

Administrative-Finance Committee
September 3, 2013
6:00 p.m. – Conference Room

1. **Call to Order**
2. **Public Comment**
3. **New Business**
 - a. **Discussion** – Draft FYE April 30, 2013 Audit
 - b. **Resolution** – Authorizing the City Administrator to construct a tower of up to 300 feet, or the most allowed by the FAA, on the property to provide rental revenues and capital projects for the City of Darien
 - c. **Ordinance** - Amending Section 3-3-7-1 of the City Code to increase the number of Class A liquor licenses from ten to eleven
 - d. **Ordinance** – Amending Section 3-3-7-4 of the City Code to increase the number of Class D liquor licenses from eight to nine
 - e. **Ordinance** – Amending Section 3-3-7-8 of the City Code to increase the number of Class H liquor licenses from one to two
 - f. **Minutes** – August 5, 2013 – Administrative-Finance Committee
4. **Other Business**
5. **Next Meeting – Monday, October 7, 2013**
6. **Adjournment**

CITY OF DARIEN

MEMO

TO: Administrative/Finance Committee Members
FROM: Bryon D. Vana, City Administrator
DATE: August 30, 2013
SUBJECT: September 3 Committee Meeting --Draft Audit Presentation

The committee will review the draft audit report, management letter, and staff's response to the management letter for FYE 4-30-13. The auditors will attend the committee meeting and review the report and answer any questions.

Rough Draft

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

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INTRODUCTORY SECTION

PRINCIPAL OFFICIALS

April 30, 2013

MAYOR

Kathleen Moesle Weaver

CITY COUNCIL

Joe Kenny
Ted Schauer
Joerg Seifert
Thomas J. Belczak
Tina Beilke
Joseph A. Marchese
Sylvia McIvor

CITY TREASURER

Michael J. Coren

CITY CLERK

Joanne Ragona

CITY ATTORNEY

John B. Murphy

FINANCIAL SECTION

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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, based on our audit, 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 and other auditors 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 and other auditors. In our opinion based on our audit, the procedures performed as described above and the report of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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
_____, 2013

Rough Draft

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

April 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
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	88,920	-	88,920
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	24,331,652	9,481,641	33,813,293
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	264,119	264,119
Total assets and deferred outflows of resources	24,331,652	9,745,760	34,077,412
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	19,694	-	19,694
Highways and streets	292,709	-	292,709
Debt service	7,860	-	7,860
Unrestricted	7,775,001	2,527,261	10,302,262
TOTAL NET POSITION	\$ 16,806,889	\$ 5,939,599	\$ 22,746,488

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Rough Draft

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	2,096,740	503,549	628,476	-
Public safety	10,426,743	261,953	1,005	-
Interest and fiscal charges on long-term debt	170,986	-	-	-
Total governmental activities	13,971,973	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	\$ 19,571,592	\$ 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
	(964,715)	-	(964,715)
	(10,163,785)	-	(10,163,785)
	(170,986)	-	(170,986)
	(11,295,778)	-	(11,295,778)
	-	152,120	152,120
	-	152,120	152,120
	(11,295,778)	152,120	(11,143,658)
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	986,898	179,863	1,166,761
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	\$ 16,806,889	\$ 5,939,599	\$ 22,746,488

See accompanying notes to financial statements.

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	9,026	-	10,668	19,694
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	4,631,669	-	-	4,631,669
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.

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	88,920
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><u>\$ 16,806,889</u></u>

See accompanying notes to financial statements.

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	561,094	2,233,493
Public safety	6,768,914	-	-	6,768,914
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.

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	13,037
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 986,898

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2013

	Business-Type Activities
	Water Operations
OPERATING REVENUES	
Water sales	\$ 5,714,354
Inspections/tap on/permits	24,502
Sale of meters	4,828
Other water sales	8,055
	<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	106,154
	<u>5,099,365</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.

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	(4,353,905)
Payments to employees	(682,260)
Net cash from operating activities	<u>(144,165)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
Net cash from noncapital financing activities	<u>-</u>
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	<u>(321,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	18,592
Net cash from investing activities	<u>18,592</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(447,534)
CASH AND CASH EQUIVALENTS, MAY 1	<u>1,435,349</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 987,815</u>
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	<u>\$ (144,165)</u>
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	<u>\$ -</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

April 30, 2013

	Pension Trust Fund	Agency
ASSETS		
Cash and cash equivalents	\$ 582,846	\$ 13,244
Investments		
U.S. Treasury obligations	923,195	-
Annuities	55,066	-
U.S. agency obligations	7,371,178	-
Money market mutual funds	172,327	-
Municipal bonds	1,354,666	-
Corporate bonds	2,111,606	-
Equity mutual funds	9,144,798	-
Receivables		
Accrued interest	94,028	-
Prepaid expenses	5,197	-
	<u>21,814,907</u>	<u>\$ 13,244</u>
Total assets		
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>
Total liabilities		
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 21,733,613</u>	

See accompanying notes to financial statements.

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>\$ 21,733,613</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.

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 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.

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>

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	<u>5,288,336</u>	<u>-</u>	<u>1,598,138</u>	<u>3,690,198</u>
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	<u>21,450,141</u>	<u>300,653</u>	<u>-</u>	<u>21,750,794</u>
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	<u>11,616,993</u>	<u>836,998</u>	<u>-</u>	<u>12,453,991</u>
Total capital assets being depreciated, net	<u>9,833,148</u>	<u>(536,345)</u>	<u>-</u>	<u>9,296,803</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 15,121,484</u>	<u>\$ (536,345)</u>	<u>\$ 1,598,138</u>	<u>\$ 12,987,001</u>

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	<u>624,819</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 863,998</u>

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:

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

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

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.

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	20
Current employees	-
Vested	25
Nonvested	8
	<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	Projected Unit Credit
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

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	1,079,693
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%	101.21%
NPO (asset)	2011	39,944	(64,073)
	2012	52,103	(75,883)
	2013	53,218	(88,920)

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	\$ 1,082,589
Interest on net pension obligation	3,908	(5,312)
Adjustment to annual required contributions	(2,793)	2,416
Annual pension cost	311,928	1,079,693
Contributions made	310,813	1,092,730
Increase (decrease) in net pension obligation (asset)	1,115	(13,037)
Net pension obligation (asset), beginning of year	52,103	(75,883)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 53,218	\$ (88,920)

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	\$ 32,785,742
Actuarial value of plan assets	5,970,600	20,048,107
Unfunded actuarial accrued liability (UAAL)	2,728,964	12,737,635
Funded ratio (actuarial value of plan assets/AAL)	68.63%	61.15%
Covered payroll (active plan members)	\$ 2,329,264	\$ 2,957,431
UAAL as a percentage of covered payroll	117.16%	430.70%

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

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			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
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.)

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 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.)

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 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	-	-	#DIV/0!	-	-	#DIV/0!

(See independent auditor's report.)

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.)

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	1,082,589	100.94%

(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.

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

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
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.)

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.)

SCHEDULE OF EXPENDITURES - 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)	
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.)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUNDFor 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 contacts	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.)

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

	2013			2012 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
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.)

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.)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUNDFor 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.)

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	<u>206,194</u>	<u>340,332</u>	<u>134,138</u>	<u>370,940</u>
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	<u>3,207,744</u>	<u>3,143,943</u>	<u>(63,801)</u>	<u>2,283,746</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,001,550)</u>	<u>(2,803,611)</u>	<u>197,939</u>	<u>(1,912,806)</u>
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)	<u>4,600,000</u>	<u>4,750,000</u>	<u>150,000</u>	<u>3,662,821</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,598,450</u>	<u>1,946,389</u>	<u>\$ 347,939</u>	<u>1,750,015</u>
FUND BALANCE, MAY 1		<u>1,864,708</u>		<u>114,693</u>
FUND BALANCE, APRIL 30		<u>\$ 3,811,097</u>		<u>\$ 1,864,708</u>

(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.

CAPITAL PROJECTS FUNDS

Debt Service Fund - The Debt Service Fund is used to account for the proceeds of the General Obligation Bonds, Series 2007B which are restricted for expenditures for the related capital projects.

CITY OF DARIEN, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

Rough Draft

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.)

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	926	-	561,094
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.)

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	575,000	638,071	63,071	660,533
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	536,860	555,186	18,326	531,699
NET CHANGE IN FUND BALANCE	\$ 38,140	82,885	\$ 44,745	128,834
FUND BALANCE, MAY 1		209,824		80,990
FUND BALANCE, APRIL 30		\$ 292,709		\$ 209,824

(See independent auditor's report.)

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	<u>5,000</u>	<u>5,177</u>	<u>177</u>	<u>5,201</u>
EXPENDITURES				
Current				
Contractual services	5,500	4,982	(518)	4,848
Maintenance contracts	1,400	-	(1,400)	541
Total expenditures	<u>6,900</u>	<u>4,982</u>	<u>(1,918)</u>	<u>5,389</u>
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.)

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	<u>494,300</u>	<u>498,028</u>	<u>3,728</u>	<u>106,380</u>
EXPENDITURES				
Debt service				
Principal	496,802	390,000	(106,802)	-
Interest and fiscal charges	-	104,375	104,375	104,375
Total expenditures	<u>496,802</u>	<u>494,375</u>	<u>(2,427)</u>	<u>104,375</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,502)</u>	<u>3,653</u>	<u>\$ 6,155</u>	<u>2,005</u>
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.

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

Rough Draft

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

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

	2013		Variance Over (Under)	2012 Actual
	Original and Final Budget	Actual		
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)	-
Total capital outlay	227,865	106,154	(121,711)	70,401
Total operating expenses excluding depreciation	5,088,234	5,099,365	11,131	4,184,998
OPERATING INCOME	231,985	652,374	420,389	402,674
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)
Total nonoperating revenues (expenses)	(296,908)	(323,377)	(26,469)	(284,475)
NET INCOME (LOSS) BUDGETARY BASIS	\$ (64,923)	328,997	\$ 393,920	118,199
Adjustments to GAAP basis				
Principal repayment		190,000		165,000
Depreciation		(339,134)		(344,539)
Total adjustments to GAAP basis		(149,134)		(179,539)
CHANGE IN NET POSITION		179,863		(61,340)
NET POSITION, MAY 1		5,785,560		5,846,900
Prior period adjustment		(25,824)		-
NET POSITION, MAY 1, RESTATED		5,759,736		5,846,900
NET POSITION, APRIL 30	\$	5,939,599	\$	5,785,560

(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.

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FUND

For the Year Ended April 30, 2013

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

(See independent auditor's report.)

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

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.)

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.)

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.)

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	2014	\$ 42,262
2015	20,000	84,125	104,125	2014	42,063	2015	42,062
2016	215,000	83,725	298,725	2015	41,863	2016	41,862
2017	220,000	79,425	299,425	2016	39,713	2017	39,712
2018	225,000	75,025	300,025	2017	37,513	2018	37,512
2019	230,000	68,275	298,275	2018	34,138	2019	34,137
2020	240,000	61,375	301,375	2019	30,688	2020	30,687
2021	245,000	54,175	299,175	2020	27,088	2021	27,087
2022	260,000	46,825	306,825	2021	23,413	2022	23,412
2023	265,000	39,025	304,025	2022	19,513	2023	19,512
2024	275,000	29,750	304,750	2023	14,875	2024	14,875
2025	285,000	20,125	305,125	2024	10,063	2025	10,062
2026	290,000	10,150	300,150	2025	5,075	2026	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.)

CITY OF DARIEN, ILLINOIS
AUDITOR'S COMMUNICATION TO THE
HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL

For the Year Ended
April 30, 2013



CITY OF DARIEN, ILLINOIS
AUDITOR'S COMMUNICATION TO THE MAYOR AND CITY COUNCIL
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Rough Draft

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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

Certified Public Accountants & Advisors
Rough Draft

Members of American Institute of
Certified Public Accountants

_____, 2013

The Honorable Mayor
Members of the City Council
City of Darien
1702 Plainfield Road
Darien, Illinois 60561

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by Statement on Auditing Standards (SAS) No. 114. Our communication at the beginning of our audit process along with our questionnaire regarding SAS No. 99, *Consideration of Fraud in a Financial Statement Audit* was sent to you on June 11, 2013.

SAS No. 115 requires the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the City, are enclosed within this document.

In today's accountability-driven environment, performance measurement is more important than ever. We have prepared an analysis of selected key ratios for the City as well as benchmark data for financial statement users to better assess the City's relative financial condition.

This information is intended solely for the use of the Mayor, City Council and management of the City of Darien and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Sikich LLP
By: James R. Savio, CPA, MAS
Partner

_____, 2013

The Honorable Mayor
Members of the City Council
City of Darien
1702 Plainfield Road
Darien, Illinois 60561

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Darien, Illinois for the fiscal year ended April 30, 2013 and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated _____, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 18, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended April 30, 2013 except for the implementation of 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*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, a list of material misstatements detected as a result of audit procedures and corrected by management is attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Darien, Illinois' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Mayor, City Council, management of the City of Darien, and should not be used for any other purpose.

We appreciate the courtesies extended to us by the City. If you have any questions regarding the purpose of this letter or the requirement mentioned, please contact us.

Sincerely,

Sikich LLP
By: James R. Savio, CPA, MAS
Partner

City of Darien - 00

Year End: April 30, 2013

Adjusting Journal Entries

Date: 5/1/2012 To 4/30/2013

Number	Date	Name	Account No	Debit	Credit
AJE01	4/30/2013	Accounts Payable	25-2150 25-CI		-67,425.00
AJE01	4/30/2013	Street Reconstruction/Rehab	25-35-4855 25-CI	67,425.00	
To accrue accounts payable related to the Knottingham Water Main Improvement					
AJE02	4/30/2013	UNAMORTIZED BOND ISSUE COSTS	12-1224 12-WDF		-25,823.62
AJE02	4/30/2013	Fund Balance - Current	12-2190 12-WDF	25,823.62	
AJE02	4/30/2013	Deferred Loss Bond Issuance	98-2189 98-G		-15,251.33
AJE02	4/30/2013	Fund Balance - Current	98-2190 98-G	15,251.33	
To record a restatement to write off bond issuance costs in accordance with GASB Statement No. 65					
AJE03	4/30/2013	Interest Payable	98-2002 98-G	7,334.89	
AJE03	4/30/2013	Unamortized Bond Premium	98-2065 98-G	3,268.28	
AJE03	4/30/2013	Bank Loans Payable	98-2100 98-G	160,500.00	
AJE03	4/30/2013	G.O. Bonds 2007A	98-2196 98-G	390,000.00	
AJE03	4/30/2013	2008 GO Bonds Payable	98-2197 98-G	130,000.00	
AJE03	4/30/2013	Amortization on Premium	98-4905 98-G		-3,268.28
AJE03	4/30/2013	Principal	98-50-5000 98-G		-680,500.00
AJE03	4/30/2013	Interest	98-50-5001 98-G		-7,334.89
To record current year activity in the GLTDAG					
AJE04	4/30/2013	Now Acct -Republic Bank	02-1005 02-WF	190,000.00	
AJE04	4/30/2013	Now Acct -Republic Bank	12-1005 12-WDF		-190,000.00
AJE04	4/30/2013	UNAMORTIZED BOND DISCOUNT	12-1225 12-WDF		-3,539.50
AJE04	4/30/2013	Unamortized Bond Premium	12-1226 12-WDF		-174,160.00
AJE04	4/30/2013	Unamortized Loss on Refunding	12-1227 12-WDF	264,119.00	
AJE04	4/30/2013	Interest Payable	12-2002 12-WDF	13,572.62	
AJE04	4/30/2013	Bonds Payable	12-2184 12-WDF	190,000.00	
AJE04	4/30/2013	Bonds Payable	12-2184 12-WDF		-2,810,000.00
AJE04	4/30/2013	Bonds Payable	12-2184 12-WDF	2,690,000.00	
AJE04	4/30/2013	Debt Retire	02-50-4905 02-WF		-190,000.00
AJE04	4/30/2013	Debt Issuance Costs	12-50-4900 12-WDF	30,041.00	
AJE04	4/30/2013	Interest	12-51-4946 12-WDF		-13,572.62
AJE04	4/30/2013	Amortization	12-51-4947 12-WDF	3,539.50	
To adjust the Water Fund for current year long-term debt activity, including the 2012 refunding					

Rough Draft

AJE05	4/30/2013	Utility Tax Receivable	01-1209 01-GF	54,651.82	
AJE05	4/30/2013	Municipal Utility Tax	01-00-3130 01-GF		-54,651.82

To accrue a receivable for ComEd utility taxes

AJE06	4/30/2013	Franchise Fees Receivable	01-1210 01-GF	16,534.00	
AJE06	4/30/2013	Cable T.V. Franchise Fee	01-00-3244 01-GF		-32,548.90
AJE06	4/30/2013	PEG - Fees - AT&T	01-00-3245 01-GF	16,014.90	

To reclassify and accrue AT&T franchise and PEG fees

AJE07	4/30/2013	Building/Improvements	99-1920 99-G	152,591.00	
AJE07	4/30/2013	Vehicles/Equipment	99-1940 99-G	148,062.00	
AJE07	4/30/2013	A/D - Machinery & Equipment	99-1990 99-G		-239,027.52
AJE07	4/30/2013	A/D - Buildings	99-1991 99-G		-125,728.14
AJE07	4/30/2013	A/D - Infrastructure	99-1992 99-G		-472,242.13
AJE07	4/30/2013	Investment in Fixed Asset	99-2320 99-G		-1,598,138.00
AJE07	4/30/2013	Loss on Disposal	99-4000 99-G	1,598,138.00	
AJE07	4/30/2013	Depreciation - General Government	99-5000 99-G	51,034.00	
AJE07	4/30/2013	Depreciation - Public Safety	99-5001 99-G	161,144.58	
AJE07	4/30/2013	Depreciation - Public Works	99-5002 99-G	624,819.21	
AJE07	4/30/2013	Purchases - Public Works	99-50-5502 99-G		-300,653.00

To record capital asset changes for governmental activities

AJE08	4/30/2013	Accounts Receivable Customers	01-1200 01-GF		-50,833.34
AJE08	4/30/2013	Liquor License	01-00-3212 01-GF	50,833.34	

To adjust liquor license revenue to exclude FY14 licenses

AJE09	4/30/2013	Water Sales Receivable-Billed	02-1220 02-WF		-1,967.00
AJE09	4/30/2013	Water Bill Receivable-Unbilled	02-1221 02-WF	60,848.14	
AJE09	4/30/2013	Water Sales	02-00-3310 02-WF		-60,848.14
AJE09	4/30/2013	Water Sales	02-00-3310 02-WF	1,967.00	

To adjust billed and unbilled water receivable for FY13

AJE10	4/30/2013	Compensated Absences Payable	02-2155 02-WF	26,627.90	
AJE10	4/30/2013	Compensated Absences Payable	98-2155 98-G		-179,566.48
AJE10	4/30/2013	Salaries	02-50-4010 02-WF		-26,627.90
AJE10	4/30/2013	Change in comp abs - PW	98-50-5002 98-G	3,858.07	
AJE10	4/30/2013	Change in comp abs - GG	98-50-5500 98-G	19,012.18	
AJE10	4/30/2013	Change in comp abs - PS	98-50-5501 98-G	156,696.23	

To adjust compensated absences as of 4/30/2013

Rough Draft

AJE11	4/30/2013	A/D - Machinery & Equipment	02-1990 02-WF		-339,134.00
AJE11	4/30/2013	Depreciation	02-10-4620 02-WF	339,134.00	

To adjust Water Fund capital assets for FY13

AJE12	4/30/2013	DIS Bond Payable-Contractor	02-2188 02-WF		-2,926.00
AJE12	4/30/2013	DIS Bond Payable-Contractor	98-2188 98-G	1,811.00	
AJE12	4/30/2013	Change in IMRF NPO	02-50-4116 02-WF	2,926.00	
AJE12	4/30/2013	Change in IMRF NPO - GG	98-50-5601 98-G		-1,015.00
AJE12	4/30/2013	Change in IMRF NPO - PW	98-50-5602 98-G		-1,103.00
AJE12	4/30/2013	Change in IMRF NPO - PS	98-50-5603 98-G	307.00	

To adjust the IMRF NPO to actual at 4/30/13

City of Darien

(CLIENT)

GENERAL

(FUND OR FUND TYPE)

For the Year Ended 4/30/2013

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$	\$	\$	\$
Utility tax would have been receivable at 4/30/12	S.10			(48,064.00)	48,064.00
Totals		\$ -	\$ -	\$ (48,064.00)	\$ 48,064.00

City of Darien
(CLIENT)

GOVERNMENTAL ACTIVITIES
(FUND OR FUND TYPE)

For the Year Ended 4/30/2013

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period					
Utility tax would have been receivable at 4/30/12	S.10			(48,064.00)	48,064.00
Totals		\$ -	\$ -	\$ (48,064.00)	\$ 48,064.00

Rough Draft

CITY OF DARIEN, ILLINOIS

MANAGEMENT LETTER

April 30, 2013



The Honorable Mayor
Members of the City Council
City of Darien
1702 Plainfield Road
Darien, Illinois 60561

Ladies and Gentlemen:

In planning and performing our audit of the governmental activities, the business type activities each major fund, the aggregate remaining fund information, and the related notes to financial statements that collectively comprise the basic financial statements of the City of Darien, Illinois (the City) as of and for the year ended April 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the its internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, as described below, we identified certain deficiencies in internal control. In addition, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be a material weakness.

This report is intended solely for the information and use of the Mayor, City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

Naperville, Illinois
_____, 2013

We believe the following to be deficiencies:

1. Revenue Recognition

The City has revenue recognition policies in accordance with GAAP; however certain instances were noted where the policies were not followed. Liquor license revenue for fiscal year 2014 was reported as revenue and receivable for fiscal year 2013. Also, the revenue for certain utility tax receipts was reported on a cash basis instead of on the modified accrual basis. In both cases we proposed adjustments, agreed to by the City, to correct the revenue recognition. We recommend the City examine all significant revenues to ensure compliance with its revenue recognition policies.

2. Balance Sheet Accounts

The City currently has several balance sheet accounts, both assets and liabilities, which are tracked for many unique transactions. It also maintains subsidiary ledgers in the form of Excel spreadsheets for each of these accounts supporting the balances on the general ledger. Many of these accounts have limited activity during the year. We further noted several liability accounts with debit balances and accounts with balances unadjusted from the prior year. We recommend the City consider consolidating some of the accounts with less activity into one account. Also, the City should develop a procedure to determine the frequency of the reconciliation of these accounts (e.g., monthly vs. quarterly). Finally, the City should ensure that proper management review of these accounts is done on a regular basis to determine any necessary action required on the accounts.

3. Building Permits Reconciliation

The community development department of the City maintains a system of tracking permits and refundable and nonrefundable fees. Currently, the finance department does not reconcile the general ledger to the report generated by the community development department. To ensure accurate reflection of revenues, receivables, and escrow liabilities in the financial statements, we recommend the finance department reconcile the report on a regular basis.

OTHER INFORMATION

Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued a number of pronouncements that may impact the City in the future.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, is intended to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as part of the primary government. Statement No. 61 is applicable for the fiscal year ending April 30, 2014.

OTHER INFORMATION (Continued)

Future Accounting Pronouncements (Continued)

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, is intended to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 66 is applicable for the fiscal year ending April 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. Statement No. 67 is applicable for the fiscal year ending April 30, 2015.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). Statement No. 68 is applicable for the fiscal year ending April 30, 2016.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Statement No. 69 is applicable for the fiscal year ending April 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* intends to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Statement No. 70 is applicable for the fiscal year ending April 30, 2015.

We will advise the City of any progress made by GASB in developing this and other future pronouncements that may have an impact on the financial position and results of operation of the City.

APPENDIX A
STATUS OF COMMENTS FROM APRIL 30, 2012

DEFICIENCY

1. Accounts Payable Detail

During our testing of accounts payable, it was noted that the detail provided by management did not agree to the general ledger balance for two funds. We recommend that the accounts payable detail be reviewed on a regular basis and reconciled to the general ledger to ensure accurate financial reporting.

Status - Comment implemented as of April 30, 2013.

2. Internal Controls - Police Department Cash Receipts

During the internal control walkthrough of Police Department cash receipts procedures we noted internal control weaknesses over the tracking and recording of cash receipts. The Department has a manual system in place, which increases the likelihood of error. We also noted that there is little review of the receipts by anyone besides the individual who took payment. We recommend that the Department require a second review of payments made to improve the controls over the collection of payments

Status - Comment implemented as of April 30, 2013.

Sikich Snapshot

Organization

Sikich is a dynamic accounting, advisory, investment banking, technology and managed services firm with more than 400 employees throughout the country. Founded in 1982, we are now one of the country's Top 40 largest CPA firms and among the top 1% of all enterprise resource planning solution partners in the world.

Industries

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

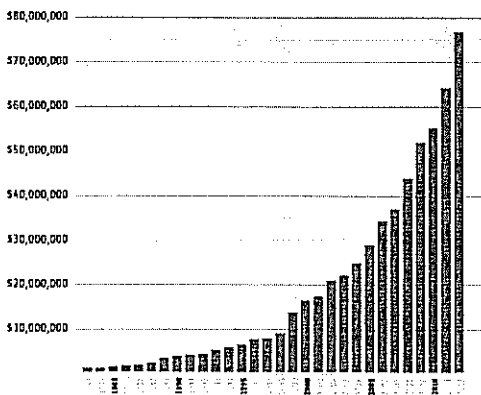
- Agriculture
- Construction
- Government
- Health Care
- Higher Education
- Manufacturing & Distribution
- Not-for-Profit
- Professional Services
- Real Estate
- Retail

Statistics

Revenues	\$76.4M
Total Partners	70
Total Employees	383
Total Personnel	453

Personnel count and revenue as of Dec. 31, 2012

Sikich Total Revenues



Awards

- *Accounting Today* Top 100 Firms: ranked 40th nationally, 2013
- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 6th, 2013
- Best Places to Work in Indiana, 2013
- Best Places to Work in Illinois, 2013
- *Crain's Chicago Business* Top 25 Firms: ranked 12th in Chicagoland, 2012
- Top 50 Chicago Generation Y Employers, ranked 35th, 2012
- *Chicago Tribune's* Chicago's Top Workplaces, 2012
- *Bob Scott's Insights* Value Added Reseller Stars, 2012
- American Graphic Design Awards, 2012
- *INSIDE Public Accounting* All-Star Firms: Computing Consulting, Mergers and Acquisitions, 2012
- Microsoft Dynamics Inner Circle and President's Club, 2012
- Bob Scott's Top 100 Value Added Reseller: ranked 13th, 2012
- Alfred P. Sloan Award for Excellence in Workplace Effectiveness & Flexibility, 2012
- *Accounting Today* Top 100 Value Added Reseller: ranked 12th, 2012
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 47th nationally, 2012
- *Daily Herald Business Ledger* Book of Lists: ranked 3rd, "Accounting Firms;" Chicago Western Suburbs, 2012
- *Springfield Business Journal* Book of Lists: ranked 1st, "Accounting Firms;" Springfield, Illinois, 2012
- Chicago's 101 Best and Brightest Companies to Work For, 2012 - 2006

SERVICES

- Accounting & Assurance
- Business Valuation
- Dispute Advisory
- ERP & CRM Software
- Flex-Staff Solutions
- Human Resources Consulting
- Investment Banking & Corporate Finance
- IT Services
- Marketing & Public Relations
- Retirement Planning
- Supply Chain
- Tax Planning
- Wealth Management



877.279.1900 | info@sikich.com
www.sikich.com

Certifications

All professional accounting staff having more than one year of experience have earned or are working toward earning the designation of Certified Public Accountant. Sikich LLP is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2011, Sikich LLP received its 8th consecutive unmodified ("pass") peer review report. This is the highest level of recognition conferred upon a public accounting firm for its quality control systems.



Microsoft Partner

Gold Enterprise Resource Planning

Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1% of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- ▶ Microsoft Small Business Specialist
- ▶ MCP (Microsoft Certified Professional)
- ▶ MCSE (Microsoft Certified System Engineer)
- ▶ CCNA (Cisco Certified Network Associate)
- ▶ CCDA (Certified Cisco Design Associate)
- ▶ CCEA (Citrix Certified Enterprise Administrator)
- ▶ MRMS (Microsoft Retail Management Systems)
- ▶ CISA (Certified Information Systems Auditor)
- ▶ CNE (Certified Novell Engineer)
- ▶ MS CSM (Microsoft Customer Service Manager)
- ▶ MS CAE (Microsoft Certified Account Executive)
- ▶ MCDBA (Microsoft Certified Database Admin.)



leading edge alliance

innovation • quality • excellence

Sikich is proud to be part of the Leading Edge Alliance

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

*International Accounting Bulletin, 2011

LOCATIONS:

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Phone: (630) 566-8400

Chicago - Monroe Street

Phone: (312) 541-9300

Chicago - Wacker Drive

Phone: (312) 648-6666

Decatur, IL

Phone: (217) 423-6000

Web: sikich.com/decatur

Denver, CO

Phone: (720) 200-0142

Indianapolis, IN

Phone: (317) 842-4466

Web: sikich.com/indianapolis

Rockford, IL

Phone: (815) 282-6565

Web: sikich.com/rockford

Springfield, IL

Phone: (217) 793-3363

Web: sikich.com/springfield

St. Louis, MO

Phone: (314) 275-7277

Web: sikich.com/stlouis

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MEMO

To: Bryon Vana, City Administrator

From: Paul Nosek, Accounting Manager

RE: Management Letter Response

Date: August 29, 2013

We were pleased that the audit engagement again went smoothly for the City of Darien's annual audit for the year ended 4/30/13, and for the recommendations provided to us in the management letter by our auditors, Sikich. During the course of the audit no material misstatements were identified which allowed us to receive an unqualified opinion which is the highest form of assurance that an auditor can give to a client. As noted, the deficiencies mentioned were minor and procedural in nature and the appropriate actions are being taken to correct or modify any items contained herein.

Deficiency

1. The deficiency related to revenue recognition was an instance where the accounting staff was issuing renewal liquor license applications. The applications and invoices are mailed out so that businesses have 30 days to renew and the invoice was issued during the final week of April. The accounting staff did not realize how that affected the revenue and the accountant was unaware that these invoices were put through the system until after it was done at which time the auditors were told that an adjustment would have to be made. The utility taxes had always been reported on a cash basis in all prior years and this is the first year in which the auditor suggested it be done on an accrual basis. The City will prepare the cash to accrual adjustment going forward as it does with the rest of the revenues.
2. The City will review the accounts noted and if possible consolidate or adjust the balances. The City already has procedures to review and reconcile the accounts and will include it as part of its monthly accounting procedures.
3. The report referred to by the auditors does not take into consideration all of the different fees and charges related to issuing of permits and would not be a reliable system to attempt to track refundable and non-refundable fees. It is not an all inclusive tracking system and it would not be cost effective for the City to attempt to make it one. All fees for permits as well as refundable deposits and escrow liabilities are currently entered through our accounting system with outstanding escrow liabilities maintained in a separate manual file. Those are currently reconciled at year end but the City will start doing those on a monthly basis.

AGENDA MEMO
Administrative/Finance Committee
September 3, 2013

ISSUE STATEMENT

A resolution authorizing the City Administrator to construct a tower of up to 300 feet, or the most allowed by the FAA, on the property to provide rental revenues and capital projects for the City of Darien

BACKGROUND/HISTORY

The City of Darien executed an agreement with World Class Wireless in May to allow them use of the existing tower at Public Works for a wireless project. After conducting a structural analysis on the tower, it was determined they could not put up their projects because the tower is at capacity. They have already paid to Darien a capital contribution and first year rent, a total of \$73,000. These monies would need to be returned if an agreement could not be made.

Staff worked with the company to investigate alternatives. They have agreed to construct a new tower next to the salt storage building and deed the tower to the City of Darien in exchange for a right to keep equipment on it for the term of their lease. The City of Darien would be able to market and rent other spots on the tower (estimated to be approximately eight additional projects, depending on the scope of each project). Currently the City of Darien has been getting \$25,000 as an initial buy-in on each project and \$4,000 per month in rent. Additionally, they have agreed to contribute \$63,805.20 to bring city water to the public works building, reconfigure parking in the lot, and help pay for a portion of paving a front area to make up for the lost space needed for operations due to the tower's footprint.

The timeframe on this project is tight, as the company would like to get the tower constructed by October 1, 2013. The company has been doing due diligence and filing with several unit of government for permits, including the FAA. The FAA may not allow a tower height of 300 feet, and turned down the original location next to the storage shed, but a tower of similar height near the original tower will be acceptable. A variation is also required due to the height of the tower.

STAFF/COMMITTEE RECOMMENDATION

Staff recommends approving the agreement.

ALTERNATE CONSIDERATION

Not approving the agreement is an alternate consideration.

STRUCTURE LEASE AGREEMENT

THIS STRUCTURE LEASE AGREEMENT ("**Agreement**"), dated as of the latter of the signature dates below (the "Effective Date"), is entered into by The City of Darien, an Illinois corporation, having a mailing address of 1702 Plainfield Road, Darien Illinois 60561 (hereinafter referred to as "**Landlord**") and World Class Wireless, LLC, a Delaware limited liability company, having a mailing address of 600 W. Suite 610, Chicago Avenue, Chicago, IL 60654 (hereinafter referred to as "**Tenant**").

BACKGROUND

Landlord owns or controls that certain plot, parcel or tract of land, improved with a communications tower ("**Tower No. 1**"), together with all rights and privileges arising in connection therewith, located at 1041 South Frontage Road, in the City of Darien, in the County of DuPage, State of Illinois 60561. Landlord and Tenant previously entered into a Structure Lease Agreement dated May 20, 2013 (the "**Original Agreement**"), with respect to premises located at 1041 South Frontage Road, Darien, Illinois for installation and construction of Tenant's Communication Facility upon Landlord's Tower No. 1.

Pursuant to a Structural Analysis Report prepared by Paul J. Ford And Company, dated June 24, 2013, it has been determined that Tower No. 1 is structurally inadequate to accommodate Tenant's antennas and associated equipment; the parties have agreed that Tenant shall construct a second tower upon Landlord's same property (the "**Tower**"), as more fully described on **Exhibit 1** (collectively, the "**Property**"). Tenant desires to use a portion of the Property in connection with its federally licensed communications business. Landlord desires to grant to Tenant the right to use a portion of the Property in accordance with this Agreement.

The parties further agree to terminate the Original Agreement as of the Commencement Date of this Structure Lease Agreement (the "**Agreement**") and the terms and conditions set forth in this Agreement shall prevail.

The parties agree as follows:

1. **CONSTRUCTION OF TOWER.**

(a) Tenant shall construct a self-supporting tower, at a height of approximately three-hundred feet (300'). The Tower shall be constructed in good and workmanlike manner and in accordance with specifications mutually and reasonably agreed to by the parties hereto.

(b) Upon completion of the Tower, Tenant shall convey to Landlord the rights, ownership, and interest in the Tower through a Bill of Sale free and clear of all liens and encumbrances. All rights, obligations, and liabilities to the Tower as of the date of transfer of ownership shall become the responsibility of the Landlord less any outstanding issues to be corrected by Tenant such as, but not limited to, any existing or outstanding Tenant liabilities or obligations, any structural, design, and operations issues.

2.

3. **PREMISES.**

(a) Landlord hereby leases to Tenant a portion of the Property consisting of: (i) ground area space of 16 square feet for Tenant's equipment shelter ("**Equipment Space**") and

(ii) rights for occupying the vertical space between the Federal Aviation Administration (FAA) approved structure height and twenty feet (20') below ("**Antenna Space**"), together with such casements as are necessary for installation, operation and maintenance of Tenant's antennas as described on attached Exhibit 2; and

(iii) those certain areas where Tenant's conduits, wires, cables, cable trays and other necessary connections are located between the Equipment Space and the Antenna Space, and between the Equipment Space and the electric power, telephone, and fuel sources for the Property (hereinafter collectively referred to as "**Connections**"). Landlord agrees that Tenant shall have the right to install Connections between Tenant's equipment in the Equipment Space and Antenna Space; and between Tenant's equipment in the Equipment Space and the electric power, telephone, and fuel sources for the Property, and any other improvements. Landlord further agrees that Tenant shall have the non-exclusive right for ingress and egress to the Premises (as hereinafter defined), seven (7) days a week, twenty-four (24) hours a day, on foot or motor vehicle, including trucks, over such portion of the Premises as may be designated by the Landlord extending from the nearest public right-of-way to the Premises, together with the right to install, replace and maintain utility wires, poles, cables, conduits, pipes and other necessary connections over or along any right-of-way extending from the aforementioned public right-of-way to the Premises. Notwithstanding the foregoing, Tenant, to the extent feasible, shall locate all wires, conduits and cables on existing poles extending from the roadway into Landlord's Property. The Equipment Space, Antenna Space, Connections, Access, and Right-of-Way are hereinafter collectively referred to as the "**Premises**".

(b) During the term of this Agreement, Tenant and its agents, engineers, surveyors and other representatives will have the right to enter upon the Property to inspect, examine, conduct soil borings, drainage testing, material sampling, radio frequency testing and other geological or engineering tests or studies of the Property (collectively, the "**Tests**"), to apply for and obtain licenses, permits, approvals, or other relief required of or deemed necessary or appropriate at Tenant's sole discretion for its use of the Premises and include without limitation applications for zoning variances, zoning ordinances, amendments, special use permits, and construction permits (collectively, the "**Government Approvals**"), initiate the ordering and/or scheduling of necessary utilities, and otherwise to do those things on or off the Property that, in the opinion of Tenant, are necessary in Tenant's sole discretion to determine the physical condition of the Property, the environmental history of the Property, Landlord's title to the Property and the feasibility or suitability of the Property for Tenant's Permitted Use, all at Tenant's expense. Tenant will not be liable to Landlord or any third party on account of any pre-existing defect or condition on or with respect to the Property, whether or not such defect or condition is disclosed by Tenant's inspection. Tenant will restore the Property to its condition on the date of this Agreement, reasonable wear and tear and casualty not caused by Tenant excepted. In addition, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all injury, loss, damage or claims arising directly out of Tenant's Tests.

(c) If during the term of this Agreement Landlord decides to subdivide, sell, or change the status of the zoning of the Premises or the Property which includes (without limitation) the remainder of the Tower) or in the event of foreclosure, Landlord shall promptly notify Tenant in writing. Any sale of the Property shall be subject to Tenant's rights under this Agreement. Landlord agrees that during the Term of this Agreement Landlord shall not initiate or consent to any change in the zoning of the Premises, Property or Surrounding Property or impose or consent to any other restriction that would prevent or, materially limit Tenant from using the Premises for the uses intended by Tenant as hereinafter set forth in this Agreement.

4. **PERMITTED USE.** Tenant may use the Premises for the transmission and reception of Tenant's communications signals and the installation, construction, maintenance, operation, repair, replacement and upgrade of its communication fixtures and related equipment, cables, accessories and

improvements, which may include associated antennas, equipment shelters or cabinets and fencing and any other items necessary to the successful and secure use of the Premises for the transmission and reception of Tenant's communications signals (collectively, the "**Communication Facility**") as depicted on **Exhibit 2** attached hereto, as well as the right to test, survey and review title on the Property; Tenant further has the right, but not the obligation, to add, modify and/or replace equipment in order to be in compliance with any current or future federal, state or local mandated application, including, but not limited to, emergency 911 communication services, at no additional cost to Tenant or Landlord (collectively, the "**Permitted Use**") provided such additional or replacement equipment substantially conforms in size, shape and location to the facilities depicted on **Exhibit 2**. If **Exhibit 2** includes drawings of the initial installation of the Communication Facility, Landlord's execution of this Agreement will signify Landlord's approval of **Exhibit 2**. For a period of ninety (90) days following the start of construction, Landlord grants Tenant, its subtenants, licensees and sublicensees, the right to use such portions of the Landlord's Surrounding Property, as may reasonably be required during construction and installation of the Communications Facility. Tenant has the right to install and operate transmission cables from the equipment shelter or cabinet to the antennas, electric lines from the main feed to the equipment shelter or cabinet and communication lines from the main entry point to the equipment shelter or cabinet, and to make Property improvements, alterations, upgrades or additions appropriate for Tenant's use ("**Tenant Changes**"). Tenant agrees to comply with all applicable governmental laws, rules, statutes and regulations, relating to its use of the Communication Facility on the Property. Tenant has the right to modify, supplement, replace, upgrade, expand the equipment, increase the number of antennas or relocate the Communication Facility within the Premises at any time during the term of this Agreement, provided such additional or replacement equipment substantially conforms in size, shape and location to the facilities depicted on **Exhibit 2**. Tenant will be allowed to make such alterations to the Property in order to accomplish Tenant's Changes or to insure that Tenant's Communication Facility complies with all applicable federal, state or local laws, rules or regulations. In the event Tenant desires to modify or upgrade the Communication Facility, and Tenant requires an additional portion of the Property (the "**Additional Premises**") for such modification or upgrade, and Landlord does not require such additional portion of the Property for Landlord's own purposes, Landlord agrees to lease to Tenant the Additional Premises, upon the same terms and conditions set forth herein, except that the Rent shall increase, in conjunction with the lease of the Additional Premises by a reasonable amount consistent with rental rates then charged for comparable portions of real property being in the same area. Landlord agrees to take such actions and enter into and deliver to Tenant such documents as Tenant reasonably requests in order to effect and memorialize the lease of the Additional Premises to Tenant.

5. **TERM.**

(a) This Agreement shall be effective as of the date of execution by both Parties, provided, however, the initial lease term will be five (5) years ("**Initial Term**"), commencing on the date Tenant delivers to Landlord the Bill of Sale pursuant to Paragraph 1 of this Agreement ("**Commencement Date**").

(b) This Agreement will automatically renew for four (4) additional five (5) year term(s), each term shall be defined as the "**Extension Term**", upon the same terms and conditions unless the Tenant notifies the Landlord in writing of Tenant's intention not to renew this Agreement at least sixty (60) days prior to the expiration of the existing Term.

(c) The Initial Term and the Extension Term are collectively referred to as the Term ("**Term**").

(d) If Tenant remains in possession of the Premises after the termination of this Agreement then Tenant will be deemed to be occupying the Premises on a month to month basis (the "**Holdover Term**"), subject to the terms and conditions of this Agreement with monthly rent equal \$8,000 per month.

6. RENT.

(a) As consideration for this Agreement, within 30 days after the Commencement Date, Tenant agrees to pay to Landlord sixty-three thousand, eight hundred five dollars and twenty cents (\$63,805.20) as a one-time capital contribution, which is a full satisfaction of rent paid per this agreement's commencement, terms, and subsequent renewals as more fully described in section (s) 5 of this Agreement.

(b) Notwithstanding the foregoing, in exchange for Tenant constructing the Tower, and transferring full title and ownership of the Tower to Landlord, Landlord agrees to reimburse Tenant for costs incurred by Tenant in association with the construction and installation of the Tower. Said reimbursement shall be in the form of an abatement of any and all rent which accrues under this Agreement beginning on the Commencement Date continuing through the Term of the Agreement.

7. APPROVALS.

(a) Landlord agrees that Tenant's ability to use the Premises is contingent upon the suitability of the Premises for Tenant's Permitted Use and Tenant's ability to obtain and maintain all Government Approvals. Landlord authorizes Tenant to prepare, execute and file all required applications to obtain Government Approvals for Tenant's Permitted Use under this Agreement and agrees to reasonably assist Tenant with such applications and with obtaining and maintaining the Government Approvals.

(b) Tenant has the right to obtain a title report or commitment for a leasehold title policy from a title insurance company of its choice and to have the Property surveyed by a surveyor of Tenant's choice. In the event Tenant determines, in its sole discretion, due to the title report results or survey results, that the condition of the Premises is unsatisfactory, Tenant will have the right within ninety (90) days after the Effective Date to terminate this Agreement upon notice to Landlord.

(c) Tenant may also perform and obtain, at Tenant's sole cost and expense, soil borings, percolation tests, engineering procedures, environmental investigation or other tests or reports on, over, and under the Property, necessary to determine if the Tenant's use of the Premises will be compatible with Tenant's engineering specifications, system, design, operations or Government Approvals.

8. TERMINATION. This Agreement may be terminated, without penalty or further liability, as follows:

(a) by either party on thirty (30) days prior written notice, if the other party remains in default under Paragraph 17 Default and Right to Cure of this Agreement after the applicable cure periods;

(b) by Tenant upon written notice to Landlord, if Tenant is unable to obtain, or maintain, any required approval(s) or the issuance of a license or permit by any agency, board, court or other governmental authority necessary for the construction or operation of the Communication Facility as now and hereafter intended by Tenant or if Tenant determines in its sole discretion that the cost of obtaining or retaining the same is commercially unreasonable; or

(c) by Tenant upon written notice to Landlord for any reason at any time within one hundred twenty days after the Effective Date, but prior to commencement of construction of the Tower by Tenant, and, upon Landlord's receipt of such written notice, Tenant's obligation to construct the Tower as contemplated in this Agreement shall cease and the terms of this Agreement shall become null and void;

or

(d) by Tenant upon sixty (60) days prior written notice to Landlord for any reason after the Commencement Date

9. INSURANCE.

(a) Tenant will carry during the Term, at its own cost and expense, the following insurance:
(i) "All Risk" property insurance for its property's replacement cost; (ii) commercial general liability

insurance with a minimum limit of liability of \$2,500,000 combined single limit for bodily injury or death/property damage arising out of any one occurrence; and (iii) Workers' Compensation Insurance as required by law. The coverage afforded by Tenant's commercial general liability insurance shall apply to Landlord as an additional insured, but only with respect to Tenant's operations.

(b) Tenant shall have the right to self-insure with respect to any of the above insurance requirements.

(c) Landlord agrees that at its own cost and expense, Landlord will maintain commercial general liability insurance with limits not less than \$1,000,000 for injury to or death of one or more persons in any one occurrence and \$500,000 for damage or destruction to property in any one occurrence, or will maintain adequate self-insurance against such occurrences.

10. INTERFERENCE.

(a) Where there are existing radio frequency user(s) on the Property, the Landlord will provide Tenant with a list of all existing radio frequency user(s) on the Property to allow Tenant to evaluate the potential for interference. Tenant warrants that its use of the Premises will not interfere with existing radio frequency user(s) on the Property so disclosed by Landlord, as long as the existing radio frequency user(s) operate and continue to operate within their respective frequencies and in accordance with all applicable laws and regulations. Tenant further warrants that it will operate, keep and maintain the Communication Facility at all times in compliance with applicable governmental approvals and requirements to prevent material interference with other authorized radio frequency users of the Property. Tenant further agrees to cooperate with other authorized users of the Property to identify and eliminate interference problems, and Tenant agrees to cooperate with Landlord and such other tenant(s) and/or licensee(s) to resolve any disputes over radio frequency interference.

(b) Landlord will not grant, after the date of this Agreement, a lease, license or any other right to any third party for use of the Property, if such use may materially adversely affect or interfere with the Communication Facility, the operations of Tenant or the rights of Tenant under this Agreement. Landlord will notify Tenant in writing prior to granting any third party the right to install and operate communications equipment on the Property.

(c) Landlord will not use, nor will Landlord permit its employees, tenants, licensees, invitees or agents to use, any portion of the Property in any way that materially interferes with the Communication Facility, the operations of Tenant or the rights of Tenant under this Agreement. Landlord will cause such interference to cease within twenty-four (24) hours after receipt of notice of interference from Tenant. In the event any such interference does not cease within the aforementioned cure period then the parties acknowledge that Tenant will suffer irreparable injury, and therefore, Tenant will have the right, in addition to any other rights that it may have at law or in equity, for Landlord's breach of this Agreement, to elect to enjoin such interference or to terminate this Agreement upon notice to Landlord.

11. INDEMNIFICATION.

(a) Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all injury, loss, damage or liability (or any claims in respect of the foregoing), costs or expenses (including reasonable attorneys' fees and court costs) arising directly from the installation, use, maintenance, repair or removal of the Communication Facility or Tenant's breach of any provision of this Agreement, except to the extent attributable to the negligent or intentional act or omission of Landlord, its employees, agents or independent contractors.

(b) Landlord agrees to indemnify, defend and hold Tenant harmless from and against any and all injury, loss, damage or liability (or any claims in respect of the foregoing), costs or expenses (including reasonable attorneys' fees and court costs) arising directly from the actions or failure to act of Landlord or its employees or agents, or Landlord's breach of any provision of this Agreement, except to

the extent attributable to the negligent or intentional act or omission of Tenant, its employees, agents or independent contractors.

(c) Notwithstanding anything to the contrary in this Agreement, Tenant and Landlord each waives any claims that each may have against the other with respect to consequential, incidental or special damages.

(d) The provisions of this Paragraph 11 shall survive the expiration or termination of this Agreement.

12. WARRANTIES.

(a) Tenant and Landlord each acknowledge and represent that it is duly organized, validly existing and in good standing and has the right, power and authority to enter into this Agreement and bind itself hereto through the party set forth as signatory for the party below.

(b) Landlord represents and warrants that: (i) Landlord solely owns the Property as a legal lot in fee simple, or controls the Property by lease or license and solely owns the structure; (ii) the Property is not encumbered by any liens, restrictions, mortgages, covenants, conditions, easements, leases, or any other agreements of record or not of record, which would adversely affect Tenant's Permitted Use and enjoyment of the Premises under this Agreement; (iii) as long as Tenant is not in default then Landlord grants to Tenant actual, quiet and peaceful use, enjoyment and possession of the Premises; (iv) Landlord's execution and performance of this Agreement will not violate any laws, ordinances, covenants or the provisions of any mortgage, lease or other agreement binding on the Landlord; and (v) if the Property is or becomes encumbered by a deed to secure a debt, mortgage or other security interest, Landlord will provide promptly to Tenant a mutually agreeable Subordination, Non-Disturbance and Attornment Agreement.

13. ENVIRONMENTAL.

(a) Landlord represents and warrants that, to the best of Landlord's knowledge, the Property is free of hazardous substances as of the date of this Agreement, and, to the best of Landlord's knowledge, the Property has never been subject to any contamination or hazardous conditions resulting in any environmental investigation, inquiry or remediation. Landlord and Tenant agree that each will be responsible for compliance with any and all environmental and industrial hygiene laws, including any regulations, guidelines, standards, or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene condition or other matters as may now or at any time hereafter be in effect, that are now or were related to that party's activity conducted in, or on the Property. Tenant represents and warrants that it will not store, use or release hazardous substances on the Property.

(b) Landlord and Tenant agree to hold harmless and indemnify the other from, and to assume all duties, responsibilities, and liabilities at the sole cost and expense of the indemnifying party for, payment of penalties, sanctions, forfeitures, losses, costs, or damages, and for responding to any action, notice, claim, order, summons, citation, directive, litigation, investigation or proceeding which is related to (i) the indemnifying party's failure to comply with any environmental or industrial hygiene law, including without limitation any regulations, guidelines, standards or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene conditions or matters as may now or hereafter be in effect, or (ii) any environmental or industrial hygiene conditions that arise out of or are in any way related to the condition of the Property and activities conducted by the party thereon, unless the environmental conditions are caused by the other party. Landlord acknowledges and agrees that Tenant shall have no liability for any hazardous substances located on the Premises or the Property or any environmental or other conditions on or affecting the Property as of the date of this Agreement.

(c) The indemnifications of this Paragraph 13 Environmental specifically include reasonable costs, expenses and fees incurred in connection with any investigation of Property conditions or any clean-up, remediation, removal or restoration work required by any governmental authority. The

provisions of this Paragraph 13 Environmental will survive the expiration or termination of this Agreement.

(d) In the event Tenant becomes aware of any hazardous materials on the Property, or any environmental or industrial hygiene condition or matter relating to the Property that, in Tenant's sole determination, renders the condition of the Premises or Property unsuitable for Tenant's use, or if Tenant believes that the leasing or continued leasing of the Premises would expose Tenant to undue risks of government action, intervention or third-party liability, Tenant will have the right, in addition to any other rights it may have at law or in equity, to terminate the Agreement upon notice to Landlord.

14. **ACCESS.** At all times throughout the Term of this Agreement, and at no additional charge to Tenant, Tenant and its employees, agents, and subcontractors, will have twenty-four (24) hour per day, seven (7) day per week pedestrian and vehicular access to and over the Property, from an open and improved public road to the Premises, for the installation, maintenance and operation of the Communication Facility and any utilities serving the Premises. Landlord grants to Tenant an easement for such access and Landlord agrees to provide to Tenant such codes, keys and other instruments necessary for such access at no additional cost to Tenant. Landlord acknowledges that in the event Tenant cannot access the Premises, Tenant shall incur significant damage. If Landlord fails to provide the access granted by this Paragraph 14, such failure shall be a default under this Lease. Upon Tenant's request, Landlord will execute a separate recordable easement evidencing this right. In the event any public utility is unable to use the access or easement provided to Tenant then the Landlord agrees to grant additional access or an easement either to Tenant or to the public utility, for the benefit of Tenant, at no cost to Tenant.

15. **REMOVAL/RESTORATION.** All portions of the Communication Facility brought onto the Property by Tenant will be and remain Tenant's personal property and, at Tenant's option, may be removed by Tenant at any time during the Term. Landlord covenants and agrees that no part of the Communication Facility constructed, erected or placed on the Premises by Tenant will become, or be considered as being affixed to or a part of, the Property, it being the specific intention of the Landlord that all improvements of every kind and nature constructed, erected or placed by Tenant on the Premises will be and remain the property of the Tenant and may be removed by Tenant at any time during the Term. Within one hundred twenty (120) days of the termination of this Agreement, Tenant will remove all of Tenant's improvements and Tenant will, to the extent reasonable, restore the Premises to its condition at the commencement of the Agreement, reasonable wear and tear and loss by casualty or other causes beyond Tenant's control excepted. Notwithstanding the foregoing, Tenant will not be responsible for the replacement of any trees, shrubs or other vegetation, nor will Tenant be required to remove from the Premises or the Property any foundations or underground utilities.

16. **MAINTENANCE/UTILITIES.**

(a) Tenant will keep and maintain the Premises in good, neat and orderly condition, reasonable wear and tear and damage from the elements excepted. Landlord will maintain and repair the Property and access thereto, in good and tenable condition, subject to reasonable wear and tear and damage from the elements.

(b) Tenant will be responsible for paying on a monthly or quarterly basis all utilities charges for electricity, telephone service or any other utility used or consumed by Tenant on the Premises. In the event Tenant cannot secure its own metered electrical supply, Tenant will have the right, at its own cost and expense, to submeter from the Landlord. When submetering is required under this Agreement, Landlord will read the meter and provide Tenant with an invoice and usage data on a monthly basis. Landlord agrees that it will not include a markup on the utility charges. Landlord further agrees to provide the usage data and invoice on forms provided by Tenant and to send such forms to such address and/or agent designated by Tenant. Tenant will remit payment within thirty days of receipt of the usage data and required forms. Failure by Landlord to perform this function will limit utility fee recovery by

Landlord to a 12-month period. If Tenant submeters electricity from Landlord, Landlord agrees to give Tenant at least 24 hours advanced notice of any planned interruptions of said electricity. Landlord acknowledges that Tenant provides a communication service which requires electrical power to operate and must operate twenty-four (24) hour per day, seven (7) day per week. If the interruption is for an extended period of time, in Tenant's reasonable determination, the Landlord agrees to allow Tenant the right to bring in a temporary source of power for the duration of the interruption. Landlord will fully cooperate with any utility company requesting an easement over, under and across the Property in order for the utility company to provide service to the Tenant. Landlord will not be responsible for interference with, interruption of or failure, beyond the reasonable control of Landlord, of such services to be furnished or supplied by Landlord.

(c) The Landlord reserves the right to perform maintenance on the Tower, both structural and cosmetic (paint), at whatever intervals may be required to assure the integrity and longevity of the facility. Landlord shall provide Tenant with one hundred twenty (120) days advance written notice of the intended work and the opportunity to temporarily relocate and continue to operate its antennas, or otherwise to secure the antennas or the Communication Facility generally, to protect them from damage and allow Tenant to continue to operate, to the extent possible. If necessary, to continue Tenant's operations, Landlord agrees to permit Tenant to place temporary transmission and reception facilities on the Property. Further, any maintenance will be conducted by Landlord as diligently and expeditiously as possible. Tenant's installation, operation and maintenance of the Communication Facility on the Premises shall not damage nor unreasonably interfere with the Landlord's operation, use, repair and maintenance of the Tower for its intended purpose.

(d) Landlord covenants that it will keep the Tower in good repair as required by all applicable laws. Landlord shall also comply with all rules and regulations enforced by the Federal Communications Commission with regard to the lighting, marking and painting of towers. If the Landlord fails to make repairs required for compliance with FCC regulations, the Tenant may make the repairs and the costs thereof shall be payable to the Tenant by the Landlord on demand; provided, however, Tenant has first complied with the default and right to cure provision of Paragraph 17 of this Agreement. If the Landlord does not make payment to the Tenant within ten (10) days after such demand, the Tenant shall have the right to deduct the costs of the repairs from the succeeding monthly rental amounts normally due from the Tenant to the Landlord.

17. DEFAULT AND RIGHT TO CURE.

(a) The following will be deemed a default by Tenant and a breach of this Agreement: (i) non-payment of Rent if such Rent remains unpaid for more than thirty (30) days after receipt of written notice from Landlord of such failure to pay; or (ii) Tenant's failure to perform any other term or condition under this Agreement within forty-five (45) days after receipt of written notice from Landlord specifying the failure. No such failure, however, will be deemed to exist if Tenant has commenced to cure such default within such period and provided that such efforts are prosecuted to completion with reasonable diligence. Delay in curing a default will be excused if due to causes beyond the reasonable control of Tenant. If Tenant remains in default beyond any applicable cure period, Landlord will have the right to exercise any and all rights and remedies available to it under law and equity.

(b) The following will be deemed a default by Landlord and a breach of this Agreement: Landlord's failure to perform any term, condition, or breach of any warranty or covenant under this Agreement within forty-five (45) days after receipt of written notice from Tenant specifying the failure. No such failure, however, will be deemed to exist if Landlord has commenced to cure the default within such period and provided such efforts are prosecuted to completion with reasonable diligence. Delay in curing a default will be excused if due to causes beyond the reasonable control of Landlord. If Landlord remains in default beyond any applicable cure period, Tenant will have the right to exercise any and all rights available to it under law and equity, including the right to cure Landlord's default and to deduct the costs of such cure from any monies due to Landlord by Tenant.

18. **ASSIGNMENT/SUBLEASE.** Tenant will have the right to assign, sell or transfer this Agreement, without the approval or consent of Landlord, to Tenant's parent, affiliates, subsidiaries of its parent or to any entity which acquires all or substantially all of Tenant's assets in the market defined by the Federal Communications Commission in which the Property is located by reason of a merger, acquisition or other business reorganization. Upon notification to Landlord of such assignment, transfer or sale, Tenant will be relieved of all future performance, liabilities and obligations under this Agreement. Tenant may not otherwise assign this Agreement without Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant may sublease the Premises with the approval and consent of Landlord.

19. **NOTICES.** All notices, requests, demands and communications hereunder will be given by first class certified or registered mail, return receipt requested, or by a nationally recognized overnight courier, postage prepaid, to be effective when properly sent and received, refused or returned undelivered. Notice will be addressed to the parties as follows:

If to Tenant: World Class Wireless, LLC, a Delaware limited liability company
600 W. Chicago Avenue,
Suite 610
Chicago, IL 60654
Attn: Contracts Manager

If to Landlord: City of Darien
Attn: City Administrator
1702 Plainfield Road
Darien, Illinois 60561

Either party hereto may change the place for the giving of notice to it by thirty (30) days written notice to the other as provided herein.

(b) In the event of a change in ownership, transfer or sale of the Property, within ten (10) days of such transfer, Landlord will send the below documents (in section 19(b)(i) to Tenant. In the event Tenant does not receive such appropriate documents, Tenant shall not be responsible for any failure to pay the current landlord

- (i) a. Old deed to Property
- b. New deed to Property
- c. Bill of Sale or Transfer
- d. Copy of current Tax Bill
- e. New W-9
- f. New Payment Direction Form
- g. Full contact information for new Landlord including all phone numbers

20. **SEVERABILITY.** If any term or condition of this Agreement is found unenforceable, the remaining terms and conditions will remain binding upon the parties as though said unenforceable provision were not contained herein. However, if the invalid, illegal or unenforceable provision materially affects this Agreement then the Agreement may be terminated by either party on ten (10) business days prior written notice to the other party hereto.

21. **CONDEMNATION.** In the event Landlord receives notification of any condemnation proceedings affecting the Property, Landlord will provide notice of the proceeding to Tenant within forty-

eight (48) hours. If a condemning authority takes all of the Property, or a portion sufficient, in Tenant's sole determination, to render the Premises unsuitable for Tenant, this Agreement will terminate as of the date the title vests in the condemning authority. The parties will each be entitled to pursue their own separate awards in the condemnation proceeds, which for Tenant will include, where applicable, the value of its Communication Facility, moving expenses and business dislocation expenses, provided that any award to Tenant will not diminish Landlord's recovery.

22. **CASUALTY.** Landlord will provide notice to Tenant of any casualty affecting the Property within forty-eight (48) hours of the casualty. If any part of the Communication Facility or Tower is damaged by fire or other casualty so as to render the Premises reasonably unsuitable for the permitted use of Tenant's Communication Facility, then either Tenant or Landlord may terminate this Agreement by providing written notice to the other party within sixty (60) days from the date of such damage or destruction, which termination will be effective as of the date of such damage or destruction. Upon such termination, Tenant will be entitled to collect all insurance proceeds payable to Tenant on account thereof and to be reimbursed for any prepaid Rent on a prorata basis. If notice of termination is given, or if Landlord undertakes to rebuild the Tower or if Tenant undertakes to rebuild the Communications Facility, Landlord agrees to use its reasonable efforts to permit Tenant to place temporary transmission and reception facilities on the Property at no additional Rent for: (i) three (3) months from the date of such damage or destruction, or (ii) until such time as Tenant is able to activate a replacement transmission facility at another location or (iii) until the reconstruction of the Communication Facility is completed, whichever occurs first. If this Agreement has not been terminated and Landlord is undertaking the reconstruction of the Tower, Landlord agrees to use its reasonable efforts to permit Tenant to place temporary transmission and reception facilities on the Property at no additional Rent until the reconstruction of the Tower is completed.

23. **WAIVER OF LANDLORD'S LIENS.** Landlord waives any and all lien rights it may have, statutory or otherwise, concerning the Communication Facility or any portion thereof. The Communication Facility shall be deemed personal property for purposes of this Agreement, regardless of whether any portion is deemed real or personal property under applicable law and Landlord consents to Tenant's right to remove all or any portion of the Communication Facility from time to time in Tenant's sole discretion and without Landlord's consent.

24. **TAXES.**

(a) Landlord shall be responsible for payment of all ad valorem taxes levied upon the lands, improvements and other property of Landlord. Tenant shall be solely responsible for and shall timely pay all personal property taxes levied and assessed against it or its personal property and all real property taxes levied and assessed against Tenant's leasehold interest in the Premises. Landlord shall provide Tenant with copies of all assessment notices on or including the Premises immediately upon receipt, but in no event later than thirty (30) days after receipt by Landlord. If Landlord fails to provide such notice within such time frame, Landlord shall be responsible for the year covered by the assessment. Tenant shall reimburse the Landlord for Tenant's proportionate share of the real estate taxes, upon timely receipt of a copy of the tax bill and request for reimbursement from the Landlord. For purposes herein, Tenant's proportionate share shall be determined based upon the square footage of the Premises (excluding there from any unassessed square footage used by Tenant, e.g., the rooftop) relative to taxable portion of Landlord's entire parcel of real estate (using, in the case of building space, the net usable square footage of the building, and in the case of leased land, the unimproved portion of Landlord's real estate (including parking areas)); provided, however, that if such method results in an inequitable allocation of taxes to Tenant, in Tenant's reasonable opinion, the parties shall mutually agree upon a methodology for equitably allocating Tenant's proportionate share of taxes. At the request of either party, the other shall provide evidence of payment of taxes and Tenant shall have the right to audit Landlord's books and records relating to taxes.

(b) Tenant shall have the right to contest all taxes, assessments, charges and impositions assessed against its personal property or improvements, and Landlord agrees to join in such contest, if required by law, and to permit the Tenant to proceed with the contest in Landlord's name, provided that the expense of the contest is borne by Tenant. This right shall include the ability to institute any legal, regulatory, or informal action in the name of Landlord, Tenant, or both, with respect to the valuation of the Premises. This right shall include the ability to institute any legal, regulatory or informal action in the name of Landlord, Tenant, or both, with respect to the valuation of the Premises. Landlord shall cooperate in the institution and prosecution of any such proceedings and will execute any documents required therefore. If the Landlord initiates an action to contest taxes or other items, Tenant may join in such action provided that Tenant pays its own expenses of so participating. Landlord shall, within thirty (30) days of receipt of notice of any increase in taxes, assessments or other charges, send a copy of such notice by certified mail, return receipt requested, to Tenant. If Landlord fails to give Tenant such notice as set forth above, Landlord will be responsible for payment of any increases and Tenant shall have the option to pay the same and deduct such payment from Rent or any other sums next due.

25. **SALE OF PROPERTY.**

(a) If Landlord, at any time during the Term of this Agreement, decides to sell, subdivide or rezone any of the Premises, all or any part of the Property or Surrounding Property, to a purchaser other than Tenant, Landlord shall promptly notify Tenant in writing, and such sale shall be subject to this Agreement and Tenant's rights hereunder. Landlord agrees not to sell or lease any areas of the Property for the installation, operation or maintenance of other specific wireless communications facilities if such installation, operation or maintenance would materially interfere with Tenant's Permitted Use or communications equipment as determined by radio propagation tests performed by Tenant in its sole discretion, any such testing to be at the expenses of Landlord or Landlord's prospective purchaser, and not Tenant. Any such testing shall be performed within thirty (30) days of notice from Landlord of its intent to sell or lease any part of the property for installation of other wireless telecommunications facilities. If the radio frequency propagation tests demonstrate levels of interference unacceptable to Tenant or in violation of FCC technical requirements, Landlord shall be prohibited from selling, leasing or using any areas of the Property for purposes of any installation, operation or maintenance of any other wireless communications facility or equipment. Landlord shall not be prohibited from the selling, leasing or use of any of the Property or the Surrounding Property for non-wireless communication use. In the event the Property is transferred, the new landlord shall have a duty at the time of such transfer to provide Tenant with a completed IRS Form W-9, or its equivalent, and other related paper work to effect a transfer in Rent to the new landlord. The provisions of this Paragraph 25 shall in no way limit or impair the obligations of Landlord under Paragraph 10 above.

26. **MISCELLANEOUS.**

(a) **Amendment/Waiver.** This Agreement cannot be amended, modified or revised unless done in writing and signed by an authorized agent of the Landlord and an authorized agent of the Tenant. No provision may be waived except in a writing signed by both parties.

(b) **Memorandum/Short Form Lease.** Either party will, at any time upon fifteen (15) business days prior written notice from the other, execute, acknowledge and deliver to the other a recordable Memorandum or Short Form of Lease. Either party may record this Memorandum or Short Form of Lease at any time, in its absolute discretion.

(c) **Bind and Benefit.** The terms and conditions contained in this Agreement will run with the Property and bind and inure to the benefit of the parties, their respective heirs, executors, administrators, successors and assigns.

(d) **Entire Agreement.** This Agreement and the exhibits attached hereto, all being a part hereof, constitute the entire agreement of the parties hereto and will supersede all prior offers, negotiations and agreements with respect to the subject matter of this Agreement.

(e) **Governing Law.** This Agreement will be governed by the laws of the state in which the Premises are located, without regard to conflicts of law.

(f) **Interpretation.** Unless otherwise specified, the following rules of construction and interpretation apply: (i) captions are for convenience and reference only and in no way define or limit the construction of the terms and conditions hereof; (ii) use of the term "including" will be interpreted to mean "including but not limited to"; (iii) whenever a party's consent is required under this Agreement, except as otherwise stated in the Agreement or as same may be duplicative, such consent will not be unreasonably withheld, conditioned or delayed; (iv) exhibits are an integral part of the Agreement and are incorporated by reference into this Agreement; (v) use of the terms "termination" or "expiration" are interchangeable; (vi) reference to a default will take into consideration any applicable notice, grace and cure periods; (vii) to the extent there is any issue with respect to any alleged, perceived or actual ambiguity in this Agreement, the ambiguity shall not be resolved on the basis of who drafted the Agreement.

(g) **Estoppel.** Either party will, at any time upon thirty (30) business days prior written notice from the other, execute, acknowledge and deliver to the other a statement in writing (i) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying this Agreement, as so modified, is in full force and effect) and the date to which the Rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to such party's knowledge, any uncured defaults on the part of the other party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises. The requested party's failure to deliver such a statement within such time will be conclusively relied upon by the requesting party that (i) this Agreement is in full force and effect, without modification except as may be properly represented by the requesting party, (ii) there are no uncured defaults in either party's performance, and (iii) no more than one month's Rent has been paid in advance.

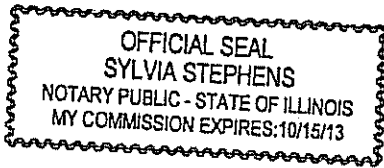
(h) **W-9.** Landlord agrees to provide Tenant with a completed IRS Form W-9, or its equivalent, upon execution of this Agreement and at such other times as may be reasonably requested by Tenant.

(i) **No Electronic Signature/No Option.** The submission of this Agreement to any party for examination or consideration does not constitute an offer, reservation of or option for the Premises based on the terms set forth herein. This Agreement will become effective as an Agreement only upon the handwritten legal execution, acknowledgment and delivery hereof by Landlord and Tenant.

TENANT ACKNOWLEDGMENT

STATE OF Illinois)
COUNTY OF Cook) ss:

On the 28th day of August, 2013, before me personally appeared Steve Hunt and acknowledged under oath that he/she is the CTO of World Class Wireless, LLC, a Delaware limited liability company the Tenant named in the attached instrument, and as such was authorized to execute this instrument on behalf of the Tenant.



Sylvia Stephens
Notary Public: Sylvia Stephens
My Commission Expires: 10/15/2013

LANDLORD ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 20____ before me, personally appeared _____, who acknowledged under oath, that he/she is the person/officer named in the within instrument, and that he/she executed the same in his/her stated capacity as the voluntary act and deed of the Landlord for the purposes therein contained.

Notary Public: _____
My Commission Expires: _____

EXHIBIT 1

DESCRIPTION OF THE PROPERTY

to the Agreement dated _____, 20____, by and between The City of Darien, an Illinois corporation, as Landlord, and World Class Wireless, LLC, a Delaware limited liability company, as Tenant.

The Property is described and/or depicted as follows:

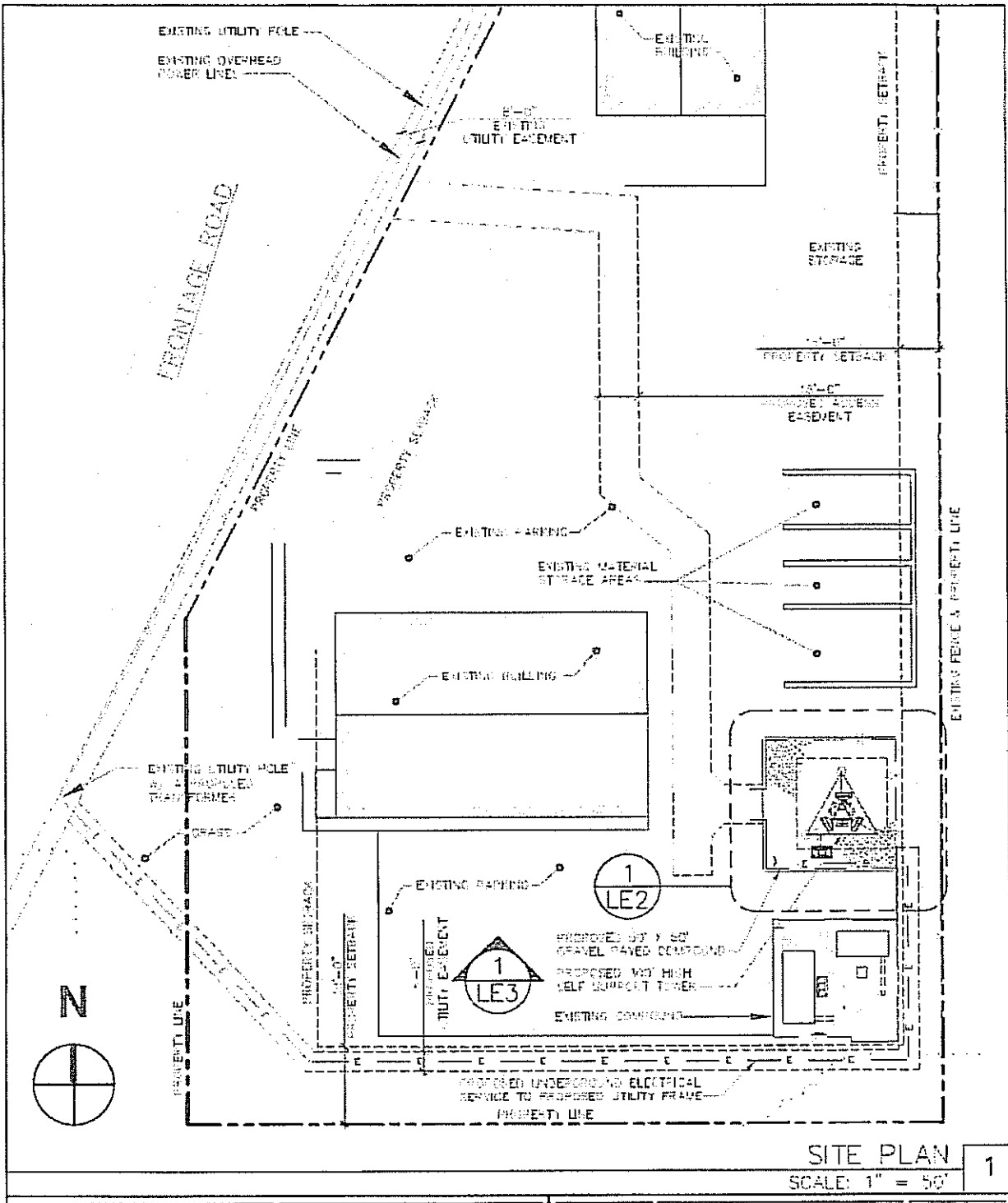
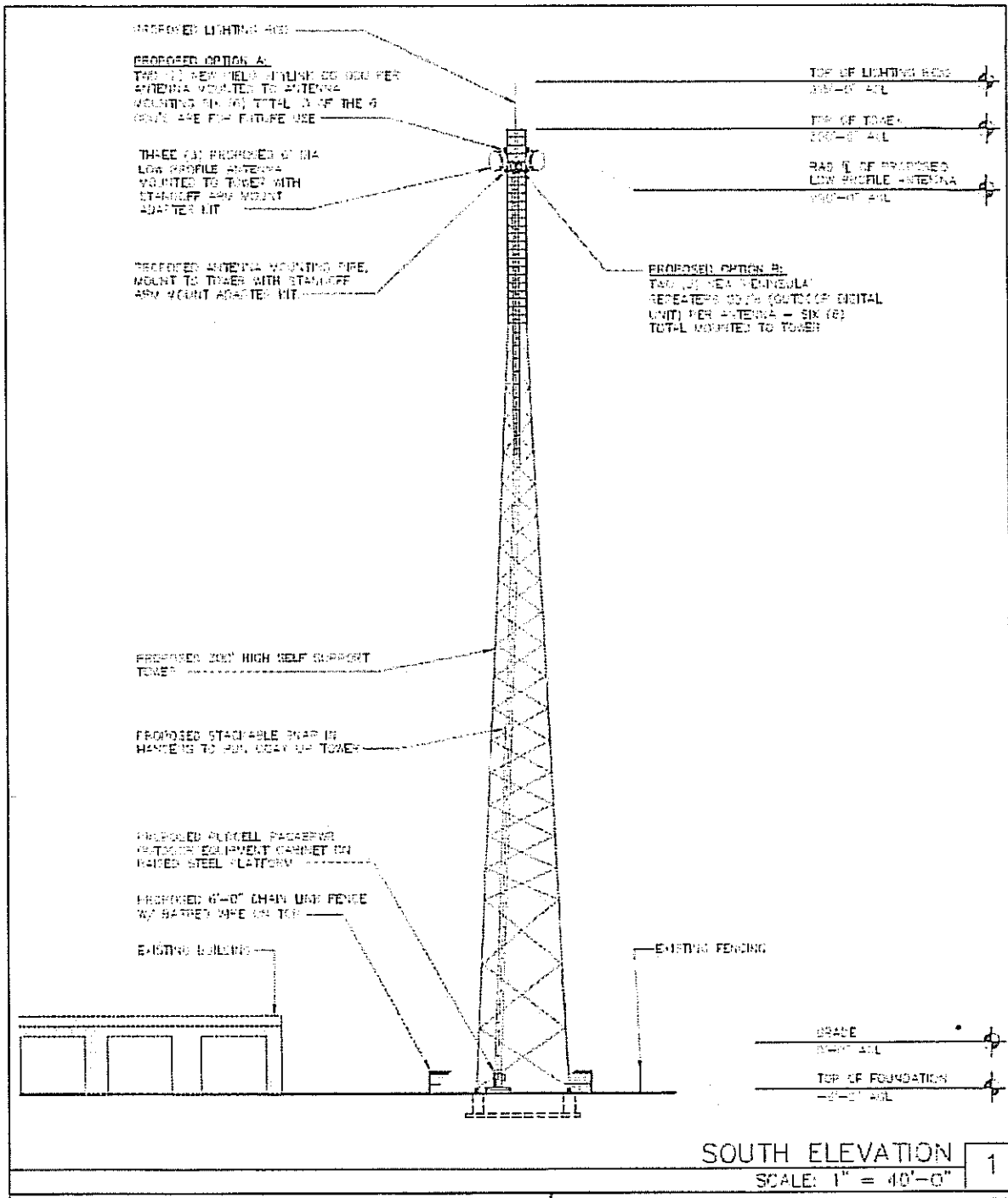


EXHIBIT 2

DESCRIPTION OF PREMISES

to the Agreement dated _____, 20____, by and between The City of Darien, an Illinois corporation, as Landlord, and World Class Wireless, as Tenant.

The Premises are described and/or depicted as follows:



State: Illinois
County: DuPage

**MEMORANDUM
OF
LEASE**

This Memorandum of Lease is entered into on this ___ day of _____, 20___, by and between The City of Darien, an Illinois corporation, having a mailing address of 1702 Plainfield Road, Darien, Illinois 60561 (hereinafter referred to as "**Landlord**") and World Class Wireless, LLC, having a mailing address of 600 W. Suite 610, Chicago Avenue, Chicago, IL 60654 (hereinafter referred to as "**Tenant**").

1. Landlord and Tenant entered into a certain Structure Lease Agreement ("**Agreement**") on the ___ day of _____, 20___, for the purpose of installing, operating and maintaining a communications facility and other improvements. All of the foregoing are set forth in the Agreement.
2. The initial lease term will be five (5) years ("**Initial Term**") commencing on the Commencement Date, with four (4) successive automatic five (5) year options to renew.
3. The portion of the land being leased to Tenant (the "**Premises**") is described in **Exhibit 1** annexed hereto.
4. This Memorandum of Lease is not intended to amend or modify, and shall not be deemed or construed as amending or modifying, any of the terms, conditions or provisions of the Agreement, all of which are hereby ratified and affirmed. In the event of a conflict between the provisions of this Memorandum of Lease and the provisions of the Agreement, the provisions of the Agreement shall control. The Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, and assigns, subject to the provisions of the Agreement.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the day and year first above written.

WITNESSES:

"LANDLORD"

Print Name: _____

The City of Darien, an Illinois corporation


Print Name: _____

By: _____
Print Name: _____
Its: _____
Date: _____

"TENANT"

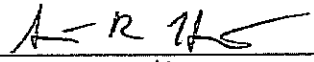
World Class Wireless, LLC

WITNESSES:



Print Name: Desiree DeSalle

~~_____~~
Print Name: ~~_____~~

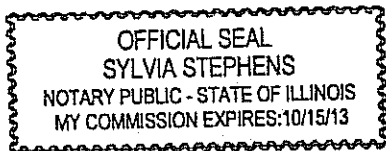
By: 
Name: Steve Hunt
Title: CTO

~~By: _____~~
~~Print Name: _____~~
~~Its: _____~~

TENANT ACKNOWLEDGMENT

STATE OF Illinois)
COUNTY OF Cook) ss:

On the 28th day of August, 2013, before me personally appeared Steve Hunt, and acknowledged under oath that he/she is the CTO of World Class Wireless LLC, the Tenant named in the attached instrument, and as such was authorized to execute this instrument on behalf of the Tenant.



Sylvia Stephens
Notary Public: Sylvia Stephens
My Commission Expires: 10/15/2013

LANDLORD ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 2013 before me, personally appeared _____, who acknowledged under oath, that he/she is the person/officer named in the within instrument, and that he/she executed the same in his/her stated capacity as the voluntary act and deed of the Landlord for the purposes therein contained.

Notary Public: _____
My Commission Expires: _____

EXHIBIT 1

DESCRIPTION OF PREMISES

to the Memorandum of Lease dated _____, 20____, by and between The City of Daricn, an Illinois corporation, as Landlord, andWorld Class Wireless , LLC, as Tenant.

AGENDA MEMO
Administrative/Finance Committee
September 3, 2013

Issue Statement

An Ordinance amending Section 3-3-7-1 of the City Code to increase the number of Class A liquor licenses from ten to eleven.

Background/History

Veet Tobacco has operated a tobacco/cigar store in the Brookhaven Plaza in the City of Darien. They are interested in moving units in the Brookhaven Plaza and expanding their store to sell beer, wine and liquor. A Class A liquor license is needed for this to be permissible under current City of Darien ordinances. Currently there are ten other Class A liquor license holders: Brookhaven Marketplace, Heritage Food & Liquor, Jewel, Osco, Aldi, Darien Liquor, CVS, Wal-Mart, and two Walgreens locations.

They also currently operate a liquor store in Woodridge.

Staff/Committee Recommendation

As directed

Alternate Consideration

Not approving the ordinance would be an alternate consideration.

City Clerk's Office
City of Darien

July 15, 2013

Dear respected sir/madam,

JUL 24 2013.

To the mayor of village of Darien, this letter is regarding about requesting a liquor license.

My name is Bhavana Zaveri, I've been living in Darien since 2002. My address is 9008 Darien Woods Court, 60561. I live with my family, my son recently graduated from Cass Jr. High. I've been in the retail business for the last 15 years. Also, I am a member of Darien chamber. I own a store in Brookhaven Plaza, and we want to expand from a tobacco shop to an upscale liquor store. Please help us out for a retail liquor license. Additionally, I have an experience in liquor and tobacco shops. Please accept our request attached with the application.

From, Bhavana Zaveri- owner of Veet Tobacco

CITY OF DARIEN

DU PAGE COUNTY, ILLINOIS

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 3-3-7-1 OF THE DARIEN CITY CODE

ADOPTED BY THE

MAYOR AND CITY COUNCIL

OF THE

CITY OF DARIEN

THIS 3rd DAY OF SEPTEMBER, 2013

**Published in pamphlet form by authority of
the Mayor and City Council of the City of
Darien, DuPage County, Illinois, this _____
_____ day of _____, 2013.**

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 3-3-7-1 OF THE DARIEN CITY CODE

SECTION 1: Section 3-3-7-1 of the Darien City Code, "Class A License," is hereby amended to provide as follows [deleted language stricken]:

3-3-7-1: CLASS A LICENSE:

(C) The number of class A licenses shall be ~~ten~~(10) eleven (11).

SECTION 2: This Ordinance shall be in full force and effect from and after its passage and approval, and shall subsequently be published in pamphlet form as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS, this 3rd day of September, 2013.

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED BY THE MAYOR OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS, this 3rd day of September, 2013.

KATHLEEN MOESLE WEAVER, MAYOR

ATTEST:

JOANNE RAGONA, CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

AGENDA MEMO

City Council

September 3, 2013

Issue Statement

An Ordinance amending Section 3-3-7-4 of the City Code to increase the number of Class D liquor licenses from eight to nine.

Background/History

Dotty's has worked with the City of Darien to open a country kitchen in the Brookhaven Plaza. They have requested a liquor license that would allow them to sell alcohol along with their food service, which falls under the definition of the Class D license. Currently there are eight Class D licenses, including Chuck's Southern Comfort Café, Aodake, Mi Hacienda, TGI Friday, Old Vilnius Café, The Patio, Tai San and La Notte. In order for them to operate under this plan the number of licenses would need to be increased from eight to nine.

Dotty's has also said they will be applying with the State of Illinois for a gaming license.

Staff/Committee Recommendation

Staff recommends approval of this ordinance.

Alternate Consideration

Not approving the ordinance would be an alternate consideration.



June 5, 2013

**Maria E. Gonzalez
City of Darien
City Clerk's Office
1702 Plainfield Rd.
Darien, IL 60561**

Re: Proposed Dotty's at 7516 Cass Avenue

Dear Ms. Gonzalez:

Dotty's has been in operation for 20 years and has more than 150 units in Oregon, Montana and Nevada. The standard for Dotty's is to operate as a country kitchen with beer, wine and Alcohol service. We have developed a concept that is an alternative to the traditional sports bar or tavern. Our concept is warm and welcomes everyone (over the age of 21) with bright open spaces decorated with our country classic decor and feel. We have a 4 drink max in place for alcoholic beverages to avoid over-serving and bringing in the wrong clientele into our locations. Alcohol sales are not a primary focus of the business with no off premises sale of alcohol. A rotating food menu is offered that allows for keeping our menus up to date with the current demands. We will also be applying for a Video Gaming license to offer video gaming terminals for our customers' entertainment.

We look forward to telling you more about Dotty's and hopefully becoming a member of the Darien business community. Thank you again for your time and consideration.

Sincerely,

**Dan Fischer
President and CEO
Illinois Café & Service Company, LLC**

702-265-5812 Cell
Dfischer605@me.com
www.dottyscafe.com

CITY OF DARIEN

DU PAGE COUNTY, ILLINOIS

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 3-3-7-4 OF THE DARIEN CITY CODE

ADOPTED BY THE

MAYOR AND CITY COUNCIL

OF THE

CITY OF DARIEN

THIS 3rd DAY OF SEPTEMBER, 2013

**Published in pamphlet form by authority of
the Mayor and City Council of the City of
Darien, DuPage County, Illinois, this _____
_____ day of _____, 2013.**

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 3-3-7-4 OF THE DARIEN CITY CODE

SECTION 1: Section 3-3-7-4 of the Darien City Code, "Class D License," is hereby amended to provide as follows [deleted language stricken]:

3-3-7-4: CLASS D LICENSE:

(C) The number of class D licenses shall be ~~eight (8)~~ nine (9).

SECTION 2: This Ordinance shall be in full force and effect from and after its passage and approval, and shall subsequently be published in pamphlet form as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS, this 3rd day of September, 2013.

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED BY THE MAYOR OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS, this 3rd day of September, 2013.

KATHLEEN MOESLE WEAVER, MAYOR

ATTEST:

JOANNE RAGONA, CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

AGENDA MEMO
Administrative/Finance Committee
September 3, 2013

Issue Statement

An Ordinance amending Section 3-3-7-8 of the City Code to increase the number of Class H liquor licenses from one to two.

Background/History

Zazzo's Pizza and Catering has operated a restaurant/carryout/delivery location in the City of Darien. They are interested in expanding their location to a full service restaurant and bar and have requested a liquor license that would allow them to sell alcohol along with their food service, as well as with carryout food, which falls under the definition of the Class H license. Currently the only other Class H license holder is Home Run Inn Pizza. In order for them to operate under this plan the number of licenses would need to be increased from one to two.

Staff/Committee Recommendation

As directed

Alternate Consideration

Not approving the ordinance would be an alternate consideration.

LAZZO'S
PIZZA
&
CATERING
630.655.4788

To Whom it may concern:

I am writing this letter to ask for permission to obtain a liquor license. I am looking to expand my business here in Darien from a carryout/delivery location to a full service restaurant and bar. I am also hoping I can have permission to sell beer wine and spirits as a carryout, giving my customers a "one stop shop experience".

CITY OF DARIEN

DU PAGE COUNTY, ILLINOIS

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 3-3-7-8 OF THE DARIEN CITY CODE

ADOPTED BY THE

MAYOR AND CITY COUNCIL

OF THE

CITY OF DARIEN

THIS 3rd DAY OF SEPTEMBER, 2013

**Published in pamphlet form by authority of
the Mayor and City Council of the City of
Darien, DuPage County, Illinois, this _____
_____ day of _____, 2013.**

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 3-3-7-8 OF THE DARIEN CITY CODE

SECTION 1: Section 3-3-7-8 of the Darien City Code, "Class H License," is hereby amended to provide as follows [deleted language stricken]:

3-3-7-8: CLASS H LICENSE:

(C) The number of class H licenses shall be ~~one (1)~~ two (2).

SECTION 2: This Ordinance shall be in full force and effect from and after its passage and approval, and shall subsequently be published in pamphlet form as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS, this 3rd day of September, 2013.

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED BY THE MAYOR OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS, this 3rd day of September, 2013.

KATHLEEN MOESLE WEAVER, MAYOR

ATTEST:

JOANNE RAGONA, CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

City of Darien

Minutes of the Administrative Finance Committee

August 5, 2013

The Meeting was called to order by Alderman Ted Schauer at 6:34 pm. Committee members Alderman Tina Beilke, Alderman Joe Kenny, and Treasurer Michael Coren were also present. Staff members included City Administrator Bryon Vana and Assistant City Administrator Scott Coren. Others present included Aaron Valley and Chrystine Bejnarowicz with FMHC, Matt Goodwin with the Darien VFW, and Jolita Dygiliene and Jurate Kriauciuniene with Café Smilga.

Rental Agreement with the Darien VFW for 7515 Cass Avenue, Unit J

The committee reviewed a lease with the VFW to provide them space in the Heritage Center at no cost. The lease provided either side could terminate the agreement with a thirty days written notice by either party. Matt Goodwin provided an overview of the uses the VFW would like to conduct, consisting mainly of meeting space, storage and operational purposes. Alderman Kenny suggested the VFW should pay a certain amount of rent to contribute to a property run by the City of Darien. The committee discussed money that will be paid by the VFW, such as utilities, that the City of Darien will no longer need to pay.

Alderman Beilke made a motion, Alderman Schauer seconded. The motion passed 2-1, with Alderman Kenny voting no.

Discussion – Future Agreement to construct a 300 foot tower on the property to provide rental revenues and capital projects for the City of Darien

Assistant Administrator Coren discussed an agreement proposed to the City of Darien by World Class Wireless to construct a tower at 1041 S. Frontage Road. This is related to an agreement that was authorized by the City Council in May, but cannot be completed because the original tower is at capacity. World Class Wireless will construct a 300 foot tower and deed it to the City of Darien, as well as pay for providing City water to the site and reconfigure parking. This will be on the September 3rd City Council meeting for formal review.

The committee voted 3-0 to recommend moving forward with the agreement.

Liquor License Request from Café Smilga

Café Smilga requested a Class K liquor license. A competing Lithuanian restaurant, Old Vilnius, requested and was granted a liquor license during their opening approximately one year ago.

The committee voted 3-0 to recommend approval.

Ordinance Extending the Hours of Service for Class D Liquor License

Chuck's Southern Comfort Café recently opened on Cass Avenue, and was granted a Class D liquor license. At their grand opening they asked staff about extending hours on Saturdays and Sundays to allow for service prior to football games. This requires a code change for the Class D liquor license.

The committee voted 3-0 to recommend approval.

Delta Dental Agreement

Assistant Administrator Coren said employees for the City of Darien have the opportunity to elect dental coverage through Delta Dental of Illinois. The City runs this program and deducts premiums from employee paychecks, but does not contribute monetarily to the program. All costs associated with the program are the responsibility of the employees, so there is no cost to Darien. Employees seem to be satisfied with the existing program, as they are able to select their own dentist or go out of network, and very few complaints have been received.

Employees have the option to select an HMO or PPO option. The HMO significantly restricts your options for dentists, so it is low cost but not a popular option. The PPO is much more popular and rates are based on claims experience. Delta Dental is a non-profit and therefore we are able to examine costs and rates each renewal period. During the last year, City of Darien employees have made more claims than were paid out in premium. Delta Dental needs to recover the amount paid in claims as well as administrative costs to run the organization and the program. Because of this, they offered an 11.6% increase to the PPO and a 3% increase to the HMO for one year. Staff went back and negotiated a second year using these same rates, which essentially amounts to no increase in the second year of the arrangement. This provides some stability to the increasing rates.

If the City of Darien were to go to other companies, because we know the claim data we know the pricing would not change significantly. Other companies or organizations may also have different networks of dentists, requiring employees to change dentists. Because there is no cost to the City, there is not a great potential for savings, and changing could be a hassle to employees that choose to participate, Staff believes the best option at this time is to renew for two years at the proposed rate increases.

The committee voted 3-0 to recommend approval of the Delta Dental agreement for two years.

Adjournment

There being no further business Alderman Schauer made a motion to adjourn, with a second by Alderman Beilke. The motion carried 3-0 at 6:42 pm.

Approved:

Ted Schauer, Chairman _____

Joseph Kenny, Member _____

Tina Beilke, Member _____