

CITY OF DARIEN, ILLINOIS
ANNUAL FINANCIAL REPORT
For the Year Ended
April 30, 2013

Prepared by the General Administration Department

Michael J. Coren
City Treasurer

CITY OF DARIEN, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials	i
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5-6
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	10
Proprietary Funds	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position.....	12
Statement of Cash Flows	13

CITY OF DARIEN, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Statement of Fiduciary Net Position.....	14
Statement of Changes in Fiduciary Net Position.....	15
Notes to Financial Statements	16-42

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	43
Schedule of Funding Progress	
Illinois Municipal Retirement Fund	44
Police Pension Fund	45
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	46
Police Pension Fund	47
Notes to Required Supplementary Information	48

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual - General Fund.....	49-50
Schedule of Expenditures - Budget and Actual - General Fund	51-55
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Capital Improvement Fund.....	56

CITY OF DARIEN, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES (Continued)

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	59
Special Service Area Fund	60
Debt Service Fund	61

MAJOR ENTERPRISE FUND

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water Operations Fund	62-63
--	-------

FIDUCIARY FUNDS

Schedule of Changes in Net Fiduciary Position	
Police Pension Fund.....	64
Combining Schedule of Changes in Assets and Liabilities - Agency Funds.....	65

SUPPLEMENTAL DATA

Long-Term Debt Requirements	
General Obligation Water Bonds, Series 2006	66
General Obligation Bonds, Series 2007B	67
General Obligation Bonds, Series 2008	68
General Obligation Refunding Bonds, Series 2012.....	69

INTRODUCTORY SECTION

CITY OF DARIEN, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2013

MAYOR

Kathleen Moesle Weaver

CITY COUNCIL

Ted Schauer

Tina Beilke

Joe Kenny

Joerg Seifert

Joseph A. Marchese

Sylvia McIvor

Thomas J. Belczak

CITY TREASURER

Michael J. Coren

CITY CLERK

Joanne Ragona

CITY ATTORNEY

John B. Murphy

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Darien, 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 City of Darien, Illinois (the City) as of and for the year ended April 30, 2013 and the related notes to financial statements, which collectively comprise the City'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.

Auditor's 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 of 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 City'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 City'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.

Opinion

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 City of Darien, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended April 30, 2013. Statement No. 63 added new classifications on the statements of position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of position to the new classifications contained in Statement No. 63. The adoption of this statement had no effect on any of the City's net positions or fund balances as of and for the year ended April 30, 2013, except as disclosed in Note 13.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and supplemental data as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion based on our audit and the procedures performed as described above, the information is fairly stated in all

material respects in relation to the financial statements as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City basic financial statements for the year ended April 30, 2012, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statement as a whole. The schedules of revenues, expenditures and changes in fund balance - budget and actual, related to the 2012 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 schedules of revenues, expenditures and changes in fund balances - budget and actual are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The introductory section and supplemental data 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.

Naperville, Illinois
September 24, 2013

Sibik LLP

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Darien, we offer readers of Darien's financial statements this narrative overview and analysis of the financial activities of the City of Darien for the fiscal year ended April 30, 2013. Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, which can be found on pages iii to vi in this report and the City's financial statements.

The City of Darien's MD&A is also designed to assist the reader in focusing on significant financial issues, provide an overview of financial activities, identify current changes, address the subsequent year's challenges, identify material deviations from the financial plan (approved budgets), and identify issues with individual funds.

FINANCIAL HIGHLIGHTS

- ❑ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$22.75 million (net position).
- ❑ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.80 million, an increase of \$2.6 million in comparison with the prior year. The increase in fund balance was from increased revenue from various tax line items as well as decreased spending. Approximately \$7.75 million is available for spending at the government's discretion (unrestricted fund balance).
- ❑ At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$ 4.63 million, or 45 percent of the total General Fund expenditures. This will allow the City to transfer \$2.9 million to the Capital Projects Fund in FYE 14.
- ❑ The City's total debt decreased by \$422 thousand during the current year to \$8.3 million. The City's debt increased by \$154 thousand due to compensated absences and net pension obligations. The City's debt also increased by \$167 thousand for unamortized bond premium. The City's debt decreased by \$773 thousand due to payments made for general obligations.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Darien's finances, in a manner similar to a private-sector business, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities present the functions of the City that are principally supported by taxes and intergovernmental revenues. Business-type activities present the functions that are intended to recover all or a significant portion of their costs through user fees and charges. The City's governmental activities include functions like general government, public safety, and public works. The City's water department is included as a business-type activity.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other units of government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources; as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds and merged two funds with little activity into the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Improvements both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

The City adopts an annual budget for each of the major funds listed above. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's proprietary funds present the activities and balances in the Water Fund, which is considered to be a major fund, using the accrual basis of accounting and economic resources measurement focus. Proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary funds reflect the private-sector type operation, where the fee for service typically covers all or most of the cost of operation and maintenance including depreciation.

Fiduciary funds are used to account for resources held for the benefit of parties outside the city. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and various fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's contributions and funding progress of the Illinois Municipal Retirement Fund and Police Pension Funds; as well as, budget to actual comparisons of the funds. Supplementary schedules include combining and individual fund schedules of all non-major funds and fiduciary funds.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position As of April 30, 2013 (In millions of dollars)									
	<u>Governmental</u> <u>Activities</u>			<u>Business-Type</u> <u>Activities</u>			<u>Government</u> <u>Total</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Current and other assets	11.34	9.12	2.22	2.84	2.36	0.48	14.18	11.48	2.70
Capital assets	<u>12.99</u>	<u>15.12</u>	<u>(2.13)</u>	<u>6.63</u>	<u>7.07</u>	<u>(0.16)</u>	<u>19.90</u>	<u>22.19</u>	<u>(2.29)</u>
<i>Total Assets</i>	<u>24.33</u>	<u>24.24</u>	<u>.09</u>	<u>9.75</u>	<u>9.43</u>	<u>0.32</u>	<u>34.08</u>	<u>33.67</u>	<u>0.61</u>
Deferred Outflow of Resources	-	-	-	.26	-	.26	.26	-	-
Total assets and Deferred Outflow of Resources	<u>24.33</u>	<u>24.24</u>	<u>.09</u>	<u>9.75</u>	<u>9.43</u>	<u>.26</u>	<u>34.18</u>	<u>33.67</u>	<u>.51</u>
Long-term liabilities	4.20	4.76	(.56)	3.15	3.09	.06	7.35	7.85	(.50)
Other liabilities	<u>1.71</u>	<u>3.65</u>	<u>(.33)</u>	<u>.66</u>	<u>.56</u>	<u>.10</u>	<u>3.96</u>	<u>4.21</u>	<u>(.25)</u>
<i>Total Liabilities</i>	<u>5.91</u>	<u>8.41</u>	<u>(.89)</u>	<u>3.81</u>	<u>3.65</u>	<u>(.16)</u>	<u>9.72</u>	<u>12.06</u>	<u>(0.75)</u>
Deferred Inflows of Resources	1.61	-	1.61	-	-	-	1.61	-	1.61
<i>Total Liabilities and Deferred Inflows of Resources</i>	7.52	8.41	(.89)	3.81	3.65	(.16)	11.33	12.06	1.61
<i>Net position</i>									
Net investment in capital Assets.	8.70	10.15	(1.45)	3.41	3.86	(.45)	12.11	14.01	(1.90)
Restricted	.33	.25	.08	0.00	0.00	0.00	.33	.25	0.08
Unrestricted	<u>7.87</u>	<u>5.44</u>	<u>2.34</u>	<u>2.53</u>	<u>1.93</u>	<u>0.60</u>	<u>10.40</u>	<u>7.37</u>	<u>3.03</u>
<i>Total Net Position</i>	<u>16.90</u>	<u>15.84</u>	<u>0.97</u>	<u>5.94</u>	<u>5.79</u>	<u>0.15</u>	<u>22.84</u>	<u>21.63</u>	<u>1.21</u>

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

Normal Impacts

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

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

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

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term 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 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 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

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. In the case of the City of Darien, total net position increased approximately \$1.21 million from \$21.63 million to \$22.84 million. The City of Darien has a goal to maintain a specific level of fund balance and when it is projected that the amount is increasing, fund balance is used to cover expenditures rather than raise revenue. The City of Darien total assets equal \$34.18 million. The City of Darien total liabilities equal \$11.33 million.

The City of Darien's assessed property tax rate was .2208. The City of Darien's portion of a resident's tax bill is approximately 3.50% of their total tax bill. The City of Darien's property taxes remain relatively lower than other municipalities within DuPage County.

A portion of the net position of the governmental activities is restricted for street maintenance, road improvements, and special assessments. The unrestricted combined balance, for both governmental and business type activities, of \$10.40 million may be used to meet the ongoing City obligations to their citizens and creditors. All net asset categories show positive balances at yearend.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

Condensed Statement of Activities									
As of April 30, 2012									
(In millions of dollars)									
	<u>Governmental</u>			<u>Business-Type</u>			<u>Government</u>		
	<u>Activities</u>			<u>Activities</u>			<u>Total</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues:									
<i>Program Revenues:</i>									
Charges for Services	2.05	\$2.10	(0.05)	5.75	4.59	1.16	6.69	6.69	.46
Operating Grants and Contributions	.63	.86	(.23)	-	-	-	.86	.86	.20
<i>General Revenues:</i>									
Property taxes	2.34	2.33	0.01	-	-	-	2.33	2.33	.02
Other Taxes	9.71	9.46	0.25	-	-	-	9.46	9.46	.41
Other General Revenues	<u>0.23</u>	<u>.16</u>	<u>.07</u>	<u>0.03</u>	<u>.02</u>	<u>.01</u>	<u>.08</u>	<u>.18</u>	<u>(.10)</u>
Total Revenues	14.96	14.91	0.05	5.78	4.61	1.17	20.74	19.52	1.22
Expenses:									
Administration	1.28	1.58	(0.30)	-	-	-	1.58	1.58	.02
Public Works	4.98	1.69	3.29	-	-	-	1.69	1.69	(.58)
Public Safety	7.44	10.36	(2.92)	-	-	-	10.36	10.36	.81
Interest and Fees	0.17	.20	(.03)	-	-	-	.20	.20	.06
Water	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>5.60</u>	<u>4.67</u>	<u>.93</u>	<u>4.67</u>	<u>4.67</u>	<u>.35</u>
Total Expenses	13.87	13.83	.04	5.60	4.67	.93	19.47	18.50	.97
Increase (Decrease) in Net Position Before Prior Period Adjustment	1.08	1.08	0.00	0.18	(.06)	.24	1.26	1.02	.24
Prior Period Adjustment	<u>(.02)</u>	<u>(1.38)</u>	<u>(1.40)</u>	<u>(.02)</u>	<u>0.00</u>	<u>(.02)</u>	<u>(.04)</u>	<u>(1.38)</u>	<u>1.34</u>
Change in Net Position	1.06	(.30)	.76	0.16	(.06)	.22	1.22	.36	1.58
Net Position, Beginning of Year	<u>15.84</u>	<u>16.14</u>	<u>0.30</u>	<u>5.78</u>	<u>5.85</u>	<u>(0.07)</u>	<u>21.62</u>	<u>21.99</u>	<u>(.37)</u>
Net Position, End of Year	16.90	\$15.84	1.06	5.94	\$5.79	.15	22.84	21.63	1.21

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state sales, replacement and hotel/motel tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in City approved rates – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (water, home rule sales tax, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the City's investments may be affected by market conditions causing investment income to increase/decrease.

Expenses

Introduction of new programs – within the functional expense categories (general government, public safety, public works, and community development), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the City.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

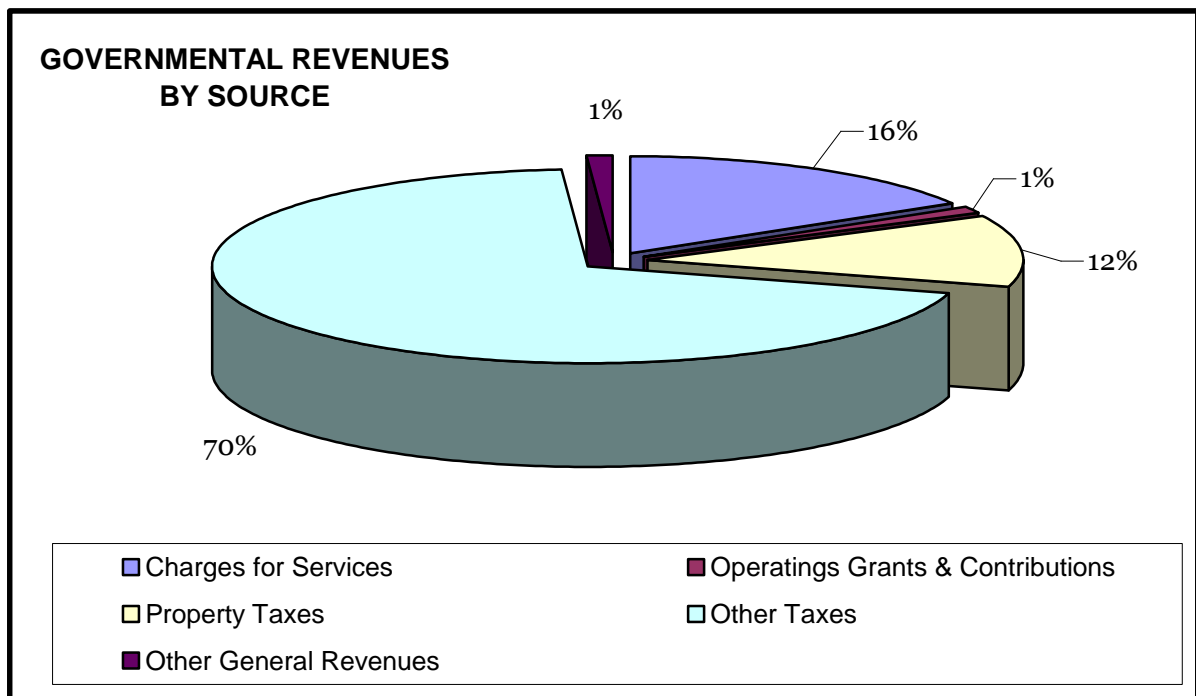
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

Current Year Impacts

The Governmental Activities experienced an decrease in revenue of \$.45 million and an increase in spending along with a prior period adjustment resulting in an increase in net position of \$.97 million compared to total net position of \$15.84 million in the prior fiscal year.

GOVERNMENTAL ACTIVITIES



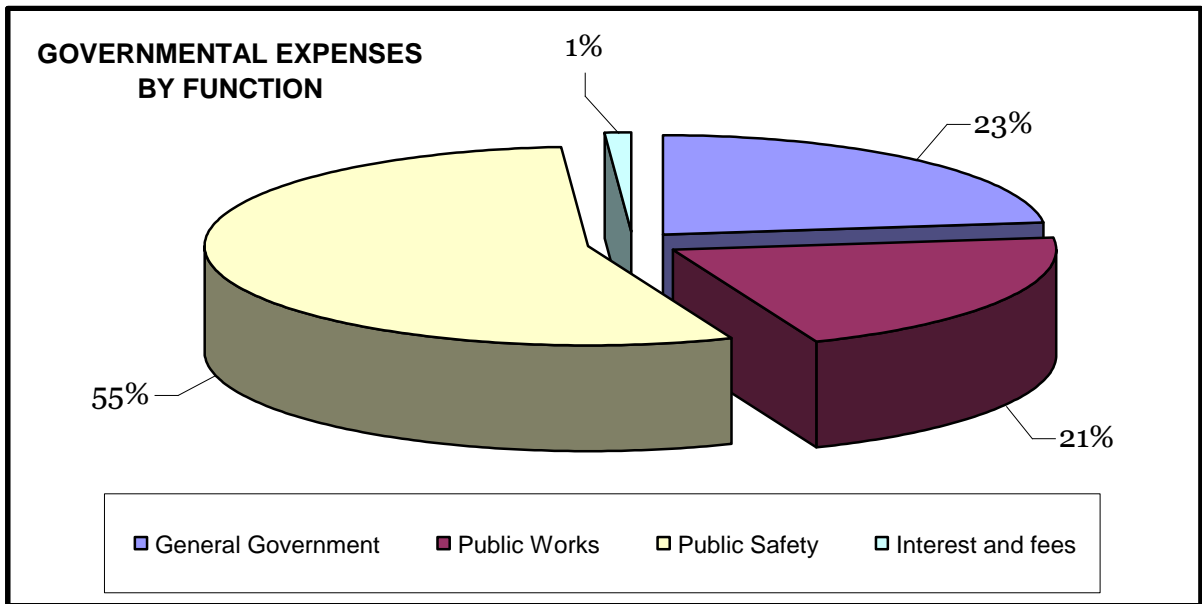
CITY OF DARIEN

Management's Discussion and Analysis

For the Year Ended April 30, 2013

Revenues

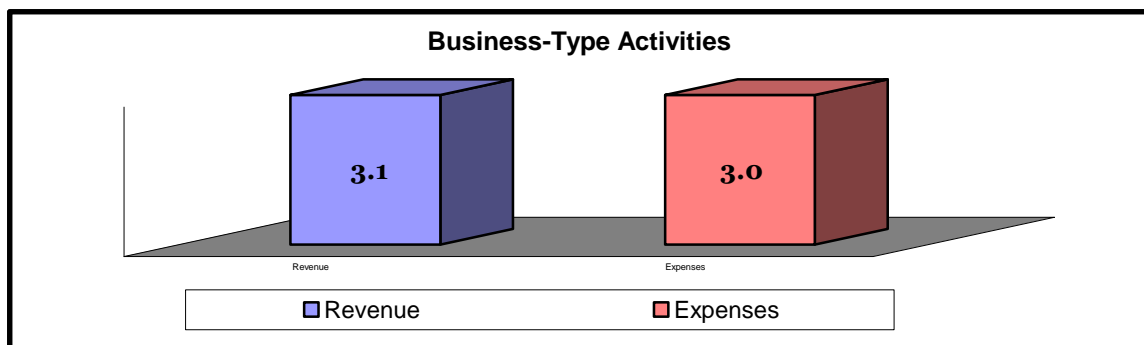
The City of Darien experienced a decrease in total revenue for this fiscal year. This decrease in revenues amounted to \$.45 million. (see page 7 of MD&A)The decrease was insignificant.



Expenses

The City of Darien's overall expenses in the current fiscal year increased over the previous year, \$.14 million.

Business Type Activities



CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

The Business-Type activity of the City of Darien includes the Water Department. The Water Department serves the city residents and businesses; Pricing of water is based on fee determined by the supplier of water, the DuPage Water Commission. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The operating revenues of the Water Department increased by \$1.16 million in comparison to the prior year, due to increased demand by consumers and the addition of new customers that were added on to the system.

The City pays all of the general expenses from the general fund and on an annual basis transfers \$250 thousand from its Water Department to the General Fund. Operating expenses increased \$.91 million for this fiscal year for various reasons including personnel costs. The increase was also the result of increases in contractual and material supply expenses for the water system as well as the additional customers and the increased water rates from the City of Chicago.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Darien uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the City of Darien's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Darien financing requirements.

The City of Darien's major funds include; the General Fund, Motor Fuel Tax Fund, Capital Improvement and Debt Service Fund.

At the end of the current fiscal year, the City of Darien's governmental funds reported a combined (major and non-major) ending fund balance of \$8.80 million; an increase of \$2.59 million over fiscal 2012.

The fund balance of the City of Darien's general fund increased by \$562 thousand to \$4.67 million during the current fiscal year. (see page 42 of Financial Statements)

GENERAL FUND BUDGETARY HIGHLIGHTS

The city was able to transfer \$2,800,000 from its General Fund to the Capital Projects Fund while still maintaining adequate Fund balance.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At the end of fiscal 2013, the City of Darien had total capital assets (net of accumulated depreciation) of \$19.72 million, invested in a broad range of capital assets including police and public works equipment, buildings, water facilities, roads, streets, and sewer lines. The total decrease in the City's capital assets for the current year was \$2.47 million. The City sold a piece of property that used to be rented out to a private company. For more detailed information see note 4. Capital Assets, page 28 & 29.

Debt Administration

The debt administration discussion covers two types of debt reported by the City's financial statements. The City's governmental activities include the note payable and a general obligation bond issuance for the acquisition and construction of major capital facilities. Overall, the City's governmental activities report a total debt of \$4.27 million. The City began the fiscal year with a balance of \$4.95 million in debt.

In the City's business-type activities a total debt of \$3.16 million is reported. Debt was reduced in the City business-type activity during 2013 by \$70 thousand due to a refunding of debt the City entered into during the year. The business activity debt is paid primarily by revenues generated by the Water Department's sale of water fee for service. The revenue bonds of the business-type activity are obligations of the business-type activity only and are used for infrastructure and building improvements to the system. (More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.)

FACTORS BEARING ON THE CITY'S FUTURE

The general economic conditions of DuPage County, Cook County, and the Chicago metropolitan statistical area are affected by the national economic downturn. The unemployment rate for the most recent period available for this year is 8.9% County-wide (Local Area Unemployment Statistics LAUS web site). The City's future is also affected by the sales tax base, which can vary based upon the vacancy rate of the local retail establishments, which are affected by the national economy.

The City's expenditures are comprised mostly of salaries and benefits. The City of Darien, along with all other municipalities, is also struggling to deal with the seemingly endless double-digit annual percentage increases in the premium cost of health insurance. Other factors bearing on the City's future include increases in water rates charged, and the general state of the economy. All of the local economic factors, revenue projections, and analysis of the City's expenditures are factored in the future fiscal budget plans.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2013

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, and creditors with a general overview of the City's finances; as well as, to demonstrate the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City Hall:

Bryon Vana
City Administrator
1702 Plainfield Road
Darien, Illinois 60561

CITY OF DARIEN, ILLINOIS
STATEMENT OF NET POSITION

April 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 7,488,513	\$ 987,815	\$ 8,476,328
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,613,707	-	1,613,707
Accounts	-	1,759,407	1,759,407
Intergovernmental	1,861,632	-	1,861,632
Other	261,566	-	261,566
Net pension asset	186,567	-	186,567
Inventories	30,313	-	30,313
Capital assets not being depreciated	3,690,198	100,000	3,790,198
Capital assets being depreciated	9,296,803	6,634,419	15,931,222
Total assets	24,429,299	9,481,641	33,910,940
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	264,119	264,119
Total assets and deferred outflows of resources	24,429,299	9,745,760	34,175,059
LIABILITIES			
Accounts payable	426,699	392,682	819,381
Accrued payroll	271,132	26,251	297,383
Accrued interest payable	61,017	37,206	98,223
Deposits payable	128,420	-	128,420
Other payables	2,317	-	2,317
Darien Helping Darien Fund	1,182	-	1,182
DTC maintenance escrow	10,000	-	10,000
Noncurrent liabilities			
Due within one year	807,635	202,971	1,010,606
Due in more than one year	4,202,654	3,147,051	7,349,705
Total liabilities	5,911,056	3,806,161	9,717,217
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	1,613,707	-	1,613,707
Total liabilities and deferred inflows of resources	7,524,763	3,806,161	11,330,924
NET POSITION			
Net investment in capital assets	8,702,693	3,412,338	12,115,031
Restricted for			
Special service area	8,932	-	8,932
Public safety	19,791	-	19,791
Highways and streets	292,709	-	292,709
Debt service	7,860	-	7,860
Unrestricted	7,872,551	2,527,261	10,399,812
TOTAL NET POSITION	\$ 16,904,536	\$ 5,939,599	\$ 22,844,135

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,277,504	\$ 1,281,212	\$ -	\$ -
Highways and streets	4,984,857	503,549	628,476	-
Public safety	7,440,979	261,953	1,005	-
Interest and fiscal charges on long-term debt	170,986	-	-	-
Total governmental activities	13,874,326	2,046,714	629,481	-
Business-Type Activities				
Water operations	5,599,619	5,751,739	-	-
Total business-type activities	5,599,619	5,751,739	-	-
TOTAL PRIMARY GOVERNMENT	\$ 19,473,945	\$ 7,798,453	\$ 629,481	\$ -

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ 3,708	\$ -	\$ 3,708
	(3,852,832)	-	(3,852,832)
	(7,178,021)	-	(7,178,021)
	(170,986)	-	(170,986)
	(11,198,131)	-	(11,198,131)
	-	152,120	152,120
	-	152,120	152,120
	(11,198,131)	152,120	(11,046,011)
General Revenues			
Taxes			
Property	2,340,611	-	2,340,611
Sales	5,013,078	-	5,013,078
Local use	351,018	-	351,018
Telecommunications	914,897	-	914,897
Utility	1,115,615	-	1,115,615
Amusement	78,534	-	78,534
Hotel/motel	48,722	-	48,722
Road and bridge	193,771	-	193,771
Intergovernmental			
Replacement tax	5,727	-	5,727
Income tax	1,990,401	-	1,990,401
Other	92,860	-	92,860
Investment income	84,224	18,592	102,816
Miscellaneous	53,218	9,151	62,369
Total	12,282,676	27,743	12,310,419
CHANGE IN NET POSITION	1,084,545	179,863	1,264,408
NET POSITION, MAY 1	15,835,242	5,785,560	21,620,802
Prior period adjustment	(15,251)	(25,824)	(41,075)
NET POSITION, MAY 1, RESTATED	15,819,991	5,759,736	21,579,727
NET POSITION, APRIL 30	\$ 16,904,536	\$ 5,939,599	\$ 22,844,135

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2013

	General	Capital Improvements	Nonmajor	Total
ASSETS				
Cash and cash equivalents	\$ 3,140,599	\$ 4,035,062	\$ 312,852	\$ 7,488,513
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	1,115,307	-	498,400	1,613,707
Intergovernmental	1,823,650	-	37,982	1,861,632
Other	261,566	-	-	261,566
Due from other funds	22,692	-	-	22,692
Inventory	30,313	-	-	30,313
TOTAL ASSETS	\$ 6,394,127	\$ 4,035,062	\$ 849,234	\$ 11,278,423
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 194,761	\$ 223,965	\$ 7,973	\$ 426,699
Accrued payroll	271,132	-	-	271,132
Deposits payable	128,420	-	-	128,420
Other payables	2,317	-	-	2,317
Due to other funds	-	-	22,692	22,692
Darien Helping Darien Fund	1,182	-	-	1,182
DTC maintenance escrow	10,000	-	-	10,000
Total liabilities	607,812	223,965	30,665	862,442
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	1,115,307	-	498,400	1,613,707
Total liabilities and deferred inflows of resources	1,723,119	223,965	529,065	2,476,149
FUND BALANCES				
Nonspendable				
Inventory	30,313	-	-	30,313
Restricted				
Special service area	-	-	8,932	8,932
Public safety	9,123	-	10,668	19,791
Highways and streets	-	-	292,709	292,709
Debt service	-	-	7,860	7,860
Unrestricted				
Assigned				
Capital improvements	-	3,811,097	-	3,811,097
Unassigned				
General Fund	4,631,572	-	-	4,631,572
Total fund balances	4,671,008	3,811,097	320,169	8,802,274
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,394,127	\$ 4,035,062	\$ 849,234	\$ 11,278,423

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

For the Year Ended April 30, 2013

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 8,802,274
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	12,987,001
Net pension asset is shown as an asset on the statement of net position	186,567
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(3,945,000)
Notes payable	(322,966)
Compensated absences payable	(680,899)
Net pension obligation	(45,082)
Unamortized premiums on long-term debt are other financing sources in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	(16,342)
Accrued interest payable is not recorded in governmental funds but is recorded on the statement of net position	<u>(61,017)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 16,904,536</u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2013

	General	Capital Improvements	Nonmajor	Total
REVENUES				
Taxes	\$ 3,993,543	\$ 203,097	\$ 501,237	\$ 4,697,877
Licenses and permits	1,034,776	-	-	1,034,776
Intergovernmental	7,448,362	-	634,266	8,082,628
Charges for services	681,129	83,111	-	764,240
Investment income	24,008	54,124	6,092	84,224
Miscellaneous	295,126	-	-	295,126
Total revenues	13,476,944	340,332	1,141,595	14,958,871
EXPENDITURES				
Current				
General government	1,588,177	-	-	1,588,177
Highways and streets	1,620,121	52,278	560,168	2,232,567
Public safety	6,768,914	-	926	6,769,840
Capital outlay	-	2,889,043	-	2,889,043
Debt service				
Principal	160,500	130,000	390,000	680,500
Interest and fiscal charges	4,592	72,622	104,375	181,589
Total expenditures	10,142,304	3,143,943	1,055,469	14,341,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,334,640	(2,803,611)	86,126	617,155
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,800,000	-	2,800,000
Transfers (out)	(2,800,000)	-	-	(2,800,000)
Proceeds from sale of assets	27,842	1,950,000	-	1,977,842
Total other financing sources (uses)	(2,772,158)	4,750,000	-	1,977,842
NET CHANGE IN FUND BALANCES	562,482	1,946,389	86,126	2,594,997
FUND BALANCES, MAY 1	4,108,526	1,864,708	234,043	6,207,277
FUND BALANCES, APRIL 30	\$ 4,671,008	\$ 3,811,097	\$ 320,169	\$ 8,802,274

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,594,997
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	300,653
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(836,998)
Proceeds from the disposal of capital assets is reported in the governmental funds, but gain or loss on the disposal of capital assets is calculated and reported in the statement of activities	(1,598,138)
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	680,500
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	7,335
Certain costs associated with the issuances of bonds are deferred and amortized over the life of the bonds on the statement of activities:	
Premium on issuance	3,268
The change in compensated absences payable is shown as an expense on the statement of activities	(179,567)
The change in the net pension obligation is shown as an expense on the statement of activities	1,811
The change in the net pension asset is shown as a reduction of expense on the statement of activities	<u>110,684</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,084,545</u></u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2013

	Business-Type Activities Water Operations
CURRENT ASSETS	
Cash and cash equivalents	\$ 987,815
Receivables (net, where applicable, of allowances for uncollectibles)	
Water - billed	812,858
Water - unbilled	946,549
Total current assets	2,747,222
NONCURRENT ASSETS	
Capital assets	
Assets not being depreciated	100,000
Assets being depreciated	
Cost	15,806,540
Accumulated depreciation	(9,172,121)
Net capital assets being depreciated	6,634,419
Total noncurrent assets	6,734,419
Total assets	9,481,641
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on refunding	264,119
Total assets and deferred outflows of resources	9,745,760
CURRENT LIABILITIES	
Accounts payable	392,682
Accrued payroll	26,251
Accrued interest payable	37,206
Bonds payable	200,000
Compensated absences payable	2,971
Total current liabilities	659,110
LONG-TERM LIABILITIES	
Bonds payable	3,122,081
Compensated absences payable	16,834
Net pension obligation	8,136
Total long-term liabilities	3,147,051
Total liabilities	3,806,161
NET POSITION	
Net investment in capital assets	3,412,338
Unrestricted	2,527,261
TOTAL NET POSITION	\$ 5,939,599

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended April 30, 2013

	Business-Type Activities <u>Water</u> <u>Operations</u>
OPERATING REVENUES	
Water sales	\$ 5,714,354
Inspections/tap on/permits	24,502
Sale of meters	4,828
Other water sales	<u>8,055</u>
Total operating revenues	<u>5,751,739</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Personnel services	647,984
Materials and supplies	632,515
Contractual services	3,712,712
Capital related - uncapitalized	<u>106,154</u>
Total operating expenses excluding depreciation	<u>5,099,365</u>
OPERATING INCOME BEFORE DEPRECIATION	652,374
Depreciation	<u>339,134</u>
OPERATING INCOME	<u>313,240</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	18,592
Miscellaneous income	9,151
Interest expense	<u>(161,120)</u>
Total nonoperating revenues (expenses)	<u>(133,377)</u>
CHANGE IN NET POSITION	<u>179,863</u>
NET POSITION, MAY 1	5,785,560
Prior period adjustment	<u>(25,824)</u>
NET POSITION, MAY 1, RESTATED	<u>5,759,736</u>
NET POSITION, APRIL 30	<u>\$ 5,939,599</u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2013

	Business-Type Activities Water Operations
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,892,000
Payments to suppliers	(4,103,905)
Payments to employees	(682,260)
Payments to other funds	(250,000)
Net cash from operating activities	(144,165)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
Net cash from noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments	(190,000)
Interest and fiscal charges	(141,112)
Miscellaneous receipts	9,151
Net cash from capital and related financing activities	(321,961)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	18,592
Net cash from investing activities	18,592
NET INCREASE IN CASH AND CASH EQUIVALENTS	
	(447,534)
CASH AND CASH EQUIVALENTS, MAY 1	1,435,349
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 987,815
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 313,240
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	339,134
Changes in assets and liabilities	
Accounts receivable	(859,739)
Accounts payable	97,476
Accrued payroll	(10,574)
Compensated absences payable	(26,628)
Net pension obligation	2,926
NET CASH FROM OPERATING ACTIVITIES	\$ (144,165)
NONCASH TRANSACTIONS	
Issuance of refunding bonds, including reoffering premium	\$ 2,984,160
Defeasance of refunded bonds	(2,954,119)
Costs of issuance	(30,041)
Net noncash transactions	\$ -

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

April 30, 2013

	Pension Trust Fund	Agency
ASSETS		
Cash and cash equivalents	\$ 172,381	\$ 13,244
Investments		
U.S. Treasury obligations	923,195	-
Annuities	55,066	-
U.S. agency obligations	7,371,178	-
Municipal bonds	1,354,666	-
Corporate bonds	2,111,606	-
Certificates of deposit	582,792	-
Equity mutual funds	9,144,798	-
Receivables		
Accrued interest	94,028	-
Prepaid expenses	5,197	-
	<u>21,814,907</u>	<u>\$ 13,244</u>
LIABILITIES		
Accounts payable	6,993	\$ -
Benefits payable	74,301	-
Due to others	-	10,901
Impact fees payable	-	2,317
Deposits payable	-	26
	<u>81,294</u>	<u>\$ 13,244</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 21,733,613</u>	

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FUND

For the Year Ended April 30, 2013

ADDITIONS	
Contributions	
Employer	\$ 1,093,653
Employee	<u>294,600</u>
Total contributions	<u>1,388,253</u>
Investment income	
Net appreciation in fair value of investments	1,077,263
Interest	<u>627,887</u>
Total investment income	1,705,150
Less investment expense	<u>(61,707)</u>
Net investment income	<u>1,643,443</u>
Total additions	<u>3,031,696</u>
DEDUCTIONS	
Pension benefits	1,322,693
Contractual services	16,346
Administrative expenses	<u>7,150</u>
Total deductions	<u>1,346,189</u>
NET INCREASE	1,685,507
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>20,048,106</u>
April 30	<u><u>\$ 21,733,613</u></u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Darien, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Financial Reporting Entity

The City is a municipal corporation governed by a seven-member council consisting of seven aldermen and the mayor. As required by GAAP, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government.

The City's financial statements include a pension trust fund.

Police Pension Employees Retirement System

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary, and two elected police employees constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees, and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain city functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the City's general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the City (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in fiduciary capacity or on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Capital Improvements Fund is used to account for the proceeds of the Taxable General Obligation Bonds, Series 2007A restricted to expenditures for the related capital projects.

The City reports the following major proprietary fund:

The Water Operations Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, financing and related debt service, and billing and collections.

The City reports the following fiduciary funds:

The Police Pension Fund accounts for the activities of the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the City which uses the annual property tax levy to fund the employer contribution.

Agency Funds account for assets held on behalf of third parties and that do not involve the measurement of operating results.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes, income taxes, and telecommunications taxes which use a 90-day period. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end; franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the City are also recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Basis of Presentation
(Continued)

The City reports unearned/unavailable revenue on its financial statements. Unearned/unavailable revenues arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned/unavailable revenues also arise when resources are received by the government before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned/unavailable revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

City investments with a maturity of one year or less when purchased are stated at cost or amortized cost. City investments with a maturity greater than one year when purchased and all pension fund investments are stated at fair value in accordance with GASB Statement No. 31.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the City's fair value in the pool.

f. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

g. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories, if any, are recorded as expenditures when purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses, if any.

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$50,000 for machinery, equipment, and vehicles, \$100,000 for building improvements, \$100,000 for buildings, \$200,000 for infrastructure and an estimated useful life in excess of one year, and any amount for land. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25-50
Building improvements	8-25
Land improvements	15-35
Machinery, vehicles, and equipment	5-20
Infrastructure - streets	25-50
Waterworks and sewage system	25

j. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacations must be taken in the year following the one in which it was earned. Unused vacation time is not allowed to be carried over to the subsequent year without approval. Sick leave may be accumulated for future use. City employees may accrue up to 120 or 150 hours depending on the employment classification. The City's policy allows for a bonus to be paid for those employees who have not used sick days in the given year. Accumulated amounts are paid out at retirement at a rate of 50% of the employee's current hourly salary rate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

Vested or accumulated vacation leave are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities are recorded as an expense and liability of those funds as the benefits accrue to employees.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 expenditures.

l. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include ordinances approved by the Board. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator. Any residual fund balance of the General Fund is reported as unassigned.

The City has not adopted a flow of funds policy and, therefore, applies the flow of funds from GASB Statement No. 54, which prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds. For net position, restricted funds are spent first then unrestricted funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balances/Net Position (Continued)

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

None of the restricted net position or restricted fund balance results from enabling legislation adopted by the City.

m. Interfund Transactions

Interfund services are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

n. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. An unamortized loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Deferred Outflows/Inflows of Resources (Continued)

This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable revenue for property taxes, is reported in the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or are earned.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, cash and investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

a. City Deposits and Investments

The City's investment policy authorizes the City to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments 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 Government 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, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The City's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and yield.

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance. The investment policy does not address how collateral is held. Collateral is held by a third party custodian in the City's name.

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market. Unless matched to a specific cash flow, the City does not directly invest in securities maturing more than five years from the date of purchase.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The City limits its exposure to credit risk by limiting investments to the types of securities listed above; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with the City's investment policy; diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts.

Concentration of credit risk is the risk that the City has a high percentage of its investments invested in one type of investment. The City's investment policy requires diversification of investments to avoid unreasonable risk. The investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities);
- Limiting investment in securities that have higher credit risks;
- Investing in securities with varying maturities; and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments

The Police Pension Fund’s investment policy authorizes the Police Pension Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township, or municipal corporation of the State of Illinois, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, corporate bonds, common and preferred stock, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value), and IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET’s share price, the price for which the investment could be sold.

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, risk aversion, rate of return, and liquidity.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund’s deposits may not be returned to it. The Police Pension Fund’s investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the police pension funds deposits with financial institutions.

Investments

The following table presents the investments and maturities of the Police Pension Fund’s investments that are subject to interest rate risk as of April 30, 2013:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 923,195	\$ -	\$ 429,540	\$ 493,655	\$ -
U.S. agency obligations	7,371,178	234,450	1,723,205	4,990,605	422,918
Negotiable Certificates of Deposit	582,745	193,862	388,883	-	-
Corporate Bonds	2,111,606	174,002	786,815	1,150,789	-
Municipal bonds	1,354,666	-	492,113	804,325	58,228
TOTAL	\$ 12,343,390	\$ 602,314	\$ 3,820,556	\$ 7,439,374	\$ 481,146

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Police Pension Fund limits its exposure to credit risk by primarily investing U.S. Treasury or U.S. agency obligations. The U.S. Treasury and U.S. agency obligations are rated AAA. Municipal bonds and corporate bonds are rated AA+.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian and evidenced by safekeeping receipts. The money market mutual funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of its investments invested in one type of investment.

3. RECEIVABLES

a. Property Taxes

Property taxes for 2012 attached as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2013, and are payable in two installments, on or about June 1, 2013 and September 1, 2013. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience. As the 2012 tax levy is intended to fund expenditures for the 2013-2014 fiscal year, these taxes are unavailable as of April 30, 2013.

CITY OF DARIEN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

a. Property Taxes (Continued)

The 2013 tax levy, which attached as an enforceable lien on property as of January 1, 2013, has not been recorded as a receivable as of April 30, 2013 as the tax has not yet been levied by the City and will not be levied until December 2013 and, therefore, the levy is not measurable at April 30, 2013.

b. Due from Other Governments and Other Receivables

	General	Nonmajor Governmental	Total
GOVERNMENTAL ACTIVITIES			
Intergovernmental			
Sales tax	\$ 1,200,205	\$ -	\$ 1,200,205
Local use tax	72,334	-	72,334
Income tax	321,504	-	321,504
Motor fuel tax	-	37,982	37,982
Telecommunications tax	222,082	-	222,082
Drug seizures	7,525	-	7,525
Total intergovernmental	<u>1,823,650</u>	<u>37,982</u>	<u>1,861,632</u>
Other receivables			
Franchise fees	84,832	-	84,832
Hotel/motel tax	5,637	-	5,637
Amusement tax	2,037	-	2,037
Utility tax	96,778	-	96,778
Paypal	38	-	38
Accounts	72,244	-	72,244
Total other receivables	<u>261,566</u>	<u>-</u>	<u>261,566</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,085,216</u>	<u>\$ 37,982</u>	<u>\$ 2,123,198</u>

CITY OF DARIEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 5,288,336	\$ -	\$ 1,598,138	\$ 3,690,198
Total capital assets not being depreciated	5,288,336	-	1,598,138	3,690,198
Capital assets being depreciated				
Buildings and improvements	5,981,225	152,591	-	6,133,816
Machinery, vehicles, and equipment	2,700,690	148,062	-	2,848,752
Infrastructure	12,768,226	-	-	12,768,226
Total capital assets being depreciated	21,450,141	300,653	-	21,750,794
Less accumulated depreciation for				
Buildings and improvements	2,456,172	125,728	-	2,581,900
Machinery, vehicles, and equipment	1,419,077	239,028	-	1,658,105
Infrastructure	7,741,744	472,242	-	8,213,986
Total accumulated depreciation	11,616,993	836,998	-	12,453,991
Total capital assets being depreciated, net	9,833,148	(536,345)	-	9,296,803
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 15,121,484	\$ (536,345)	\$ 1,598,138	\$ 12,987,001

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 51,034
Public safety	161,145
Highways and streets	624,819
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 863,998

CITY OF DARIEN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	100,000	-	-	100,000
Capital assets being depreciated				
Buildings and improvements	6,989,234	-	-	6,989,234
Machinery and equipment	832,615	-	-	832,615
Infrastructure	7,984,691	-	-	7,984,691
Total capital assets being depreciated	15,806,540	-	-	15,806,540
Less accumulated depreciation for				
Buildings and improvements	2,823,562	190,699	-	3,014,261
Machinery and equipment	828,616	500	-	829,116
Infrastructure	5,180,809	147,935	-	5,328,744
Total accumulated depreciation	8,832,987	339,134	-	9,172,121
Total capital assets being depreciated, net	6,973,553	(339,134)	-	6,634,419
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 7,073,553	\$ (339,134)	\$ -	\$ 6,734,419

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health; natural disasters; illnesses of employees; and injuries to the City's employees.

Intergovernmental Risk Management Agency (IRMA)

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperations Statute to pool their risk management needs. IRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extension risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The City does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

5. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA) (Continued)

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The City is aware of no additional contributions due to IRMA as of April 30, 2013.

Intergovernmental Personnel Benefit Cooperative (IPBC)

The City participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain governmental, quasi governmental, and nonprofit public service entities.

The IPBC receives, processes, and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers; a Benefit Administrator and a Treasurer. The City does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

6. LONG-TERM DEBT

a. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

A summary of changes in long-term debt reported in the governmental activities of the City for the year ended April 30, 2013 is as follows:

CITY OF DARIEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

Governmental Activities

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$2,600,000 General Obligation Bonds, Series 2007B are due in annual installments (beginning December 15, 2012) ranging from \$390,000 to \$475,000 with interest at 4.000%. The last payment is due December 15, 2017.	Debt Service	\$ 2,600,000	\$ -	\$ 390,000	\$ 2,210,000	\$ 410,000
\$2,370,000 General Obligation Bonds, Series 2008 are due in annual installments (beginning January 1, 2009) ranging from \$115,000 to \$190,000 with interest from 3.50% to 4.00%. The last payment due is January 1, 2024.	Capital Improvement	1,865,000	-	130,000	1,735,000	135,000
TOTAL GOVERNMENTAL BONDED DEBT		\$ 4,465,000	\$ -	\$ 520,000	\$ 3,945,000	\$ 545,000

Business-Type Activities

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$3,900,000 General Obligation Water Bonds, Series 2006 are due in annual installments (beginning December 15, 2007) ranging from \$60,000 to \$300,000 with interest from 4.10% to 4.30%. The last payment is due on December 15, 2025.	Water	\$ 3,225,000	\$ -	\$ 2,860,000	\$ 365,000	\$ 180,000
\$2,810,000 General Obligation Refunding Bonds, Series 2012 are due in annual installments (beginning December 15, 2012) ranging from \$20,000 to \$290,000 with interest from 2.00% to 3.50%. The last payment is due on December 15, 2025.	Water	-	2,810,000	20,000	2,790,000	20,000
TOTAL BUSINESS-TYPE BONDED DEBT		\$ 3,225,000	\$ 2,810,000	\$ 2,880,000	\$ 3,155,000	\$ 200,000

CITY OF DARIEN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Installment Contracts

On September 19, 2011, the City entered into an installment contract with Hinsdale Bank & Trust Co. to finance the purchase of public safety vehicles and equipment in the amount of \$483,466 with an interest rate of 1.50%.

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities General Obligation Bonds			Business-Type Activities General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 545,000	\$ 155,719	\$ 700,719	\$ 200,000	\$ 99,581	\$ 299,581
2015	565,000	134,256	699,256	205,000	91,756	296,756
2016	585,000	112,006	697,006	215,000	83,725	298,725
2017	615,000	88,969	703,969	220,000	79,425	299,425
2018	635,000	64,563	699,563	225,000	75,025	300,025
2019	165,000	39,363	204,363	230,000	68,275	298,275
2020	170,000	32,969	202,969	240,000	61,375	301,375
2021	175,000	26,381	201,381	245,000	54,175	299,175
2022	185,000	19,600	204,600	260,000	46,825	306,825
2023	190,000	12,200	202,200	265,000	39,025	304,025
2024	115,000	4,600	119,600	275,000	29,750	304,750
2025	-	-	-	285,000	20,125	305,125
2026	-	-	-	290,000	10,150	300,150
TOTAL	\$ 3,945,000	\$ 690,626	\$ 4,635,626	\$ 3,155,000	\$ 759,212	\$ 3,914,212

Fiscal Year	Governmental Activities Installment Contract - 2011		
	Principal	Interest	Total
2014	\$ 160,500	\$ 4,845	\$ 165,345
2015	162,466	2,437	164,903
TOTAL	\$ 322,966	\$ 7,282	\$ 330,248

CITY OF DARIEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

d. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during fiscal year 2013:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 4,465,000	\$ -	\$ 520,000	\$ 3,945,000	\$ 545,000
Installment contract - 2011	483,466	-	160,500	322,966	160,500
Unamortized bond premium	19,610	-	3,268	16,342	-
Compensated absences payable*	501,332	254,767	75,200	680,899	102,135
Net pension obligation*	46,893	-	1,811	45,082	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,516,301	\$ 254,767	\$ 760,779	\$ 5,010,289	\$ 807,635
BUSINESS-TYPE ACTIVITIES					
General obligation bonds	\$ 3,225,000	\$ 2,810,000	\$ 2,880,000	\$ 3,155,000	\$ 200,000
Unamortized bond discount	(10,619)	-	(3,540)	(7,079)	-
Unamortized bond premium	-	174,160	-	174,160	-
Compensated absences payable	46,433	3,933	30,561	19,805	2,971
Net pension obligation	5,210	2,926	-	8,136	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,266,024	\$ 2,991,019	\$ 2,907,021	\$ 3,350,022	\$ 202,971

*The General Fund has typically been used to liquidate the compensated absences liability and the net pension obligation.

e. Line of Credit

On February 18, 2010, the City entered into a line of credit to cover any shortfalls in cash. The maximum amount that can be drawn down is \$1,250,000. Amounts drawn under the line of credit at April 30, 2013 totaled \$0. The line of credit was not used in fiscal year 2013.

f. Advance Refunding

On July 12, 2012, the City issued \$2,810,000 General Obligation Refunding Bonds, Series 2012 to refund a portion of the General Obligation Water Bonds, Series 2006. \$2,954,119 of the proceeds, including reoffering premium, have been deposited onto an irrevocable trust to advance refund, through an in-substance defeasance, \$2,690,000 of the General Obligation Water Bonds, Series 2006. Through the refunding, the City reduced its overall debt service by \$127,079 and had an economic gain of \$108,926. As of April 30, 2013, \$2,690,000 of the defeased bonds were outstanding to be paid from escrow.

CITY OF DARIEN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES

Due from/to other funds at April 30, 2013 consist of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	<u>\$ 22,692</u>

The purpose of this amount due to the General Fund from the Motor Fuel Tax Fund is to allocate personnel costs for projects. The balance is expected to be repaid within one year.

Transfers between funds at April 30, 2013 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 2,800,000
Capital Improvements	<u>2,800,000</u>	<u>-</u>
TOTAL	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>

The purpose of the transfer is as follows:

- \$2,800,000 transferred from the General Fund to the Capital Improvements Fund for capital projects. This transfer will not be repaid.

8. COMMITMENTS

DuPage Water Commission

The City has committed to purchase water from the DuPage Water Commission (the Commission). The City expects to pay the following minimum amounts based on the Commission's debt service requirements:

Fiscal Year Ending April 30	Amount
2014	\$ 278,658
2015	278,658
2016	278,658
2017	278,658

These amounts have been calculated using the City's current allocation percentage of 3.90%. In future years, this allocation percentage will be subject to change.

9. CONTINGENT LIABILITIES

a. Litigation

The City is not aware of any pending or threatening litigation.

b. DuPage Water Commission

The City's water supply agreement with the Commission provides that each customer is liable for its proportionate share of any costs arising from defaults in payment obligations by other customers.

c. Economic Incentive Agreement

The City entered into an agreement in April 2012 with two local businesses wherein the City will rebate up to a net present value of \$4,000,000 of incremental sales tax revenue, discounted at 8.15%. The agreement is contingent upon the completion of an expansion project by businesses.

The City entered into an agreement in February 2013 with a local business wherein the City will rebate up to \$750,000 of sales tax revenue over 11 years, contingent on the renewal of a retail lease renewal.

10. EMPLOYEE RETIREMENT SYSTEMS

The City contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for both plans are governed by ILCS and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension Plan) 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. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight 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, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 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, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer required contribution for the calendar year ended December 31, 2012 was 12.64% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police 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 (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	
Terminated employees entitled to benefits but not yet receiving them	21
Current employees	
Vested	26
Nonvested	6
	<hr/>
TOTAL	<u>53</u>

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

Tier 2 employees (those hired as a police officer 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 ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary and the administrative costs. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan. For the year ended April 30, 2013, the City's contribution was 40.07% of covered payroll.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due pursuant to formal commitments as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Administrative Costs

Administrative costs for the Police Pension Plan are financed primarily through investment earnings.

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2010	April 30, 2012
Actuarial cost method	Entry-Age Normal	Entry-Age Normal
Asset valuation method	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	29 Years, Closed

CITY OF DARIEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	N/A
d) Postretirement benefit increases	3.00%	3.00%

Employer annual pension cost (APC), actual contributions, and the net pension obligation (asset) (NPO) are as follows. The NPO (asset) is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2011	\$ 365,099	\$ 1,102,913
	2012	297,056	1,173,219
	2013	311,928	982,046
Actual contribution	2011	\$ 335,252	\$ 1,113,781
	2012	284,897	1,185,029
	2013	310,813	1,092,730
Percentage of APC contributed	2011	91.82%	100.99%
	2012	95.91%	101.01%
	2013	99.64%	111.27%
NPO (asset)	2011	\$ 39,944	\$ (64,073)
	2012	52,103	(75,883)
	2013	53,218	(186,567)

CITY OF DARIEN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The NPO (asset) as of April 30, 2013 has been calculated as follows:

c. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension
Annual required contribution	\$ 310,813	\$ 984,942
Interest on net pension obligation	3,908	(5,312)
Adjustment to annual required contributions	(2,793)	2,416
Annual pension cost	311,928	982,046
Contributions made	310,813	1,092,730
Increase (decrease) in net pension obligation (asset)	1,115	(110,684)
Net pension obligation (asset), beginning of year	52,103	(75,883)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 53,218	\$ (186,567)

d. Funded Status

The funded status of the plans as of April 30, 2013 were as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2012	April 30, 2013
Actuarial accrued liability (AAL)	\$ 8,699,564	\$ 34,738,244
Actuarial value of plan assets	5,970,600	21,733,612
Unfunded actuarial accrued liability (UAAL)	2,728,964	13,004,632
Funded ratio (actuarial value of plan assets/AAL)	68.63%	62.56%
Covered payroll (active plan members)	\$ 2,329,264	\$ 2,913,928
UAAL as a percentage of covered payroll	117.16%	446.29%

The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 10.c.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Funded Status (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to 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 AALs for benefits.

See schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plan.

11. LEASE AGREEMENTS

As of April 30, 2013, the City has rental agreements with seven retailers for the rental of business space of the strip mall property at 7515 South Cass. The seven retailers will pay the City a combined total of \$13,300 on a month-to-month basis.

12. OTHER POSTEMPLOYMENT BENEFITS

The City allows employees, who retire through one of the City's two pension plans disclosed in Note 10, the option to continue in the City's health insurance plan as required by ILCS, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the City's health insurance plan is considered a community rated plan. In addition, the City has no explicit subsidy as defined in GASB S-45.

13. PRIOR PERIOD ADJUSTMENTS

Net position of governmental activities and the Water Operations Fund have been restated by \$(15,251) and \$(25,824), respectively, due to the elimination of previous bond issuance costs, which were being amortized over the life of the bonds. With the implementation of GASB Statement No. 65, the City is required to expense these amounts as the bonds are issued and to apply this change retroactively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
REVENUES				
Taxes	\$ 4,024,850	\$ 3,993,543	\$ (31,307)	\$ 4,348,505
Licenses, permits and fees	803,000	1,034,776	231,776	932,158
Intergovernmental	6,958,415	7,448,362	489,947	7,133,538
Charges for services	504,802	681,129	176,327	925,048
Investment income	23,000	24,008	1,008	21,778
Miscellaneous	355,000	295,126	(59,874)	405,300
Total revenues	12,669,067	13,476,944	807,877	13,766,327
EXPENDITURES				
Current				
General government	1,677,876	1,588,177	(89,699)	1,573,079
Highways and streets	1,859,826	1,620,121	(239,705)	1,762,107
Public safety	7,125,638	6,768,914	(356,724)	7,753,703
Debt service				
Principal	143,771	160,500	16,729	510,970
Interest	27,262	4,592	(22,670)	27,262
Total expenditures	10,834,373	10,142,304	(692,069)	11,627,121
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,834,694	3,334,640	1,499,946	2,139,206
OTHER FINANCING SOURCES (USES)				
Installment contract proceeds	-	-	-	483,466
Transfers in (out)	(2,800,000)	(2,800,000)	-	(3,000,000)
Proceeds from sale of assets	25,000	27,842	2,842	24,444
Total other financing sources (uses)	(2,775,000)	(2,772,158)	2,842	(2,492,090)
NET CHANGE IN FUND BALANCE	\$ (940,306)	562,482	\$ 1,502,788	(352,884)
FUND BALANCE, MAY 1		4,108,526		4,461,410
FUND BALANCE, APRIL 30		\$ 4,671,008		\$ 4,108,526

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended April 30, 2013

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5)
2007	\$ 7,840,978	\$ 8,665,653	90.48%	\$ 824,675	\$ 3,171,262	26.00%
2008	6,094,965	8,110,781	75.15%	2,015,816	3,101,518	64.99%
2009	5,596,856	8,049,960	69.53%	2,453,104	3,169,693	77.39%
2010	6,345,481	8,800,442	72.10%	2,454,961	2,962,084	82.88%
2011	5,971,006	8,414,833	70.96%	2,443,827	2,579,318	94.75%
2012	5,970,600	8,699,564	68.63%	2,728,964	2,329,264	117.16%

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

For the Year Ended April 30, 2013

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ 14,711,377	\$ 26,025,510	56.53%	\$ 11,314,133	\$ 2,839,516	398.45%
2009	14,488,861	28,067,625	51.62%	13,578,764	3,059,620	443.81%
2010	16,866,119	30,626,124	55.07%	13,760,005	3,282,075	419.25%
2011	18,838,718	31,056,795	60.66%	12,218,077	3,089,788	395.43%
2012	20,048,107	32,785,742	61.15%	12,737,635	2,957,431	430.70%
2013	21,733,612	34,738,244	62.56%	13,004,632	2,913,928	446.29%

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended April 30, 2013

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2008	\$ 371,672	\$ 371,672	100.00%
2009	306,740	306,740	100.00%
2010	303,386	303,386	100.00%
2011	335,252	364,883	91.88%
2012	284,897	296,202	96.18%
2013	310,813	310,813	100.00%

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

For the Year Ended April 30, 2013

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 859,300	\$ 807,108	106.47%
2009	937,066	927,983	100.98%
2010	949,373	939,778	101.02%
2011	1,113,781	1,103,909	100.89%
2012	1,185,029	1,174,292	100.91%
2013	1,092,730	984,942	110.94%

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2013

1. BUDGETS

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. Budget amounts are as originally adopted by the City Council. All annual appropriations lapse at fiscal year end. As the City does not budget for its Drug Seizure Fund (it is not legally required to do so) budget to actual schedules are not presented for the Drug Seizure Fund.

Prior to April 30, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Formal budgetary integrations is employed as a management control device during the year of the General Fund and Special Revenue Funds.

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

The appropriated budget is prepared by fund, function, and department. The City Administrator is authorized to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund.

2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Fund	Budget	Actual
Motor Fuel Tax	\$ 536,860	\$ 555,186
Water Operations	5,394,142	5,450,485

MAJOR GOVERNMENTAL FUNDS

General Fund - The General Fund was established to account for all revenues and expenditures which are not accounted for in other funds. This is the largest fund of the City, providing for the majority of the City's revenues, expenditures, and services. The General Fund is supported predominately with taxes, licenses, and fees. It funds the operations of the City's Police Department, Community Development Department, Mayor/City Council, Street Department, and Administration.

Capital Improvements Fund - The Capital Improvement Fund was established to account for the proceeds of the Taxable General Obligation Bonds, Series 2007A and the expenditures for the related capital projects.

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUNDFor the Year Ended April 30, 2013
(With Prior Year Actual)

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
TAXES				
Property taxes - current	\$ 1,617,850	\$ 1,636,277	\$ 18,427	\$ 2,018,860
Road and bridge tax	185,000	193,771	8,771	187,391
Municipal utility tax	1,121,000	1,115,615	(5,385)	1,057,889
Telecommunication tax	965,000	914,897	(50,103)	953,775
Amusement tax	100,000	78,534	(21,466)	92,249
Hotel/motel tax	31,000	48,722	17,722	32,451
Replacement tax	5,000	5,727	727	5,890
Total taxes	4,024,850	3,993,543	(31,307)	4,348,505
LICENSES, PERMITS, AND FEES				
Business licenses	40,000	44,953	4,953	39,381
Liquor licenses	50,000	55,100	5,100	53,000
Contractors licenses	12,000	18,420	6,420	18,710
Court fines	150,000	151,488	1,488	142,598
Ordinance fines	15,000	25,719	10,719	28,860
Building permits and fees	45,000	140,120	95,120	74,573
Cable TV franchise fees	320,000	332,167	12,167	313,671
PEG fees AT&T	-	12,639	12,639	12,339
NICOR franchise fees	38,000	29,975	(8,025)	31,772
Public hearing fees	5,000	5,159	159	7,907
Elevator inspections	4,000	5,307	1,307	5,090
Public improvement permit fees	-	3,790	3,790	250
Engineering fee reimbursements	20,000	52,221	32,221	40,122
DUI technology fines	4,000	9,880	5,880	8,435
Police special service	100,000	146,470	46,470	155,400
Stormwater management fees	-	1,368	1,368	50
Total licenses, permits, and fees	803,000	1,034,776	231,776	932,158
INTERGOVERNMENTAL				
State income taxes	1,722,708	1,990,401	267,693	1,813,435
Local use tax	335,707	351,018	15,311	322,118
Sales tax	4,900,000	5,013,078	113,078	4,942,309
DADC distribution	-	92,860	92,860	-
Grants	-	1,005	1,005	46,754
Drug seizure receipts	-	-	-	8,922
Total intergovernmental	6,958,415	7,448,362	489,947	7,133,538

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
CHARGES FOR SERVICES				
Towing fees	\$ 40,000	\$ 100,098	\$ 60,098	\$ 94,533
Booking fees	-	-	-	2,400
Police report/prints	4,500	5,505	1,005	6,675
Inspection/tap on/permits	-	2,500	2,500	975
Rents	382,302	386,469	4,167	385,100
Other reimbursements	65,000	115,199	50,199	274,597
Residential concrete reimbursement	-	55,139	55,139	145,123
Reimbursement - rear yard drain	-	2,639	2,639	1,500
Maintenance reimbursements	13,000	3,751	(9,249)	3,915
Mail box reimbursement	-	2,303	2,303	2,350
Sales of wood chips	-	3,890	3,890	4,430
Operations revenue	-	3,636	3,636	3,450
Total charges for services	504,802	681,129	176,327	925,048
INVESTMENT INCOME				
Investment income	23,000	24,008	1,008	21,778
Total investment income	23,000	24,008	1,008	21,778
MISCELLANEOUS				
Water share	250,000	250,000	-	250,000
D.A.R.E. contributions	-	-	-	500
Reimbursement - workers compensation	-	-	-	81,044
Impact fees	-	5,263	5,263	-
Miscellaneous	105,000	39,863	(65,137)	73,756
Total miscellaneous	355,000	295,126	(59,874)	405,300
TOTAL REVENUES	\$ 12,669,067	\$ 13,476,944	\$ 807,877	\$ 13,766,327

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
GENERAL GOVERNMENT				
Administration				
Personnel services				
Salaries	\$ 453,500	\$ 457,488	\$ 3,988	\$ 435,145
Overtime	2,000	84	(1,916)	-
Social security	25,056	23,473	(1,583)	23,896
Medicare	6,634	6,109	(525)	6,376
IMRF	57,828	59,593	1,765	54,880
Medical/life insurance	60,690	60,139	(551)	60,015
Supplemental pensions	23,984	24,806	822	24,253
Total personnel services	629,692	631,692	2,000	604,565
Materials and supplies				
Dues and subscriptions	2,400	2,818	418	2,944
Liability insurance	48,120	30,331	(17,789)	52,379
Legal notices	8,000	7,052	(948)	8,427
Maintenance - building	10,400	2,218	(8,182)	6,354
Maintenance - equipment	13,000	10,794	(2,206)	7,778
Maintenance - grounds	7,000	4,166	(2,834)	799
Maintenance - vehicles	-	-	-	170
Postage/mailings	5,200	6,001	801	3,882
Printing and forms	4,000	2,529	(1,471)	3,679
Public relations	29,000	27,518	(1,482)	26,527
Rent - equipments	2,400	2,412	12	2,340
Supplies - office	11,000	9,852	(1,148)	9,722
Supplies - other	1,250	42	(1,208)	503
Training and education	4,500	2,885	(1,615)	878
Travel/meetings	2,000	262	(1,738)	240
Telephone	62,500	59,609	(2,891)	57,716
Utilities	3,500	3,102	(398)	3,299
Gas and oil	7,900	7,227	(673)	6,741
Vehicle	2,000	360	(1,640)	-
Total materials and supplies	224,170	179,178	(44,992)	194,378
Contractual services				
Audit	12,000	12,200	200	11,675
Consulting/professional	86,305	86,690	385	82,239
Contingency	10,000	3,496	(6,504)	3,622
Janitorial services	16,500	14,334	(2,166)	13,002
Total contractual services	124,805	116,720	(8,085)	110,538
Total administration	978,667	927,590	(51,077)	909,481
City Council				
Personnel services				
Salaries	42,750	42,750	-	42,450
Social security	2,651	2,807	156	2,632
Medicare	620	657	37	616
IMRF	-	-	-	36
Total personnel services	46,021	46,214	193	45,734

(This schedule is continued on the following pages.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
GENERAL GOVERNMENT (Continued)				
City Council (Continued)				
Materials and supplies				
Board and commissions	\$ 2,500	\$ 1,335	\$ (1,165)	\$ 1,246
Cable operations	22,500	34,768	12,268	749
Dues and subscriptions	100	-	(100)	-
Liability insurance	41,930	34,485	(7,445)	43,281
Public relations	2,000	1,429	(571)	1,143
Supplies - other	-	45	45	-
Travel/meetings	1,000	97	(903)	516
Total materials and supplies	70,030	72,159	2,129	46,935
Contractual services				
Consulting/professional	15,000	3,045	(11,955)	24,393
Tolley contracts	900	249	(651)	64
Total contractual services	15,900	3,294	(12,606)	24,457
Total city council	131,951	121,667	(10,284)	117,126
Community development				
Personnel services				
Salaries	277,807	278,924	1,117	272,560
Overtime	500	504	4	-
Social security	15,416	15,384	(32)	14,862
Medicare	4,057	3,941	(116)	3,827
IMRF	35,368	35,329	(39)	33,024
Medical/life insurance	38,522	38,253	(269)	36,105
Supplemental pensions	3,600	2,400	(1,200)	3,323
Total personnel services	375,270	374,735	(535)	363,701
Materials and supplies				
Boards and commissions	2,400	1,379	(1,021)	2,043
Dues and subscriptions	750	453	(297)	453
Liabilities insurance	41,540	33,010	(8,530)	35,427
Maintenance - vehicles	1,200	1,090	(110)	107
Postage/mailings	-	-	-	1,222
Printing and forms	2,639	985	(1,654)	792
Supplies - office	450	114	(336)	21
Training and educational	500	-	(500)	510
Travel/meetings	1,400	160	(1,240)	80
Gas and oil	1,995	1,483	(512)	1,633
Total materials and supplies	52,874	38,674	(14,200)	42,288
Contractual services				
Consulting/professional	29,467	46,838	17,371	33,062
Consulting/professional reimbursable	54,347	48,084	(6,263)	67,276
Total contractual services	83,814	94,922	11,108	100,338
Total community development	511,958	508,331	(3,627)	506,327

(This schedule is continued on the following pages.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
GENERAL GOVERNMENT (Continued)				
Business district				
Personnel services				
Liability insurance	\$ 3,300	\$ 3,500	\$ 200	\$ 3,459
Total professional services	3,300	3,500	200	3,459
Contractual services				
Maintenance - building	-	-	-	-
Maintenance - grounds	32,000	15,628	(16,372)	21,746
Utilities	2,500	10,992	8,492	10,378
Maintenance - equipment	17,500	469	(17,031)	4,562
Total contractual services	52,000	27,089	(24,911)	36,686
Total business district	55,300	30,589	(24,711)	40,145
Total general government	1,677,876	1,588,177	(89,699)	1,573,079
HIGHWAYS AND STREETS				
Public works				
Personnel services				
Salaries	499,022	517,169	18,147	594,397
Overtime	80,000	40,605	(39,395)	9,448
Social security	57,204	32,362	(24,842)	35,788
Medicare	13,378	7,576	(5,802)	8,469
IMRF	110,251	70,604	(39,647)	71,379
Medical/life insurance	156,469	120,664	(35,805)	126,374
Supplemental pensions	2,400	3,369	969	2,677
Total personnel services	918,724	792,349	(126,375)	848,532
Materials and supplies				
Liability insurance	57,142	52,268	(4,874)	55,267
Maintenance - building	80,986	45,091	(35,895)	18,595
Maintenance - equipment	21,050	20,443	(607)	27,772
Maintenance - vehicles	30,500	30,812	312	24,358
Postage/mailings	1,000	1,680	680	1,197
Rent - equipment	22,950	11,537	(11,413)	18,044
Supplies - office	1,575	4,461	2,886	1,918
Supplies - other	40,050	27,726	(12,324)	35,144
Small tools and equipment	3,850	3,969	119	14,751
Training and education	5,675	1,109	(4,566)	712
Uniforms	6,440	5,043	(1,397)	3,947
Utilities	3,650	3,366	(284)	3,029
Gas and oil	96,950	67,882	(29,068)	65,923
Total materials and supplies	371,818	275,387	(96,431)	270,657
Contractual services				
Consulting/professional	49,600	44,281	(5,319)	46,423
Forestry	36,960	20,898	(16,062)	27,438
Street light operation and maintenance	94,200	98,753	4,553	87,746
Tree trim - removal	127,702	84,812	(42,890)	98,405

(This schedule is continued on the following pages.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
HIGHWAYS AND STREETS (Continued)				
Public works (Continued)				
Contractual services (Continued)				
Residential concrete program	\$ -	\$ 69,049	\$ 69,049	\$ 146,455
Rear yard drain projects	-	511	511	-
Street sweeping	33,435	23,863	(9,572)	18,380
Mosquito abatement	40,887	40,887	-	40,887
Drainage projects	34,500	23,497	(11,003)	30,918
Total contractual services	417,284	406,551	(10,733)	496,652
Capital outlay				
Equipment	152,000	145,834	(6,166)	146,266
Total capital outlay	152,000	145,834	(6,166)	146,266
Total public works	1,859,826	1,620,121	(239,705)	1,762,107
Total highways and streets	1,859,826	1,620,121	(239,705)	1,762,107
PUBLIC SAFETY				
Police department				
Personnel services				
Salaries	423,999	451,217	27,218	427,123
Salaries - officers	3,375,097	3,232,947	(142,150)	3,440,754
Overtime	509,000	404,861	(104,139)	491,446
Social security	28,242	26,555	(1,687)	27,018
Medicare	55,000	50,034	(4,966)	51,193
IMRF	53,468	63,854	10,386	54,112
Medical/life insurance	505,614	445,341	(60,273)	419,350
Police pension	1,082,589	1,092,729	10,140	1,185,029
Supplemental pensions	52,800	47,614	(5,186)	48,495
Total personnel services	6,085,809	5,815,152	(270,657)	6,144,520
Materials and supplies				
Animal control	1,500	190	(1,310)	1,049
Auxiliary police	8,400	3,507	(4,893)	4,149
Boards and commissions	41,000	16,039	(24,961)	440
Dues and subscriptions	3,700	2,279	(1,421)	3,681
Investigation and equipment	49,639	9,438	(40,201)	20,760
Liability insurance	202,790	198,776	(4,014)	201,097
Maintenance - building	-	560	560	47,375
Maintenance - equipment	32,183	20,165	(12,018)	10,576
Maintenance - vehicles	26,000	36,056	10,056	50,347
Postage/mailings	4,100	4,318	218	3,120
Printing and forms	4,500	1,123	(3,377)	3,524
Public relations	14,750	4,007	(10,743)	5,658
Supplies - office	7,000	5,400	(1,600)	6,091
Training and education	20,000	15,269	(4,731)	16,704
Travel/meetings	8,800	4,428	(4,372)	5,852

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
PUBLIC SAFETY (Continued)				
Police department (Continued)				
Materials and supplies (Continued)				
Telephone	\$ 12,900	\$ 10,761	\$ (2,139)	\$ 14,567
Uniforms	40,950	26,474	(14,476)	31,836
Utilities	10,000	5,530	(4,470)	5,283
Gas and oil	136,637	128,786	(7,851)	145,421
Total materials and supplies	624,849	493,106	(131,743)	577,530
Contractual services				
Consulting/professional	356,940	343,209	(13,731)	349,101
Contractual services	-	-	-	24,304
Dumeg/flat/child center	26,240	26,240	-	26,610
Total contractual services	383,180	369,449	(13,731)	400,015
Capital outlay				
Equipment	31,800	91,207	59,407	630,010
Total capital outlay	31,800	91,207	59,407	630,010
Total police department	7,125,638	6,768,914	(356,724)	7,752,075
Total public safety	7,125,638	6,768,914	(356,724)	7,752,075
DEBT SERVICE				
Principal	143,771	160,500	16,729	510,970
Interest	27,262	4,592	(22,670)	27,262
Total debt service	171,033	165,092	(5,941)	538,232
TOTAL EXPENDITURES	\$ 10,834,373	\$ 10,142,304	\$ (692,069)	\$ 11,625,493

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
REVENUES				
Taxes	\$ 202,194	\$ 203,097	\$ 903	\$ 202,256
Intergovernmental	-	-	-	150,000
Charges for services	-	83,111	83,111	-
Investment income	4,000	54,124	50,124	18,684
Total revenues	206,194	340,332	134,138	370,940
EXPENDITURES				
Current				
Highways and streets				
Contractual services	-	52,278	52,278	-
Capital outlay	3,005,550	2,889,043	(116,507)	2,082,177
Debt service				
Principal payments	202,194	130,000	(72,194)	125,000
Interest and fiscal charges	-	72,622	72,622	76,569
Total expenditures	3,207,744	3,143,943	(63,801)	2,283,746
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,001,550)	(2,803,611)	197,939	(1,912,806)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,800,000	2,800,000	-	3,005,946
Proceeds from sale of assets	1,800,000	1,950,000	150,000	656,875
Total other financing sources (uses)	4,600,000	4,750,000	150,000	3,662,821
NET CHANGE IN FUND BALANCE	\$ 1,598,450	1,946,389	\$ 347,939	1,750,015
FUND BALANCE, MAY 1		1,864,708		114,693
FUND BALANCE, APRIL 30		\$ 3,811,097		\$ 1,864,708

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund - The Motor Fuel Tax fund is used to account for state-shared motor fuel tax revenues that are legally restricted to maintenance and construction of streets, sidewalks, alleys, and signals.

Special Service Area Fund - A special service area (SSA) is created to fund improvements which benefit an identifiable segment of the City, with a special property tax levied on and restricted to the benefited properties. SSA #1 was created to handle maintenance of the wetlands in the Tara Hill development.

Drug Seizure Fund - When property or money is seized by the Police Department in relation to violations of drug laws, the Department is entitled to receive a portion of the property or money to offset the cost of drug enforcement. Requirements which govern forfeiture activities require these monies be segregated and restricted for drug enforcement purposes.

DEBT SERVICE FUNDS

Debt Service Fund - The Debt Service Fund is used to account for the repayment of the General Obligation Bonds, Series 2007B financing is provided by a restricted property tax levy.

CITY OF DARIEN, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

April 30, 2013

	Special Revenue			Debt Service	
	Motor Fuel Tax	Special Service Area	Drug Seizure	Debt Service	Total
ASSETS					
Cash and cash equivalents	\$ 285,210	\$ 8,932	\$ 10,850	\$ 7,860	\$ 312,852
Receivables					
Property taxes	-	-	-	498,400	498,400
Intergovernmental	37,982	-	-	-	37,982
Other	-	-	-	-	-
TOTAL ASSETS	\$ 323,192	\$ 8,932	\$ 10,850	\$ 506,260	\$ 849,234
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 7,791	\$ -	\$ 182	\$ -	\$ 7,973
Due to other funds	22,692	-	-	-	22,692
Total liabilities	30,483	-	182	-	30,665
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	-	-	-	498,400	498,400
Total liabilities and deferred inflows of resources	30,483	-	182	498,400	529,065
FUND BALANCES					
Restricted					
Special service area	-	8,932	-	-	8,932
Public safety	-	-	10,668	-	10,668
Highways and streets	292,709	-	-	-	292,709
Debt service	-	-	-	7,860	7,860
Total fund balances	292,709	8,932	10,668	7,860	320,169
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 323,192	\$ 8,932	\$ 10,850	\$ 506,260	\$ 849,234

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2013

	Special Revenue			Debt Service	Total
	Motor Fuel Tax	Special Service Area	Drug Seizure	Debt Service	
REVENUES					
Taxes	\$ -	\$ 5,031	\$ -	\$ 496,206	\$ 501,237
Intergovernmental	634,266	-	-	-	634,266
Investment income	3,805	146	319	1,822	6,092
Total revenues	638,071	5,177	319	498,028	1,141,595
EXPENDITURES					
Current					
Highways and streets	555,186	4,982	-	-	560,168
Public safety	-	-	926	-	926
Debt service					
Principal	-	-	-	390,000	390,000
Interest and fiscal charges	-	-	-	104,375	104,375
Total expenditures	555,186	4,982	926	494,375	1,055,469
NET CHANGE IN FUND BALANCES	82,885	195	(607)	3,653	86,126
FUND BALANCES, MAY 1	209,824	8,737	11,275	4,207	234,043
FUND BALANCES, APRIL 30	\$ 292,709	\$ 8,932	\$ 10,668	\$ 7,860	\$ 320,169

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
REVENUES				
Intergovernmental				
MFT allotment	\$ 575,000	\$ 634,266	\$ 59,266	\$ 659,569
Investment income	-	3,805	3,805	964
Miscellaneous	-	-	-	-
Total revenues	<u>575,000</u>	<u>638,071</u>	<u>63,071</u>	<u>660,533</u>
EXPENDITURES				
Current				
Highways and streets				
Commodities	236,860	232,494	(4,366)	238,649
Wages	300,000	322,692	22,692	241,455
Capital Outlay	-	-	-	51,595
Total expenditures	<u>536,860</u>	<u>555,186</u>	<u>18,326</u>	<u>531,699</u>
NET CHANGE IN FUND BALANCE	<u>\$ 38,140</u>	82,885	<u>\$ 44,745</u>	128,834
FUND BALANCE, MAY 1		<u>209,824</u>		<u>80,990</u>
FUND BALANCE, APRIL 30		<u>\$ 292,709</u>		<u>\$ 209,824</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
REVENUES				
Taxes	\$ 5,000	\$ 5,031	\$ 31	\$ 5,052
Investment income	-	146	146	149
Total revenues	5,000	5,177	177	5,201
EXPENDITURES				
Current				
Contractual services	5,500	4,982	(518)	4,848
Maintenance contracts	1,400	-	(1,400)	541
Total expenditures	6,900	4,982	(1,918)	5,389
NET CHANGE IN FUND BALANCE	<u>\$ (1,900)</u>	195	<u>\$ 2,095</u>	(188)
FUND BALANCE, MAY 1		<u>8,737</u>		<u>8,925</u>
FUND BALANCE, APRIL 30		<u>\$ 8,932</u>		<u>\$ 8,737</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
REVENUES				
Taxes	\$ 494,000	\$ 496,206	\$ 2,206	\$ 106,147
Investment income	300	1,822	1,522	233
Total revenues	494,300	498,028	3,728	106,380
EXPENDITURES				
Debt service				
Principal	496,802	390,000	(106,802)	-
Interest and fiscal charges	-	104,375	104,375	104,375
Total expenditures	496,802	494,375	(2,427)	104,375
NET CHANGE IN FUND BALANCE	<u>\$ (2,502)</u>	3,653	<u>\$ 6,155</u>	2,005
FUND BALANCE, MAY 1		<u>4,207</u>		<u>2,202</u>
FUND BALANCE, APRIL 30		<u>\$ 7,860</u>		<u>\$ 4,207</u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

Water Operations Fund - to account for the financing of self-supporting municipal activities which render services generally on a user charge basis to the general public. The significant characteristic of an enterprise fund is that the accounting system makes it possible to determine whether that particular service area is operated at a profit or a loss in accordance with the generally accepted accounting principles followed by private business concerns.

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER OPERATIONS FUND

For the Year Ended April 30, 2013
(With Prior Year Actual)

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
OPERATING REVENUES				
Charges for services				
Water sales	\$ 5,308,219	\$ 5,714,354	\$ 406,135	\$ 4,562,083
Inspections/tap on/permits	4,000	24,502	20,502	16,385
Sale of meters	3,500	4,828	1,328	3,586
Other water sales	4,500	8,055	3,555	5,618
Total operating revenues	5,320,219	5,751,739	431,520	4,587,672
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Personnel services				
Salaries	455,542	459,195	3,653	486,909
Overtime	50,000	27,999	(22,001)	26,310
Social security	34,444	30,592	(3,852)	28,561
Medicare	8,055	7,155	(900)	6,692
IMRF	67,672	50,451	(17,221)	47,142
Medical/life insurance	109,961	71,392	(38,569)	77,315
Supplemental pensions	2,520	1,200	(1,320)	3,600
Total personnel services	728,194	647,984	(80,210)	676,529
Materials and supplies				
Liability insurance	132,761	119,280	(13,481)	133,031
Maintenance - building	34,978	22,039	(12,939)	22,579
Maintenance - equipment	15,400	21,359	5,959	6,611
Maintenance - water system	129,700	125,074	(4,626)	119,588
Maintenance - laundromat	-	-	-	50
Postage	1,000	501	(499)	309
Quality controls	17,300	9,921	(7,379)	14,126
Service charge	250,000	250,000	-	250,000
Supplies - operation	6,360	256	(6,104)	1,350
Training and education	3,544	1,415	(2,129)	1,280
Telephone	10,749	9,828	(921)	9,971
Uniforms	3,100	2,318	(782)	2,339
Utilities	48,825	46,681	(2,144)	47,749
Vehicle (gas and oil)	19,750	23,843	4,093	20,246
Total materials and supplies	673,467	632,515	(40,952)	629,229
Contractual				
Audit	10,000	10,000	-	10,000
Consulting/professional	13,000	7,605	(5,395)	3,742
Leak detection	19,000	14,718	(4,282)	13,823
Data processing	150,000	153,109	3,109	150,158
Janitorial service	-	-	-	-
DuPage Water Commission	3,266,708	3,527,280	260,572	2,631,116
Total contractual	3,458,708	3,712,712	254,004	2,808,839

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (Continued)
WATER OPERATIONS FUNDFor the Year Ended April 30, 2013
(With Prior Year Actual)

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
OPERATING EXPENSES				
EXCLUDING DEPRECIATION (Continued)				
Capital outlay				
Equipment	\$ 92,865	\$ 68,987	\$ (23,878)	\$ 45,469
Water meters	25,000	14,967	(10,033)	24,932
SCADA system	110,000	22,200	(87,800)	-
	<u>227,865</u>	<u>106,154</u>	<u>(121,711)</u>	<u>70,401</u>
Total capital outlay				
	<u>227,865</u>	<u>106,154</u>	<u>(121,711)</u>	<u>70,401</u>
Total operating expenses excluding depreciation	<u>5,088,234</u>	<u>5,099,365</u>	<u>11,131</u>	<u>4,184,998</u>
OPERATING INCOME	<u>231,985</u>	<u>652,374</u>	<u>420,389</u>	<u>402,674</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	9,000	18,592	9,592	19,977
Miscellaneous income	-	9,151	9,151	3,403
Debt service				
Principal repayment	(147,538)	(190,000)	(42,462)	(165,000)
Interest expense	(158,370)	(161,120)	(2,750)	(142,855)
	<u>(296,908)</u>	<u>(323,377)</u>	<u>(26,469)</u>	<u>(284,475)</u>
Total nonoperating revenues (expenses)				
	<u>(296,908)</u>	<u>(323,377)</u>	<u>(26,469)</u>	<u>(284,475)</u>
NET INCOME (LOSS) BUDGETARY BASIS	<u>\$ (64,923)</u>	<u>328,997</u>	<u>\$ 393,920</u>	<u>118,199</u>
Adjustments to GAAP basis				
Principal repayment		190,000		165,000
Depreciation		(339,134)		(344,539)
		<u>(149,134)</u>		<u>(179,539)</u>
Total adjustments to GAAP basis				
		<u>(149,134)</u>		<u>(179,539)</u>
CHANGE IN NET POSITION		<u>179,863</u>		<u>(61,340)</u>
NET POSITION, MAY 1		<u>5,785,560</u>		<u>5,846,900</u>
Prior period adjustment		<u>(25,824)</u>		<u>-</u>
NET POSITION, MAY 1, RESTATED		<u>5,759,736</u>		<u>5,846,900</u>
NET POSITION, APRIL 30		<u>\$ 5,939,599</u>		<u>\$ 5,785,560</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

Pension Trust Fund - Police Pension Fund - to account for pensions paid for police officers.

Agency Funds - to account for amounts held in deposit.

CITY OF DARIEN, ILLINOIS

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FUND

For the Year Ended April 30, 2013

	<u>Actual</u>
ADDITIONS	
Contributions	
Employer	\$ 1,093,653
Employee	294,600
	<u>1,388,253</u>
Total contributions	<u>1,388,253</u>
Investment income	
Net appreciation	
in fair value of investments	1,077,263
Interest	627,887
	<u>1,705,150</u>
Total investment income	1,705,150
Less investment expense	<u>(61,707)</u>
	<u>1,643,443</u>
Net investment income	<u>1,643,443</u>
Total additions	<u>3,031,696</u>
DEDUCTIONS	
Pension benefits	1,322,693
Contractual services	16,346
Administrative expenses	7,150
	<u>1,346,189</u>
Total deductions	<u>1,346,189</u>
NET INCREASE	1,685,507
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>20,048,106</u>
April 30	<u><u>\$ 21,733,613</u></u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2013

	Balances May 1	Additions	Deletions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and cash equivalents	\$ 13,059	\$ 185	\$ -	\$ 13,244
TOTAL ASSETS	\$ 13,059	\$ 185	\$ -	\$ 13,244
LIABILITIES				
Due to others	\$ 10,716	\$ 185	\$ -	\$ 10,901
Impact fees payable	2,317	-	-	2,317
Deposits payable	26	-	-	26
TOTAL LIABILITIES	\$ 13,059	\$ 185	\$ -	\$ 13,244
IMPACT FEES FUND				
ASSETS				
Cash and cash equivalents	\$ 13,033	\$ 185	\$ -	\$ 13,218
TOTAL ASSETS	\$ 13,033	\$ 185	\$ -	\$ 13,218
LIABILITIES				
Due to others	\$ 10,716	\$ 185	\$ -	\$ 10,901
Impact fees payable	2,317	-	-	2,317
TOTAL LIABILITIES	\$ 13,033	\$ 185	\$ -	\$ 13,218
DARIEN ESCROW FUND				
ASSETS				
Cash and cash equivalents	\$ 26	\$ -	\$ -	\$ 26
TOTAL ASSETS	\$ 26	\$ -	\$ -	\$ 26
LIABILITIES				
Deposits payable	\$ 26	\$ -	\$ -	\$ 26
TOTAL LIABILITIES	\$ 26	\$ -	\$ -	\$ 26

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF DARIEN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION WATER BONDS, SERIES 2006

April 30, 2013

Date of Issue	July 1, 2006
Date of Maturity	December 15, 2025
Authorized Issue	\$3,900,000
Interest Rates	4.10% to 4.30%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank One

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2014	\$ 180,000	\$ 15,056	\$ 195,056	2013	\$ 7,528	2013	\$ 7,528
2015	185,000	7,631	192,631	2014	7,631	2014	-
	<u>\$ 365,000</u>	<u>\$ 22,687</u>	<u>\$ 387,687</u>		<u>\$ 15,159</u>		<u>\$ 7,528</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS, SERIES 2007B

April 30, 2013

Date of Issue	May 15, 2007
Date of Maturity	December 15, 2017
Authorized Issue	\$2,600,000
Interest Rates	4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Trust Company, N.A.

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2014	\$ 410,000	\$ 88,400	\$ 498,400	2013	\$ 44,200	2013	\$ 44,200
2015	425,000	72,000	497,000	2014	36,000	2014	36,000
2016	440,000	55,000	495,000	2015	27,500	2015	27,500
2017	460,000	37,400	497,400	2016	18,700	2016	18,700
2018	475,000	19,000	494,000	2017	9,500	2017	9,500
	<u>\$ 2,210,000</u>	<u>\$ 271,800</u>	<u>\$ 2,481,800</u>		<u>\$ 135,900</u>		<u>\$ 135,900</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS, SERIES 2008

April 30, 2013

Date of Issue	June 15, 2008
Date of Maturity	January 1, 2024
Authorized Issue	\$2,370,000
Interest Rates	3.50% - 4.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Harris Bank

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				July 1	Amount	Jan 1	Amount
2014	\$ 135,000	\$ 67,318	\$ 202,318	2013	\$ 33,659	2014	\$ 33,659
2015	140,000	62,256	202,256	2014	31,128	2015	31,128
2016	145,000	57,006	202,006	2015	28,503	2016	28,503
2017	155,000	51,570	206,570	2016	25,785	2017	25,785
2018	160,000	45,564	205,564	2017	22,782	2018	22,782
2019	165,000	39,362	204,362	2018	19,681	2019	19,681
2020	170,000	32,968	202,968	2019	16,484	2020	16,484
2021	175,000	26,380	201,380	2020	13,190	2021	13,190
2022	185,000	19,600	204,600	2021	9,800	2022	9,800
2023	190,000	12,200	202,200	2022	6,100	2023	6,100
2024	115,000	4,600	119,600	2023	2,300	2024	2,300
	<u>\$ 1,735,000</u>	<u>\$ 418,824</u>	<u>\$ 2,153,824</u>		<u>\$ 209,412</u>		<u>\$ 209,412</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

April 30, 2013

Date of Issue	July 12, 2012
Date of Maturity	December 15, 2025
Authorized Issue	\$2,810,000
Interest Rates	2.00% - 3.50%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Mellon

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				Jun 15	Amount	Dec 15	Amount
2014	\$ 20,000	\$ 84,525	\$ 104,525	2013	\$ 42,263	2013	\$ 42,262
2015	20,000	84,125	104,125	2014	42,063	2014	42,062
2016	215,000	83,725	298,725	2015	41,863	2015	41,862
2017	220,000	79,425	299,425	2016	39,713	2016	39,712
2018	225,000	75,025	300,025	2017	37,513	2017	37,512
2019	230,000	68,275	298,275	2018	34,138	2018	34,137
2020	240,000	61,375	301,375	2019	30,688	2019	30,687
2021	245,000	54,175	299,175	2020	27,088	2020	27,087
2022	260,000	46,825	306,825	2021	23,413	2021	23,412
2023	265,000	39,025	304,025	2022	19,513	2022	19,512
2024	275,000	29,750	304,750	2023	14,875	2023	14,875
2025	285,000	20,125	305,125	2024	10,063	2024	10,062
2026	290,000	10,150	300,150	2025	5,075	2025	5,075
	<u>\$ 2,790,000</u>	<u>\$ 736,525</u>	<u>\$ 3,526,525</u>		<u>\$ 368,268</u>		<u>\$ 368,257</u>

(See independent auditor's report.)