,987	\$ 216,717	\$ 245,984
Differences Between Expected and Actual Experience	(6,354)	(5,887)	(81,335)	617,994	-
Changes of Assumptions	1,704,634	(76,883)	(1,001,608)	1,194,524	-
Benefit Payments, Including Refunds of Member Contributions	<u>(191,595)</u>	<u>(188,719)</u>	<u>(187,192)</u>	<u>(410,638)</u>	<u>(136,481)</u>
Net Change in Total Pension Liability	1,797,114	12,065	(946,148)	1,618,597	109,503
Total Pension Liability - Beginning	<u>6,945,539</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>\$ 8,742,653</u>	<u>\$ 6,747,036</u>	<u>\$ 6,734,971</u>	<u>\$ 7,681,120</u>	<u>\$ 6,062,523</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 168,477	\$ 234,027	\$ 151,675	\$ 173,487	\$ 5,901
Contributions - Member	-	-	10,212	30,680	-
Net Investment Income	111,699	134,551	163,585	(42,659)	157,691
Benefit Payments, Including Refunds of Member Contributions	(191,595)	(188,719)	(187,192)	(410,638)	(136,481)
Administrative Expense	<u>(25,256)</u>	<u>(28,157)</u>	<u>(25,079)</u>	<u>(17,263)</u>	<u>(39,474)</u>
Net Change in Plan Fiduciary Net Position	63,325	151,702	113,201	(266,393)	(12,363)
Plan Fiduciary Net Position - Beginning	<u>3,017,437</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>\$ 3,080,762</u>	<u>\$ 2,924,397</u>	<u>\$ 2,772,695</u>	<u>\$ 2,659,494</u>	<u>\$ 2,925,886</u>
<b>Employer's Net Pension Liability</b>	<u>\$ 5,661,891</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	35.24%	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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 108,993	\$ 101,096	\$ 99,643	\$ 96,466	\$ 97,773
Interest	579,764	537,018	525,968	505,538	486,640
Differences Between Expected and Actual Experience	(63,466)	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>(371,520)</u>	<u>(316,553)</u>	<u>(291,298)</u>	<u>(247,697)</u>	<u>(226,190)</u>
Net Change in Total Pension Liability	253,771	860,038	159,229	283,612	272,380
Total Pension Liability - Beginning	<u>8,128,004</u>	<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>\$ 8,381,775</u>	<u>\$ 8,128,004</u>	<u>\$ 7,267,966</u>	<u>\$ 7,108,737</u>	<u>\$ 6,825,125</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 80,717	\$ 110,069	\$ 110,618	\$ 110,575	\$ 111,139
Contributions - Employee	51,236	50,032	48,359	43,725	49,586
Net Investment Income	1,283,492	(346,249)	1,081,505	429,237	31,538
Benefit Payments, Including Refunds of Member Contributions	(371,520)	(316,553)	(291,298)	(247,697)	(226,190)
Other (Net Transfer)	<u>64,918</u>	<u>111,774</u>	<u>(32,690)</u>	<u>50,549</u>	<u>(138,550)</u>
Net Change in Plan Fiduciary Net Position	1,108,843	(390,927)	916,494	386,389	(172,477)
Plan Fiduciary Net Position - Beginning	<u>7,079,719</u>	<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>\$ 8,188,562</u>	<u>\$ 7,079,719</u>	<u>\$ 7,470,646</u>	<u>\$ 6,554,152</u>	<u>\$ 6,167,763</u>
<b>Employer's Net Pension Liability</b>	<u>\$ 193,213</u>	<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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.69%	87.10%	102.79%	92.20%	90.37%
Covered-Valuation Payroll	\$ 1,122,639	\$ 1,111,814	\$ 1,025,200	\$ 971,663	\$ 948,288
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	17.21%	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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>					
Interest	\$ 5,849	\$ 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 Members Contributions	-	-	-	-	-
Net Change in Total Pension Liability	5,849	5,629%	5,237%	4,871%	4,529
Total Pension Liability - Beginning	<u>80,680</u>	<u>75,051</u>	<u>69,814</u>	<u>64,943</u>	<u>60,414</u>
Total Pension Liability - Ending	<u>\$ 86,529</u>	<u>\$ 80,680</u>	<u>\$ 75,051</u>	<u>\$ 69,814</u>	<u>\$ 64,943</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	-	-	-	-	-
Net Investment Income	24,577	(1,901)	20,959	9,881	717
Benefit Payments, Including Refunds of Member Contributions	-	-	-	-	-
Other (Net Transfer)	<u>(337)</u>	<u>476</u>	<u>(318)</u>	<u>282</u>	<u>(6,282)</u>
Net Change in Plan Fiduciary Net Position	24,240	(1,425)	20,641	10,163	(5,565)
Plan Fiduciary Net Position - Beginning	<u>167,275</u>	<u>168,700</u>	<u>148,059</u>	<u>137,896</u>	<u>143,461</u>
Plan Net Position - Ending	<u>\$ 191,515</u>	<u>\$ 167,275</u>	<u>\$ 168,700</u>	<u>\$ 148,059</u>	<u>\$ 137,896</u>
<b>Employer's Net Pension Liability</b>	<u>\$ (104,986)</u>	<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	221.33%	207.33%	224.78%	212.08%	212.33%
Covered-Valuation Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a					
Percentage of Covered-Valuation Payroll	0.00%	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, 2020

<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 Payroll</u>	<u>Actual Contributions as a Percentage of Covered-Employee Payroll</u>
2019	N/A	\$ -	0.00%	\$ 3,397,788	0.00%
2020	N/A	\$ -	0.00%	\$ 3,432,862	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, 2020

	<u>April 30, 2020</u>	<u>April 30, 2019</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 43,466	\$ 40,653
Interest	96,544	103,245
Changes of Benefit Term	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	299,668	29,932
Benefit Payments, Including Refunds of Member Contributions	<u>(235,604)</u>	<u>(217,410)</u>
Net Change in Total OPEB Liability	204,074	(43,580)
Total OPEB Liability - Beginning	<u>2,665,849</u>	<u>2,709,429</u>
Total OPEB Liability - Ending	<u><u>\$ 2,869,923</u></u>	<u><u>\$ 2,665,849</u></u>
<b>OPEB Plan Net Position</b>		
Contributions - Employer	\$ 235,604	\$ 217,410
Contributions - Member	-	-
Net Investment Income	-	-
Benefit Payments, Including Refunds of Member Contributions	(235,604)	(217,410)
Administrative Expense	<u>-</u>	<u>-</u>
Net Change in OPEB Fiduciary Net Position	-	-
OPEB Net Position - Beginning	<u>-</u>	<u>-</u>
OPEB Net Position - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Employer's Net OPEB Liability	<u><u>\$ 2,869,923</u></u>	<u><u>\$ 2,665,849</u></u>
OPEB Plan Net Position as a Percentage of the Total Pension Liability	0%	0%
Covered-Employee Payroll	\$ 3,432,862	\$ 3,397,788
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	83.60%	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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues:</b>			
Property Taxes	\$ 2,221,520	\$ 2,011,378	\$ (210,142)
Sales Taxes	1,493,500	1,640,498	146,998
Grants	-	7,923	7,923
Intergovernmental	2,384,881	2,293,834	(91,047)
Licenses, Permits, and Fees	632,983	645,680	12,697
Fines and Forfeits	1,020,215	1,003,005	(17,210)
Charges for Service:			
Golf Course	1,537,146	1,301,395	(235,751)
Interest	82,220	62,657	(19,563)
Other	288,644	82,852	(205,792)
Total Revenues	<u>9,661,109</u>	<u>9,049,222</u>	<u>(611,887)</u>
<b>Expenditures:</b>			
Current:			
General Government	728,016	504,367	(223,649)
Building Department	210,081	224,042	13,961
Boat Launch Department	45,558	4,726	(40,832)
Fire Protection	1,792,724	1,867,093	74,369
Police Department	4,141,131	4,155,127	13,996
Street and Bridge	905,431	855,474	(49,957)
Golf Course	1,453,522	1,226,179	(227,343)
Worth Lot	927	765	(162)
Federal Seizure	-	45,577	45,577
Capital Outlay	82,400	146,325	63,925
Debt Service:			
Principal	523,908	360,240	(163,668)
Interest and Other Charges	3,912	192,256	188,344
Total Expenditures	<u>9,887,610</u>	<u>9,582,171</u>	<u>(305,439)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,501)	(532,949)	(306,448)
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	-	17,500	17,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>17,500</u>	<u>17,500</u>
Net Change in Fund Balance	<u>\$ (226,501)</u>	(515,449)	<u>\$ (288,948)</u>
Fund Balance, Beginning of Year		<u>1,744,273</u>	
Fund Balance, End of Year		<u>\$ 1,228,824</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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>General Government:</b>			
Village President Salary	\$ 31,776	\$ 31,084	\$ (692)
Liquor Commissioner Salary	4,635	4,537	(98)
Clerk/Collector Salary	24,761	25,270	509
Trustees Salaries	40,479	39,300	(1,179)
Custodial Wages	3,605	3,331	(274)
Clerical Wages	36,344	29,164	(7,180)
Assistant Treasurer	53,984	52,386	(1,598)
Social Security/Medicare	14,962	14,115	(847)
Illinois Municipal Retirement Fund Contributions	10,893	9,250	(1,643)
Unemployment Taxes	-	66	66
Insurance Premiums	41,158	32,743	(8,415)
Professional Fees	29,767	23,970	(5,797)
Legal Fees	86,520	114,838	28,318
Programming Costs	17,510	17,569	59
Publication of Legal Notices	1,545	500	(1,045)
Travel Expenses for Village Officials	155	156	1
Officials Expenses	1,030	310	(720)
Employee Expenses	2,060	673	(1,387)
Training Education	2,060	1,200	(860)
Professional Memberships	14,935	8,089	(6,846)
Postage	3,605	1,580	(2,025)
Telephone Service	4,841	5,279	438
Utilities	3,502	3,555	53
License Application Expenses	258	109	(149)
Building Maintenance	60,049	7,210	(52,839)
Custodial Services	155	33	(122)
Machine Purchase Other	5,665	-	(5,665)
Repair and Maintenance	412	50	(362)
Computer Software	2,575	-	(2,575)
Purchase of Office Equipment	1,751	208	(1,543)
Computer Purchase	13,184	-	(13,184)
Maintenance Contracts	12,875	3,334	(9,541)
PATSE Transportation Services	1,133	555	(578)
Credit Card Charges	10,300	13,307	3,007
Filing Fees	1,030	666	(364)
Computer Repair and Maintenance	19,570	9,256	(10,314)
Office Expense	5,150	5,120	(30)
Printing Expense	979	1,362	383
Departmental Supplies	567	2,081	1,514
State Collection Fees	7,931	8,100	169

(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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Custodial Expense	\$ 1,545	\$ 1,819	\$ 274
Building Expense	412	195	(217)
Economic Development	32,960	11,235	(21,725)
Village Events Expense	258	110	(148)
DNR Fishing/Hunting	1,545	1,583	38
Miscellaneous Expense	-	528	528
Liability Insurance	12,010	17,539	5,529
Paying Agents Fee	361	688	327
Contingencies/Miscellaneous	105,214	314	(104,900)
Total General Government	<u>728,016</u>	<u>504,367</u>	<u>(223,649)</u>
<b>Building Department:</b>			
Building Commissioner Salary	21,855	20,833	(1,022)
Building Inspector Salary	19,570	31,745	12,175
Plumbing Inspector Salary	4,120	2,555	(1,565)
Electrical Inspector Salary	8,240	7,065	(1,175)
HVAC Inspector Salary	1,545	1,025	(520)
Clerical Staff Salary	42,046	41,145	(901)
Ordinance Officer Salary	40,404	40,397	(7)
Social Security/Medicare	10,540	11,290	750
Illinois Municipal Retirement Fund Contributions	7,499	9,066	1,567
Insurance Premiums	28,095	27,593	(502)
Professional Fees	11,845	12,420	575
Engineering Fees	515	2,693	2,178
Printing Expenses	258	1,441	1,183
Departmental Supplies	1,030	1,237	207
Telephone Service	515	1,403	888
Training and Education	412	35	(377)
Legal Notices	515	248	(267)
Legal Expenses	-	64	64
Maintenance - Equipment	-	1,347	1,347
Liability Insurance	9,491	8,534	(957)
Miscellaneous	1,586	1,906	320
Total Building Department	<u>210,081</u>	<u>224,042</u>	<u>13,961</u>
<b>Boat Launch Department:</b>			
Attendant/Custodian	824	117	(707)
Social Security/Medicare	63	9	(54)
Utilities	2,575	2,167	(408)
Maintenance	9,651	1,498	(8,153)
Equipment Rental	30,900	28	(30,872)
Miscellaneous	1,545	907	(638)
Total Boat Launch Department	<u>45,558</u>	<u>4,726</u>	<u>(40,832)</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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Fire Department:</b>			
Insurance Premiums	\$ 48,789	\$ 46,489	\$ (2,300)
Engineering Fees	53,560	-	(53,560)
Intergovernmental Agreement - Fire Services	<u>1,690,375</u>	<u>1,820,604</u>	<u>130,229</u>
Total Fire Department	<u>1,792,724</u>	<u>1,867,093</u>	<u>74,369</u>
<b>Police Department:</b>			
Clerical Salary	168,735	152,062	(16,673)
Chief Salary	128,750	123,236	(5,514)
Lieutenant Salary	109,829	107,674	(2,155)
Deputy Chief	238,447	229,566	(8,881)
Administrative Assistant Salary	47,195	41,792	(5,403)
Sergeants Salary	406,994	400,563	(6,431)
Officers Salary	1,441,047	1,435,678	(5,369)
Court Time Salary	20,600	11,146	(9,454)
Custodial Wages	5,253	4,997	(256)
Hearing Officer	10,300	10,570	270
Collection Fees	61,800	116,698	54,898
Vacation, Sick Leave, Overtime	211,150	208,198	(2,952)
Social Security/Medicare	54,220	54,631	411
Illinois Municipal Retirement Fund Contributions	7,303	10,521	3,218
Crossing Guards	41,200	41,282	82
Computer Repair and Maintenance	10,300	11,056	756
Professional Fees	25,750	24,848	(902)
Central Dispatch	321,360	328,660	7,300
Uniforms and Personal Equipment	32,546	22,231	(10,315)
Training Costs	20,600	11,625	(8,975)
Education Reimbursement	10,300	-	(10,300)
Travel	1,030	871	(159)
Employee Costs	14,420	9,575	(4,845)
Membership and Subscriptions	8,755	9,689	934
Office Supplies	10,300	7,212	(3,088)
Departmental Supplies	6,180	7,813	1,633
Taxes & Licenses	1,030	1,806	776
Filing Fees	618	-	(618)
Legal Fees	16,480	22,815	6,335
Postage	4,120	1,680	(2,440)
Telephone	12,360	13,693	1,333
Computer Software	4,119	-	(4,119)
Maintenance Contracts	7,210	4,483	(2,727)
Utilities	927	-	(927)
Custodial Supplies	2,575	3,254	679

(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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Prisoner Costs	\$ 1,236	\$ 1,344	\$ 108
Radio Purchase and Maintenance	5,150	3,994	(1,156)
Animal Warden Supplies	2,060	1,530	(530)
Printing Expense	2,575	4,612	2,037
Other Equipment Purchase	-	1,001	1,001
Maintenance - Vehicles	30,900	27,951	(2,949)
Fuel	36,050	30,581	(5,469)
Ammunition	4,120	4,014	(106)
Purchase of Vehicles	97,850	73,852	(23,998)
Crime Prevention	2,575	2,759	184
Building Maintenance	2,575	3,680	1,105
Bullet Proof Vests	5,150	7,245	2,095
Dental Insurance Premiums	8,310	7,565	(745)
Health Insurance Premiums	328,978	382,087	53,109
Life Insurance Premiums	2,058	1,882	(176)
HRA Reimbursements	24,720	29,509	4,789
Worker's Compensation Insurance	196,870	192,475	(4,395)
Confiscated Cash Expenditure	-	11,916	11,916
IPRF Grant Expenditure	5,150	6,494	1,344
Miscellaneous	3,399	4,606	1,207
Total Police Department	<u>4,223,529</u>	<u>4,229,022</u>	<u>5,493</u>
<b>Street and Bridge:</b>			
Clerical Salary	-	2,311	2,311
Street and Alley Labor	144,239	122,812	(21,427)
Summer Help	3,708	8,578	4,870
Vacation, Sick Leave, Overtime	-	57	57
Social Security/Medicare	11,561	10,929	(632)
Illinois Municipal Retirement Fund Contributions	10,599	11,060	461
Refuse Pickup	1,545	227	(1,318)
Professional Fees	1,545	1,735	190
Engineering Fees	61,800	64,312	2,512
Uniforms and Personal Equipment	3,348	1,915	(1,433)
Employment Costs	2,266	1,519	(747)
Membership and Subscriptions	258	40	(218)
Office Supplies	515	462	(53)
Street Sweeping	8,240	-	(8,240)
Departmental Supplies	5,150	4,464	(686)
Postage	1,030	2,125	1,095
Telephone	3,090	4,085	995
Utilities	30,900	31,878	978
Custodial Supplies	927	642	(285)
Material Purchases	21,630	19,508	(2,122)

(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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Street Signs	\$ 4,120	\$ 5,689	\$ 1,569
Street Light Construction and Energy	2,060	1,030	(1,030)
Tree Planting and Removal	25,750	20,650	(5,100)
Materials for Streets and Alleys	20,600	25,280	4,680
Maintenance Contracts	5,665	5,838	173
Repair Maintenance Equipment	28,325	10,914	(17,411)
Street Construction	308,046	331,592	23,546
Sidewalk Construction	-	3,675	3,675
Radio Purchases and Repairs	1,030	656	(374)
Equipment Rental	15,450	3,031	(12,419)
Maintenance - Vehicles	22,660	18,725	(3,935)
Fuel	7,004	8,635	1,631
Health Insurance Premiums	2,660	4,185	1,525
Other Insurance Premiums	17,861	37,433	19,572
Building Maintenance	1,545	2,077	532
Custodial Expense	515	426	(89)
Machine and Equipment Purchase	82,220	82,759	539
Hot Patch	20,600	186	(20,414)
Broken Asphalt Removal	3,605	1,479	(2,126)
Vehicle Rental	7,210	9,363	2,153
IPRF Safety Grant Expenditure	4,120	5,549	1,429
Miscellaneous Costs	12,034	11,388	(646)
Total Street and Bridge	<u>905,431</u>	<u>879,219</u>	<u>(26,212)</u>
<b>Golf Course Operations:</b>			
Payroll Expense	711,089	569,438	(141,651)
General Administration	-	355,439	355,439
Course and Grounds	584,100	73,076	(511,024)
Pro Shop	-	29,806	29,806
Food and Beverage	-	133,311	133,311
Range and Pro Shop	158,333	114,559	(43,774)
Total Golf Course Operations	<u>1,453,522</u>	<u>1,275,629</u>	<u>(177,893)</u>
<b>Federal Seizure:</b>			
Computer Purchase	-	4,498	4,498
Grant Expense	-	7,500	7,500
Furniture Purchase	-	715	715
Equipment Purchase	-	28,219	28,219
Other Expenses	-	4,645	4,645
Total Federal Seizure	<u>-</u>	<u>45,577</u>	<u>45,577</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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Worth Lot:</b>			
Utilities	\$ 927	\$ 765	\$ (162)
<b>Debt Service:</b>			
Golf Course Principal	472,416	269,706	(202,710)
Bond Principal	51,492	49,992	(1,500)
Lease Principal	-	40,542	40,542
Interest	3,912	192,256	188,344
Total Debt Service	<u>527,820</u>	<u>552,496</u>	<u>24,676</u>
Total Expenditures	<u>\$ 9,887,608</u>	<u>\$ 9,582,171</u>	<u>\$ (305,437)</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  
 Motor Fuel Tax Fund  
 Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
<b>Revenues</b>			
Intergovernmental	\$ 282,280	\$ 402,807	\$ 120,527
Interest	-	5,767	5,767
Total Revenues	<u>282,280</u>	<u>408,574</u>	<u>126,294</u>
<b>Expenditures</b>			
Motor Fuel Tax Project	207,437	190,328	(17,109)
Debt Service:			
Principal	25,239	24,504	(735)
Interest	1,740	1,690	(50)
Total Expenses	<u>234,416</u>	<u>216,522</u>	<u>(17,894)</u>
Net Change in Fund Balance	<u>\$ 47,864</u>	192,052	<u>\$ 144,188</u>
Fund Balance, Beginning of Year		<u>176,799</u>	
Fund Balance, End of Year		<u>\$ 368,851</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, 2020

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Property Taxes	\$ -	\$ 40,251	\$ 40,251
Total Revenues	<u>-</u>	<u>40,251</u>	<u>40,251</u>
<b>Expenditures</b>			
Professional Fees	<u>3,090</u>	<u>252,350</u>	<u>249,260</u>
Total Expenses	<u>3,090</u>	<u>252,350</u>	<u>249,260</u>
Net Change in Fund Balance	<u>\$ (3,090)</u>	(212,099)	<u>\$ (209,009)</u>
Fund Balance, Beginning of Year		<u>358,069</u>	
Fund Balance, End of Year		<u>\$ 145,970</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, 2020

**1. Stewardship, Compliance, and Accountability**

A. Budgetary Information

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

The Village Board follows these procedures in establishing the budgetary data reflected in the financial 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 2020, no supplemental budgetary appropriations were made.

B. Excess of Expenditures over Budget.

The Village had the following fund have an excess of actual expenditures over budgeted amounts for the year ended April 30, 2020.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Budget over Actual</u>
TIF	\$ 3,090	\$ 252,350	\$ 249,260

**2. Actuarial Assumptions – Pension Plans**

For the Police Pension Plan, the actuarial assumptions used for determining the contribution rate for 2020 are as follows.

Valuation Date:	May 1, 2020
Actuarial Cost Method:	Entry-age, normal
Amortization Method:	Level % Pay (Closed)
Remaining Amort. Period:	Varies
Asset Valuation Method:	5-Year Smoothed Market Value
Investment Return:	6.75%
Projected Salary Increases:	3.25% - 17.63%
Inflation:	2.25%
Mortality:	Pub-2010 Adjusted for Plan Status

VILLAGE OF WORTH, ILLINOIS

Notes to the Required Supplementary Information  
For the Fiscal Year Ended April 30, 2020

**2. Actuarial Assumptions - Pension Plans (continued)**

For the Fire Pension Plan, the actuarial assumptions used for determining the contribution rate for 2020 are as follows.

Valuation Date:	May 1, 2020
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level Dollar
Remaining Amort. Period:	5.4 Years
Asset Valuation Method:	5-Year Smoothing
Investment Return:	5.50%
Projected Salary Increases:	N/A
Inflation:	2.25%
Mortality:	Pub-2010 Adjusted for Plan Status

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

Valuation Date:	December 31, 2019
Actuarial Cost Method:	Aggregate Entry-age, normal
Amortization Period:	Level percentage of payroll
Remaining Amort. Period:	24- year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Investment Return:	7.50%
Projected Salary Increases:	3.35% to 14.25% including inflation
Inflation:	2.50%
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 2020 Contribution Rate – Postretirement Health Plan**

For the OPEB Plan, methods and assumptions used to determine the 2020 contribution rates for 2020 are as follows:

Valuation Date	April 30, 2020
Discount Rate:	2.56%
Investment Rate of Return:	7.5%
Remaining Amortization Period:	10-year rolling period
Wage Growth:	3.0%
Price Inflation:	5% approximate. No explicit price inflation
Retirement Age:	Varies
Health Care Trend Rates	5.00% to 7.10%
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed Valuations	<u>\$155,093,264</u>	<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>
Tax Rates:								
General	0.3803	0.3709	0.3481	0.4005	0.4250	0.4351	0.3920	0.3504
Street and Bridge	0.0870	0.0848	0.0796	0.0916	0.0971	0.0995	0.0968	0.0963
Police Protection	0.0775	0.1119	0.1050	0.2851	0.2908	0.3013	0.3234	0.3489
Fire Protection	0.3503	0.3466	0.3253	0.3413	0.3913	0.3713	0.3320	0.3342
Liability Insurance	0.0878	0.0856	0.0803	0.0924	0.0943	0.0884	0.0791	0.0936
Police Pension	0.8209	0.7642	0.7171	0.6607	0.6738	0.6031	0.5464	0.4150
Fire Pension	0.1175	0.1036	0.1030	0.1516	0.1114	0.1002	0.0362	0.0054
Debt Service	<u>0.2985</u>	<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>
Total	<u>2.2198</u>	<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>
Tax Extensions:								
General	\$ 589,819	\$ 578,071	\$ 562,850	\$ 549,271	\$ 561,713	\$ 589,541	\$ 577,924	\$ 557,692
Street and Bridge	134,931	132,166	128,706	125,626	128,335	134,818	142,711	153,270
Police Protection	120,197	174,403	169,776	391,004	384,344	408,248	476,787	555,305
Fire Protection	543,291	540,198	525,984	468,081	517,173	503,095	489,466	531,909
Liability Insurance	136,171	133,413	129,838	126,723	124,634	119,778	116,616	148,972
Police Pension	1,273,160	1,191,055	1,159,493	906,127	890,547	817,174	805,555	660,509
Fire Pension	182,309	170,494	166,479	207,857	147,247	135,776	53,300	8,605
Debt Service	<u>462,998</u>	<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>
	3,442,876	3,381,447	3,300,559	3,277,498	3,260,792	3,212,447	3,163,226	3,118,021
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>\$ 3,464,876</u>	<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>
Tax Collections	\$ 1,738,855	\$ 3,187,905	\$ 3,224,733	\$ 3,209,589	\$ 3,218,555	\$ 3,062,908	\$ 2,805,485	\$ 2,680,007
Percent Collections	<u>50.19%</u>	<u>93.67%</u>	<u>97.06%</u>	<u>97.28%</u>	<u>98.04%</u>	<u>94.70%</u>	<u>88.08%</u>	<u>85.35%</u>

VILLAGE OF WORTH, ILLINOIS

Schedule of Debt Service Requirements  
April 30, 2020

	Year Ended April 30,	Principal	Interest	Total
General Obligation Refunding Bonds				
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	425,000	17,000	442,000
		<u>\$ 4,655,000</u>	<u>\$ 1,504,300</u>	<u>\$ 6,159,300</u>
General Obligation				
Limited Tax Bonds, Series 2012				
Dated February 8, 2012	2021	\$ 77,600	2,716	80,316
and June 1 at rates				
between 2.00% and 3.50%				
Paying Agent: Amalgamated Bank		<u>\$ 77,600</u>	<u>\$ 2,716</u>	<u>\$ 80,316</u>
of Chicago				

VILLAGE OF WORTH, ILLINOIS

Information Required By Revenue Bond Ordinance  
(Unaudited)  
April 30, 2020

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	300,072,000	100%
Gallage billed	<u>266,665,000</u>	<u>89%</u>
Gallage lost and/or unaccounted for	33,407,000	11%

Insurance coverage data:

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

## **OTHER REPORT**



**HEARNE & ASSOCIATES, P.C.**

Certified Public Accountants & Business Consultants

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

Matthew R. Truschka, Acct.

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

February 17, 2021

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

We have examined management's assertion, included in its representation letter dated February 17, 2021 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, 2020. 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, 2020 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