

**Administrative-Finance Committee**  
**September 6, 2016**  
**6:00 p.m. – City Hall Conference Room**

- 1. Call to Order**
- 2. Public Comment**
- 3. New Business**
  - a. Presentation – Draft FYE 16 Annual Financial Report**
  - b. FYE 16 Audit to Budget Comparison**
  - c. Approval of Minutes – August 1, 2016**
- 4. Other Business**
- 5. Next Meeting – Monday, October 3, 2016**
- 6. Adjournment**

# **CITY OF DARIEN**

## **M E M O**

**TO: Administrative/Finance Committee Members**  
**FROM: Bryon D. Vana, City Administrator**  
**DATE: August 26, 2016**  
**SUBJECT: September 6 Committee Meeting – Presentation-  
Draft FYE 16 Annual Financial Report**

---

The committee will review the draft audit report, management letter, and staff's response to the management letter for FYE 4-30-16. The auditors will attend the committee meeting and review the report and answer any questions.

**CITY OF DARIEN, ILLINOIS**  
ANNUAL FINANCIAL REPORT

For the Year Ended  
April 30, 2016

Prepared by the General Administration Department

Michael J. Coren  
City Treasurer

“We are submitting to you the following draft of your financial statements to expedite your review. As stated in our engagement letter with you, the fair presentation of the financial statements is your responsibility. These draft statements are currently in the early stages of our report processing function and have not yet been subjected to our internal quality control review which may uncover material measurement and disclosure issues that have not been discussed with you to date. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before these statements are submitted as final.”

---

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

---

	<u>Page(s)</u>
<b>FINANCIAL SECTION (Continued)</b>	
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)</b>	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Fiduciary Funds	
Statement of Fiduciary Net Position.....	14
Statement of Changes in Fiduciary Net Position.....	15
Notes to Financial Statements.....	16-46
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund.....	47
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund.....	48
Police Pension Fund.....	49
Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund.....	50
Police Pension Fund.....	51
Schedule of Investment Returns	
Police Pension Fund.....	52
Notes to Required Supplementary Information.....	53
 <b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>MAJOR GOVERNMENTAL FUNDS</b>	
Schedule of Revenues - Budget and Actual - General Fund.....	54-55
Schedule of Expenditures - Budget and Actual - General Fund.....	56-60
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Capital Improvement Fund.....	61
Debt Service Fund.....	62

---

	<u>Page(s)</u>
<b>FINANCIAL SECTION (Continued)</b>	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet .....	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	65
Special Service Area Fund .....	66
MAJOR ENTERPRISE FUND	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water Operations Fund .....	67-68
FIDUCIARY FUNDS	
Combining Schedule of Changes in Assets and Liabilities - Agency Funds .....	69
SUPPLEMENTAL DATA	
Long-Term Debt Requirements	
General Obligation Refunding Bonds, Series 2012 .....	70
General Obligation Refunding Bonds, Series 2015 .....	71

**INTRODUCTORY SECTION**

PRINCIPAL OFFICIALS

April 30, 2016

---

MAYOR

Kathleen Moesle Weaver

CITY COUNCIL

Ted Schauer  
Tina Beilke  
Joe Kenny  
Thomas M. Chlystek  
Joseph A. Marchese  
Sylvia McIvor  
Thomas J. Belczak

CITY TREASURER

Michael J. Coren

CITY CLERK

Joanne Ragona

CITY ATTORNEY

John B. Murphy



**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
Members of the City Council  
City of Darien, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darien, Illinois (the City) as of and for the year ended April 30, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darien, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

As described in Note 11, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and supplemental data are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended April 30, 2015, which are not presented with the accompanying financial statements. In our report dated September 8, 2015, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statement as a whole. The 2015 comparative data included on certain individual fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financials statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 comparative information included on certain individual fund schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The introductory 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  
\_\_\_\_\_, 2016

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

**BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET POSITION

April 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,660,197	\$ -	\$ 7,660,197
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,361,882	-	2,361,882
Accounts	-	2,498,333	2,498,333
Intergovernmental	1,992,467	-	1,992,467
Other	936,625	123,922	1,060,547
Inventories	11,873	-	11,873
Prepaid items	-	-	-
Capital assets not being depreciated	419,529	100,000	519,529
Capital assets being depreciated	6,740,429	5,752,605	12,493,034
<b>Total assets</b>	<b>20,123,002</b>	<b>8,474,860</b>	<b>28,597,862</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	-	203,168	203,168
Pension items - police	1,380,791	-	1,380,791
Pension items - IMRF	852,106	185,688	1,037,794
<b>Total deferred outflows of resources</b>	<b>2,232,897</b>	<b>388,856</b>	<b>2,621,753</b>
<b>Total assets and deferred outflows of resources</b>	<b>22,355,899</b>	<b>8,863,716</b>	<b>31,219,615</b>
<b>LIABILITIES</b>			
Accounts payable	834,382	480,356	1,314,738
Accrued payroll	150,973	10,059	161,032
Accrued interest payable	8,705	29,676	38,381
Deposits payable	140,023	-	140,023
Other payables	11,005	-	11,005
Due to fiduciary fund	10,174	-	10,174
Internal balances	(216,385)	216,385	-
Unearned revenue	1,882	-	1,882
Noncurrent liabilities			
Due within one year	283,966	224,959	508,925
Due in more than one year	22,352,066	2,939,568	25,291,634
<b>Total liabilities</b>	<b>23,576,791</b>	<b>3,901,003</b>	<b>27,477,794</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	2,361,882	-	2,361,882
Pension items - police	1,187,095	-	1,187,095
Pension items - IMRF	89,922	19,596	109,518
<b>Total deferred inflows of resources</b>	<b>3,638,899</b>	<b>19,596</b>	<b>3,658,495</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>27,215,690</b>	<b>3,920,599</b>	<b>31,136,289</b>
<b>NET POSITION</b>			
Net investment in capital assets	5,799,958	3,386,804	9,186,762
Restricted for			
Special service area	14,178	-	14,178
Storm sewer	77,630	-	77,630
Public safety	212,982	-	212,982
Highways and streets	268,514	-	268,514
Debt service	-	-	-
Unrestricted	(11,233,053)	1,556,313	(9,676,740)
<b>TOTAL NET POSITION</b>	<b>\$ (4,859,791)</b>	<b>\$ 4,943,117</b>	<b>\$ 83,326</b>

See accompanying notes to financial statements.



CITY OF DARIEN, ILLINOIS

Rough Draft

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,882,195	\$ 1,060,359	\$ -	\$ -
Highways and streets	6,102,616	631,792	564,935	-
Public safety	8,576,999	205,489	203,602	-
Interest and fiscal charges on long-term debt	81,950	-	-	-
Total governmental activities	16,643,760	1,897,640	768,537	-
Business-Type Activities				
Water operations	7,155,361	7,002,301	-	-
Total business-type activities	7,155,361	7,002,301	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 23,799,121</b>	<b>\$ 8,899,941</b>	<b>\$ 768,537</b>	<b>\$ -</b>

	<b>Net (Expense) Revenue and Change in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
	\$ (821,836)	\$ -	\$ (821,836)
	(4,905,889)	-	(4,905,889)
	(8,167,908)	-	(8,167,908)
	(81,950)	-	(81,950)
	(13,977,583)	-	(13,977,583)
	-	(153,060)	(153,060)
	-	(153,060)	(153,060)
	(13,977,583)	(153,060)	(14,130,643)
General Revenues			
Taxes			
Property	2,367,946	-	2,367,946
Replacement	7,226	-	7,226
Telecommunications	682,206	-	682,206
Utility	948,409	-	948,409
Amusement	97,479	-	97,479
Hotel/motel	53,817	-	53,817
Road and bridge	206,423	-	206,423
Video gaming	133,640	-	133,640
Intergovernmental			
Income tax	2,377,969	-	2,377,969
Sales	5,412,366	-	5,412,366
Local use	565,826	-	565,826
Investment income	44,585	2,924	47,509
Miscellaneous	322,096	53,242	375,338
Total	13,219,988	56,166	13,276,154
CHANGE IN NET POSITION	(757,595)	(96,894)	(854,489)
NET POSITION, MAY 1	14,921,608	5,268,057	20,189,665
Prior period adjustment	327,160	48,886	376,046
Change in accounting principle	(19,350,964)	(276,932)	(19,627,896)
NET POSITION, MAY 1, RESTATED	(4,102,196)	5,040,011	937,815
<b>NET POSITION, APRIL 30</b>	<b>\$ (4,859,791)</b>	<b>\$ 4,943,117</b>	<b>\$ 83,326</b>

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2016

	General	Capital Improvements	Debt Service	Nonmajor	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,746,295	\$ 4,233,564	\$ 206,349	\$ 473,989	\$ 7,660,197
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	2,161,959	58,669	141,254	-	2,361,882
Intergovernmental	1,942,203	-	-	50,264	1,992,467
Other	932,412	4,213	-	-	936,625
Inventory	11,873	-	-	-	11,873
Due from other funds	209,188	410,771	-	-	619,959
<b>TOTAL ASSETS</b>	<b>\$ 8,003,930</b>	<b>\$ 4,707,217</b>	<b>\$ 347,603</b>	<b>\$ 524,253</b>	<b>\$ 13,583,003</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 592,424	\$ 235,829	\$ -	\$ 6,129	\$ 834,382
Accrued payroll	150,973	-	-	-	150,973
Deposits payable	140,023	-	-	-	140,023
Other payables	11,005	-	-	-	11,005
Unearned revenue	-	1,882	-	-	1,882
Due to other funds	207,164	-	206,349	235	413,748
Total liabilities	1,101,589	237,711	206,349	6,364	1,552,013
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	2,161,959	58,669	141,254	-	2,361,882
Other unavailable revenue	166,263	-	-	-	166,263
Total deferred inflows of resources	2,328,222	58,669	141,254	-	2,528,145
Total liabilities and deferred inflows of resources	3,429,811	296,380	347,603	6,364	4,080,158
<b>FUND BALANCES</b>					
Nonspendable					
Inventory	11,873	-	-	-	11,873
Restricted					
Special service area	-	-	-	14,178	14,178
Storm sewer	-	-	-	77,630	77,630
Public safety	55,415	-	-	157,567	212,982
Highways and streets	-	-	-	268,514	268,514
Unrestricted					
Assigned					
Capital improvements	-	4,410,837	-	-	4,410,837
Unassigned (deficit)					
General fund	4,506,831	-	-	-	4,506,831
Debt service	-	-	-	-	-
Total fund balances	4,574,119	4,410,837	-	517,889	9,502,845
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,003,930</b>	<b>\$ 4,707,217</b>	<b>\$ 347,603</b>	<b>\$ 524,253</b>	<b>\$ 13,583,003</b>

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, 2016

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$	9,502,845
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		7,159,958
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable		(1,360,000)
Compensated absences payable		(726,443)
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		166,263
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position		(2,122,362)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position		762,184
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position		(18,427,227)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position		193,696
Accrued interest payable is not recorded in governmental funds but is recorded on the statement of net position		<u>(8,705)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u><u>(4,859,791)</u></u></b>

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

For the Year Ended April 30, 2016

	General	Capital Improvements	Debt Service	Nonmajor	Total
<b>REVENUES</b>					
Taxes	\$ 3,789,651	\$ 206,349	\$ 496,814	\$ 5,071	\$ 4,497,885
Licenses and permits	1,230,685	-	-	-	1,230,685
Intergovernmental	8,389,917	114,074	-	736,742	9,240,733
Charges for services	478,066	1,600	-	78,908	558,574
Investment income	7,345	32,877	1,432	2,931	44,585
Miscellaneous	229,803	-	-	-	229,803
Total revenues	14,125,467	354,900	498,246	823,652	15,802,265
<b>EXPENDITURES</b>					
Current					
General government	1,827,950	-	-	-	1,827,950
Highways and streets	2,063,941	56,887	-	581,500	2,702,328
Public safety	7,127,418	-	-	175,720	7,303,138
Capital outlay	-	3,384,481	-	19,480	3,403,961
Debt service					
Principal	-	145,000	-	-	145,000
Interest and fiscal charges	-	57,809	-	-	57,809
Debt issuance cost	-	44,316	-	-	44,316
Total expenditures	11,019,309	3,688,493	-	776,700	15,484,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,106,158	(3,333,593)	498,246	46,952	317,763
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	498,246	2,012,658	-	-	2,510,904
Transfers (out)	(2,012,658)	-	(498,246)	-	(2,510,904)
Proceeds from sale of assets	5,713	-	-	-	5,713
Payment to refunded bond escrow agent	-	(1,318,008)	-	-	(1,318,008)
Bonds issued, at par	-	1,360,000	-	-	1,360,000
Premium on bonds issued	-	2,324	-	-	2,324
Total other financing sources (uses)	(1,508,699)	2,056,974	(498,246)	-	50,029
NET CHANGE IN FUND BALANCES	1,597,459	(1,276,619)	-	46,952	367,792
FUND BALANCES, MAY 1	2,649,500	5,687,456	-	470,937	8,807,893
Prior period adjustment	327,160	-	-	-	327,160
FUND BALANCE, MAY 1, RESTATED	2,976,660	5,687,456	-	470,937	9,135,053
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 4,574,119</b>	<b>\$ 4,410,837</b>	<b>\$ -</b>	<b>\$ 517,889</b>	<b>\$ 9,502,845</b>

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, 2016

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 367,792</b>
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	185,583
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	(804,708)
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received	83,900
The issuance of long-term debt is reported as an other financing source in the fund level but an increase in liabilities at the government-wide financial statements	
Proceeds from sale of bonds	(1,360,000)
Premium on bond proceeds	(2,324)
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	1,460,000
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	11,053
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	12,130
The change in compensated absences payable is shown as an expense on the statement of activities	(8,886)
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(755,120)
The change in deferred outflows and inflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	665,751
The change in the net pension liability for the Police Pension Fund is reported only in the statement of activities	(806,462)
The change in deferred outflows and inflows of resources for the Police Pension Fund is reported only in the statement of activities	<u>193,696</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (757,595)</u></u></b>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Rough Draft

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

April 30, 2016

	<b>Business-Type Activities Water Operations</b>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ -
Receivables (net, where applicable, of allowances for uncollectibles)	
Water - billed	15,134
Water - unbilled	2,483,199
Other	123,922
Due from other funds	<u>1,573</u>
Total current assets	<u>2,623,828</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	
Assets not being depreciated	<u>100,000</u>
Assets being depreciated	
Cost	15,926,481
Accumulated depreciation	<u>(10,173,876)</u>
Net capital assets being depreciated	<u>5,752,605</u>
Total noncurrent assets	<u>5,852,605</u>
Total assets	<u>8,476,433</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refunding	203,168
Pension items - IMRF	<u>185,688</u>
Total deferred outflows of resources	388,856
Total assets and deferred outflows of resources	<u>8,865,289</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	480,356
Accrued payroll	10,059
Accrued interest payable	29,676
Due to other funds	217,958
Bonds payable	220,000
Compensated absences payable	<u>4,959</u>
Total current liabilities	<u>963,008</u>
<b>LONG-TERM LIABILITIES</b>	
Bonds payable	2,448,969
Net pension liability	462,500
Compensated absences payable	<u>28,099</u>
Total long-term liabilities	<u>2,939,568</u>
Total liabilities	<u>3,902,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension items - IMRF	<u>19,596</u>
Total liabilities and deferred inflows of resources	<u>3,922,172</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,386,804
Unrestricted	<u>1,556,313</u>
<b>TOTAL NET POSITION</b>	<u>\$ 4,943,117</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, 2016

	<u>Business-Type Activities Water Operations</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 6,929,133
Inspections/tap on/permits	47,250
Sale of meters	10,645
Other water sales	<u>15,273</u>
Total operating revenues	<u>7,002,301</u>
<b>OPERATING EXPENSES</b>	
<b>EXCLUDING DEPRECIATION</b>	
Personnel services	766,504
Materials and supplies	743,694
Contractual services	5,051,694
Capital related - uncapitalized	<u>173,067</u>
Total operating expenses excluding depreciation	<u>6,734,959</u>
OPERATING INCOME BEFORE DEPRECIATION	267,342
Depreciation	<u>331,363</u>
OPERATING INCOME (LOSS)	<u>(64,021)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	2,924
Miscellaneous income	53,242
Interest expense	<u>(89,039)</u>
Total non-operating revenues (expenses)	<u>(32,873)</u>
CHANGE IN NET POSITION	<u>(96,894)</u>
NET POSITION, MAY 1	5,268,057
Prior period adjustment	48,886
Change in accounting principle	<u>(276,932)</u>
NET POSITION, MAY 1, RESTATED	<u>5,040,011</u>
NET POSITION, APRIL 30	<u>\$ 4,943,117</u>

See accompanying notes to financial statements.



## CITY OF DARIEN, ILLINOIS

Rough Draft

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2016

	<u>Business-Type Activities Water Operations</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 6,695,870
Payments to suppliers	(5,752,388)
Payments to employees	(755,285)
Payments to other funds	<u>(250,000)</u>
Net cash from operating activities	<u>(61,803)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Due to/from other funds	<u>218,858</u>
Net cash from noncapital financing activities	<u>218,858</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(119,941)
Principal payments	(215,000)
Interest and fiscal charges	<u>(83,725)</u>
Net cash from capital and related financing activities	<u>(418,666)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>2,924</u>
Net cash from investing activities	<u>2,924</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(258,687)
CASH AND CASH EQUIVALENTS, MAY 1	<u>258,687</u>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (64,021)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	331,363
Changes in assets and liabilities	
Accounts receivable	(306,431)
Accounts payable	(33,933)
Accrued payroll	(6,137)
Compensated absences payable	(2,120)
Net pension liability - IMRF	<u>19,476</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ (61,803)</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

April 30, 2016

	<b>Pension Trust Fund</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 174,594	\$ 12,996
Investments		
U.S. Treasury obligations	350,059	-
Annuities	56,502	-
U.S. agency obligations	5,367,989	-
Municipal bonds	1,391,739	-
Corporate bonds	3,484,944	-
Equity mutual funds	9,688,710	-
Common stock	3,570,792	-
Prepays	1,030	-
Receivables		
Due from other governments	-	10,175
Accrued interest	99,591	-
	<u>24,185,950</u>	<u>\$ 23,171</u>
<b>Total assets</b>	<b>24,185,950</b>	<b>\$ 23,171</b>
<b>LIABILITIES</b>		
Benefits payable	6,666	-
Due to others	-	-
Impact fees payable	-	23,171
Deposits payable	-	-
	<u>6,666</u>	<u>\$ 23,171</u>
<b>Total liabilities</b>	<b>6,666</b>	<b>\$ 23,171</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b><u>\$ 24,179,284</u></b>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE PENSION FUND

For the Year Ended April 30, 2016

**ADDITIONS**

Contributions		
Employer	\$	1,209,939
Employee		308,852
		<u>1,518,791</u>
Total contributions		
Investment income		
Net appreciation (depreciation) in fair value of investments		(796,883)
Interest		846,541
		<u>49,658</u>
Total investment income		
Less investment expense		<u>(71,647)</u>
Net investment income		<u>(21,989)</u>
Total additions		<u>1,496,802</u>

**DEDUCTIONS**

Pension benefits		1,767,269
Contractual services		21,586
Administrative expenses		13,064
		<u>1,801,919</u>
Total deductions		

NET DECREASE (305,117)

**NET POSITION HELD IN TRUST  
FOR PENSION BENEFITS**

May 1		<u>24,484,401</u>
April 30	\$	<u><u>24,179,284</u></u>

## CITY OF DARIEN, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

April 30, 2016

---

**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. 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.

**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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Fund Accounting (Continued)

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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 Debt Service Fund is used to account for the repayment of the General Obligation Bonds. Financing is provided by a restricted property tax levy.

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. Non-operating 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 and unavailable/deferred revenue on its financial statements. Unavailable/deferred revenues arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues 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 revenue and the deferred inflows of resources for unavailable/deferred 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.

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, if any, are recorded as prepaid items/expenses.

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Compensated Absences (Continued)

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.

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 as expense 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 City Council. 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 or any deficit fund balance in other governmental funds are reported as unassigned.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

l. Fund Balances/Net Position (Continued)

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.

In the government-wide financial statements, restricted net position is 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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

o. Deferred Outflows/Inflows of Resources (Continued)

(expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. 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.

**2. DEPOSITS AND INVESTMENTS**

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

a. City Deposits and Investments

The City's investment policy authorizes the City to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The City's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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

**2. DEPOSITS AND INVESTMENTS (Continued)**

a. City Deposits and Investments (Continued)

Deposits with Financial Institutions

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

Investments

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

The following table presents the investments and maturities of the City’s investments that are subject to interest rate risk as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 year fund	\$ 16,503	\$ -	\$ 16,503	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 16,503</b>	<b>\$ -</b>	<b>\$ 16,503</b>	<b>\$ -</b>	<b>\$ -</b>

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.

**2. DEPOSITS AND INVESTMENTS (Continued)**

a. City Deposits and Investments (Continued)

Investments (Continued)

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.

**3. RECEIVABLES**

a. Property Taxes

Property taxes for 2015 attached as an enforceable lien on January 1, 2015, 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, 2016, and are payable in two installments, on or about June 1, 2016 and September 1, 2016. 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 2015 tax levy is intended to fund expenditures for the 2016-2017 fiscal year, these taxes are unavailable/deferred as of April 30, 2016.

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016 as the tax has not yet been levied by the City and will not be levied until December 2016 and, therefore, the levy is not measurable at April 30, 2016.

**3. RECEIVABLES (Continued)**

b. Due from Other Governments and Other Receivables

	General	Capital Improvements	Nonmajor Governmental	Total
<b>GOVERNMENTAL ACTIVITIES</b>				
Intergovernmental				
Sales tax	\$ 1,271,362	\$ -	\$ -	\$ 1,271,362
Local use tax	127,834	-	-	127,834
Income tax	351,862	-	-	351,862
Motor fuel tax	-	-	50,264	50,264
Telecommunications tax	179,710	-	-	179,710
Video gaming tax	11,435	-	-	11,435
Total intergovernmental	<u>1,942,203</u>	<u>-</u>	<u>50,264</u>	<u>1,992,467</u>
Other receivables				
Franchise fees	116,428	-	-	116,428
Hotel/motel tax	3,942	-	-	3,942
Amusement tax	10,246	-	-	10,246
Utility tax	73,035	-	-	73,035
Paypal	39	-	-	39
IRMA	166,263	-	-	166,263
IPBC	515,625	-	-	515,625
Accounts	46,834	4,213	-	51,047
Total other receivables	<u>932,412</u>	<u>4,213</u>	<u>-</u>	<u>936,625</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 2,874,615</u>	<u>\$ 4,213</u>	<u>\$ 50,264</u>	<u>\$ 2,929,092</u>

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2016 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 419,529	\$ -	\$ -	\$ 419,529
Total capital assets not being depreciated	<u>419,529</u>	<u>-</u>	<u>-</u>	<u>419,529</u>
Capital assets being depreciated				
Buildings and improvements	5,534,485	-	-	5,534,485
Machinery, vehicles, and equipment	3,099,030	185,583	-	3,284,613
Infrastructure	12,768,226	-	-	12,768,226
Total capital assets being depreciated	<u>21,401,741</u>	<u>185,583</u>	<u>-</u>	<u>21,587,324</u>
Less accumulated depreciation for				
Buildings and improvements	2,737,464	113,742	-	2,851,206
Machinery, vehicles, and equipment	2,164,922	253,160	-	2,418,082
Infrastructure	9,139,801	437,806	-	9,577,607
Total accumulated depreciation	<u>14,042,187</u>	<u>804,708</u>	<u>-</u>	<u>14,846,895</u>
Total capital assets being depreciated, net	<u>7,359,554</u>	<u>(619,125)</u>	<u>-</u>	<u>6,740,429</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 7,779,083</u>	<u>\$ (619,125)</u>	<u>\$ -</u>	<u>\$ 7,159,958</u>

**4. CAPITAL ASSETS (Continued)**

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 39,047
Public safety	155,145
Highways and streets	610,516
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 804,708</b>

	Balances May 1	Increases	Decreases	Balances April 30
<b>BUSINESS-TYPE ACTIVITIES</b>				
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	119,941	-	952,556
Infrastructure	7,984,691	-	-	7,984,691
Total capital assets being depreciated	15,806,540	119,941	-	15,926,481
Less accumulated depreciation for				
Buildings and improvements	3,411,921	182,951	-	3,594,872
Machinery and equipment	830,116	12,494	-	842,610
Infrastructure	5,600,476	135,918	-	5,736,394
Total accumulated depreciation	9,842,513	331,363	-	10,173,876
Total capital assets being depreciated, net	5,964,027	(211,422)	-	5,752,605
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 6,064,027	\$ (211,422)	\$ -	\$ 5,852,605

**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**

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.



**5. RISK MANAGEMENT (Continued)**

Intergovernmental Risk Management Agency (Continued)

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.

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, 2016.

Intergovernmental Personnel Benefit Cooperative

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.

**6. LONG-TERM DEBT (Continued)**

a. General Obligation Bonds (Continued)

A summary of changes in long-term debt reported in the governmental activities of the City for the year ended April 30, 2016 is as follows:

**Governmental Activities**

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$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 3.5% to 4.0%. The last payment due is January 1, 2024.	Capital Improvement	\$ 1,460,000	\$ -	\$ 1,460,000	\$ -	\$ -
\$1,360,000 General Obligation Refunding Bonds, Series 2015 are due in annual installments (beginning January 1, 2017) ranging from \$110,000 to \$185,000 with interest from 1.25% to 2.20%. The last payment due is January 1, 2024.	Capital Improvement	-	1,360,000	-	1,360,000	175,000
<b>TOTAL GOVERNMENTAL BONDED DEBT</b>		<b>\$ 1,460,000</b>	<b>\$ 1,360,000</b>	<b>\$ 1,460,000</b>	<b>\$ 1,360,000</b>	<b>\$ 175,000</b>

**Business-Type Activities**

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$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 2.0% to 3.5%. The last payment is due on December 15, 2025.	Water	\$ 2,750,000	\$ -	\$ 215,000	\$ 2,535,000	\$ 220,000
<b>TOTAL BUSINESS-TYPE BONDED DEBT</b>		<b>\$ 2,750,000</b>	<b>\$ -</b>	<b>\$ 215,000</b>	<b>\$ 2,535,000</b>	<b>\$ 220,000</b>

**6. LONG-TERM DEBT (Continued)**

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
2017	\$ 175,000	\$ 24,785	\$ 199,785	\$ 220,000	\$ 79,425	\$ 299,425
2018	175,000	20,615	195,615	225,000	75,025	300,025
2019	175,000	18,427	193,427	230,000	68,275	298,275
2020	175,000	16,240	191,240	240,000	61,375	301,375
2021	180,000	13,440	193,440	245,000	54,175	299,175
2022	185,000	10,560	195,560	260,000	46,825	306,825
2023	185,000	6,490	191,490	265,000	39,025	304,025
2024	110,000	2,420	112,420	275,000	29,750	304,750
2025	-	-	-	285,000	20,125	305,125
2026	-	-	-	290,000	10,150	300,150
<b>TOTAL</b>	<b>\$ 1,360,000</b>	<b>\$ 112,977</b>	<b>\$ 1,472,977</b>	<b>\$ 2,535,000</b>	<b>\$ 484,150</b>	<b>\$ 3,019,150</b>

d. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during fiscal year 2016:

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 1,460,000	\$ 1,360,000	\$ 1,460,000	\$ 1,360,000	\$ 175,000
Unamortized bond premium	9,806	-	9,806	-	-
Compensated absences payable*	717,557	8,886	-	726,443	108,966
Net pension liability*	18,988,007	1,561,582	-	20,549,589	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 21,175,370</b>	<b>\$ 2,930,468</b>	<b>\$ 1,469,806</b>	<b>\$ 22,636,032</b>	<b>\$ 283,966</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds	\$ 2,750,000	\$ -	\$ 215,000	\$ 2,535,000	\$ 220,000
Unamortized bond premium	147,366	-	13,397	133,969	-
Compensated absences payable*	35,178	-	2,120	33,058	4,959
Net pension liability*	297,946	164,554	-	462,500	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 3,230,490</b>	<b>\$ 164,554</b>	<b>\$ 230,517</b>	<b>\$ 3,164,527</b>	<b>\$ 224,959</b>

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

**6. LONG-TERM DEBT (Continued)**

e. Advance Refunding

On December 21, 2015, the City issued \$1,360,000 General Obligation Refunding Bonds, Series 2015 to refund a portion of the General Obligation Bonds, Series 2008. \$1,318,008 of the proceeds, including reoffering premium, were deposited into an irrevocable trust to advance refund, through an in-substance defeasance, \$1,315,000 of the General Obligation Bonds, Series 2008. Through the refunding, the City reduced its overall debt service by \$74,266 and had an economic gain of \$68,935. On January 22, 2016, defeased bonds were called and paid from escrow.

**7. INDIVIDUAL FUND DISCLOSURES**

Transfers between funds at April 30, 2016 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ 489,246	\$ 2,012,658
Capital Improvements	2,012,658	-
Debt Service	-	489,246
<b>TOTAL</b>	<b>\$ 2,501,904</b>	<b>\$ 2,501,904</b>

The purpose of the transfers in/out is as follows:

- \$2,012,658 transferred from the General Fund to the Capital Improvements Fund for capital projects. This transfer will not be repaid.
- \$489,246 transferred from the General Fund to the Debt Service Fund for debt service payments. This transfer will not be repaid.

Due from/to other funds at April 30, 2016 consist of the following:

	Due From	Due To
General	\$ 209,188	\$ 207,164
Capital Improvements	410,771	-
Nonmajor	-	235
Debt Service	-	206,350
Water Operations	1,573	217,958
Fiduciary	10,175	-
<b>TOTAL</b>	<b>\$ 631,707</b>	<b>\$ 631,707</b>

**7. INDIVIDUAL FUND DISCLOSURES (Continued)**

The balances reflected in all significant due to/from other funds above are generally related to cover deficit cash balances within commingled accounts. The City expects that the obligations will be liquidated within one year.

**8. 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 a local business wherein the City will rebate up to a net present value of \$4,000,000 of incremental sales tax revenue, discounted at 8.15%. As of and for the year ended April 30, 2016, a liability of \$311,610 has been accrued. No payments have been made under this agreement. As of April 30, 2016, the City has incurred total incentives of \$311,610.

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. As of and for the year ended April 30, 2016, a liability of \$68,000 has been accrued and payments of \$68,000 have been made under this agreement. As of April 30, 2015, the City has incurred total incentives of \$136,000.

**9. DEFINED BENEFIT PENSION PLANS**

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. IMRF issues 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 or at IMRF.org. The Police Pension Plan does not issue a separate report.

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Administration*

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.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	67
Active employees	37
TOTAL	156

*Benefits Provided*

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 ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Benefits Provided (Continued)*

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

*Contributions*

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 contribution for the year ended December 31, 2015 was 13.28% of covered payroll.

*Actuarial Assumptions*

The City's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability.

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 17,921,915	\$ 16,256,727	\$ 1,665,188
Changes for the period			
Service cost	286,420	-	286,420
Interest	1,327,546	-	1,327,546
Difference between expected and actual experience	(169,723)	-	(169,723)
Changes in assumptions	24,074	-	24,074
Employer contributions	-	335,354	(335,354)
Employee contributions	-	114,576	(114,576)
Net investment income	-	80,704	(80,704)
Benefit payments and refunds	(681,770)	(681,770)	-
Other (net transfer)	-	18,009	(18,009)
Net changes	786,547	(133,127)	919,674
BALANCES AT DECEMBER 31, 2015	\$ 18,708,462	\$ 16,123,600	\$ 2,584,862

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.



**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2016, the City recognized pension expense of \$423,185.

At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 109,518
Changes in assumption	15,534	-
Contributions made after measurement date	117,834	-
Net difference between projected and actual earnings on pension plan investments	904,426	-
<b>TOTAL</b>	<b>\$ 1,037,794</b>	<b>\$ 109,518</b>

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

<u>Period Ending April 30,</u>	
2017	\$ 292,275
2018	183,787
2019	226,106
2020	226,108
2021	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 928,276</b>

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.48% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension liability	\$ 5,209,386	\$ 2,584,862	\$ 459,116

Police Pension Plan

*Plan Administration*

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.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At April 30, 2016, membership consisted of:

Inactive plan members currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	32
 TOTAL	 65

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided*

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 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% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 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 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Contributions*

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, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has decided to fund 100% of the past service cost by 2040. For the year ended April 30, 2016, the City's contribution was 39.62% of covered payroll.

*Investment Policy*

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to 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.

During the year ended April 30, 2016, no changes to the investment policy were approved by the Board of Trustees.

It is the policy of the 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 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, rate of return, public trust and liquidity.

## 9. DEFINED BENEFIT PENSION PLANS (Continued)

### a. Plan Descriptions (Continued)

#### Police Pension Plan (Continued)

#### *Investment Policy (Continued)*

The Fund's investment policy, in accordance with ILCS, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	35.8%	6.9%
Mid Cap Domestic Equity	5.5%	8.9%
Small Cap Domestic Equity	5.5%	9.0%
International Equity	8.2%	7.1%
Fixed Income	45.0%	2.1%

The long-term expected real rates of return are calculated on a geometric mean basis and are net of a 3.2% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using *Stocks, Bonds, Bills and Inflation 2013 Yearbook - Morningstar*, for the period of December 31, 1925 through December 31, 2014. The long-term expected rate of return on the Internal Equity class was based on the MCSI EAFE index for the period of December 31, 1976 through December 31, 2014.

#### *Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

#### *Investment Rate of Return*

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.09%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## 9. DEFINED BENEFIT PENSION PLANS (Continued)

### a. Plan Descriptions (Continued)

#### Police Pension Plan (Continued)

##### *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The 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.

##### *Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 350,059	\$ 50,219	\$ 143,669	\$ 156,171	\$ -
U.S. agency obligations	5,367,989	489,878	1,368,096	3,193,734	316,281
Municipal bonds	1,391,739	50,525	888,005	372,266	80,943
Corporate bonds	3,484,944	368,367	2,036,758	1,079,819	-
<b>TOTAL</b>	<b>\$ 10,594,731</b>	<b>\$ 958,989</b>	<b>\$ 4,436,528</b>	<b>\$ 4,801,990</b>	<b>\$ 397,224</b>

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 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*

In accordance with its investment policy, the Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily in U.S. Treasury obligation, U.S. agency obligations and corporate bonds. The U.S. agency securities are rated AA+. Municipal bonds are rated ranging from AA- to AA+. The corporate bonds have ratings ranging from BBB to AAA.

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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 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 and equity mutual funds are not subject to custodial credit risk.

*Concentration of Credit Risk*

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

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT DECEMBER 1, 2015	\$ 42,105,166	\$ 24,484,401	\$ 17,620,765
Changes for the period			
Service cost	754,785	-	754,785
Interest	2,938,342	-	2,938,342
Difference between expected and actual experience	(1,424,513)	-	(1,424,513)
Employer contributions	-	1,209,939	(1,209,939)
Employee contributions	-	308,852	(308,852)
Net investment income	-	(21,989)	21,989
Benefit payments and refunds	(1,767,269)	(1,767,269)	-
Administrative expense	-	(34,650)	34,650
Net changes	501,345	(305,117)	806,462
BALANCES AT DECEMBER 31, 2015	\$ 42,606,511	\$ 24,179,284	\$ 18,427,227

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	5.50%
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

Mortality rates were based on the RP-2000 Combined Healthy Mortality with a blue collar adjustment and no projection.

*Discount Rate*

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 24,371,083	\$ 18,427,227	\$ 13,529,365



**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2016, the City recognized police pension expense of \$1,822,705. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,187,095
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	<u>1,380,791</u>	<u>-</u>
<b>TOTAL</b>	<u><u>\$ 1,380,791</u></u>	<u><u>\$ 1,187,095</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2017	\$ 107,778
2018	107,779
2019	107,779
2020	107,779
2021	(237,419)
Thereafter	<u>-</u>
<b>TOTAL</b>	<u><u>\$ 193,696</u></u>

**10. OTHER POSTEMPLOYMENT BENEFITS**

The City allows employees, who retire through one of the City’s two pension plans disclosed in Note 9, 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.

**11. CHANGE IN ACCOUNTING PRINCIPLE**

	Increase (Decrease)
<b>CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES</b>	
Change in accounting principle	
To write-off the Police Pension Plan net pension assets	\$ (459,390)
To record the Police Pension Plan net pension liability	(17,620,765)
To record the deferred outflow of resources for contributions after the measurement date	96,433
To record the IMRF net pension liability	(1,367,242)
<b>TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ (19,350,964)</b>
<b>CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES</b>	
To record the deferred outflow of resources for contributions after the measurement date	\$ 21,014
To record the IMRF net pension liability	\$ (297,946)
<b>TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES</b>	<b>\$ (276,932)</b>

With the implementation of GASB Statement No. 68 and No. 71, the City is required to retroactively record the net pension liability and related deferred outflow of resources and write off any net pension assets.

**14. PRIOR PERIOD ADJUSTMENT**

Fund balance of governmental funds and net position of governmental activities have been restated to recognize the IPBC terminal reserve in the amount of \$327,160.

Net position of proprietary funds and business-type activities have been restated to recognize the IPBC terminal reserve in the amount of \$48,886.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>REVENUES</b>				
Taxes	\$ 4,098,139	\$ 3,789,651	\$ (308,488)	\$ 4,157,721
Licenses, permits, and fees	889,432	1,230,685	341,253	1,014,641
Intergovernmental	7,866,396	8,389,917	523,521	7,843,604
Charges for services	391,285	478,066	86,781	585,155
Investment income	6,000	7,345	1,345	8,352
Miscellaneous	20,000	229,803	209,803	56,077
Total revenues	<u>13,271,252</u>	<u>14,125,467</u>	<u>854,215</u>	<u>13,665,550</u>
<b>EXPENDITURES</b>				
Current				
General government	1,744,784	1,827,950	83,166	1,403,022
Highways and streets	2,235,040	2,063,941	(171,099)	1,986,471
Public safety	7,318,204	7,127,418	(190,786)	7,017,676
Debt service				
Principal	-	-	-	162,466
Interest	-	-	-	2,437
Total expenditures	<u>11,298,028</u>	<u>11,019,309</u>	<u>(278,719)</u>	<u>10,572,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,973,224</u>	<u>3,106,158</u>	<u>1,132,934</u>	<u>3,093,478</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	498,246	498,246	-
Transfers (out)	-	(2,012,658)	(2,012,658)	(4,324,549)
Proceeds from sale of assets	5,000	5,713	713	8,626
Total other financing sources (uses)	<u>5,000</u>	<u>(1,508,699)</u>	<u>(1,513,699)</u>	<u>(4,315,923)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,978,224</u>	<u>1,597,459</u>	<u>\$ (380,765)</u>	<u>(1,222,445)</u>
FUND BALANCE, MAY 1		2,649,500		3,871,945
Prior period adjustment		<u>327,160</u>		<u>-</u>
NET POSITION, MAY 1, RESTATED		<u>2,976,660</u>		<u>3,871,945</u>
FUND BALANCE, APRIL 30		<u>\$ 4,574,119</u>		<u>\$ 2,649,500</u>

(See independent auditor's report.)

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

---

	<u>2016</u>
Actuarially determined contribution	\$ 335,289
Contributions in relation to the actuarially determined contribution	<u>335,289</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 2,525,245
Contributions as a percentage of covered-employee payroll	13.28%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was 5-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually, and postretirement benefit increases of 3.0% compounded annually.

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

April 30, 2016

---

	<u>2016</u>
Actuarially determined contribution	\$ 1,200,005
Contributions in relation to the actuarially determined contribution	<u>1,209,939</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ (9,934)</u></u>
Covered-employee payroll	\$ 3,054,195
Contributions as a percentage of covered-employee payroll	39.62%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was projected unit credit; the amortization method was level percent of pay, 100% closed basis and the amortization period was 25 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 7.0% annually, projected salary increases assumption of 5.5% compounded annually, and postretirement benefit increases of 3.0% compounded annually.

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET  
PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

	<b>2015*</b>
<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 286,420
Interest	1,327,546
Changes of benefit terms	-
Differences between expected and actual experience	(169,723)
Changes of assumptions**	24,074
Benefit payments, including refunds of member contributions	(681,770)
Net change in total pension liability	786,547
Total pension liability - beginning	17,921,915
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 18,708,462</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 335,354
Contributions - member	114,576
Net investment income	80,704
Benefit payments, including refunds of member contributions	(681,770)
Other	18,009
Net change in plan fiduciary net position	(133,127)
Plan fiduciary net position - beginning	16,256,727
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 16,123,600</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 2,584,862</b>
Plan fiduciary net position as a percentage of the total pension liability	86.18%
Covered-employee payroll	\$ 2,525,245
Employer's net pension liability as a percentage of covered-employee payroll	102.36%

\*IMRF's measurement date is December 31, 2015; therefore information above is presented for the calendar year ended December 31, 2015.

\*\*Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND

April 30, 2016

	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 754,785	\$ 688,515
Interest	2,938,342	2,599,067
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,424,513)	(388,710)
Changes of assumptions	-	2,888,856
Benefit payments, including refunds of member contributions	(1,767,269)	(1,624,179)
Net change in total pension liability	501,345	4,163,549
Total pension liability - beginning	42,105,166	37,941,617
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>\$ 42,606,511</u>	<u>\$ 42,105,166</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 1,209,939	\$ 1,205,560
Contributions - member	308,852	302,058
Net investment income	(21,989)	1,604,934
Benefit payments, including refunds of member contributions	(1,767,269)	(1,624,179)
Administrative expense	(34,650)	(39,881)
Net change in plan fiduciary net position	(305,117)	1,448,492
Plan fiduciary net position - beginning	24,484,401	23,035,909
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>\$ 24,179,284</u>	<u>\$ 24,484,401</u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u>\$ 18,427,227</u>	<u>\$ 17,620,765</u>
Plan fiduciary net position as a percentage of the total pension liability	56.75%	58.15%
Covered-employee payroll	\$ 3,054,195	\$ 2,916,963
Employer's net pension liability as a percentage of covered-employee payroll	603.34%	604.08%

(See independent auditor's report.)



SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND

April 30, 2016

---

	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	(0.09%)	6.90%

## CITY OF DARIEN, ILLINOIS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2016

---

**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. In addition, no budgets were adopted for the Storm Sewer or Federal Equitable Sharing Funds.

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.

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

## **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.

Debt Service Fund - The Debt Service Fund was established to account for the repayment of the General Obligation Bonds. Financing is provided by a restricted property tax levy.

## CITY OF DARIEN, ILLINOIS

Rough Draft

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUNDFor the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>TAXES</b>				
Property taxes - current	\$ 1,645,817	\$ 1,659,712	\$ 13,895	\$ 1,642,407
Road and bridge tax	205,000	206,423	1,423	205,094
Municipal utility tax	1,207,322	948,409	(258,913)	1,109,183
Telecommunication tax	850,000	682,206	(167,794)	991,410
Amusement tax	70,000	97,479	27,479	89,903
Hotel/motel tax	40,000	53,817	13,817	53,205
Replacement tax	5,000	7,226	2,226	7,185
Auto rental tax	-	739	739	-
Video gaming tax	75,000	133,640	58,640	59,334
Total taxes	4,098,139	3,789,651	(308,488)	4,157,721
<b>LICENSES, PERMITS, AND FEES</b>				
Business licenses	46,000	41,146	(4,854)	42,983
Liquor licenses	67,000	72,118	5,118	67,220
Contractors licenses	18,000	20,945	2,945	21,355
Court fines	135,000	107,235	(27,765)	127,895
Ordinance fines	12,000	22,690	10,690	28,320
Building permits and fees	35,000	160,249	125,249	102,758
Cable TV franchise fees	374,800	411,647	36,847	356,126
PEG fees AT&T	-	82,921	82,921	17,030
NICOR franchise fees	28,000	29,600	1,600	29,804
Public hearing fees	5,000	13,799	8,799	7,221
Elevator inspections	5,000	5,135	135	4,660
Public improvement permit fees	-	80	80	25
Legal fee reimbursements	-	4,808	4,808	-
Engineering fee reimbursements	42,400	106,153	63,753	48,081
DUI technology fines	13,000	10,557	(2,443)	14,073
Police special service	108,232	138,412	30,180	144,860
Stormwater management fees	-	3,190	3,190	2,230
Total licenses, permits, and fees	889,432	1,230,685	341,253	1,014,641
<b>INTERGOVERNMENTAL</b>				
State income taxes	2,186,514	2,377,969	191,455	2,138,773
Local use tax	419,634	565,826	146,192	416,364
Sales tax	5,260,248	5,412,366	152,118	5,281,277
Drug seizures	-	1,962	1,962	-
Drug forfeiture receipts	-	33,588	33,588	-
Grants	-	(1,794)	(1,794)	7,190
Total intergovernmental	7,866,396	8,389,917	523,521	7,843,604

(This schedule is continued on the following page.)

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>CHARGES FOR SERVICES</b>				
Towing fees	\$ 55,000	\$ 44,000	\$ (11,000)	\$ 65,793
Police report/prints	5,000	12,521	7,521	6,564
Inspection/tap on/permits	-	210	210	235
Rents	283,285	294,747	11,462	299,061
Other reimbursements	48,000	74,127	26,127	134,843
Residential concrete reimbursement	-	29,367	29,367	51,160
Reimbursement - rear yard drain	-	14,727	14,727	20,445
Maintenance reimbursements	-	-	-	417
Mail box reimbursement	-	2,779	2,779	2,522
Sales of wood chips	-	5,588	5,588	4,115
Total charges for services	391,285	478,066	86,781	585,155
<b>INVESTMENT INCOME</b>				
Investment income	6,000	7,345	1,345	8,352
Total investment income	6,000	7,345	1,345	8,352
<b>MISCELLANEOUS</b>				
Reimbursement - workers' compensation	-	956	956	22,873
Impact fees	-	11,127	11,127	-
Miscellaneous	20,000	217,720	197,720	33,204
Total miscellaneous	20,000	229,803	209,803	56,077
<b>TOTAL REVENUES</b>	<b>\$ 13,271,252</b>	<b>\$ 14,125,467</b>	<b>\$ 854,215</b>	<b>\$ 13,665,550</b>

## CITY OF DARIEN, ILLINOIS

Rough Draft

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUNDFor the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>GENERAL GOVERNMENT</b>				
Administration				
Personnel services				
Salaries	\$ 457,452	\$ 454,606	\$ (2,846)	\$ 483,258
Overtime	-	82	82	-
Social Security	28,486	23,612	(4,874)	27,750
Medicare	5,707	6,585	878	7,092
IMRF	68,137	59,520	(8,617)	75,216
Medical/life insurance	60,484	75,774	15,290	62,850
Supplemental pensions	24,320	25,420	1,100	26,336
Total personnel services	644,586	645,599	1,013	682,502
Materials and supplies				
Dues and subscriptions	3,405	3,048	(357)	2,547
Liability insurance	65,013	51,561	(13,452)	33,574
Legal notices	8,000	4,712	(3,288)	5,518
Maintenance - building	27,900	18,166	(9,734)	1,751
Maintenance - equipment	11,900	6,912	(4,988)	4,924
Maintenance - vehicles	-	1,314	1,314	51
Miscellaneous expenditures	-	389	389	-
Postage/mailings	6,300	2,982	(3,318)	4,866
Printing and forms	3,000	2,237	(763)	2,689
Public relations	37,500	25,903	(11,597)	34,616
Rent - equipment	2,160	764	(1,396)	1,019
Service charge	-	130	130	-
Supplies - office	8,500	7,551	(949)	7,374
Supplies - other	500	-	(500)	-
Training and education	6,000	3,440	(2,560)	873
Travel/meetings	500	287	(213)	99
Telephone	61,000	51,365	(9,635)	59,300
Utilities	3,500	3,162	(338)	1,948
Gas and oil	7,500	5,359	(2,141)	5,923
Vehicle	2,000	381	(1,619)	892
Total materials and supplies	254,678	189,663	(65,015)	167,964
Contractual services				
Audit	11,175	11,175	-	13,350
Consulting/professional	96,849	70,407	(26,442)	102,412
Contingency	10,000	1,666	(8,334)	3,880
Janitorial services	17,250	15,340	(1,910)	14,273
Total contractual services	135,274	98,588	(36,686)	133,915
Total administration	1,034,538	933,850	(100,688)	984,381
City Council				
Personnel services				
Salaries	42,750	42,300	(450)	42,750
Social security	2,651	2,623	(28)	2,755
Medicare	620	614	(6)	624
Total personnel services	46,021	45,537	(484)	46,129

(This schedule is continued on the following pages.)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUNDFor the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
City Council (Continued)				
Materials and supplies				
Board and commissions	\$ 2,500	\$ 549	\$ (1,951)	\$ 831
Cable operations	12,500	550	(11,950)	-
Dues and subscriptions	100	65	(35)	65
Liability insurance	7,428	7,110	(318)	29,980
Public relations	1,000	408	(592)	736
Supplies - Other	-	178	178	-
Training and education	1,000	-	(1,000)	-
Travel/meetings	50	20	(30)	35
Total materials and supplies	24,578	8,880	(15,698)	31,647
Contractual services				
Printing and forms	-	-	-	1,535
Consulting/professional	25,000	13,174	(11,826)	3,083
Tolley contracts	600	285	(315)	473
Total contractual services	25,600	13,459	(12,141)	5,091
Capital outlay				
Equipment	5,600	4,468	(1,132)	-
Total capital outlay	5,600	4,468	(1,132)	-
Total city council	101,799	72,344	(29,455)	82,867
Community development				
Personnel services				
Salaries	291,949	296,176	4,227	297,792
Overtime	-	-	-	40
Social Security	17,782	14,857	(2,925)	17,217
Medicare	4,159	4,093	(66)	4,191
IMRF	42,534	42,570	36	48,831
Medical/life insurance	38,448	42,030	3,582	39,964
Supplemental pensions	3,600	2,360	(1,240)	2,492
Total personnel services	398,472	402,086	3,614	410,527
Materials and supplies				
Boards and commissions	1,500	2,510	1,010	1,460
Dues and subscriptions	600	419	(181)	470
Liabilities insurance	42,714	26,435	(16,279)	37,666
Maintenance - vehicles	1,200	6	(1,194)	101
Printing and forms	1,890	1,063	(827)	289
Supplies - office	302	301	(1)	-
Training and educational	300	20	(280)	72
Travel/meetings	200	40	(160)	-
Gas and oil	1,350	1,394	44	1,345
Total materials and supplies	50,056	32,188	(17,868)	41,403

(This schedule is continued on the following pages.)



SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUNDFor the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
Community development (Continued)				
Contractual services				
Consulting/professional	\$ 37,919	\$ 41,680	\$ 3,761	\$ 41,950
Consulting/professional reimbursable	74,000	148,192	74,192	90,935
Economic development	298,000	447,610	149,610	-
Total contractual services	409,919	637,482	227,563	132,885
Total community development	858,447	1,071,756	213,309	584,815
Business district				
Contractual services				
Maintenance - grounds	-	-	-	61
Utilities	-	-	-	898
Total contractual services	-	-	-	959
Total business district	-	-	-	959
Subtotal general government	1,994,784	2,077,950	83,166	1,653,022
Less reimbursements from Water Fund	(250,000)	(250,000)	-	(250,000)
Total general government	1,744,784	1,827,950	83,166	1,403,022
<b>HIGHWAYS AND STREETS</b>				
Public works				
Personnel services				
Salaries	545,556	553,625	8,069	520,898
Overtime	75,000	70,111	(4,889)	76,992
Social Security	57,074	36,359	(20,715)	59,394
Medicare	13,348	7,051	(6,297)	13,495
IMRF	129,044	89,308	(39,736)	159,205
Medical/life insurance	148,206	136,160	(12,046)	142,778
Supplemental pensions	2,500	3,560	1,060	3,738
Total personnel services	970,728	896,174	(74,554)	976,500
Materials and supplies				
Liability insurance	65,259	64,528	(731)	64,034
Maintenance - building	165,698	123,066	(42,632)	57,387
Maintenance - equipment	36,700	35,488	(1,212)	46,508
Maintenance - vehicles	43,000	26,187	(16,813)	41,797
Maintenance - laundromat	-	-	-	167
Postage/mailings	1,200	1,126	(74)	1,230
Rent - equipment	24,150	17,185	(6,965)	12,714
Supplies - office	3,950	3,205	(745)	2,975
Supplies - operation	-	-	-	23
Supplies - other	44,340	47,040	2,700	37,900
Small tools and equipment	3,850	2,230	(1,620)	3,779
Training and education	9,275	1,087	(8,188)	1,295
Telephone	-	4,404	4,404	120

(This schedule is continued on the following pages.)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUNDFor the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>HIGHWAYS AND STREETS (Continued)</b>				
Public works (Continued)				
Materials and supplies (Continued)				
Uniforms	6,446	5,352	(1,094)	6,387
Utilities	5,100	3,510	(1,590)	3,596
Gas and oil	79,595	39,633	(39,962)	70,391
Total materials and supplies	488,563	374,041	(114,522)	350,303
Contractual services				
Consulting/professional	4,500	3,276	(1,224)	21,865
Consulting/prof reimbursable	-	423	423	-
Forestry	136,416	158,330	21,914	87,718
Street light operation and maintenance	115,660	93,946	(21,714)	116,339
Tree trim - removal	126,600	116,104	(10,496)	90,959
Residential concrete program	-	24,625	24,625	51,003
Street sweeping	35,766	35,753	(13)	23,873
Mosquito abatement	42,250	51,109	8,859	40,887
Janitorial services	-	29	29	-
Drainage projects	45,000	48,662	3,662	59,106
Total contractual services	506,192	532,257	26,065	491,750
Capital outlay				
Equipment	265,057	258,319	(6,738)	167,918
Capital improvement	4,500	3,150	(1,350)	-
Total capital outlay	269,557	261,469	(8,088)	167,918
Total public works	2,235,040	2,063,941	(171,099)	1,986,471
Total highways and streets	2,235,040	2,063,941	(171,099)	1,986,471
<b>PUBLIC SAFETY</b>				
Police department				
Personnel services				
Salaries	462,484	450,811	(11,673)	454,698
Salaries - officers	3,321,234	3,432,730	111,496	3,188,270
Overtime	480,000	472,873	(7,127)	498,093
Social Security	34,195	28,875	(5,320)	30,770
Medicare	56,696	55,320	(1,376)	56,288
IMRF	59,200	58,549	(651)	70,479
Medical/life insurance	497,967	412,740	(85,227)	450,403
Police pension	1,200,005	1,210,459	10,454	1,205,543
Supplemental pensions	48,000	43,316	(4,684)	47,284
Total personnel services	6,159,781	6,165,673	5,892	6,001,828
Materials and supplies				
Animal control	2,000	1,895	(105)	1,170
Auxiliary police	11,300	4,121	(7,179)	3,935
Boards and commissions	5,500	7,388	1,888	19,847

(This schedule is continued on the following page.)

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>PUBLIC SAFETY (Continued)</b>				
Police department (Continued)				
Materials and supplies (Continued)				
Dues and subscriptions	\$ 7,670	\$ 5,215	\$ (2,455)	\$ 1,860
Investigation and equipment	38,988	28,012	(10,976)	41,970
Liability insurance	238,570	188,426	(50,144)	208,934
Maintenance - building	-	221	221	-
Maintenance - equipment	14,460	9,192	(5,268)	7,307
Maintenance - vehicles	62,199	36,766	(25,433)	53,335
Postage/mailings	4,200	1,630	(2,570)	2,661
Printing and forms	3,000	811	(2,189)	3,762
Public relations	5,000	5,246	246	1,613
Rent - equipment	9,800	2,150	(7,650)	2,443
Supplies - office	5,000	5,136	136	6,769
Training and education	32,400	23,312	(9,088)	27,068
Travel/meetings	8,400	3,962	(4,438)	5,188
Telephone	13,000	17,702	4,702	11,184
Uniforms	47,450	38,691	(8,759)	41,014
Utilities	7,500	5,989	(1,511)	6,387
Gas and oil	115,000	64,535	(50,465)	102,623
Total materials and supplies	631,437	450,400	(181,037)	549,070
Contractual services				
Consulting/professional	370,921	369,709	(1,212)	354,604
Dumeg/flat/child center	24,680	24,680	-	24,680
Total contractual services	395,601	394,389	(1,212)	379,284
Capital outlay				
Equipment	131,385	116,956	(14,429)	87,494
Total capital outlay	131,385	116,956	(14,429)	87,494
Total police department	7,318,204	7,127,418	(190,786)	7,017,676
Total public safety	7,318,204	7,127,418	(190,786)	7,017,676
<b>DEBT SERVICE</b>				
Principal	-	-	-	162,466
Interest	-	-	-	2,437
Total debt service	-	-	-	164,903
<b>TOTAL EXPENDITURES</b>	<b>\$ 11,298,028</b>	<b>\$ 11,019,309</b>	<b>\$ (278,719)</b>	<b>\$ 10,572,072</b>

CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 203,006	\$ 206,349	\$ 3,343	\$ 204,421
Intergovernmental	314,000	114,074	(199,926)	73,490
Charges for services	-	1,600	1,600	63,805
Investment income	25,000	32,877	7,877	60,673
Total revenues	542,006	354,900	(187,106)	402,389
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Contractual services	44,500	56,887	12,387	130,966
Capital outlay	4,254,645	3,384,481	(870,164)	3,757,020
Debt service				
Principal payments	-	145,000	145,000	140,000
Interest and fiscal charges	203,006	57,809	(145,197)	63,487
Debt issuance cost	-	44,316	44,316	-
Total expenditures	4,502,151	3,688,493	(813,658)	4,091,473
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,960,145)	(3,333,593)	626,552	(3,689,084)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,012,658	2,012,658	-	2,947,611
Proceeds from sale of assets	-	-	-	1,200,000
Payment to refunded bond escrow agent	-	(1,318,008)	(1,318,008)	-
Bonds issued, at par	-	1,360,000	1,360,000	-
Premium on bonds issued	-	2,324	2,324	-
Total other financing sources (uses)	2,012,658	2,056,974	44,316	4,147,611
NET CHANGE IN FUND BALANCE	\$ (1,947,487)	(1,276,619)	\$ 670,868	458,527
FUND BALANCE, MAY 1		5,687,456		5,228,929
<b>FUND BALANCE, APRIL 30</b>		\$ 4,410,837		\$ 5,687,456

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 495,000	\$ 496,814	\$ 1,814	\$ 500,888
Investment income	-	1,432	1,432	1,367
Total revenues	495,000	498,246	3,246	502,255
<b>EXPENDITURES</b>				
Debt service				
Principal	1,402,500	-	(1,402,500)	1,800,000
Interest and fiscal charges	-	-	-	92,606
Total expenditures	1,402,500	-	(1,402,500)	1,892,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(907,500)	498,246	1,405,746	(1,390,351)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	889,045	-	(889,045)	1,376,938
Transfers (out)	-	(498,246)	-	-
Total other financing sources (uses)	889,045	(498,246)	(889,045)	1,376,938
NET CHANGE IN FUND BALANCE	<u>\$ (18,455)</u>	-	<u>\$ 516,701</u>	(13,413)
FUND BALANCE, MAY 1		-		13,413
FUND BALANCE, APRIL 30		<u>\$ -</u>		<u>\$ -</u>

## **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.

Storm Sewer Fund - The Storm Sewer Fund is used to account for storm water management fees that are restricted for storm sewer improvements.

Federal Equitable Sharing Fund - The Federal Equitable Sharing Fund is used to account for the revenues and expenditures of restricted forfeited money provided through the Federal Equitable Sharing program.

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.

CITY OF DARIEN, ILLINOIS

Rough Draft

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2016

	Special Revenue					Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	Drug Seizure	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 221,071	\$ 14,178	\$ 77,630	\$ 153,853	\$ 7,257	\$ 473,989
Receivables						
Intergovernmental	50,264	-	-	-	-	50,264
<b>TOTAL ASSETS</b>	<b>\$ 271,335</b>	<b>\$ 14,178</b>	<b>\$ 77,630</b>	<b>\$ 153,853</b>	<b>\$ 7,257</b>	<b>\$ 524,253</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 2,821	\$ -	\$ -	\$ 3,126	\$ 182	\$ 6,129
Due to other funds	-	-	-	235	-	235
Total liabilities	2,821	-	-	3,361	182	6,364
<b>FUND BALANCES</b>						
Restricted						
Special service area	-	14,178	-	-	-	14,178
Storm sewer	-	-	77,630	-	-	77,630
Public safety	-	-	-	150,492	7,075	157,567
Highways and streets	268,514	-	-	-	-	268,514
Total fund balances	268,514	14,178	77,630	150,492	7,075	517,889
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 271,335</b>	<b>\$ 14,178</b>	<b>\$ 77,630</b>	<b>\$ 153,853</b>	<b>\$ 7,257</b>	<b>\$ 524,253</b>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016

	Special Revenue					Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	Drug Seizure	
<b>REVENUES</b>						
Taxes	\$ -	\$ 5,071	\$ -	\$ -	\$ -	\$ 5,071
Charges for services	-	-	77,596	-	1,312	78,908
Intergovernmental	564,935	-	-	171,807	-	736,742
Investment income	1,416	84	34	1,275	122	2,931
Total revenues	566,351	5,155	77,630	173,082	1,434	823,652
<b>EXPENDITURES</b>						
Current						
Highways and streets	579,926	1,574	-	-	-	581,500
Public safety	-	-	-	175,720	-	175,720
Capital outlay	-	-	-	19,480	-	19,480
Total expenditures	579,926	1,574	-	195,200	-	776,700
NET CHANGE IN FUND BALANCES	(13,575)	3,581	77,630	(22,118)	1,434	46,952
FUND BALANCES, MAY 1	282,089	10,597	-	172,610	5,641	470,937
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 268,514</b>	<b>\$ 14,178</b>	<b>\$ 77,630</b>	<b>\$ 150,492</b>	<b>\$ 7,075</b>	<b>\$ 517,889</b>

(See independent auditor's report.)



CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Intergovernmental				
Motor fuel tax allotment	\$ 525,647	\$ 564,935	\$ 39,288	\$ 746,368
Investment income	2,000	1,416	(584)	2,794
Total revenues	<u>527,647</u>	<u>566,351</u>	<u>38,704</u>	<u>749,162</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Commodities	287,475	268,819	(18,656)	302,795
Wages	312,440	296,107	(16,333)	300,000
Contractual services	15,000	15,000	-	16,733
Total expenditures	<u>614,915</u>	<u>579,926</u>	<u>(34,989)</u>	<u>619,528</u>
NET CHANGE IN FUND BALANCE	<u>\$ (87,268)</u>	<u>(13,575)</u>	<u>\$ 73,693</u>	129,634
FUND BALANCE, MAY 1		<u>282,089</u>		<u>152,455</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 268,514</u>		<u>\$ 282,089</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 5,000	\$ 5,071	\$ 71	\$ 5,071
Investment income	75	84	9	102
Total revenues	5,075	5,155	80	5,173
<b>EXPENDITURES</b>				
Current				
Contractual services	4,500	1,574	(2,926)	3,702
Total expenditures	4,500	1,574	(2,926)	3,702
NET CHANGE IN FUND BALANCE	<u>\$ 575</u>	3,581	<u>\$ 3,006</u>	1,471
FUND BALANCE, MAY 1		<u>10,597</u>		<u>9,126</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 14,178</u>		<u>\$ 10,597</u>

## **MAJOR ENTERPRISE FUND**

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

## CITY OF DARIEN, ILLINOIS

Rough Draft

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

For the Year Ended April 30, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>OPERATING REVENUES</b>				
Charges for services				
Water sales	\$ 7,194,385	\$ 6,929,133	\$ (265,252)	\$ 6,577,351
Inspections/tap on/permits	4,000	47,250	43,250	21,400
Front footage fees	3,000	-	(3,000)	3,403
Sale of meters	3,000	10,645	7,645	3,295
Other water sales	-	15,273	15,273	12,090
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	7,204,385	7,002,301	(202,084)	6,617,539
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>				
Personnel services				
Salaries	458,674	471,762	13,088	481,088
Overtime	53,000	82,225	29,225	88,709
Social Security	34,638	32,368	(2,270)	31,856
Medicare	8,101	7,607	(494)	7,497
IMRF	77,508	79,468	1,960	67,577
Medical/life insurance	105,459	91,874	(13,585)	91,202
Supplemental pensions	2,400	1,200	(1,200)	1,246
	<hr/>	<hr/>	<hr/>	<hr/>
Total personnel services	739,780	766,504	26,724	769,175
Materials and supplies				
Liability insurance	231,850	187,494	(44,356)	180,792
Maintenance - building	46,614	39,380	(7,234)	22,081
Maintenance - equipment	16,205	12,107	(4,098)	19,986
Maintenance - water system	157,738	185,008	27,270	227,914
Postage/mailings	1,050	664	(386)	890
Quality controls	15,910	6,212	(9,698)	11,585
Rent - equipment	-	-	-	1,750
Service charge	250,000	250,000	-	250,000
Supplies - operation	7,240	631	(6,609)	1,340
Training and education	2,615	1,320	(1,295)	680
Telephone	10,850	6,017	(4,833)	10,206
Uniforms	3,140	1,640	(1,500)	2,025
Utilities	51,240	40,436	(10,804)	40,217
Vehicle (gas and oil)	21,585	12,785	(8,800)	24,078
	<hr/>	<hr/>	<hr/>	<hr/>
Total materials and supplies	816,037	743,694	(72,343)	793,544
Contractual				
Audit	10,000	11,175	1,175	10,000
Consulting/professional	22,865	18,494	(4,371)	6,485
Leak detection	19,700	18,453	(1,247)	14,497
Data processing	152,328	154,102	1,774	147,043
DuPage Water Commission	5,046,791	4,849,470	(197,321)	4,482,808
	<hr/>	<hr/>	<hr/>	<hr/>
Total contractual	5,251,684	5,051,694	(199,990)	4,660,833

(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, 2016  
(With Prior Year Actual)

	2016		Variance Over (Under)	2015 Actual
	Original and Final Budget	Actual		
<b>OPERATING EXPENSES</b>				
<b>EXCLUDING DEPRECIATION (Continued)</b>				
Capital outlay				
Equipment	\$ 134,500	\$ 133,118	\$ (1,382)	\$ 1,706
Street reconstruction/Rehab	-	-	-	100
Purchases	-	(119,940)	(119,940)	100
Water meters	26,500	33,346	6,846	20,653
Infrastructure	211,535	126,543	(84,992)	199,860
Hydrant painting	-	-	-	8,124
Total capital outlay	372,535	173,067	(199,468)	230,543
Total operating expenses excluding depreciation	7,180,036	6,734,959	(445,077)	6,453,995
OPERATING INCOME (LOSS)	24,349	267,342	242,993	163,544
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	5,000	2,924	(2,076)	9,352
Miscellaneous income	-	53,242	53,242	8,596
Debt service				
Principal repayment	(216,607)	(215,000)	1,607	(205,000)
Interest expense	(82,118)	(89,039)	(6,921)	(96,744)
Total non-operating revenues (expenses)	(293,725)	(247,873)	45,852	(283,796)
<b>NET INCOME (LOSS) BUDGETARY BASIS</b>	<b>\$ (269,376)</b>	<b>19,469</b>	<b>\$ 288,845</b>	<b>(120,252)</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal repayment		215,000		205,000
Depreciation		(331,363)		(335,248)
Total adjustments to GAAP basis		(116,363)		(130,248)
CHANGE IN NET POSITION		(96,894)		(250,500)
NET POSITION, MAY 1		5,268,057		5,518,557
Prior period adjustment		48,886		-
Change in accounting principle		(276,932)		-
NET POSITION, MAY 1, RESTATED		5,040,011		5,518,557
<b>NET POSITION, APRIL 30</b>	<b>\$ 4,943,117</b>			<b>\$ 5,268,057</b>

(See independent auditor's report.)

**FIDUCIARY FUNDS**

Agency Funds - to account for amounts held on behalf of outside parties, including other governments, as their agent.

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended April 30, 2016

<b>All Funds</b>	<b>Balances May 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances April 30</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,698	\$ -	\$ 5,702	\$ 12,996
Due from other governments	-	10,175	-	10,175
<b>TOTAL ASSETS</b>	<b>\$ 18,698</b>	<b>\$ 10,175</b>	<b>\$ 5,702</b>	<b>\$ 23,171</b>
<b>LIABILITIES</b>				
Due to others	\$ 11,217	\$ -	\$ 11,217	\$ -
Impact fees payable	7,455	15,716	-	23,171
Deposits payable	26	-	26	-
<b>TOTAL LIABILITIES</b>	<b>\$ 18,698</b>	<b>\$ 15,716</b>	<b>\$ 11,243</b>	<b>\$ 23,171</b>
<b>1. Impact Fees Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,672	\$ -	\$ 5,676	\$ 12,996
Due from other governments	-	10,175	-	10,175
<b>TOTAL ASSETS</b>	<b>\$ 18,672</b>	<b>\$ 10,175</b>	<b>\$ 5,676</b>	<b>\$ 23,171</b>
<b>LIABILITIES</b>				
Due to others	\$ 11,217	\$ -	\$ 11,217	\$ -
Impact fees payable	7,455	15,716	-	23,171
<b>TOTAL LIABILITIES</b>	<b>\$ 13,218</b>	<b>\$ 15,716</b>	<b>\$ 11,217</b>	<b>\$ 23,171</b>
<b>2. Darien Escrow Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26	\$ -	\$ 26	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 26</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 26	\$ -	\$ 26	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 26</b>	<b>\$ -</b>

(See independent auditor's report.)

**SUPPLEMENTAL DATA**



CITY OF DARIEN, ILLINOIS

Rough Draft

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

April 30, 2016

Date of Issue	July 12, 2012
Date of Maturity	December 15, 2025
Authorized Issue	\$2,810,000
Interest Rates	2.0% to 3.5%
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
2017	\$ 220,000	\$ 79,425	\$ 299,425	2016	\$ 39,713	2016	\$ 39,712
2018	225,000	75,025	300,025	2017	37,513	2017	37,512
2019	230,000	68,275	298,275	2018	34,138	2018	34,137
2020	240,000	61,375	301,375	2019	30,688	2019	30,687
2021	245,000	54,175	299,175	2020	27,088	2020	27,087
2022	260,000	46,825	306,825	2021	23,413	2021	23,412
2023	265,000	39,025	304,025	2022	19,513	2022	19,512
2024	275,000	29,750	304,750	2023	14,875	2023	14,875
2025	285,000	20,125	305,125	2024	10,063	2024	10,062
2026	290,000	10,150	300,150	2025	5,075	2025	5,075
	<u>\$ 2,535,000</u>	<u>\$ 484,150</u>	<u>\$ 3,019,150</u>		<u>\$ 242,079</u>		<u>\$ 242,071</u>

CITY OF DARIEN, ILLINOIS

Rough Draft

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015

April 30, 2016

Date of Issue	December 21, 2015
Date of Maturity	January 1, 2024
Authorized Issue	\$1,360,000
Interest Rates	1.25% to 2.20%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Bank of New York Mellon

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				July 1	Amount	January 1	Amount
2017	\$ 175,000	\$ 24,785	\$ 199,785	2016	\$ 12,393	2017	\$ 12,392
2018	175,000	20,615	195,615	2017	10,308	2018	10,307
2019	175,000	18,427	193,427	2018	9,214	2019	9,213
2020	175,000	16,240	191,240	2019	8,120	2020	8,120
2021	180,000	13,440	193,440	2020	6,720	2021	6,720
2022	185,000	10,560	195,560	2021	5,280	2022	5,280
2023	185,000	6,490	191,490	2022	3,245	2023	3,245
2024	110,000	2,420	112,420	2023	1,210	2024	1,210
	<u>\$ 1,360,000</u>	<u>\$ 112,977</u>	<u>\$ 1,472,977</u>		<u>\$ 56,490</u>		<u>\$ 56,487</u>

**CITY OF DARIEN, ILLINOIS**

**AUDITOR'S COMMUNICATION TO THE  
HONORABLE MAYOR AND  
MEMBERS OF THE CITY COUNCIL**

For the Year Ended  
April 30, 2016

“We are submitting to you the following draft of your Auditor's Communication to expedite your review. As stated in our engagement letter with you, the fair presentation of the Auditor's Communication is your responsibility. This draft is currently in the early stages of our report processing function and have not yet been subjected to our internal quality control review which may uncover material measurement and disclosure issues that have not been discussed with you to date. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before this report is submitted as final.”

**CITY OF DARIEN, ILLINOIS**  
AUDITOR’S COMMUNICATION TO THE HONORABLE MAYOR  
AND MEMBERS OF THE CITY COUNCIL  
TABLE OF CONTENTS

---

**Rough Draft**

	<u>Page(s)</u>
COVER LETTER .....	1
REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE .....	2-9
• Adjusting Journal Entries	
• Passed Adjustments	
COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT.....	10-13
FIRM PROFILE	

, 2016

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 auditing standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on April 27, 2016.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our communication of these matters is enclosed within this document.

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

\_\_\_\_\_, 2016

The Honorable Mayor  
Members of the City Council  
City of Darien, Illinois

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 (the City) for the fiscal year ended April 30, 2016 and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2016. 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 8, 2016. 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, 2016, with the exception of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. We noted no transactions entered into by the Township during the year for which there is 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 except for the actuarial valuation and assumptions for the pension plans.

The financial statement disclosures are neutral, consistent and clear.

### **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 clearly 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 misstatements detected as a result of audit procedures and corrected by management is attached.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is 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 [REDACTED], 2016.

### **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**

We applied certain limited procedures to the required supplementary information as listed in the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules as listed in the table of contents, which accompany the basic financial statements but are not RSI. With respect to this supplementary information, 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory section and supplemental data as listed in the table of contents, which accompany the basic financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

**Restriction in Use**

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.

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**

**Year End: April 30, 2016**

**Adjusting Journal Entries**

**Date: 5/1/2015 To 4/30/2016**

**Rough Draft**

Number	Date	Name	Account No	Amount
AJE01	4/30/2016	Operating - Republic Bank	01-1000 01-GF	(19,987.37)
AJE01	4/30/2016	Water Sales Receivable-Billed	01-1220 01-GF	19,987.37
AJE01	4/30/2016	Operating - Republic Bank	02-1000 02-WF	19,987.37
AJE01	4/30/2016	Water Sales	02-00-3310 02-WF	(19,987.37)
AJE01	4/30/2016	Water Sales	02-00-3310 02-WF	(17,331.82)
AJE01	4/30/2016	Other Water Sales	02-00-3390 02-WF	17,331.82

To reclass downer's grove water receipts to proper accounts.

AJE02	4/30/2016	Interest Payable	98-2002 98-G	9,168.64
AJE02	4/30/2016	Interest	98-50-5005 98-G	(9,168.64)

To adjust interest payable on 2015 GO Refunding Bonds payable (\$12,727.36 (7/1/16 payment) \* 132 days in FY16/193 total days).

AJE03	4/30/2016	Miscellaneous - Reimbursable	25-00-3568 25-CI	(2,324.00)
AJE03	4/30/2016	Debt Issuance Costs	25-30-4900 25-CI	44,315.82
AJE03	4/30/2016	Debt Retire	25-35-4905 25-CI	(1,360,000.00)
AJE03	4/30/2016	Payment to Escrow Agent	25-35-4910 25-CI	1,318,008.18

To reclass refunding as an advanced refunding.

AJE04	4/30/2016	Loss on Refunding	98-00-3516 98-G	(3,008.00)
AJE04	4/30/2016	Amortization on Bond Premium	98-80-4903 98-G	3,008.00

To write off loss on refunding.

AJE07	4/30/2016	Unamortized Bond Premium	98-2065 98-G	2,323.81
AJE07	4/30/2016	Amortization on Bond Premium	98-80-4903 98-G	(2,323.81)

To write off immaterial unamortized premium on 2015 bonds.

AJE08	4/30/2016	Investments in IRMA	01-1175 01-GF	83,899.97
AJE08	4/30/2016	IRMA Excess Surplus	01-2999 01-GF	(83,899.97)
AJE08	4/30/2016	Investments in IRMA	02-1175 02-WF	25,001.03
AJE08	4/30/2016	Miscellaneous Revenue	02-00-3580 02-WF	(25,001.03)

To adjust IMRA at 4/30/2016.

AJE09	4/30/2016	Sales Tax Receivable	01-1207 01-GF	(89,060.99)
AJE09	4/30/2016	Sales Taxes	01-00-3430 01-GF	89,060.99

To adjust sales tax receivable.

Number	Date	Name	Account No	Amount
AJE10	4/30/2016	Due From Other Funds	01-1410 01-GF	22,296.84
AJE10	4/30/2016	Accounts Payable-Prior	01-2050 01-GF	(22,296.84)
AJE10	4/30/2016	Accounts Payable-Prior	02-2050 02-WF	22,296.84
AJE10	4/30/2016	Due to other Funds	02-2170 02-WF	(22,296.84)

To reclass IRMA allocation adjustment (JE 0116-100) to due to/from.

AJE11	4/30/2016	Prepaid Expenses	01-1300 01-GF	(1,110.46)
AJE11	4/30/2016	Due From Other Funds	01-1410 01-GF	10,377.35
AJE11	4/30/2016	Accounts Payable-Prior	01-2050 01-GF	103.74
AJE11	4/30/2016	Darien Helping Darien Fund	01-2060 01-GF	1,181.98
AJE11	4/30/2016	DTC - Maintenance Escrow	01-2160 01-GF	10,000.00
AJE11	4/30/2016	Other Escrows	01-2161 01-GF	(542.59)
AJE11	4/30/2016	Tenant Escrow - Property Taxes	01-2162 01-GF	(5,793.61)
AJE11	4/30/2016	Accounts Payable-Prior	05-2050 05-IF	10,377.35
AJE11	4/30/2016	Due to other Funds	05-2170 05-IF	(10,377.35)
AJE11	4/30/2016	Accounts Payable-Prior	15-2050 15-DAD	169.99
AJE11	4/30/2016	Accounts Payable	15-2150 15-DAD	(169.99)
AJE11	4/30/2016	Accounts Payable-Prior	17-2050 17-FES	230.00
AJE11	4/30/2016	Accounts Payable-Prior	25-2050 25-CI	1,599.80
AJE11	4/30/2016	Impact Fee Revenue	01-00-3570 01-GF	(10,377.35)
AJE11	4/30/2016	Miscellaneous Revenue	01-00-3580 01-GF	(3,839.06)
AJE11	4/30/2016	Equipment	17-41-4815 17-FES	(230.00)
AJE11	4/30/2016	Miscellaneous Revenue	25-00-3580 25-CI	(1,599.80)

Entry to write off miscellaneous unidentified balances at 4/30/2016.

AJE12	4/30/2016	Accounts Payable	25-2150 25-CI	35,706.00
AJE12	4/30/2016	Accounts Payable	25-2150 25-CI	95,200.41
AJE12	4/30/2016	Ditch Projects	25-35-4376 25-CI	(35,706.00)
AJE12	4/30/2016	Sidewalk Replacement Program	25-35-4380 25-CI	(3,840.30)
AJE12	4/30/2016	Residential Concrete Program	25-35-4381 25-CI	(3,470.72)
AJE12	4/30/2016	Curb & Gutter Replacement Prog	25-35-4383 25-CI	(77,890.39)
AJE12	4/30/2016	Curb & Gutter Replacement Prog	25-35-4383 25-CI	(9,999.00)

To adjust account payable for items improperly accrued at 4/30/2016.

AJE13	4/30/2016	Now Acct -Republic Bank	01-1005 01-GF	(4,050.00)
AJE13	4/30/2016	Elevator Inspections	01-00-3255 01-GF	50.00
AJE13	4/30/2016	Rents	01-00-3561 01-GF	4,000.00

To correct deposit in transit at 4/30/2016.

AJE14	4/30/2016	Accounts Receivable	25-1201 25-CI	(58,668.72)
AJE14	4/30/2016	Deferred Revenue	25-2180 25-CI	58,668.72

To adjust deferred revenue and receivable for property taxes.

Number	Date	Name	Account No	Amount
AJE15	4/30/2016	Building/Improvements	99-1920 99-G	(185,581.28)
AJE15	4/30/2016	Vehicles/Equipment	99-1940 99-G	185,581.28
AJE15	4/30/2016	Vehicles/Equipment	99-1940 99-G	253,159.95
AJE15	4/30/2016	A/D - Machinery & Equipment	99-1990 99-G	(139,418.48)
AJE15	4/30/2016	A/D - Buildings	99-1991 99-G	324,065.14
AJE15	4/30/2016	A/D - Infrastructure	99-1992 99-G	(437,806.61)
To adjust FA to actual.				
AJE16	4/30/2016	Operating - Republic Bank	01-1000 01-GF	(7,160.65)
AJE16	4/30/2016	Operating - Republic Bank	25-1000 25-CI	7,160.65
AJE16	4/30/2016	Other Financing Resources	01-00-3900 01-GF	30,715.82
AJE16	4/30/2016	Consulting/Professional	01-10-4325 01-GF	(23,555.17)
AJE16	4/30/2016	Debt Issuance Costs	25-35-4900 25-CI	(7,160.65)
Reclass bond closing wire from other financing source to issuance costs.				
AJE17	4/30/2016	Due to Other Funds	11-2062 11-DF	34,800.00
AJE17	4/30/2016	Drug Forfeiture Receipts	11-00-3538 11-DF	(34,800.00)
To adjust due to other funds to proper balance at 4/30/2016.				
AJE18	4/30/2016	Miscellaneous Receivable	11-1202 11-DF	(7,525.49)
AJE18	4/30/2016	Drug Forfeiture Receipts	11-00-3538 11-DF	7,525.49
Write off misc receivable balance from FY13.				
AJE19	4/30/2016	IPBC Terminal Reserve	01-1176 01-GF	327,160.00
AJE19	4/30/2016	IPBC Terminal Reserve	01-1176 01-GF	188,465.00
AJE19	4/30/2016	Fund Balance - Current	01-2190 01-GF	(327,160.00)
AJE19	4/30/2016	IPBC Terminal Reserve	02-1176 02-WF	48,886.00
AJE19	4/30/2016	IPBC Terminal Reserve	02-1176 02-WF	28,161.00
AJE19	4/30/2016	Fund Balance - Current	02-2190 02-WF	(48,886.00)
AJE19	4/30/2016	Miscellaneous Revenue	01-00-3580 01-GF	(188,465.00)
AJE19	4/30/2016	Miscellaneous Revenue	02-00-3580 02-WF	(28,161.00)
Record IPBC terminal reserve at 4/30/15 and adjust to actual at 4/30/2016.				
AJE20	4/30/2016	Now Acct -Republic Bank	01-1005 01-GF	25.87
AJE20	4/30/2016	Now Acct -Republic Bank	16-1005 16-DE	(25.87)
AJE20	4/30/2016	Due to Homeowners Assoc.	16-2171 16-DE	25.93
AJE20	4/30/2016	Fund Balance - Current	16-2190 16-DE	(0.06)
AJE20	4/30/2016	Miscellaneous Revenue	01-00-3580 01-GF	(25.87)
To close fund Darien Escrow Fund 1.				
AJE21	4/30/2016	Local Use Tax Receivable	01-1208 01-GF	51,345.27
AJE21	4/30/2016	Local Use Tax	01-00-3420 01-GF	(51,345.27)
To adjust receivable for local use tax				

Number	Date	Name	Account No	Amount
AJE22	4/30/2016	Franchise Fees Receivable	01-1210 01-GF	14,642.88
AJE22	4/30/2016	Cable T.V. Franchise Fee	01-00-3244 01-GF	(14,642.88)
To adjust receivable for comcast franchisee fee.				
AJE23	4/30/2016	Franchise Fees Receivable	01-1210 01-GF	22,384.32
AJE23	4/30/2016	PEG - Fees - AT&T	01-00-3245 01-GF	(22,384.32)
To record revenue and receivable for Peg fees.				
AJE24	4/30/2016	Accrued Expenses	01-2165 01-GF	(68,000.00)
AJE24	4/30/2016	Economic Development	01-20-4240 01-GF	68,000.00
To record economic incentive liability for Home Depot.				
AJE25	4/30/2016	Miscellaneous Receivable	01-1202 01-GF	3,470.26
AJE25	4/30/2016	Miscellaneous Receivable	02-1202 02-WF	9,689.04
AJE25	4/30/2016	Medical/Life Insurance	01-40-4120 01-GF	(3,470.26)
AJE25	4/30/2016	Medical/Life Insurance	02-50-4120 02-WF	(9,689.04)
To adjust miscellaneous receivable accounts to proper balance at 4/30/2016.				

**City of Darien**  
(CLIENT)

GOVERNMENTAL ACTIVITIES  
(OPINION UNIT)

For the Year Ended 4/30/2016

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets/ Deferred Outflows	(Liabilities)/ (Deferred Inflows)	(Net Position/Fund Balance)	Change in Net Position/Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
To record effect of under accrued use tax receivable at 4/30/15	<b>3246</b>	-	-	50,866	(50,866)
To accrue Social Security and Medicare taxes on compensated absences	<b>4106.1</b>	-	-	(24,950)	24,950
Totals		\$ -	\$ -	\$ 25,916	\$ (25,916)

**CITY OF DARIEN, ILLINOIS**

COMMUNICATION OF DEFICIENCIES  
IN INTERNAL CONTROL AND  
OTHER COMMENTS TO MANAGEMENT

April 30, 2016

The Honorable Mayor  
Members of Management  
City of Darien, Illinois

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. 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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication. As discussed on the following pages, we identified certain deficiencies in internal control. In addition, we reviewed the status of the deficiencies from April 30, 2015. The status of these is included in Appendix A.

This memorandum is intended solely for the information and use of management and is not intended and should not be used by anyone other than these specified parties.

I encourage you to contact me at (630) 566-8516 should you have any questions.

Naperville, Illinois  
September XX, 2016

**DEFICIENCY**

We consider the following to be a deficiency in the City's internal controls.

**Back dating of checks**

During testing of cash and accounts payable it was noted that one check was written in May but back dated to April and appeared on the outstanding check listing as of April 30, 2016. Checks should be dated as of the date written and not back dated.

**ADVISORY COMMENTS**

**Security of IT server room**

During documentation of the IT environment and general computer controls, Sikich noted that the City maintains file backups on location at the City Hall, and that the server room is not locked. While access to the building is locked, the server room itself does not have any additional physical security measures. We recommend that the server room be kept locked, and that only certain personnel have access to the room as needed.



**APPENDIX A**  
**STATUS OF COMMENTS FROM APRIL 30, 2015**

**DEFICIENCIES**

We consider the following to be deficiencies in the City's internal controls.

**1. Proposed Audit Adjustments**

During our audit, we proposed several audit adjustments. Such audit adjustments were reviewed, approved, and recorded by management and included material adjustments to accounts receivable in the Water Operations Fund and capital assets of the City's governmental activities. Other proposed adjustments were immaterial individually but material in the aggregate which included adjustments to unearned revenues, prepaid expenses, and contribution revenues. We believe that year-end closing could be improved by performing a final review of adjusted trial balances to determine that all transactions have been recorded and posted. Management could review the transactions for completeness by scanning the ending balances and the transactions posted to each general ledger account to detect unusual entries or unexpected ending balances

**Status** - Comment still applicable as of April 30, 2016. Audit adjustments in the current year were immaterial individually but material in the aggregate and were proposed to record revenue in the proper period and to record expenditures in the proper period.

**2. 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.

**Status** - Comment considered implemented as of April 30, 2016.

# Sikich Snapshot

## Organization

Sikich is a dynamic professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*. Founded in 1982, Sikich now ranks as one of the country's Top 35 Certified Public Accounting firms and is among the top 1 percent of all enterprise resource planning solution partners in the world. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

## 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:

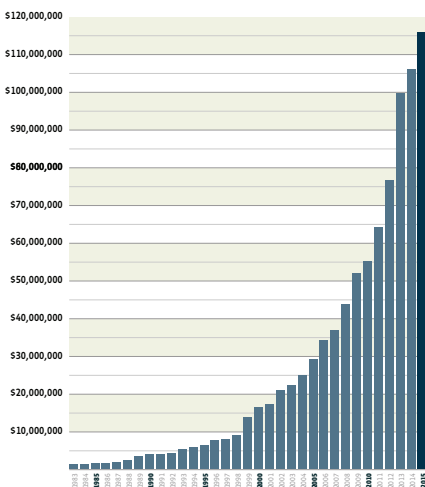
- Agriculture
- Construction & Real Estate
- Energy
- Government
- Manufacturing & Distribution
- Not-for-Profit

## Statistics

2015 Revenues .....	\$116.6M
Total Partners .....	106
Total Employees .....	688
Total Personnel .....	794

Personnel count as of July 13, 2016

## Sikich Total Revenues



## Awards

- Vault Accounting Top Ranked 2017
- *Accounting Today* Top 100 Firms: ranked 31st nationally, 2016
- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2016
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th, 2016
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th, 2016
- When Work Works Award, 2016
- *WorldatWork* Work-Life 2016 Seal of Distinction
- Best Places to Work in Illinois, 2016
- Best Places to Work in Indiana, 2016
- Chicago's 101 Best and Brightest Companies to Work For®, 2016
- Milwaukee's 101 Best and Brightest Companies to Work For®, 2016
- WICPA Excellence Award - Public Service Award (Firm), 2016
- *Accounting Today* Top 100 Value Added Reseller: ranked 7th, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2016
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally, 2015
- *Inc. 5000*: ranked #4344, 2015
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #250, 2015
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2015
- National Best & Brightest Companies to Work For®, 2015
- Chicago's 101 Best and Brightest Companies to Work For®, 2015
- National Best & Brightest in Wellness, 2015
- *Chicago Tribune's* Top Workplaces, 2015
- Edge Award - 2015 Community Service
- Microsoft Dynamics Inner Circle and President's Club, 2014

## SERVICES

- Accounting & Assurance
- Business Valuation
- Dispute Advisory
- ERP & CRM Software
- Human Resources Consulting
- Insurance Services
- 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 with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich 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 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.



## Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent 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.)



## 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*



## Sikich is proud to be part of PrimeGlobal

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.

*Securities are offered through Sikich Corporate Finance LLC, a registered broker/dealer with the Securities and Exchange Commission and a member of FINRA and SIPC.*

*Advisory services offered through Sikich Financial, a Registered Investment Advisor. Securities offered through Triad Advisors, Member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.*

## LOCATIONS:

### Corporate Office

1415 W. Diehl Rd., Suite 400  
Naperville, IL 60563  
(630) 566-8400

### Akron, OH

(330) 864-6661

### Atlanta, GA

(770) 226-9374

### Boston, MA

(508) 485-5588

### Chicago – Monroe Street

(312) 541-9300

### Chicago – Wacker Drive

(312) 648-6666

### Decatur, IL

(217) 423-6000

### Denver, CO

(720) 200-0142

### Houston, TX

(832) 831-3540

### Indianapolis, IN

(317) 842-4466

### Milwaukee, WI

(262) 754-9400

### Rockford, IL

(815) 282-6565

### Springfield, IL

(217) 793-3363

### St. Louis, MO

(314) 275-7277

## CONNECT WITH US:



[www.sikich.com/blog](http://www.sikich.com/blog)



877.279.1900 | [info@sikich.com](mailto:info@sikich.com)  
[www.sikich.com](http://www.sikich.com)

**CITY OF DARIEN, ILLINOIS**

**MANAGEMENT LETTER**

April 30, 2016

“We are submitting to you the following draft of your Management Letter to expedite your review. As stated in our engagement letter with you, the fair presentation of the Management Letter is your responsibility. This draft is currently in the early stages of our report processing function and have not yet been subjected to our internal quality control review which may uncover material measurement and disclosure issues that have not been discussed with you to date. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before this report is submitted as final.”

The Honorable Mayor  
Members of the City Council  
City of Darien, Illinois

Ladies and Gentlemen:

In planning and performing our audit of the 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, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's 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 was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

This communication 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  
-----, 2016

**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. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is applicable for the fiscal year ending April 30, 2017.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years ending April 30, 2018.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB 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. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 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. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for periods ending April 30, 2018.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 75 are effective for fiscal years beginning ending April 30, 2019.



**Future Accounting Pronouncements (Continued)**

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP: officially established accounting principles – GASB Statements (Category A) and GASB Technical Bulletins; GASB Implementation Guides; and literature of the American Institute of Certified Public Accountants cleared by the GASB (Category B). Statement No. 76 also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is applicable for the fiscal year ending April 30, 2017 and should be applied retroactively. Earlier application is permitted.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this statement are effective for financial statements for the fiscal year ending April 30, 2017.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, establishes requirements for pensions provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provided defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the fiscal year ending April 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this statement are effective for the fiscal year ending April 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement are effective for the fiscal year ending April 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. The requirements of this statement are effective for the fiscal year ending April 30, 2018.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this standard are effective for the fiscal year ending April 30, 2018. Earlier application is encouraged.

**Future Accounting Pronouncements (Continued)**

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.



## MEMO

**To: Bryon Vana, City Administrator & Paul Nosek, Assistant City Administrator**

**From: Marie Kyriakoulis, Accountant**

**RE: Management Letter Response**

**Date: September 6, 2016**

This year we were able to speed up the audit a little bit, having the field work done a little earlier than normal. The audit process went smoothly with some new personnel as well as some new areas of testing being done by our auditors. 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. At the end of fieldwork, the auditors recognized some minor deficiencies as well as had some advisor comments in which I have responded to each below.

### **Deficiency**

1. The City of Darien has continually progressed in its accounting functions and will make the additional entries as described in the audit comments. However, there are many instances in which the City does not receive the information needed to record these additional entries, as so described, prior to fieldwork. For example, sales tax revenue has about a 3 month lag time before the City is provided the April 30<sup>th</sup> closing amount. Thus, when the auditors come for final fieldwork in mid-June, the City does not have all the information needed to provide our auditors with the sales tax revenue journal entries. The City does not wish to push back the auditor's timing of fieldwork because then, the City's Financial Statements may not be ready for presentation by October. Therefore, we will continue to make progress in completing as much of the journal entries needed for our auditors' during final fieldwork; however, there will be some entries that cannot be made prior to fieldwork as the timing of when information is provided to City varies.

### **Other Deficiencies/Advisory Comments**

1. The City of Darien has procedures in place to review AP checks; however, there was one error made in which one check was back dated to year end. The City of Darien will continue to enforce the review procedures for AP and make progress in eliminating any future errors that may occur.
2. The City of Darien will be implementing a new security format per IT solutions in order to better protect the City's IT Data.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Darien, we offer readers of Darien's financial statements this narrative overview and analysis of the financial activities of the City of Darien for the fiscal year ended April 30, 2016. Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

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

**FINANCIAL HIGHLIGHTS**

- ❑ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9.5 million, an increase of \$0.69 million in comparison with the prior year. The increase in fund balance was from increased revenue as well as level spending. Approximately \$8.91 million is available for spending at the government's discretion (unrestricted fund balance).
- ❑ At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$ 4.51 million, or 40 percent of the total General Fund expenditures. This allowed the City to transfer \$2.0 million to the Capital Projects Fund in FYE 16 to be used in the City of Darien's 3 year Capital Improvement Plan.
- ❑ The City's long-term liabilities increased \$20.68 million, from \$5.12 million to \$25.80 million during the current year. The majority of this increase is due to the implementation of GASB 68, a new accounting principle that currently requires future pension obligations to be recorded on all local governments' financial statements rather than disclosed in the footnotes and required supplementary information as done in prior years.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Financial Statements**

The government-wide financial statements (see pages 4-6) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

- The focus of the *Statement of Net Position* (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.
- The *Statement of Activities* is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.
- The *Governmental Activities* reflect the City's basic services, including administration, police and buildings, planning and development, streets and yard waste, and public works. Property taxes, sales taxes, and shared state income taxes finance the majority of these services.
- The *Business-Type Activities* reflect private sector type operations (Water & Sewer), where the fee for service typically covers all or most of the cost of operation including depreciation.

**Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation (pages 9-15) more familiar. The focus is on Major Funds, rather than the previous model fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

- Governmental Funds are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid (spendable) resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated herewith. Governmental Funds are recorded using the current financial resources method. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. A reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-Wide Financial Statements).
- *Proprietary Funds*, also called Enterprise Funds, include the Water/Sewer Fund. These are used to report the same function presented in business-type activities in the City-Wide Financial Statements. Accounting for this type of fund, we utilize the economic resources method, in a similar fashion as corporate accounting. Unlike governmental Funds, the Business-Type Activities column on the Business-Type Fund Financial Statements is the same as the Business-Type column on the Government-Wide Financial Statements.
- *Fiduciary Funds* represent trust responsibilities of the government, but which have resources that are held for the benefit of parties outside the City. These assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. Accounting for fiduciary funds is similar to that used by proprietary funds. Currently the City has three fiduciary funds, the Police Pension Fund, Impact Fees Fund, and Darien Escrow Fund.

**Notes to the Financial Statements**

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

**Other Information**

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

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Condensed Statement of Net Position As of April 30, 2016 and 2015									
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Government Total</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current and other assets	12.96	12.42	0.54	2.62	2.47	0.15	15.58	14.89	0.69
Capital assets	<u>7.16</u>	<u>7.78</u>	<u>-0.62</u>	<u>5.85</u>	<u>6.06</u>	<u>-0.21</u>	<u>13.01</u>	<u>13.84</u>	<u>-0.83</u>
<i>Total Assets</i>	<u>20.12</u>	<u>20.20</u>	<u>-0.08</u>	<u>8.47</u>	<u>8.53</u>	<u>-0.06</u>	<u>28.59</u>	<u>28.73</u>	<u>-0.14</u>
Deferred Outflow of Resources	2.23	-	2.23	.39	.22	0.17	2.62	.22	2.40
<b>Total assets and Deferred Outflow of Resources</b>	<b><u>22.35</u></b>	<b><u>20.20</u></b>	<b><u>2.15</u></b>	<b><u>8.86</u></b>	<b><u>8.75</u></b>	<b><u>0.11</u></b>	<b><u>31.21</u></b>	<b><u>28.95</u></b>	<b><u>2.26</u></b>
Long-term liabilities	22.35	1.93	20.42	2.94	2.71	0.23	25.29	4.64	20.65
Other liabilities	<u>1.22</u>	<u>1.01</u>	<u>0.21</u>	<u>0.96</u>	<u>.78</u>	<u>0.18</u>	<u>2.18</u>	<u>1.79</u>	<u>0.39</u>
<i>Total Liabilities</i>	<u>23.57</u>	<u>2.94</u>	<u>20.63</u>	<u>3.90</u>	<u>3.49</u>	<u>0.41</u>	<u>27.47</u>	<u>6.43</u>	<u>21.04</u>
Deferred Inflows of Resources	3.64	2.34	1.30	0.02	-	0.02	3.66	2.34	1.32
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>27.21</b>	<b>5.28</b>	<b>21.93</b>	<b>3.92</b>	<b>3.49</b>	<b>0.43</b>	<b>31.13</b>	<b>8.77</b>	<b>22.36</b>
<i>Net position</i>									
Net investment in capital Assets.	5.80	6.31	-0.51	3.39	3.39	0.00	9.19	9.69	-0.50
Restricted	.57	.48	0.09	0.00	0.00	0.00	0.57	.48	0.09
Unrestricted	<u>-11.23</u>	<u>8.13</u>	<u>-19.36</u>	<u>1.55</u>	<u>1.87</u>	<u>-0.32</u>	<u>-9.68</u>	<u>10.01</u>	<u>-19.69</u>
<b>Total Net Position</b>	<b><u>-4.86</u></b>	<b><u>14.92</u></b>	<b><u>-19.78</u></b>	<b><u>4.94</u></b>	<b><u>5.26</u></b>	<b><u>-0.32</u></b>	<b><u>0.08</u></b>	<b><u>20.18</u></b>	<b><u>-20.10</u></b>

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

**Normal Impacts**

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

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

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

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term debt, which will not change the net investment in capital assets.

Spending of non-borrowed current assets on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase investment in capital assets.

Principal payment on debt – which will: (a) reduce current assets and reduce long-term debt; and, (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of capital assets through depreciation –will reduce capital assets and net investment in capital assets.

**Current Year Impacts**

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. In the case of the City of Darien, total net position decreased approximately \$20.10 million from \$20.18 million to \$0.08 million. However, the decrease is largely due to the addition of \$21.01 million of the Net Pension Liability implemented due to GASB 68. The City of Darien has a goal to maintain a specific level of fund balance and when it is projected that the amount is increasing, fund balance is used to cover Capital Project expenditures or used for the early payment of debt.

The City of Darien's assessed property tax rate was .3408. The City of Darien's portion of a resident's tax bill is approximately 4.50% of their total tax bill. The City of Darien's property taxes remain relatively lower than other municipalities within DuPage County.

A portion of the net position of the governmental activities is restricted for street maintenance, road improvements, public safety, and a special service area.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

Condensed Statement of Activities									
As of April 30, 2016 and 2015									
(In millions of dollars)									
	<u>Governmental</u> <u>Activities</u>			<u>Business-Type</u> <u>Activities</u>			<u>Government</u> <u>Total</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>Revenues:</b>									
<i>Program Revenues:</i>									
Charges for Services	1.90	1.59	0.31	7.00	6.62	0.38	8.90	8.21	.69
Operating and Capital Grants and Contributions	0.77	0.81	-0.04	-	-	-	0.77	0.81	-0.04
<i>General Revenues:</i>									
Property taxes	2.37	2.35	0.02	-	-	-	2.37	2.35	0.02
Other Taxes	10.48	10.35	0.13	-	-	-	10.48	10.35	.13
Other General Revenues	<u>0.36</u>	<u>-2.15</u>	<u>2.51</u>	<u>0.06</u>	<u>0.0</u>	<u>0.06</u>	<u>0.42</u>	<u>-2.15</u>	<u>2.57</u>
<b>Total Revenues</b>	<b>15.88</b>	<b>12.95</b>	<b>2.93</b>	<b>7.06</b>	<b>6.62</b>	<b>0.44</b>	<b>22.94</b>	<b>19.56</b>	<b>3.38</b>
<b>Expenses:</b>									
General Government	1.88	1.49	0.39	-	-	-	1.88	1.49	0.39
Highways and Streets	6.10	6.58	-0.48	-	-	-	6.10	6.58	-0.48
Public Safety	8.58	7.55	1.03	-	-	-	8.58	7.55	1.03
Interest and Fees	.08	.12	-0.04	-	-	-	.08	.12	-0.04
Water	-	-	<u>0.00</u>	<u>7.15</u>	<u>6.88</u>	<u>0.27</u>	<u>7.15</u>	<u>6.88</u>	<u>0.27</u>
<b>Total Expenses</b>	<b>16.64</b>	<b>15.74</b>	<b>0.90</b>	<b>7.15</b>	<b>6.88</b>	<b>0.27</b>	<b>23.79</b>	<b>22.62</b>	<b>1.17</b>
Increase (Decrease) in Net Position Before Prior Period Adjustment									
Prior Period Adjustment & Change in Accounting Principles	<u>-19.02</u>	<u>0.00</u>	<u>-19.02</u>	<u>-0.23</u>	<u>0.00</u>	<u>-0.23</u>	<u>-19.25</u>	<u>-</u>	<u>-19.25</u>
Change in Net Position	-19.78	-2.79	-16.99	-0.32	-0.26	-0.06	-20.10	-3.05	-17.05
Net Position, Beginning of Year	<u>14.92</u>	<u>17.71</u>	<u>-2.79</u>	<u>5.26</u>	<u>5.52</u>	<u>-0.26</u>	<u>20.18</u>	<u>23.23</u>	<u>-3.05</u>
<b>Net Position, End of Year</b>	<b>-4.86</b>	<b>14.92</b>	<b>-19.78</b>	<b>4.94</b>	<b>5.26</b>	<b>-0.32</b>	<b>0.08</b>	<b>20.18</b>	<b>-20.10</b>

(See Independent Auditor's Report)  
MD&A 6

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

**Normal Impacts**

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

**Revenues**

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

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

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

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

**Expenses**

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

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

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

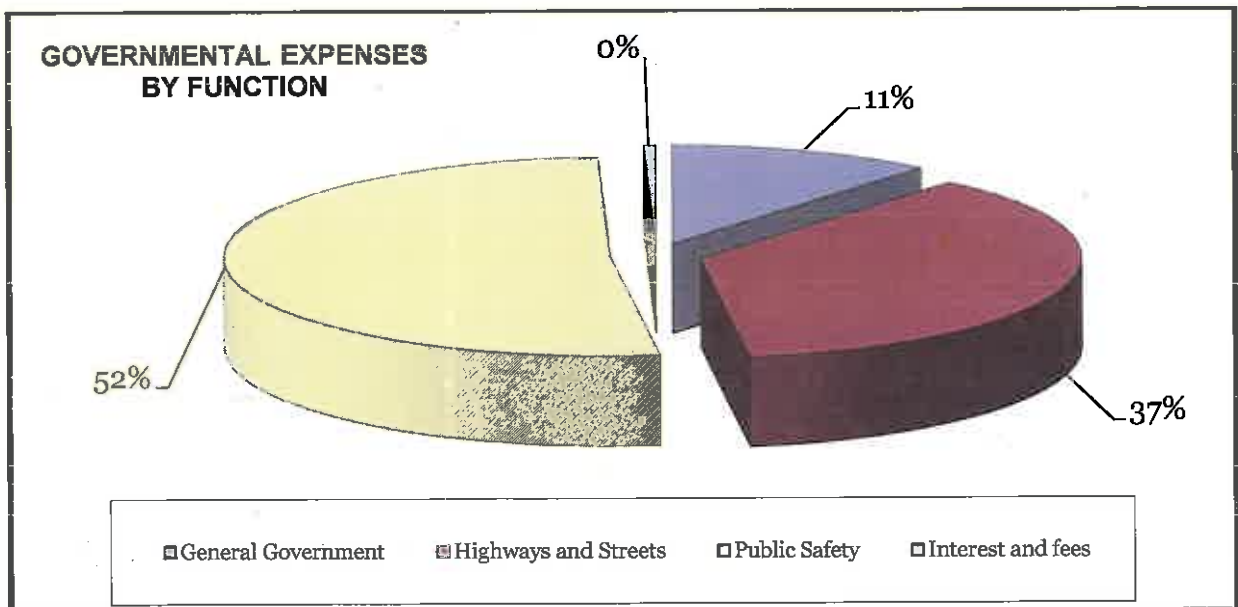
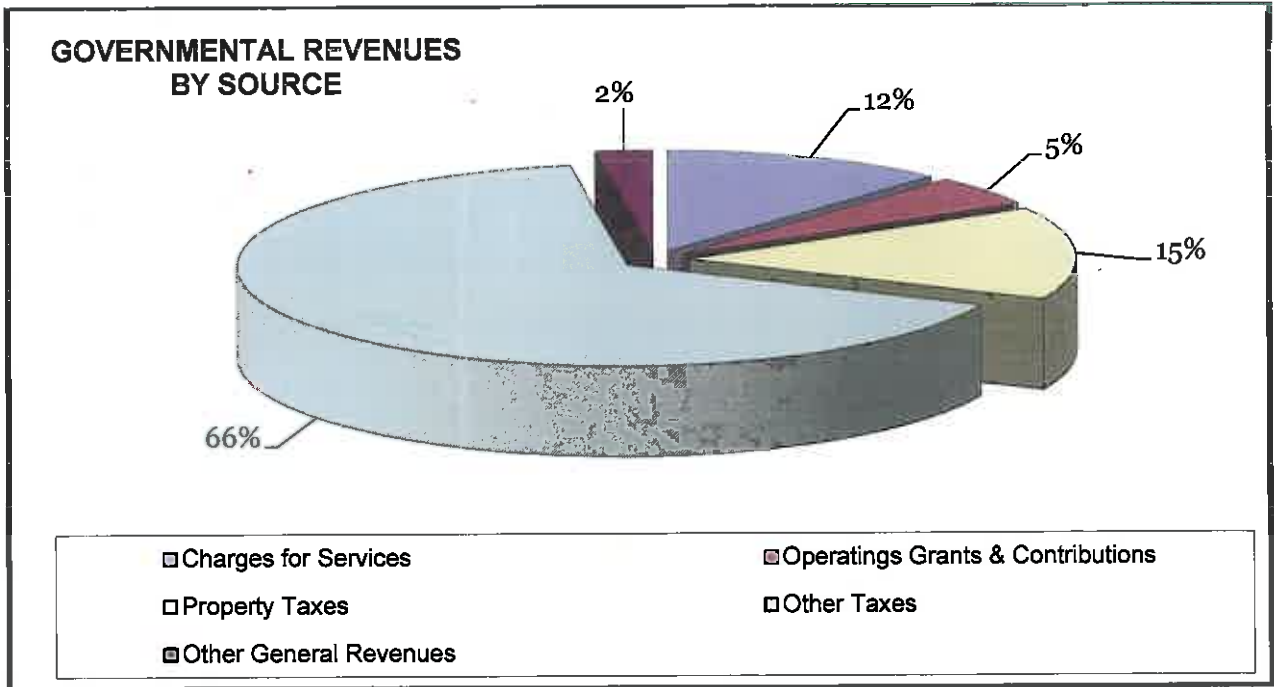
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases.



**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

**GOVERNMENTAL ACTIVITIES**

The percentages illustrated below, represent the governmental revenues and expenditures by source/function per page 6 of the MD&A, column 1.

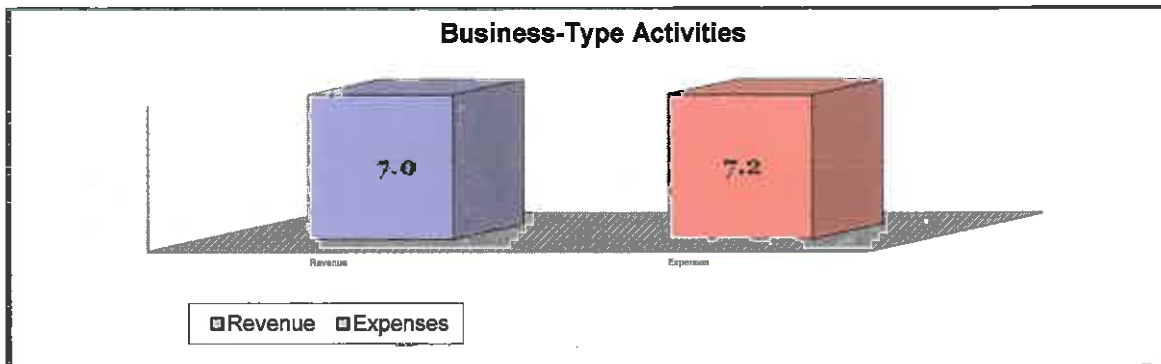


**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

**Business Type Activities**

The amounts illustrated below, represent the business-type revenues and expenditures by per page 6 of the MD&A, column 2.



The Business-Type activity of the City of Darien includes the Water Department. The Water Department serves the city residents and businesses; pricing of water is based on fees determined by the supplier of water, the DuPage Water Commission. The City of Darien has been able to avoid raising water rates to its residents and businesses over the past several years, even though there have been increases in the fee for the supply of water by the DuPage Water Commission. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The operating revenues of the Water Department increased by \$.38 million in comparison to the prior year.

The City pays all of the general expenses from the general fund on an annual basis transfer of \$250 thousand from its Water Department to the General Fund. The reason for this \$250 thousand transfer, from the Water Department to the General Fund, is due to the annual review of overhead worked on behalf of the Water Department, yet captured within the General Fund. Operating expenses increased \$0.27 million for this fiscal year for various reasons including personnel costs.

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

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

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

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

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2016**

---

At the end of the current fiscal year, the City of Darien's governmental funds reported a combined (major and non-major) ending fund balance of \$9.50 million; an increase of \$0.69 million over fiscal 2015

The fund balance of the City of Darien's general fund increased from \$2.65 million to \$4.57 million during the current fiscal year as revenues exceeded budget, while expenditures were less than anticipated. (See page 9 of Financial Statements)

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The city was able to transfer \$2,012,658 from its General Fund to the Capital Projects Fund while still maintaining adequate Fund balance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets**

At the end of fiscal 2016, the City of Darien had total capital assets (net of accumulated depreciation) of \$13.01 million, invested in a broad range of capital assets including police and public works equipment, buildings, water facilities, roads, streets, and sewer lines.

(For more detail see Note 4 of the Audit Report)

**Debt Administration**

The debt administration discussion covers two types of debt reported by the City's financial statements. The City's governmental activities include the general obligation bond issuance for the acquisition and construction of major capital facilities. Overall, the City's governmental activities report a total debt of \$22.63 million. The City began the fiscal year with a balance of \$21.17 million in debt.

In the City's business-type activities a total debt of \$3.16 million is reported. The City began the fiscal year with a balance of \$3.23 million in debt. The business activity debt is paid primarily by revenues generated by the Water Department's sale of water fee for service. The general obligation bonds of the business-type activity are obligations of the business-type activity only and are used for infrastructure and building improvements to the system. (More detailed information about the City's long-term liabilities is presented in Note 6 of the financial statements.)

***CITY OF DARIEN***  
***Management's Discussion and Analysis***  
***For the Year Ended April 30, 2016***

---

***FACTORS BEARING ON THE CITY'S FUTURE***

The general economic conditions of DuPage County, Cook County, and the Chicago metropolitan statistical area are affected by the national economics. The unemployment rate for the most recent period available for this year is 6.6% County-wide (Local Area Unemployment Statistics LAUS web site). The City's future is also affected by the sales tax base, which can vary based upon the vacancy rate of the local retail establishments, which are affected by the national economy.

The City's expenditures are comprised mostly of salaries, benefits and capital projects. Other factors bearing on the City's future include increases in water rates charged by DuPage Water Commission and the City of Chicago, and the general state of the economy. All of the local economic factors, revenue projections, and analysis of the City's expenditures are factored in the future fiscal budget plans.

The uncertainty and financial problems with the State of Illinois is a concern for all Illinois municipalities. The State still has not approved its' budget and has discussed reducing the municipal share of the State Income Tax revenue and freezing property taxes for local governments.

***REQUESTS FOR INFORMATION***

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

Bryon Vana  
City Administrator  
1702 Plainfield Road  
Darien, Illinois 60561

Mike Coren  
City Treasurer  
1702 Plainfield Road  
Darien, Illinois 60561

(This page is intentionally left blank.)

# CITY OF DARIEN

## MEMO

**TO: Administrative/Finance Committee Members**  
**FROM: Bryon D. Vana, City Administrator**  
**DATE: August 26, 2016**  
**SUBJECT: September 6<sup>th</sup> Committee Meeting –FYE 16 Audit to Budget Comparison**

---

Upon completion of the annual audit the Administrative/Finance Committee reviews a comparison between the FYE 4-30-16 audited numbers and the FYE 4-30-17 estimated numbers included in the FYE 4-30-17 budget. This year's review includes an excel document containing a detailed sheet on the General, Capital Projects, and Water Funds. The details sheets include the following columns:

- 1 budget line item title
- 2 the 4-30-16 original budget
- 3 the 4-30-16 audited revenues and expenditure line items
- 4 the 4-30-16 estimated actual numbers used for the FYE 4-30-17 budget
- 5 the difference between numbers 3 and 4 above

The General Fund audited fund balance exceeded the estimated balance used in the 4-30-16 budget by \$794,336. The City Council previously approved the *Capital Improvements Plan Guidelines*. Section 3 of the guidelines includes the following:

- Surplus from the general fund, in excess of 3 months operating reserve, will be transferred to the capital projects fund annually

Based on these guidelines I am recommending that the City Council approve a transfer of \$750,000 to the Capital Projects Fund from the General Fund.

**City of Darien  
 Comparison of Estimated Actual  
 Fund Balance to Audited Fund Balance  
 as of 4/30/16**

**Working Session Report**

**General Fund  
 Fund Balance**

<u>Original Budget</u>	<u>Audited</u>	<u>Estimated Actual</u>	<u>Difference between Estimated Actual and Audited</u>
\$ 2,700,000	\$ 4,574,119	\$ 3,779,783	\$ 794,336.00

**Water Fund  
 Cash Balance**

<u>Original Budget</u>	<u>Audited</u>	<u>Estimated Actual</u>	<u>Difference between Estimated Actual and Audited</u>
\$ 495,816	\$ 89,957	\$ (281,952)	\$ 371,909.00

**Motor Fuel Tax Fund  
 Fund Balance**

<u>Original Budget</u>	<u>Audited</u>	<u>Estimated Actual</u>	<u>Difference between Estimated Actual and Audited</u>
\$ 214,601	\$ 268,513	\$ 220,324	\$ 48,189.00

**Water Depreciation Fund  
 Cash Balance**

**Difference between  
Estimated Actual and  
Audited**

<u>Original Budget</u>	<u>Audited</u>	<u>Estimated Actual</u>	<u>Difference between Estimated Actual and Audited</u>
\$ 189,199	\$ 91,313	\$ 15,133	\$ 76,180.00

**Capital Improvement Fund  
Fund Balance**

**Difference between  
Estimated Actual and  
Audited**

<u>Original Budget</u>	<u>Audited</u>	<u>Estimated Actual</u>	<u>Difference between Estimated Actual and Audited</u>
\$ 3,737,904	\$ 4,410,838	\$ 4,568,512	\$ (157,674.00)



1		2	3	4	5	
City of Darien General Fund Reconciliation For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited	FYE 4/30/16 Estimated Actual	Difference	% Difference
Beginning Fund Balance		3,623,477.00	2,649,500.00	2,649,500.00	0.00	
Prior Period Adjustment		0.00	327,160.00	0.00	327,160.00	
Total Revenue		13,526,252.00	14,125,467.00	14,060,866.00	64,601.00	0.46%
Total Expenses		11,548,026.00	11,019,309.00	10,917,925.00	101,384.00	0.93%
Transfer In from Debt Fund/Sale of Equipment		0.00	503,959.00	0.00	503,959.00	
Transfer out		2,901,703.00	2,012,658.00	2,012,658.00	0.00	
Ending Fund Balance		2,700,000.00	4,574,118.00	3,779,783.00	794,336.00	\$ 794,336.00
		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Revenue	FYE 4/30/16 Estimated Revenue	Difference	
<b>Taxes</b>						
Real Estate Taxes - Current	3110	1,645,817.00	1,659,712.00	1,650,700.00	9,012.00	
Real Estate Taxes - Prior	3111	0.00	0.00	0.00	0.00	
Road and Bridge Tax	3120	205,000.00	206,423.00	206,400.00	23.00	
Municipal Utility Tax	3130	1,207,322.00	948,409.00	929,794.00	18,615.00	
Amusement Tax	3140	70,000.00	97,479.00	82,000.00	15,479.00	
Hotel/Motel Tax	3150	40,000.00	53,817.00	53,404.00	413.00	
Auto Rental Tax	3421	0.00	739.00	0.00	739.00	
Personal Property Tax	3425	5,000.00	7,226.00	5,000.00	2,226.00	
Total Taxes		3,173,139.00	2,973,805.00	2,927,298.00	46,507.00	
<b>License, Permits, Fees</b>						
Business Licenses	3210	46,000.00	41,146.00	46,000.00	(4,854.00)	
Liquor License	3212	67,000.00	72,118.00	64,500.00	7,618.00	
Contractor Licenses	3214	18,000.00	20,945.00	18,000.00	2,945.00	
Court Fines	3216	135,000.00	107,235.00	95,000.00	12,235.00	
Towing Fees	3217	55,000.00	44,000.00	38,000.00	6,000.00	
Ordinance Fines	3230	12,000.00	22,690.00	17,000.00	5,690.00	
Building Permits and Fees	3240	35,000.00	180,249.00	140,529.00	19,720.00	
Telecommunication Taxes	3242	850,000.00	682,206.00	746,486.00	(61,280.00)	
Cable T.V. Franchise Fee	3244	374,800.00	411,647.00	444,000.00	(32,353.00)	Est. actual includes the PEG fees, in which the auditors like to separate out on the Financial Statements
PEG - Fees - AT&T	3245	0.00	82,921.00	0.00	82,921.00	
NICOR Franchise Fee	3246	28,000.00	29,600.00	17,845.00	11,755.00	
Public Hearing Fees	3250	5,000.00	13,799.00	11,500.00	2,299.00	
Elevator Inspections	3255	5,000.00	5,135.00	4,500.00	635.00	
Public Improvement Permit	3260	0.00	80.00	0.00	80.00	
Engineering/Prof Fee Reimb	3265	42,400.00	106,153.00	81,000.00	25,153.00	
Legal Fee Reimb.	3266	0.00	4,808.00	4,807.00	1.00	
Police Special Service	3267	108,233.00	138,412.00	108,233.00	30,179.00	
D.U.I. Technology Fines	3268	13,000.00	10,557.00	13,000.00	(2,443.00)	
Stormwater Management	3270	0.00	3,190.00	2,698.00	492.00	
Dev. Contib./Impact	3275	0.00	0.00	625.00	(625.00)	
Total License, Permits, Fees		1,794,433.00	1,956,891.00	1,853,723.00	103,168.00	
<b>Charges for Services</b>						
Inspections/Tap on/Permits	3320	0.00	210.00	0.00	210.00	
Total Charges for Services		0.00	210.00	0.00	210.00	
<b>Intergovernmental</b>						
State Income Tax	3410	2,186,514.00	2,377,969.00	2,208,600.00	169,369.00	
Local Use Tax	3420	419,634.00	565,828.00	478,794.00	87,032.00	
Sales Taxes	3430	5,260,248.00	5,412,366.00	5,331,699.00	80,667.00	
Video Gaming Revenue	3432	75,000.00	133,640.00	103,159.00	30,481.00	
Total Intergovernmental		7,941,396.00	8,489,801.00	8,122,252.00	367,549.00	

City of Darien General Fund Reconciliation For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited	FYE 4/30/16 Estimated Actual	Difference	% Difference
<b>Other Revenue</b>						
Interest income	3510	6,000.00	7,281.00	5,200.00	2,081.00	Auditors combine fund 11 with the General fund.
Gain/Loss on Investment	3515	0.00	64.00	0.00	64.00	
Water Share Expense	3520	250,000.00	0.00	250,000.00	(250,000.00)	See expenditures Tab Line 226, amount cancels out
Booking Fees		0.00	0.00	0.00	0.00	
Police Report/Prints	3534	5,000.00	12,521.00	9,000.00	3,521.00	
Impact Fee Revenue	3570	0.00	11,127.00	0.00	11,127.00	
Grants	3560	0.00	(1,794.00)	1,400.00	(3,194.00)	
Rents	3561	283,284.00	294,747.00	280,000.00	14,747.00	
Reimbursement - Work Comp	3577	0.00	956.00	0.00	956.00	
Street Recon Prog Reimb	3550	0.00	0.00	0.00	0.00	
Other Reimbursements	3562	48,000.00	74,127.00	64,000.00	10,127.00	
Reimbursement - Rear Yard	3541	0.00	14,727.00	14,700.00	27.00	
Residential Concrete Reimb	3563	0.00	29,367.00	17,620.00	11,747.00	
Maintenance -	3567	0.00	0.00	0.00	0.00	
Mail Box Reimbursement	3569	0.00	2,779.00	2,200.00	579.00	
Drug Seizures	3537	0.00	1,962.00	0.00	1,962.00	Auditors combine fund 11 with the General fund.
Drug Forfeiture receipts	3538	0.00	33,588.00	0.00	33,588.00	
Sales of Wood Chips	3572	0.00	5,588.00	3,572.00	2,016.00	
Miscellaneous Revenue	3580	20,000.00	217,720.00	504,500.00	(286,780.00)	See transfer from other funds, acct 3612. Also note auditors included IPBC Terminal Reserve of 188K
Transfer from Other Funds	3612	0.00	498,246.00	0.00	498,246.00	Debt Fund Reimbursement, originally included in Acct 3580 per the Est. Actual section
Sale of Equipment	3575	5,000.00	5,713.00	5,401.00	312.00	
<b>Total Other Income</b>		<b>617,284.00</b>	<b>1,208,719.00</b>	<b>1,157,593.00</b>	<b>51,126.00</b>	
<b>Total General Fund Revenue</b>		<b>13,526,252.00</b>	<b>14,629,426.00</b>	<b>14,060,866.00</b>	<b>568,560.00</b>	

<b>Total Revenue per Audit</b>	<b>14,125,467.00</b>	<b>14,060,866.00</b>	<b>64,601.00</b>
--------------------------------	----------------------	----------------------	------------------

Auditors do not include the Transfer from other funds nor the Sale of Equipment in the Revenue section. They separate these two out as a separate line item.

	1	2	3	4	5
City of Darlen General Fund Expenditures For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Administrative Department</b>					
Salaries					
Salaries	4010	457,452.00	454,606.00	439,577.00	(15,029.00)
Overtime	4030	0.00	82.00	0.00	(82.00)
Total Salaries		457,452.00	454,688.00	439,577.00	(15,111.00)
Benefits					
Social Security	4110	28,486.00	23,612.00	25,105.00	1,493.00
Medicare	4111	5,707.00	6,585.00	6,374.00	(211.00)
I.M.R.F.	4115	68,137.00	59,520.00	58,376.00	(1,144.00)
Medical/Life Insurance	4120	60,484.00	75,774.00	72,475.00	(3,299.00)
Supplemental Pensions	4135	24,320.00	25,420.00	24,662.00	(758.00)
Total Benefits		187,134.00	180,911.00	186,992.00	(3,919.00)
Materials and Supplies					
Dues and Subscriptions	4213	3,405.00	3,048.00	3,000.00	(48.00)
Liability Insurance	4219	65,013.00	51,581.00	45,000.00	(6,561.00)
Legal Notices	4221	8,000.00	4,712.00	3,800.00	(912.00)
Maintenance - Building	4223	27,900.00	18,186.00	27,900.00	9,734.00
Maintenance - Equipment	4225	11,900.00	6,912.00	11,900.00	4,988.00
Maintenance - Grounds	4227	0.00	0.00	0.00	0.00
Maintenance - Vehicles	4229	0.00	1,314.00	0.00	(1,314.00)
Misc. Expenditures	4232	0.00	389.00	0.00	(389.00)
Postage/Mailings	4233	6,300.00	2,982.00	4,000.00	1,018.00
Printing and Forms	4235	3,000.00	2,237.00	2,200.00	(37.00)
Public Relations	4239	37,500.00	25,903.00	37,500.00	11,597.00
Rent - Equipment	4243	2,160.00	764.00	1,000.00	236.00
Supplies - Office	4253	8,500.00	7,681.00	8,300.00	619.00
Supplies - Other	4257	500.00	0.00	500.00	500.00
Training and Education	4263	6,000.00	3,440.00	4,000.00	560.00
Travel/Meetings	4265	500.00	287.00	500.00	213.00
Telephone	4267	61,000.00	51,365.00	50,000.00	(1,365.00)
Utilities (Elec, Gas, Wtr, Sewer)	4271	3,500.00	3,162.00	3,500.00	338.00
Vehicle (Gas and Oil)	4273	7,500.00	5,359.00	7,500.00	2,141.00
ESDA	4279	2,000.00	381.00	2,000.00	1,619.00
Total Materials and Supplies		254,678.00	189,663.00	212,600.00	22,937.00
Contractual					
Audit	4320	11,175.00	11,175.00	11,175.00	0.00
Consulting/Professional	4325	96,850.00	87,507.00	85,000.00	17,493.00
Const/Prof Reimbursable	4328	0.00	2,900.00	0.00	(2,900.00)
Contingency	4330	10,000.00	1,666.00	10,000.00	8,334.00
Janitorial Service	4345	17,250.00	15,340.00	17,250.00	1,910.00
Total Contractual		135,275.00	98,588.00	123,425.00	24,837.00
Other Charges					
Equipment	4815	0.00	0.00	0.00	0.00
Total Other Charges		0.00	0.00	0.00	0.00
Total Expenditures - Administrative		1,034,539.00	933,850.00	962,594.00	28,744.00

City of Darien General Fund Expenditures For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>City Council Department</b>					
<b>Salaries</b>					
Salaries	4010	42,750.00	42,300.00	42,750.00	450.00
Total Salaries		42,750.00	42,300.00	42,750.00	450.00
<b>Benefits</b>					
Social Security	4110	2,651.00	2,623.00	2,651.00	28.00
Medicare	4111	620.00	614.00	620.00	6.00
Total Benefits		3,271.00	3,237.00	3,271.00	34.00
<b>Materials and Supplies</b>					
Boards and Commissions	4205	2,500.00	549.00	900.00	351.00
Cable Operations	4206	12,500.00	550.00	800.00	250.00
Dues and Subscriptions	4213	100.00	65.00	100.00	35.00
Liability Insurance	4219	7,428.00	7,110.00	7,428.00	318.00
Printing and Forms	4235	0.00	0.00	0.00	0.00
Public Relations	4239	1,000.00	408.00	600.00	192.00
Supplies - Other	4257	0.00	178.00	0.00	(178.00)
Training and Education	4263	1,000.00	0.00	100.00	100.00
Travel/Meetings	4265	50.00	20.00	50.00	30.00
Total Materials and Supplies		24,578.00	8,880.00	9,978.00	1,098.00
<b>Contractual</b>					
Consulting/Professional	4325	25,000.00	13,174.00	15,000.00	1,826.00
Trolley Contracts	4366	600.00	285.00	600.00	315.00
Total Contractual		25,600.00	13,459.00	15,600.00	2,141.00
<b>Capital Outlay</b>					
Equipment	4815	5,600.00	4,468.00	5,000.00	532.00
Total Capital Outlay		5,600.00	4,468.00	5,000.00	532.00
Total Expenditures - City Council		101,799.00	72,344.00	76,599.00	4,255.00

City of Darien General Fund Expenditures For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Community Development Department</b>					
<b>Salaries</b>					
Salaries	4010	291,949.00	296,176.00	289,318.00	(6,858.00)
Overtime		0.00	0.00	0.00	0.00
<b>Total Salaries</b>		<b>291,949.00</b>	<b>296,176.00</b>	<b>289,318.00</b>	<b>(6,858.00)</b>
<b>Benefits</b>					
Social Security	4110	17,782.00	14,857.00	16,574.00	1,717.00
Medicare	4111	4,159.00	4,093.00	4,195.00	102.00
I.M.R.F.	4115	42,534.00	42,570.00	38,421.00	(4,149.00)
Medical/Life Insurance	4120	38,448.00	42,030.00	38,475.00	(3,555.00)
Supplemental Pensions	4135	3,600.00	2,360.00	3,600.00	1,240.00
<b>Total Benefits</b>		<b>106,523.00</b>	<b>105,910.00</b>	<b>101,265.00</b>	<b>(4,645.00)</b>
<b>Materials and Supplies</b>					
Boards and Commissions	4205	1,500.00	2,510.00	1,500.00	(1,010.00)
Dues and Subscriptions	4213	600.00	419.00	600.00	181.00
Liability Insurance	4219	42,714.00	26,435.00	42,714.00	16,279.00
Maintenance - Vehicles	4229	1,200.00	6.00	1,200.00	1,194.00
Printing and Forms	4235	1,890.00	1,063.00	1,890.00	827.00
Economic Incentive	4240	298,000.00	447,610.00	182,805.00	(264,805.00)
Supplies - Office	4253	300.00	301.00	300.00	(1.00)
Training and Education	4263	300.00	20.00	300.00	280.00
Travel/Meetings	4265	200.00	40.00	200.00	160.00
Vehicle (Gas and Oil)	4273	1,350.00	1,394.00	1,350.00	(44.00)
<b>Total Materials and Supplies</b>		<b>348,054.00</b>	<b>479,798.00</b>	<b>232,859.00</b>	<b>(246,939.00)</b>
<b>Contractual</b>					
Consulting/Professional	4325	37,919.00	41,680.00	37,919.00	(3,761.00)
Const/Prof Reimbursable	4328	74,000.00	148,192.00	74,000.00	(74,192.00)
<b>Total Contractual</b>		<b>111,919.00</b>	<b>189,872.00</b>	<b>111,919.00</b>	<b>(77,953.00)</b>
<b>Total Expenditures - Community Development</b>		<b>858,445.00</b>	<b>1,071,756.00</b>	<b>735,362.00</b>	<b>(336,394.00)</b>

Represents the accrual for 2 Fiscal years of the Walmart Incentive

City of Darien General Fund Expenditures For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Streets Department</b>					
<b>Salaries</b>					
Salaries	4010	545,556.00	553,625.00	527,004.00	(26,621.00)
Overtime	4030	75,000.00	70,111.00	68,340.00	(1,771.00)
<b>Total Salaries</b>		<b>620,556.00</b>	<b>623,736.00</b>	<b>595,344.00</b>	<b>(28,392.00)</b>
<b>Benefits</b>					
Social Security	4110	57,074.00	36,359.00	32,674.00	(3,685.00)
Medicare	4111	13,348.00	7,051.00	7,642.00	591.00
I.M.R.F.	4115	129,044.00	89,308.00	84,594.00	(4,714.00)
Medical/Life Insurance	4120	148,206.00	136,160.00	132,673.00	(3,487.00)
Supplemental Pensions	4135	2,500.00	3,560.00	2,500.00	(1,060.00)
<b>Total Benefits</b>		<b>350,172.00</b>	<b>272,438.00</b>	<b>260,083.00</b>	<b>(12,355.00)</b>
<b>Materials and Supplies</b>					
Liability Insurance	4219	35,259.00	64,528.00	65,259.00	731.00
Maintenance - Building	4223	165,698.00	123,066.00	165,698.00	42,632.00
Maintenance - Equipment	4225	36,700.00	35,488.00	36,700.00	1,212.00
Maintenance - Vehicles	4229	43,000.00	26,187.00	43,000.00	16,813.00
Maintenance - Landromat Exp	4230	0.00	0.00	0.00	0.00
Postage/Mailings	4233	1,200.00	1,126.00	1,200.00	74.00
Rent - Equipment	4243	24,150.00	17,185.00	24,150.00	6,965.00
Supplies - Office	4253	3,950.00	3,205.00	3,950.00	745.00
Supplies - Operations	4255	0.00	0.00	0.00	0.00
Supplies - Other	4257	44,340.00	47,040.00	44,340.00	(2,700.00)
Small Tools & Equipment	4259	3,850.00	2,230.00	3,850.00	1,620.00
Training and Education	4263	9,275.00	1,087.00	3,500.00	2,413.00
Travel	4265	0.00	0.00	0.00	0.00
Telephone	4267	0.00	4,404.00	0.00	(4,404.00)
Uniforms	4269	6,446.00	5,352.00	6,446.00	1,094.00
Utilities (Elec, Gas, Wtr, Sewer)	4271	5,100.00	3,510.00	5,000.00	1,490.00
Vehicle (Gas and Oil)	4273	79,595.00	39,633.00	65,000.00	25,367.00
<b>Total Materials and Supplies</b>		<b>488,563.00</b>	<b>374,041.00</b>	<b>468,093.00</b>	<b>94,052.00</b>
<b>Contractual</b>					
Consulting/Professional	4325	4,500.00	3,276.00	4,500.00	1,224.00
Consulting/Professional Reimb	4328	0.00	423.00	0.00	(423.00)
Janitorial Service	4345	0.00	29.00	0.00	(29.00)
Forestry	4350	136,416.00	158,330.00	164,000.00	5,670.00
Street Light Oper & Maint.	4359	115,660.00	93,946.00	115,660.00	21,714.00
Mosquito Abatement	4365	42,250.00	51,109.00	42,250.00	(8,859.00)
Street Sweeping	4373	35,765.00	35,753.00	35,766.00	13.00
Drainage Projects	4374	45,000.00	48,662.00	48,000.00	(662.00)
Tree Trim/Removal	4375	126,800.00	116,104.00	120,000.00	3,896.00
<b>Total Contractual</b>		<b>506,191.00</b>	<b>507,632.00</b>	<b>530,176.00</b>	<b>22,544.00</b>
<b>Capital Outlay</b>					
Rear Yard Drain Proj-Reimb	4378	0.00	0.00	0.00	0.00
Residential Concrete Program	4381	0.00	24,625.00	24,625.00	0.00
Capital Improvements	4810	4,500.00	3,150.00	4,500.00	1,350.00
Equipment	4815	265,057.00	258,319.00	265,057.00	6,738.00
Debt Retire	4905	0.00	0.00	0.00	0.00
<b>Total Capital Outlay</b>		<b>269,557.00</b>	<b>286,094.00</b>	<b>294,182.00</b>	<b>8,088.00</b>
<b>Total Expenditures - Streets</b>		<b>2,235,039.00</b>	<b>2,063,941.00</b>	<b>2,147,878.00</b>	<b>83,937.00</b>

City of Darlen General Fund Expenditures For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Police Department</b>					
<b>Salaries</b>					
Salaries	4010	462,484.00	450,811.00	447,649.00	(3,162.00)
Salaries - Officers	4020	3,321,234.00	3,432,730.00	3,232,980.00	(199,750.00)
Overtime	4030	480,000.00	472,873.00	485,877.00	13,004.00
Total Salaries		4,263,718.00	4,356,414.00	4,166,506.00	(189,908.00)
<b>Benefits</b>					
Social Security	4110	34,195.00	28,875.00	27,754.00	(1,121.00)
Medicare	4111	56,696.00	55,320.00	60,970.00	5,650.00
I.M.R.F.	4115	59,200.00	58,549.00	60,701.00	2,152.00
Medical/Life Insurance	4120	497,967.00	412,740.00	412,800.00	60.00
Police Pension	4130	1,200,005.00	1,210,459.00	1,200,005.00	(10,454.00)
Supplemental Pensions	4135	48,000.00	43,316.00	48,000.00	4,684.00
Total Benefits		1,896,063.00	1,809,259.00	1,810,230.00	971.00
<b>Materials and Supplies</b>					
Animal Control	4201	2,000.00	1,895.00	1,800.00	(95.00)
Auxiliary Police	4203	11,300.00	4,121.00	6,000.00	1,879.00
Boards and Commissions	4205	5,500.00	7,388.00	7,000.00	(388.00)
Dues and Subscriptions	4213	7,670.00	5,215.00	6,000.00	785.00
Investigation and Equipment	4217	38,988.00	28,012.00	32,000.00	3,988.00
Liability Insurance	4219	238,570.00	188,428.00	210,000.00	21,574.00
Maintenance - Building	4223	0.00	221.00	0.00	(221.00)
Maintenance - Equipment	4225	14,460.00	9,192.00	11,000.00	1,808.00
Maintenance - Vehicles	4229	62,199.00	36,768.00	44,200.00	7,434.00
Postage/Mailings	4233	4,200.00	1,630.00	4,200.00	2,570.00
Printing and Forms	4235	3,000.00	811.00	1,800.00	989.00
Public Relations	4239	5,000.00	5,248.00	3,500.00	(1,746.00)
Rent - Equipment	4243	9,800.00	2,150.00	4,000.00	1,850.00
Supplies - Office	4253	5,000.00	5,138.00	5,500.00	364.00
Supplies - Other	4257	0.00	0.00	0.00	0.00
Training and Education	4263	32,400.00	23,312.00	29,000.00	5,688.00
Travel/Meetings	4265	8,400.00	3,962.00	6,000.00	2,038.00
Telephone	4267	13,000.00	17,702.00	13,000.00	(4,702.00)
Uniforms	4269	47,450.00	38,691.00	47,450.00	8,759.00
Utilities (Elec, Gas, Wtr, Sewer)	4271	7,500.00	5,989.00	7,000.00	1,011.00
Vehicle (Gas and Oil)	4273	115,000.00	64,535.00	70,000.00	5,465.00
Total Materials and Supplies		631,437.00	450,400.00	509,450.00	59,050.00
<b>Contractual</b>					
Consulting/Professional	4325	370,921.00	369,709.00	370,921.00	1,212.00
Contractual Services	4335	0.00	0.00	0.00	0.00
Dumeg/Fiat/Child Center	4337	24,680.00	24,680.00	7,000.00	(17,680.00)
Total Contractual		395,601.00	394,389.00	377,921.00	(16,488.00)
<b>Capital Outlay</b>					
Equipment	4815	131,385.00	116,956.00	131,385.00	14,429.00
Total Capital Outlay		131,385.00	116,956.00	131,385.00	363.06
Interest	4244	0.00	0.00	0.00	0.00
Total Interest		0.00	0.00	0.00	0.00
Total Expenditures - Police		7,318,204.00	7,127,418.00	6,995,492.00	(131,926.00)

Est. Actual anticipated amount to be taken from State Seizure account

City of Darien General Fund Expenditures For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
Debt Service					
Principal	4906	0.00	0.00	0.00	0.00
Total Debt Service		0.00	0.00	0.00	0.00
Reduction in expenditures for Water Share		0.00	(250,000.00)	0.00	250,000.00
Total General Fund Expenditures		11,548,026.00	11,019,309.00	10,917,925.00	(101,384.00)

Budgeted in the revenue section but auditors place in the expenditure section of the Financials.



1		2	3	4	5
City of Darien Water Fund Reconciliation For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited	FYE 4/30/16 Estimated Actual	Difference
Beginning Cash Balance		905,658.00	384,019.00	384,019.00	0.00
Total Revenue		7,207,385.00	7,058,359.00	6,686,715.00	371,644.00
Total Expenses		7,617,227.00	7,362,421.00	7,362,686.00	(263.00)
Ending Cash Balance		495,816.00	89,957.00	(281,952.00)	371,909.00
		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Revenue	FYE 4/30/16 Estimated Revenue	Difference
<b>Charges for Services</b>					
Water Sales	3310	7,194,385.00	6,929,133.00	6,623,715.00	305,418.00
Inspections/Tap on/Permits	3320	4,000.00	47,250.00	32,000.00	15,250.00
Front Footage Fees	3322	0.00	0.00	0.00	0.00
Sale of Meters	3325	3,000.00	10,645.00	8,000.00	2,645.00
Other Water Sales	3390	3,000.00	15,273.00	20,000.00	(4,727.00)
Total Charges for Services		7,204,385.00	7,002,301.00	6,683,715.00	318,586.00
<b>Other Revenue</b>					
Interest Income	3510	3,000.00	2,816.00	3,000.00	(184.00)
Other Reimbursements	3562	0.00	80.00	0.00	80.00
Misc Revenue	3580	0.00	53,162.00	0.00	53,162.00
Total Other Revenue		3,000.00	56,058.00	3,000.00	53,058.00
Total Water Fund Revenue		7,207,385.00	7,058,359.00	6,686,715.00	371,644.00
		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Water Department</b>					
<b>Salaries</b>					
Salaries	4010	458,674.00	471,762.00	453,183.00	(18,579.00)
Overtime	4030	53,000.00	82,224.00	70,058.00	(12,166.00)
Total Salaries		511,674.00	553,986.00	523,241.00	(30,745.00)
<b>Benefits</b>					
Social Security	4110	34,638.00	32,368.00	32,654.00	286.00
Medicare	4111	8,101.00	7,607.00	7,587.00	(20.00)
I.M.R.F.	4115	77,508.00	59,992.00	70,564.00	10,572.00
Change in I.M.R.F. NPO	4116	0.00	19,476.00	0.00	(19,476.00)
Medical/Life Insurance	4120	105,459.00	91,874.00	101,566.00	9,692.00
Supplemental Pensions	4135	2,400.00	1,200.00	2,400.00	1,200.00
Total Benefits		228,106.00	212,517.00	214,771.00	2,254.00
<b>Materials and Supplies</b>					
Liability Insurance	4219	231,850.00	187,494.00	194,040.00	6,546.00
Maintenance - Building	4223	46,614.00	39,381.00	46,614.00	7,233.00
Maintenance - Equipment	4225	16,206.00	12,107.00	16,206.00	4,099.00
Maintenance - Laundromat	4230	0.00	0.00	0.00	0.00
Maintenance - Water System	4231	157,738.00	185,008.00	157,738.00	(27,270.00)
Postage/Mailings	4233	1,050.00	664.00	1,050.00	386.00
Printing and Forms	4235	0.00	0.00	0.00	0.00
Quality Control	4241	15,910.00	6,212.00	15,000.00	8,788.00
Rent - Equipment	4243	0.00	0.00	0.00	0.00
Water Charge	4251	250,000.00	250,000.00	250,000.00	0.00
Supplies - Office	4253	0.00	0.00	0.00	0.00
Supplies - Operation	4255	7,240.00	631.00	6,000.00	5,369.00
Training and Education	4263	2,615.00	1,320.00	2,200.00	880.00
Telephone	4267	10,850.00	6,017.00	10,850.00	4,833.00
Uniforms	4269	3,140.00	1,640.00	3,140.00	1,500.00
Utilities (Elec, Gas, Wtr, Sewer)	4271	51,240.00	40,436.00	51,240.00	10,804.00
Vehicle (Gas and Oil)	4273	21,585.00	12,785.00	20,000.00	7,215.00
Total Materials and Supplies		816,039.00	743,695.00	774,078.00	30,383.00
<b>Contractual</b>					
Audit	4320	10,000.00	11,175.00	10,000.00	(1,175.00)
Consulting/Professional	4325	22,865.00	18,494.00	22,865.00	4,371.00
Leak Detection	4326	19,700.00	18,453.00	19,700.00	1,247.00
Data Processing	4336	152,327.00	154,102.00	152,328.00	(1,774.00)
DuPage Water Commission	4340	5,046,791.00	4,849,470.00	4,825,978.00	(23,492.00)

Represents the auditors adjustment for the IPBC Terminal reserve and the IRMA Reserve

Separated out per the new accounting principle, GASB 68

City of Darien Water Fund Reconciliation For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited	FYE 4/30/16 Estimated Actual	Difference
Total Contractual		5,251,683.00	5,051,694.00	5,030,871.00	(20,823.00)
Other Charges					
Transfer to Other Funds	4605	350,000.00	350,000.00	350,000.00	0.00
Depreciation	4620	0.00	331,363.00	0.00	(331,363.00)
Total Other Charges		350,000.00	681,363.00	350,000.00	(331,363.00)
Capital Outlay					
Equipment	4815	134,500.00	133,118.00	134,500.00	1,382.00
Street Reconstruction	4855	0.00	0.00	0.00	0.00
Water Meter Purchases	4880	26,500.00	33,346.00	28,500.00	(6,846.00)
Total Capital Outlay		161,000.00	166,464.00	161,000.00	(5,464.00)
Debt Service					
Debt Retire	4905	298,725.00	0.00	298,725.00	298,725.00
Debt Retire-Water Refunding	4950	0.00	82,118.00	0.00	(82,118.00)
Purchases	5600	0.00	(119,940.00)	0.00	119,940.00
Total Debt Service		298,725.00	(37,822.00)	298,725.00	336,547.00
Total Expenditures - Water		7,617,227.00	7,371,897.00	7,352,686.00	(19,211.00)
Total Expenses			7,352,421.00	7,352,686.00	

Represents FY16 paper depreciation on the City's Fixed Assets

Interest expense per retirement of long term debt

The amount represents the capital assets/additions per the water fund.

Cash Balance per Audit	Change	<b>0.00</b>
Deferred outflow (Contrib/IMRF)	(185,688.00)	
Deferred inflow (IMRF)	(19,596.00)	
Investments in IRMA	(25,001.00)	
IPBC Terminal Reserve	(77,047.00)	
A/R customers	(3,134.00)	
Water Bill Rec-unbilled	(303,396.00)	
A/D Machines & Equipment	211,423.00	
A/D Buildings	-	
IMRF W/H Payable	(7,250.00)	
Net Pension Liability	462,500.00	
A/P Prior	(19,621.00)	
A/P	(20,494.00)	
Comp Abs	(2,120.00)	
Hydrant Deposits	(17,850.00)	
Due to other funds	99,584.00	
Accrued Salaries	(1,113.75)	
Utility Tax Rec	(20.46)	
Due from other funds	(900.00)	
Contractor Deposits	(175.00)	
<b>Ending Cash Balance</b>	<b>90,100.79</b>	

**Proof 143.79 IM**

1		2	3	4	5
City of Darien Water Depr Fund Reconciliation For the FYE 4/30/16		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited	FYE 4/30/16 Estimated Actual	Difference
<b>Beginning Cash Balance</b>		46,734.00	(125,332.00)	(125,332.00)	0.00
<b>Total Revenue</b>		352,000.00	350,108.00	352,000.00	(1,892.00)
<b>Total Expenses</b>		211,535.00	133,463.00	211,535.00	(78,072.00)
<b>Ending Cash Balance</b>		189,199.00	91,313.00	16,133.00	76,180.00
		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Revenue	FYE 4/30/16 Estimated Revenue	Difference
<b>Other Revenue</b>					
Interest Income	3510	2,000.00	80.00	2,000.00	(1,920.00)
Gain/Loss on Investment	3515	0.00	28.00	0.00	28.00
Transfer from Other Fund	3610	350,000.00	350,000.00	350,000.00	0.00
<b>Total Other Revenue</b>		352,000.00	350,108.00	352,000.00	(1,892.00)
<b>Total Water Depr Fund Revenue</b>		352,000.00	350,108.00	352,000.00	(1,892.00)
		FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Water Depreciation Expenditures</b>					
<b>Materials and Supplies</b>					
Maintenance and Water	4231	0.00	0.00	0.00	0.00
<b>Total Materials and Supplies</b>		0.00	0.00	0.00	0.00
<b>Capital Outlay</b>					
Capital Impro-Infra	4390	211,535.00	126,543.00	211,535.00	84,992.00
Hydrant Painting	4391	0.00	0.00	0.00	0.00
Capital Improvements	4810	0.00	0.00	0.00	0.00
Equipment	4815	0.00	0.00	0.00	0.00
<b>Total Capital Outlay</b>		211,535.00	126,543.00	211,535.00	84,992.00
<b>Debt Service</b>					
Debt Issuance Costs	4900	0.00	0.00	0.00	0.00
Amortization Expense	4947	0.00	6,920.00	0.00	(6,920.00)
Bond Interest Expense	4948	0.00	0.00	0.00	0.00
<b>Total Debt Service</b>		0.00	6,920.00	0.00	(6,920.00)
<b>Total Expenditures - Water Depr.</b>		211,535.00	133,463.00	211,535.00	78,072.00

Represents the scheduled payment installation of the 2012 GO refunding bond

<b>Cash Balance on Audit</b>	<b>0.00</b>
Change in Due to Other Funds	-118,374.00
Change in bond payable	215,000.00
Change in Amortized loss	-20,317.00
Change in Unamortized bond premium	13,397.00
Change in int payable	1,607.00
<b>Ending Cash Balance</b>	<b>91,313.00</b>

**Proof 0.00**

City of Darton		1	2	3	4	5
Capital Projects Fund Reconciliation For the FYE 4/30/16			FYE 4/30/16 Original Budget	FYE 4/30/16 Audited	FYE 4/30/16 Estimated Actual	Difference
Beginning Fund Balance			5,685,391.00	5,687,457.00	5,687,456.00	1.00
Total Revenue			2,554,664.00	3,729,882.00	2,355,682.00	1,374,200.00
Total Expenses			4,502,151.00	5,006,501.00	3,474,626.00	1,531,875.00
Ending Fund Balance			3,737,904.00	4,410,838.00	4,568,512.00	(157,674.00)
			FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Revenue	FYE 4/30/16 Estimated Revenue	Difference
<b>Taxes</b>						
Real Estate Taxes	3110		203,006.00	203,349.00	203,950.00	2,389.00
Total Intergovernmental			203,006.00	206,349.00	203,950.00	2,389.00
<b>Other Revenue</b>						
Interest Income	3510		25,000.00	32,877.00	25,000.00	7,877.00
Reimbursement-Street	3550		0.00	0.00	0.00	0.00
Bond Issued, At Par	3559		0.00	1,360,000.00	0.00	1,360,000.00
Residential Conc. Reimb	3563		0.00	0.00	0.00	0.00
Sale of Property	3900		0.00	0.00	0.00	0.00
Transfer from Other Funds	3612		2,012,658.00	2,012,658.00	2,012,658.00	0.00
Grants/Reimbursements	3560/3265		314,000.00	114,074.00	114,074.00	0.00
Other Reimbursements	3562		0.00	0.00	0.00	0.00
Misc Reimbursable	3588		0.00	2,324.00	0.00	2,324.00
Misc Revenue	3580		0.00	1,600.00	0.00	1,600.00
Total Other Revenue			2,351,658.00	3,523,533.00	2,151,732.00	1,371,801.00
Total Capital Projects Fund Revenue			2,554,664.00	3,729,882.00	2,355,682.00	1,374,200.00
			FYE 4/30/16 Original Budget	FYE 4/30/16 Audited Expenditures	FYE 4/30/16 Estimated Expenditures	Difference
<b>Capital Projects Expenditures</b>						
<b>Contractual</b>						
Consulting/Professional	4325		44,500.00	56,887.00	55,000.00	(1,887.00)
Consulting/Prof Reimb	4328		0.00	0.00	0.00	0.00
Total Contractual			44,500.00	56,887.00	55,000.00	(1,887.00)
<b>Capital Outlay</b>						
Maintenance-Vehicles	4229		0.00	162.00	0.00	(162.00)
Ditch Projects	4376		1,430,800.00	1,279,691.00	1,178,319.00	(101,372.00)
Sidewalk Replacement	4380		75,945.00	85,598.00	75,945.00	(9,653.00)
Crack Seal Program	4382		183,750.00	132,367.00	183,750.00	51,383.00
Curb & Gutter Replacement	4383		283,198.00	328,849.00	209,750.00	(119,099.00)
Capital Improvements-Infrastr.	4390		843,000.00	295,675.00	311,999.00	16,324.00
Capital Improvements	4810		0.00	0.00	0.00	0.00
Equipment	4815		0.00	5,281.00	0.00	(5,281.00)
Street Recon/Rehab-Reimb	4856		0.00	0.00	0.00	0.00
Street Reconstruction/Rehab	4855		1,437,952.00	1,256,858.00	1,256,857.00	(1.00)
Total Capital Outlay			4,254,845.00	3,384,481.00	3,216,620.00	(167,864.00)
<b>Debt Service</b>						
Debt Issuance costs	4900		0.00	44,316.00	0.00	(44,316.00)
Debt Retire	4905		203,006.00	1,463,008.00	203,006.00	(1,260,002.00)
Debt Retire - Property	4945		0.00	57,809.00	0.00	(57,809.00)
Total Debt Service			203,006.00	1,565,133.00	203,006.00	(1,362,127.00)
Total Expenditures - Capital Projects			4,502,151.00	5,006,501.00	3,474,626.00	(1,531,713.00)

Per GL detail, amount is mainly over budget due to costs related to FY17 budgeted expenditures that started early.

Per GL detail, amount is mainly over budget due to costs related to FY17 budgeted expenditures that started early.

Acct 4900, 4905, & 4945 largely offsets acct 3559 above, as these amounts represent the advanced refunding of the new 2015 GO refunding bond

**City of Darien**  
**Minutes of the Administrative/Finance Committee**  
**August 1, 2016**

---

The Meeting was called to order by Chairman/Alderman Ted Schauer at 6:00 pm. Committee member Aldermen Kenny was present. Treasurer Mike Coren and staff members present included City Administrator Bryon Vana, and Assistant City Administrator Paul Nosek.

Ordinances – Amendment to Amusement Tax Ordinance and Amendment to Hotel/Motel Tax Ordinance

Staff advised the Amusement and Hotel/Motel Taxes are not consistent with the City's newly enacted Food and Beverage and Motor Vehicle Fuel taxes as it pertains to late filing penalties. The City's Food and Beverage and Motor Vehicle Fuel ordinances include a late payment penalty equal to three percent (3%) of the unpaid tax shall be added for each month, or portion thereof, that such tax remains unpaid or underpaid. There have been some late Amusement Tax payments and the staff is requesting the Council consider revising the Amusement and Hotel/Motel Tax ordinances to be consistent with the other locally collected taxes by including the same late fee penalty language. The Committee unanimously recommended approval of the Ordinances.

Resolution – Authorizing the City to accept a proposal from Gordon Glesch Company Inc. for computer consulting services

Staff advised that the City utilizes an outside consultant to maintain its computer networks and systems including all in car police laptops, network servers and field laptops. The current vendor has been working with the City for the last 6 years and staff thought it would be appropriate to obtain quotes for similar services from other vendors. We received 4 proposals from IT firms. Staff reviewed the criteria as well as the results of the bids.

**A. Monthly service to include the following:**

1. Support on all City machines and networks.
2. Updates of software and patches of software currently used.
3. Proactive alerting and monitoring.

**B. Backup and Disaster Recovery Plan to include the following:**

1. Daily backups to our onsite devise.
2. An option to replicate everything to the cloud as an additional backup.
3. Monthly testing of the systems for performance issues.
4. Quarterly testing of the system for a recovery situation.

**C. Initial Setup Costs**

1. Initial one-time set up fee to include updating to backup cloud system

<b>Proposals</b>	<b>AIS</b>	<b>Andromeda</b>	<b>Gordon Flesch</b>	<b>Konica</b>
<b>A</b>	\$ 3,076	\$ 4,164	\$3,042	\$4,142
<b>B</b>	\$ 1,050	\$1,000	\$1,060	\$ 868
<b>C</b>	\$ 4,076	\$5,050	\$ -	\$ 4,992

Staff recommends approval of a Resolution approving a proposal from Gordon Flesch Company Inc. for computer consulting services due to the fact that were the lowest monthly bidder, unlimited hours were included in their monthly fee as opposed to Konica. The Committee unanimously recommended approval of the staff recommendation. Staff advised that we will work on a specific contract based on their proposal.

**Minutes – May 2, 2016**

The minutes were approved as presented.

**Adjournment** - The meeting adjourned at 6:22pm.

Approved:

Ted Schauer, Chairman \_\_\_\_\_

Joseph Kenny, Member \_\_\_\_\_

Thomas Chlystek, Member \_\_\_\_\_