

**Administrative-Finance Committee**  
**September 4, 2018**  
**6:00 p.m. – City Hall Conference Room**

- 1. Call to Order**
- 2. Public Comment**
- 3. New Business**
  - a. Presentation - Draft FYE 18 Annual Financial Report**
  - b. Janitorial Services Agreement**
  - b. Approval of Minutes – August 6, 2018**
- 4. Other Business**
- 5. Next Meeting – October 1, 2018**
- 6. Adjournment**

# CITY OF DARIEN

## MEMO

**TO:** Administrative/Finance Committee Members  
**FROM:** Bryon D. Vana, City Administrator  
**DATE:** August 29, 2018  
**SUBJECT:** September 4<sup>th</sup> Committee Meeting – Presentation  
Draft FYE18 Annual Financial Report

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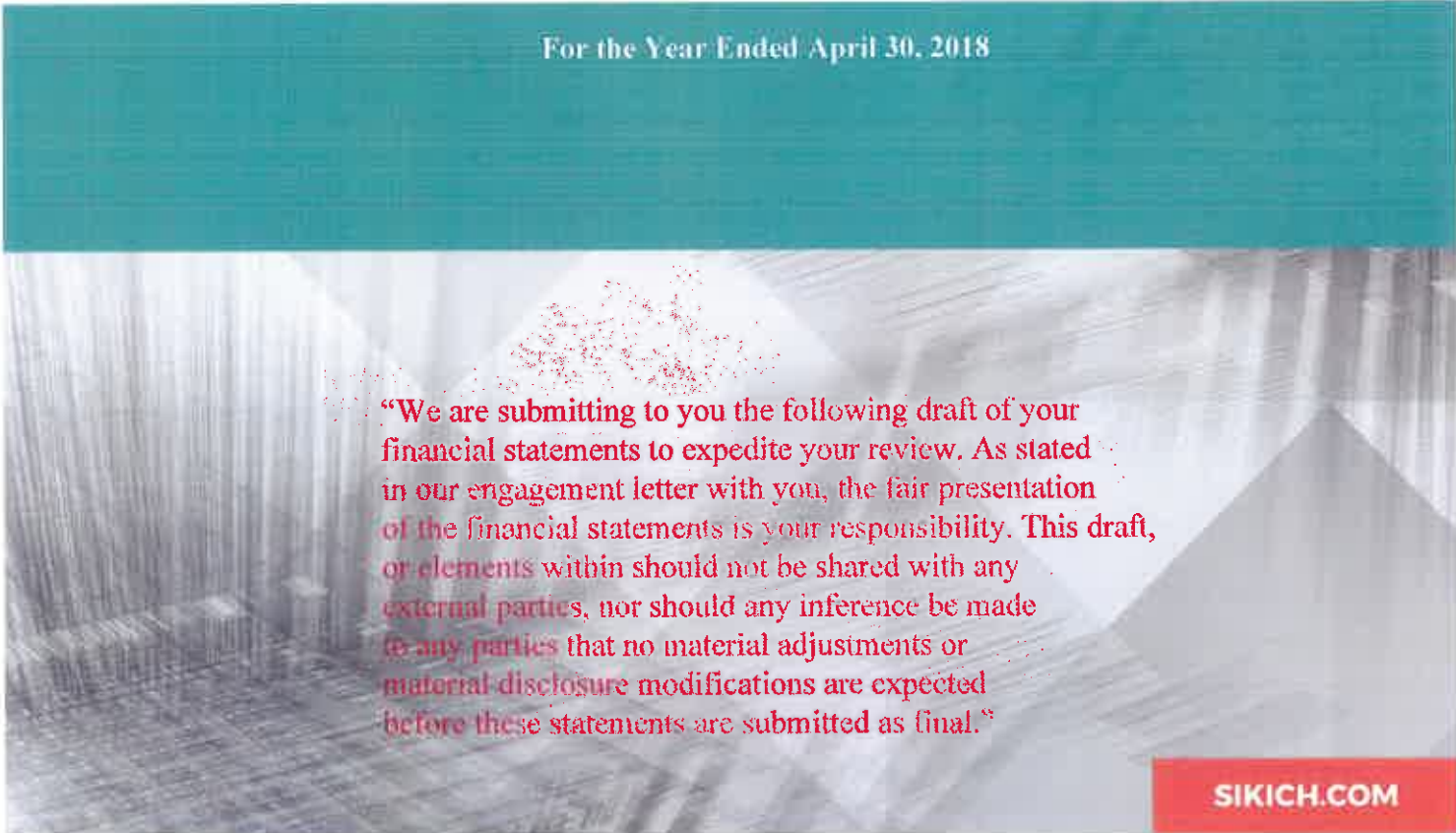
The committee will review the draft audit report along with the management letter for FYE18. The auditors will be in attendance to answer any questions.

**CITY OF DARIEN, ILLINOIS**

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**ANNUAL FINANCIAL REPORT**

For the Year Ended April 30, 2018



**“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. 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.”**

**SIKICH.COM**

**Prepared by the General Administration Department**

**Michael J. Coren  
City Treasurer**

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**INTRODUCTORY SECTION**

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

**PRINCIPAL OFFICIALS**

April 30, 2018

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**MAYOR**

**Kathleen Moesle Weaver**

**CITY COUNCIL**

**Ted V. Schauer  
Lester Vaughan  
Joseph A. Kenny  
Thomas M. Chlystek  
Joseph A. Marchese  
Sylvia McIvor  
Thomas J. Belezak**

**CITY TREASURER**

**Michael J. Coren**

**CITY CLERK**

**JoAnne Ragona**

**CITY ATTORNEY**

**John B. Murphey**



**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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

The introductory section and supplemental data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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, 2017, which are not presented with the accompanying financial statements. In our report dated September 26, 2017, 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 2017 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 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.

**Naperville, Illinois**  
**July XX, 2018**

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

## **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, 2018. 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**

- The City of Darien maintained compliance with the Police Pension funding requirements as well as the IMRF funding requirements throughout the year.
- The City was able to transfer \$4.1 million to the Capital Projects Fund in FYE 18 to be used in the City of Darien's 3-year Capital Improvement Plan. The Capital Improvement Plan includes sidewalk replacement, storm-water ditch projects, new street lighting, the road program, and crack sealing to name a few.
- The City was able to maintain a balance in The General Fund throughout the fiscal year to cover a minimum of 3 months of operating expenses.
- The City was able to reduce its General Obligation Refunding Bond debt by \$400,000 during the year.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2018**

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Preliminary and Tentative  
For Discussion Purposes Only

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is 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, 2018**

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Preliminary and Tentative  
For Discussion Purposes Only

□ 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 two fiduciary funds, the Police Pension Fund and Impact Fees 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, 2018**

Preliminary and Tentative  
For Discussion Purposes Only

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Condensed Statement of Net Position As of April 30, 2018 and 2017 (In millions of dollars)									
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Government Total</u>		
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and other assets	15.13	14.00	1.13	7.50	3.40	4.10	22.63	17.40	5.23
Capital assets	<u>7.07</u>	<u>7.30</u>	<u>-0.23</u>	<u>5.20</u>	<u>5.52</u>	<u>-0.32</u>	<u>12.27</u>	<u>12.82</u>	<u>-0.55</u>
<b>Total Assets</b>	<b><u>22.20</u></b>	<b><u>21.30</u></b>	<b><u>0.90</u></b>	<b><u>12.70</u></b>	<b><u>8.92</u></b>	<b><u>3.78</u></b>	<b><u>34.90</u></b>	<b><u>30.22</u></b>	<b><u>4.68</u></b>
Deferred Outflow of Resources	1.45	2.27	-0.82	0.18	0.36	-0.18	1.63	2.63	-1.00
<b>Total assets and Deferred Outflow of Resources</b>	<b><u>23.65</u></b>	<b><u>23.57</u></b>	<b><u>0.08</u></b>	<b><u>12.88</u></b>	<b><u>9.28</u></b>	<b><u>-3.60</u></b>	<b><u>36.53</u></b>	<b><u>32.85</u></b>	<b><u>3.68</u></b>
Long-term liabilities	20.95	22.92	-1.97	5.55	2.70	2.85	26.50	25.62	0.88
Other liabilities	<u>1.21</u>	<u>1.45</u>	<u>-0.24</u>	<u>0.88</u>	<u>1.47</u>	<u>-0.59</u>	<u>2.09</u>	<u>2.92</u>	<u>-0.83</u>
<b>Total Liabilities</b>	<b><u>22.16</u></b>	<b><u>24.37</u></b>	<b><u>-2.21</u></b>	<b><u>6.43</u></b>	<b><u>4.17</u></b>	<b><u>2.26</u></b>	<b><u>28.59</u></b>	<b><u>28.54</u></b>	<b><u>0.05</u></b>
Deferred Inflows of Resources	4.80	3.55	1.25	0.32	0.06	0.26	5.12	3.61	1.51
<b>Total Liabilities and Deferred inflows of Resources</b>	<b><u>26.96</u></b>	<b><u>27.92</u></b>	<b><u>-0.96</u></b>	<b><u>6.75</u></b>	<b><u>4.23</u></b>	<b><u>2.52</u></b>	<b><u>33.71</u></b>	<b><u>32.15</u></b>	<b><u>1.56</u></b>
<b>Net position</b>									
Net investment in capital Assets	6.06	6.12	-0.06	3.13	3.27	-0.14	9.19	9.39	-0.20
Restricted	.85	.79	0.06	0.00	0.00	0.00	0.85	0.79	0.06
Unrestricted	<u>-10.22</u>	<u>-11.26</u>	<u>1.04</u>	<u>3.00</u>	<u>1.77</u>	<u>1.23</u>	<u>-7.22</u>	<u>-9.49</u>	<u>2.27</u>
<b>Total Net Position</b>	<b><u>-3.31</u></b>	<b><u>-4.35</u></b>	<b><u>1.04</u></b>	<b><u>6.13</u></b>	<b><u>5.04</u></b>	<b><u>1.09</u></b>	<b><u>2.82</u></b>	<b><u>0.69</u></b>	<b><u>2.13</u></b>

(See Independent Auditor's Report)  
MD&A 4

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2018**

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Preliminary and Tentative  
For Discussion Purposes Only

**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 increased approximately \$2.13 million from \$0.70 million to \$2.82 million. The City of Darien has a goal to maintain a specific level of fund balance and when it is projected that the amount is increasing, fund balance is used to cover Capital Project expenditures or used for the early payment of debt.

The City of Darien's assessed property tax rate was .2822. The City of Darien's portion of a resident's tax bill is approximately 4.20% 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, 2018**

Preliminary and Tentative  
For Discussion Purposes Only

<b>Condensed Statement of Activities</b>									
As of April 30, 2018 and 2017									
(in millions of dollars)									
	<u>Governmental</u>			<u>Business-Type</u>			<u>Government</u>		
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Revenues:</b>									
<i>Program Revenues:</i>									
Charges for Services Operating and Capital	1.90	1.83	0.07	8.22	7.93	0.29	10.12	9.76	0.36
Grants and Contributions	0.66	0.96	(0.03)	-	-	-	0.66	0.96	(0.03)
<i>General Revenues:</i>									
Property Taxes	2.41	2.38	0.03	-	-	-	2.41	2.38	0.03
Other Taxes	11.36	11.01	0.35	-	-	-	11.36	11.01	0.35
Other General Revenues	<u>0.52</u>	<u>0.19</u>	<u>0.33</u>	<u>0.06</u>	<u>0.07</u>	<u>(0.01)</u>	<u>0.58</u>	<u>0.26</u>	<u>0.32</u>
<b>Total Revenues</b>	<b>16.85</b>	<b>16.37</b>	<b>0.48</b>	<b>8.28</b>	<b>8.00</b>	<b>0.28</b>	<b>25.13</b>	<b>24.37</b>	<b>0.76</b>
<b>Expenses:</b>									
General Government	1.84	1.68	0.16	-	-	-	1.84	1.68	0.16
Highways and Streets	5.86	6.36	(0.50)	-	-	-	5.86	6.36	(0.50)
Public Safety	8.09	8.36	(0.27)	-	-	-	8.09	8.36	(0.27)
Interest and Fees	0.02	0.02	0.00	-	-	-	0.02	0.02	0.00
Water	-	-	-	<u>7.19</u>	<u>7.90</u>	<u>(0.71)</u>	<u>7.19</u>	<u>7.90</u>	<u>(0.71)</u>
<b>Total Expenses</b>	<b>15.81</b>	<b>16.42</b>	<b>(0.61)</b>	<b>7.19</b>	<b>7.90</b>	<b>(0.71)</b>	<b>23.00</b>	<b>24.32</b>	<b>(1.32)</b>
Increase (Decrease) in Net Position Before Prior Period Adjustment	1.04	(0.05)	1.09	1.09	0.10	0.99	2.13	0.05	2.08
Prior Period Adjustment & Change in Accounting Principles	<u>0.00</u>	<u>0.57</u>	<u>(0.57)</u>	-	-	-	-	<u>0.57</u>	<u>(0.57)</u>
Change in Net Position	1.04	0.52	0.52	1.09	0.10	0.99	2.13	0.62	1.51
Net Position, Beginning of Year	<u>(4.35)</u>	<u>(4.86)</u>	<u>0.51</u>	<u>5.04</u>	<u>4.94</u>	<u>0.10</u>	<u>0.69</u>	<u>0.08</u>	<u>0.61</u>
<b>Net Position, End of Year</b>	<b>(3.31)</b>	<b>(4.34)</b>	<b>1.03</b>	<b>6.13</b>	<b>5.04</b>	<b>1.09</b>	<b>2.82</b>	<b>0.70</b>	<b>2.12</b>

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

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2018**

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Preliminary and Tentative  
For Discussion Purposes Only

**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 distorted 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.

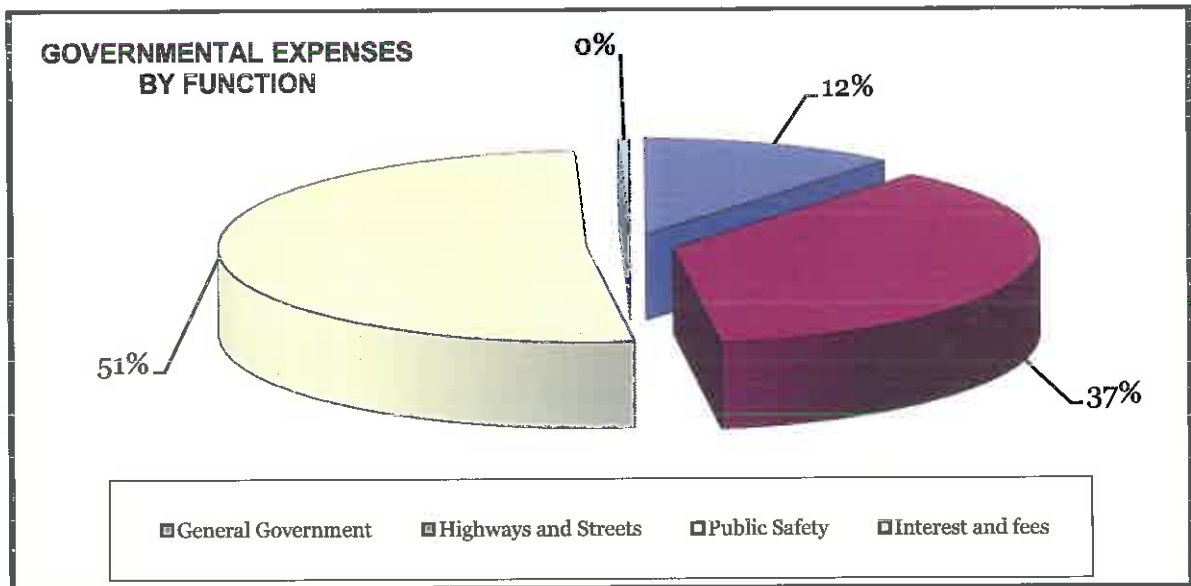
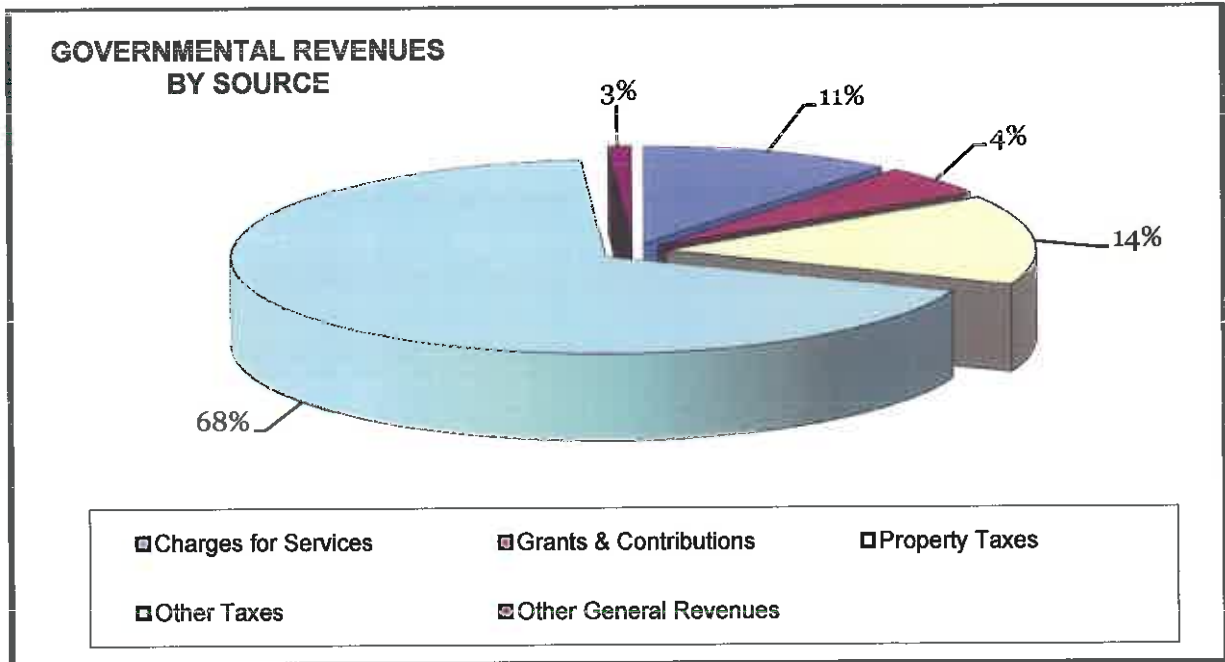
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2018**

Preliminary and Tentative  
 For Discussion Purposes Only

**GOVERNMENTAL ACTIVITIES**

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



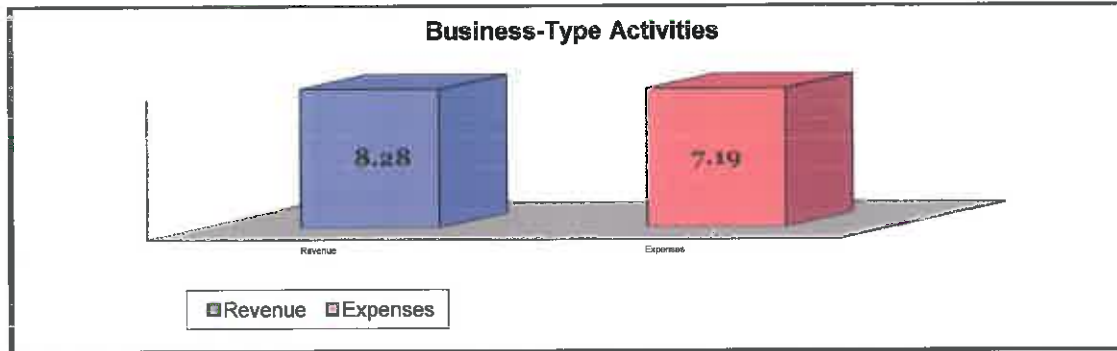
(See Independent Auditor's Report)  
 MD&A 8

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2018**

Preliminary and Tentative  
For Discussion Purposes Only

**Business Type Activities**

The amounts illustrated below, represent the business-type revenues and expenditures by activity 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 \$.28 million in comparison to the prior year.

The City pays all of the general expenses from the general fund. On an annual basis, a transfer in the amount of \$250 thousand is done from the Water Department to the General Fund. The reason this transfer is done, is to cover the overhead worked on behalf of the Water Department, yet captured within the General Fund. Operating expenses decreased \$0.71 million for this fiscal year.

**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 and the Capital Improvement Fund.

At the end of the current fiscal year, the City of Darien's governmental funds reported a combined (major and non-major) ending fund balance of \$11.24 million; an increase of \$1.00 million over fiscal 2017.

**CITY OF DARIEN**  
**Management's Discussion and Analysis**  
**For the Year Ended April 30, 2018**

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Preliminary and Tentative  
For Discussion Purposes Only

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets**

At the end of fiscal year 2018, the City of Darien had total capital assets (net of accumulated depreciation) of \$12.27 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 Annual Financial 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 \$21.21 million. The City began the fiscal year with a balance of \$23.20 million in debt.

In the City's business-type activities a total debt of \$5.79 million is reported. The City began the fiscal year with a balance of \$2.93 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.)

**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 4.3% 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. The uncertainty and financial problems with the State of Illinois is a concern for all Illinois municipalities. All of the local economic factors, revenue projections, and analysis of the City's expenditures are factored in the future fiscal budget plans.



***CITY OF DARIEN***  
***Management's Discussion and Analysis***  
***For the Year Ended April 30, 2018***

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Preliminary and Tentative  
For Discussion Purposes Only

***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

Michael J. Coren  
City Treasurer  
1702 Plainfield Road  
Darien, Illinois 60561

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CITY OF DARIEN, ILLINOIS  
STATEMENT OF NET POSITION

Preliminary and Tentative  
For Discussion Purposes Only

April 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,557,710	\$ 1,144,668	\$ 10,702,378
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,400,987	-	2,400,987
Accounts	-	2,664,855	2,664,855
Intergovernmental	1,665,649	-	1,665,649
Other	1,420,756	3,675,664	5,096,420
Net pension asset	47,724	12,430	60,154
Prepaid expenses	18,039	-	18,039
Inventories	23,589	-	23,589
Capital assets not being depreciated	1,138,777	100,000	1,238,777
Capital assets being depreciated	5,929,488	5,099,554	11,029,042
<b>Total assets</b>	<b>22,202,719</b>	<b>12,697,171</b>	<b>34,899,890</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	-	162,534	162,534
Pension items - police	1,360,385	-	1,360,385
Pension items - IMRF	92,227	24,021	116,248
<b>Total deferred outflows of resources</b>	<b>1,452,612</b>	<b>186,555</b>	<b>1,639,167</b>
<b>Total assets and deferred outflows of resources</b>	<b>23,655,331</b>	<b>12,883,726</b>	<b>36,539,057</b>
<b>LIABILITIES</b>			
Accounts payable	771,069	492,779	1,263,848
Accrued payroll	150,203	11,603	161,806
Accrued interest payable	6,123	25,510	31,633
Deposits payable	127,280	-	127,280
Other payables	-	-	-
Due to fiduciary fund	10,175	-	10,175
Internal balances	(116,801)	116,801	-
Noncurrent liabilities			
Due within one year	264,959	237,025	501,984
Due in more than one year	20,948,240	5,551,387	26,499,627
<b>Total liabilities</b>	<b>22,161,248</b>	<b>6,435,105</b>	<b>28,596,353</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	2,400,987	-	2,400,987
Pension items - police	1,192,672	-	1,192,672
Pension items - IMRF	1,210,192	315,200	1,525,392
<b>Total deferred inflows of resources</b>	<b>4,803,851</b>	<b>315,200</b>	<b>5,119,051</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>26,965,099</b>	<b>6,750,305</b>	<b>33,715,404</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,058,265	3,131,076	9,189,341
Restricted for			
Special service area	14,270	-	14,270
Storm sewer	78,598	-	78,598
Public safety	372,715	-	372,715
Highways and streets	389,439	-	389,439
Unrestricted (deficit)	(10,223,055)	3,002,345	(7,220,710)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (3,309,768)</b>	<b>\$ 6,133,421</b>	<b>\$ 2,823,653</b>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,843,985	\$ 1,158,150	\$ -	\$ -
Highways and streets	5,854,956	517,389	563,922	57,263
Public safety	8,091,592	227,027	95,181	-
Interest and fiscal charges on long-term debt	20,954	-	-	-
Total governmental activities	15,811,487	1,902,566	659,103	57,263
Business-Type Activities				
Water operations	7,190,510	8,224,279	-	-
Total business-type activities	7,190,510	8,224,279	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 23,001,997</b>	<b>\$ 10,126,845</b>	<b>\$ 659,103</b>	<b>\$ 57,263</b>

	<b>Net (Expense) Revenue and Change in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	\$ (685,835)	\$ -	\$ (685,835)
	(4,716,382)	-	(4,716,382)
	(7,769,384)	-	(7,769,384)
	(20,954)	-	(20,954)
	(13,192,555)	-	(13,192,555)
	-	1,033,769	1,033,769
	-	1,033,769	1,033,769
	(13,192,555)	1,033,769	(12,158,786)
<b>General Revenues</b>			
<b>Taxes</b>			
Property	2,405,174	-	2,405,174
Replacement	6,233	-	6,233
Telecommunications	572,521	-	572,521
Utility	1,014,070	-	1,014,070
Amusement	90,516	-	90,516
Hotel/motel	68,984	-	68,984
Road and bridge	206,523	-	206,523
Video gaming	163,830	-	163,830
Local gas	322,543	-	322,543
Food and beverage	601,918	-	601,918
<b>Intergovernmental</b>			
Income tax	2,002,800	-	2,002,800
Sales	5,681,573	-	5,681,573
Local use	573,692	-	573,692
Investment income	69,503	5,421	74,924
Miscellaneous	449,772	50,563	500,335
<b>Total</b>	14,229,652	55,984	14,285,636
<b>CHANGE IN NET POSITION</b>	1,037,097	1,089,753	2,126,850
<b>NET POSITION, MAY 1</b>	(4,346,865)	5,043,668	696,803
<b>NET POSITION, APRIL 30</b>	\$ (3,309,768)	\$ 6,133,421	\$ 2,823,653

See accompanying notes to financial statements.

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlyBALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2018

	General	Capital Improvements	Nonmajor	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,631,074	\$ 6,134,229	\$ 792,407	\$ 9,557,710
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	2,207,002	193,985	-	2,400,987
Intergovernmental	1,615,088	-	50,561	1,665,649
Other	1,420,756	-	-	1,420,756
Prepaid expenses	18,039	-	-	18,039
Inventory	23,589	-	-	23,589
Due from other funds	114,380	225,864	485	340,729
<b>TOTAL ASSETS</b>	<b>\$ 8,029,928</b>	<b>\$ 6,554,078</b>	<b>\$ 843,453</b>	<b>\$ 15,427,459</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 528,578	\$ 232,547	\$ 9,944	\$ 771,069
Accrued payroll	150,203	-	-	150,203
Deposits payable	127,280	-	-	127,280
Due to other funds	228,603	5,500	-	234,103
Total liabilities	1,034,664	238,047	9,944	1,282,655
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes	2,207,002	193,985	-	2,400,987
Other unavailable revenue	506,945	-	-	506,945
Total deferred inflows of resources	2,713,947	193,985	-	2,907,932
Total liabilities and deferred inflows of resources	3,748,611	432,032	9,944	4,190,587
<b>FUND BALANCES</b>				
Nonspendable				
Inventory	23,589	-	-	23,589
Prepaid	18,039	-	-	18,039
Restricted				
Special service area	-	-	14,270	14,270
Storm sewer	-	-	78,598	78,598
Public safety	21,513	-	351,202	372,715
Highways and streets	-	-	389,439	389,439
Unrestricted				
Assigned				
Capital improvements	-	6,122,046	-	6,122,046
Unassigned				
General fund	4,218,176	-	-	4,218,176
Total fund balances	4,281,317	6,122,046	833,509	11,236,872
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,029,928</b>	<b>\$ 6,554,078</b>	<b>\$ 843,453</b>	<b>\$ 15,427,459</b>

See accompanying notes to financial statements.

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 11,236,872</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,068,265
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(1,010,000)
Compensated absences payable	(599,726)
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	506,945
Net pension asset for the Illinois Municipal Retirement Fund is shown as an asset on the statement of net position	47,724
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	(1,117,965)
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position	(19,603,473)
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	167,713
Accrued interest payable is not recorded in governmental funds but is recorded on the statement of net position	<u>(6,123)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (3,309,768)</u></b>

See accompanying notes to financial statements.

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySTATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2018

	General	Capital Improvements	Nonmajor	Total
<b>REVENUES</b>				
Taxes	\$ 5,256,687	\$ 194,298	\$ 5,066	\$ 5,456,051
Licenses and permits	1,237,667	-	-	1,237,667
Intergovernmental	8,264,126	57,263	653,042	8,974,431
Charges for services	667,253	-	-	667,253
Investment income	24,688	37,693	7,122	69,503
Miscellaneous	163,718	-	-	163,718
Total revenues	15,614,139	289,254	665,230	16,568,623
<b>EXPENDITURES</b>				
Current				
General government	1,994,862	-	-	1,994,862
Highways and streets	2,328,342	37,906	569,059	2,935,307
Public safety	7,005,208	-	20,910	7,026,118
Capital outlay	-	3,412,554	-	3,412,554
Debt service				
Principal	-	175,000	-	175,000
Interest and fiscal charges	-	21,665	-	21,665
Total expenditures	11,328,412	3,647,125	589,969	15,565,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,285,727	(3,357,871)	75,261	1,003,117
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	4,100,000	30,177	4,130,177
Transfers (out)	(4,130,177)	-	-	(4,130,177)
Total other financing sources (uses)	(4,130,177)	4,100,000	30,177	-
NET CHANGE IN FUND BALANCES	155,550	742,129	105,438	1,003,117
FUND BALANCES, MAY 1	4,125,767	5,379,917	728,071	10,233,755
FUND BALANCES, APRIL 30	\$ 4,281,317	\$ 6,122,046	\$ 833,509	\$ 11,236,872

See accompanying notes to financial statements.



CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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, 2018

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,003,117</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	555,124
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	(789,705)
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received	279,961
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	175,000
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	711
The change in compensated absences payable is shown as an expense on the statement of activities	155,897
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	1,791,390
The change in deferred outflows and inflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(1,568,386)
The change in the net pension liability for the Police Pension Fund is reported only in the statement of activities	(82,579)
The change in deferred outflows and inflows of resources for the Police Pension Fund is reported only in the statement of activities	<u>(483,433)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,037,097</u></b>

See accompanying notes to financial statements.

**CITY OF DARIEN, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

**Preliminary and Tentative**  
**For Discussion Purposes Only**

April 30, 2018

	<b>Business-Type Activities</b>
	<b>Water Operations</b>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,144,668
Receivables (net, where applicable, of allowances for uncollectibles)	
Water - billed	20,357
Water - unbilled	2,644,498
Bond proceeds	3,440,565
Other	235,099
Due from other funds	1,573
Total current assets	7,486,760
<b>NONCURRENT ASSETS</b>	
Net pension asset	12,430
Capital assets	
Assets not being depreciated	100,000
Assets being depreciated	
Cost	15,926,481
Accumulated depreciation	(10,826,927)
Net capital assets being depreciated	5,099,554
Total noncurrent assets	5,211,984
Total assets	12,698,744
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refunding	162,534
Pension items - IMRF	24,021
Total deferred outflows of resources	186,555
Total assets and deferred outflows of resources	12,885,299
<b>CURRENT LIABILITIES</b>	
Accounts payable	492,779
Accrued payroll	11,603
Accrued interest payable	25,510
Due to other funds	118,374
Bonds payable	230,000
Compensated absences payable	7,025
Total current liabilities	885,291
<b>LONG-TERM LIABILITIES</b>	
Bonds payable	5,511,577
Compensated absences payable	39,810
Total long-term liabilities	5,551,387
Total liabilities	6,436,678
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension items - IMRF	315,200
Total liabilities and deferred inflows of resources	6,751,878
<b>NET POSITION</b>	
Net investment in capital assets	3,131,076
Unrestricted	3,002,345
<b>TOTAL NET POSITION</b>	<b>\$ 6,133,421</b>

See accompanying notes to financial statements.

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018

	<u>Business-Type Activities</u>
	<u>Water Operations</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 8,178,605
Inspections/tap on/permits	28,353
Sale of meters	5,033
Other water sales	12,288
	<hr/>
Total operating revenues	8,224,279
	<hr/>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	
Personnel services	731,452
Materials and supplies	707,595
Contractual services	5,119,912
Capital related - uncapitalized	230,562
	<hr/>
Total operating expenses excluding depreciation	6,789,521
	<hr/>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	1,434,758
	<hr/>
Depreciation	321,565
	<hr/>
<b>OPERATING INCOME</b>	1,113,193
	<hr/>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	5,421
Miscellaneous income	50,563
Interest expense	(79,424)
	<hr/>
Total non-operating revenues (expenses)	(23,440)
	<hr/>
<b>CHANGE IN NET POSITION</b>	1,089,753
	<hr/>
<b>NET POSITION, MAY 1</b>	5,043,668
	<hr/>
<b>NET POSITION, APRIL 30</b>	\$ 6,133,421
	<hr/> <hr/>

See accompanying notes to financial statements.

## CITY OF DARIEN, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2018

Preliminary and Tentative  
For Discussion Purposes Only

	<u>Business-Type Activities Water Operations</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 8,122,597
Payments to suppliers	(6,365,542)
Payments to employees	(787,370)
Payments to other funds	<u>(250,000)</u>
Net cash from operating activities	<u>719,685</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
None	<u>-</u>
Net cash from noncapital financing activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Bonds issued	70,000
Principal payments	(225,000)
Interest and fiscal charges	<u>(75,025)</u>
Net cash from capital and related financing activities	<u>(230,025)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>5,421</u>
Net cash from investing activities	<u>5,421</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	495,081
CASH AND CASH EQUIVALENTS, MAY 1	<u>649,587</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 1,144,668</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 1,113,193
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	321,565
Miscellaneous income	50,563
Changes in assets and liabilities	
Accounts receivable	(152,245)
Accounts payable	(557,473)
Accrued payroll	(1,876)
Compensated absences payable	4,042
Net pension liability - IMRF	<u>(58,084)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 719,685</u>
<b>NONCASH TRANSACTIONS</b>	
Bond proceeds receivable	<u>\$ 3,440,565</u>

See accompanying notes to financial statements.

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

April 30, 2018

	<u>Pension Trust Fund</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 274,791	\$ 5,780
Investments		
U.S. Treasury obligations	678,013	-
U.S. agency obligations	6,235,761	-
Municipal bonds	1,031,518	-
Corporate bonds	3,620,883	-
Equity mutual funds	13,729,197	-
Common stock	1,830,955	-
Prepays	530	-
Receivables		
Due from other funds	-	10,175
Accrued interest	109,187	-
	<u>27,510,835</u>	<u>\$ 15,955</u>
Total assets		
<b>LIABILITIES</b>		
Benefits payable	13,233	-
Impact fees payable	-	\$ 15,955
	<u>13,233</u>	<u>\$ 15,955</u>
Total liabilities		
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>		
	<u>\$ 27,497,602</u>	

See accompanying notes to financial statements.

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE PENSION FUND**

For the Year Ended April 30, 2018

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<b>ADDITIONS</b>	
Contributions	
Employer	\$ 1,468,691
Employee	<u>295,483</u>
Total contributions	<u>1,764,174</u>
Investment income	
Net appreciation in fair value of investments	824,457
Interest	<u>1,047,541</u>
Total investment income	1,871,998
Less investment expense	<u>(82,743)</u>
Net investment income	<u>1,789,255</u>
Total additions	<u>3,553,429</u>
<b>DEDUCTIONS</b>	
Pension benefits	2,045,013
Contractual services	21,980
Administrative expenses	<u>17,397</u>
Total deductions	<u>2,084,390</u>
NET INCREASE	1,469,039
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	
May 1	<u>26,028,563</u>
April 30	<u>\$ 27,497,602</u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

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**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.

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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



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**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 all restricted, committed, or assigned resources used for the acquisition of general capital assets including infrastructure capital assets.

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.

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**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.

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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. 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.

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 acquisition 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.

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**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.

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

**i. 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

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

The City has the following recurring fair value measurements as of April 30, 2018. The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

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.

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

**a. City Deposits and Investments (Continued)**

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.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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.

**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.



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

a. City Deposits and Investments (Continued)

Investments (Continued)

The following table presents the investments and maturities of the City's investments that are subject to interest rate risk as of April 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 year fund	\$ 16,457	\$ -	\$ 16,457	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 16,457</b>	<b>\$ -</b>	<b>\$ 16,457</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.

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 2017 attached as an enforceable lien on January 1, 2017, 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, 2018, and are payable in two installments, on or about June 1, 2018 and September 1, 2018. 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 2017 tax levy is intended to fund expenditures for the 2018-2019 fiscal year, these taxes are unavailable/deferred as of April 30, 2018.

The 2018 tax levy, which attached as an enforceable lien on property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018 as the tax has not yet been levied by the City and will not be levied until December 2018 and, therefore, the levy is not measurable at April 30, 2018.

b. Due from Other Governments and Other Receivables

	General	Capital Improvements	Nonmajor Governmental	Total
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Intergovernmental</b>				
Sales tax	\$ 1,321,104	\$ -	\$ -	\$ 1,321,104
Local use tax	138,956	-	-	138,956
Motor fuel tax	-	-	50,561	50,561
Telecommunications tax	138,973	-	-	138,973
Video gaming tax	16,055	-	-	16,055
<b>Total intergovernmental</b>	<b>1,615,088</b>	<b>-</b>	<b>50,561</b>	<b>1,665,649</b>
<b>Other receivables</b>				
Franchise fees	19	-	-	19
Hotel/motel tax	4,549	-	-	4,549
Amusement tax	9,490	-	-	9,490
Utility tax	88,381	-	-	88,381
Food/beverage tax	48,387	-	-	48,387
Local gas tax	24,982	-	-	24,982
Paypal	39	-	-	39
Rent Receivable	225,490	-	-	225,490
IRMA	322,625	-	-	322,625
IPBC	565,148	-	-	565,148
Accounts	114,743	-	-	114,743
Other	16,903	-	-	16,903
<b>Total other receivables</b>	<b>1,420,756</b>	<b>-</b>	<b>-</b>	<b>1,420,756</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 3,035,844</b>	<b>\$ -</b>	<b>\$ 50,561</b>	<b>\$ 3,086,405</b>

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

	Balances May 1, Restated	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 819,529	\$ -	\$ -	\$ 819,529
Construction in progress	-	319,248	-	319,248
Total capital assets not being depreciated	819,529	319,248	-	1,138,777
Capital assets being depreciated				
Buildings and improvements	5,700,539	-	-	5,700,539
Machinery, vehicles, and equipment	3,677,989	235,876	1,029,858	2,884,007
Infrastructure	12,768,226	-	-	12,768,226
Total capital assets being depreciated	22,146,754	235,876	1,029,858	21,352,772
Less accumulated depreciation for				
Buildings and improvements	2,964,948	130,347	-	3,095,295
Machinery, vehicles, and equipment	2,710,579	278,440	1,029,858	1,959,161
Infrastructure	9,987,910	380,918	-	10,368,828
Total accumulated depreciation	15,663,437	789,705	1,029,858	15,423,284
Total capital assets being depreciated, net	6,483,317	(553,829)		5,929,488
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 7,302,846	\$ (234,581)	\$ -	\$ 7,068,265

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 55,653
Public safety	155,145
Highways and streets	578,907
<b>TOTAL DEPRECIATION EXPENSE –</b>	
<b>GOVERNMENTAL ACTIVITIES</b>	<u>\$ 789,705</u>

**4. CAPITAL ASSETS (Continued)**

	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	952,556	-	-	952,556
Infrastructure	7,984,691	-	-	7,984,691
Total capital assets being depreciated	15,926,481	-	-	15,926,481
Less accumulated depreciation for				
Buildings and improvements	3,777,824	173,276	-	3,951,100
Machinery and equipment	855,104	12,494	-	867,598
Infrastructure	5,872,434	135,795	-	6,008,229
Total accumulated depreciation	10,505,362	321,565	-	10,826,927
Total capital assets being depreciated, net	5,421,119	(321,565)	-	5,099,554
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 5,521,119</b>	<b>\$ (321,565)</b>	<b>\$ -</b>	<b>\$ 5,199,554</b>

**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.

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**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, 2018.

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, 2018 is as follows:

Governmental Activities

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$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	\$ 1,185,000	\$ -	\$ 175,000	\$ 1,010,000	\$ 175,000
<b>TOTAL GOVERNMENTAL BONDED DEBT</b>		<b>\$ 1,185,000</b>	<b>\$ -</b>	<b>\$ 175,000</b>	<b>\$ 1,010,000</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 2.00% to 3.50%. The last payment is due on December 15, 2025.	Water	\$ 2,315,000	\$ -	\$ 225,000	\$ 2,090,000	\$ 230,000
\$3,500,000 General Obligation Bonds, Series 2018 are due in annual installments (beginning January 1, 2020) ranging from \$210,000 to \$375,000 with interest of 3%. The last payment is due on January 1, 2030.	Water		3,500,000		3,500,000	-
<b>TOTAL BUSINESS-TYPE BONDED DEBT</b>		<b>\$ 2,315,000</b>	<b>\$ 3,500,000</b>	<b>\$ 225,000</b>	<b>\$ 5,590,000</b>	<b>\$ 230,000</b>

6. LONG-TERM DEBT (Continued)

b. 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
2019	\$ 175,000	\$ 18,427	\$ 193,427	\$ 230,000	\$ 68,275	\$ 298,275
2020	175,000	16,240	191,240	450,000	236,375	686,375
2021	180,000	13,440	193,440	530,000	152,875	682,875
2022	185,000	10,560	195,560	555,000	136,975	691,975
2023	185,000	6,490	191,490	570,000	120,325	690,325
2024	110,000	2,420	112,420	590,000	101,900	691,900
2025	-	-	-	610,000	82,825	692,825
2026	-	-	-	620,000	63,100	683,100
2027	-	-	-	340,000	43,050	383,050
2028	-	-	-	355,000	32,850	387,850
2029	-	-	-	365,000	22,200	387,200
2030	-	-	-	375,000	11,250	386,250
<b>TOTAL</b>	<b>\$ 1,010,000</b>	<b>\$ 67,577</b>	<b>\$ 1,077,577</b>	<b>\$ 5,590,000</b>	<b>\$ 1,072,000</b>	<b>\$ 6,662,000</b>

c. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during fiscal year 2018:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 1,185,000	\$ -	\$ 175,000	\$ 1,010,000	\$ 175,000
Compensated absences payable*	755,623	-	155,897	599,726	89,959
Net pension liability*	21,264,562	-	1,661,089	19,603,473	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 23,205,185</b>	<b>\$ 82,579</b>	<b>\$ 1,991,986</b>	<b>\$ 21,213,199</b>	<b>\$ 264,959</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds	\$ 2,315,000	\$ 3,500,000	\$ 225,000	\$ 5,590,000	\$ 230,000
Unamortized bond premium	120,572	31,005	-	151,577	-
Compensated absences payable	42,793	4,042	-	46,835	7,025
Net pension liability	454,147	-	454,147	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 2,932,512</b>	<b>\$ 3,535,047</b>	<b>\$ 679,147</b>	<b>\$ 5,788,412</b>	<b>\$ 237,025</b>

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

**7. INDIVIDUAL FUND DISCLOSURES**

Transfers between funds at April 30, 2018 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 4,130,177
Capital Improvements	4,100,000	-
Non Major Governmental	30,177	-
<b>TOTAL</b>	<b>\$ 4,130,177</b>	<b>\$ 4,130,177</b>

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

- \$4,100,000 transferred from the General Fund to the Capital Improvements Fund for capital projects. This transfer will not be repaid.

Due from/to other funds at April 30, 2018 consist of the following:

	Due From	Due To
General	\$ 114,380	\$ 228,603
Capital Improvements	225,864	5,500
Nonmajor	485	-
Water Operations	1,573	118,374
Fiduciary	10,175	-
<b>TOTAL</b>	<b>\$ 352,477</b>	<b>\$ 352,477</b>

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 DuPage Water Commission (the Commission) provides that each customer is liable for its proportionate share of any costs arising from defaults in payment obligations by other customers.



**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.

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, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	68
Active employees	35
 TOTAL	 154

*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.

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Benefits Provided (Continued)*

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.

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

*Contributions*

Participating members are required to contribute 4.50% 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 fiscal year ended April 30, 2018 was 15.56% of covered payroll.

*Actuarial Assumptions*

The City's net pension liability was measured as of December 31, 2017 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, 2017
Actuarial cost method	Entry-age normal
<b>Assumptions</b>	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
Asset valuation method	Market value

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. 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 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 was applied to all periods of projected benefit payments to determine the total pension liability.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 19,281,140	\$ 17,083,325	\$ 2,197,815
Changes for the period			
Service cost	263,857	-	263,857
Interest	1,428,582	-	1,428,582
Difference between expected and actual experience	(372,485)	-	(372,485)
Changes in assumptions	(543,970)	-	(543,970)
Employer contributions	-	314,655	(314,655)
Employee contributions	-	111,740	(111,740)
Net investment income	-	2,968,029	(2,968,029)
Benefit payments and refunds	(730,617)	(730,617)	-
Other (net transfer)	-	(360,471)	360,471
Net changes	45,367	2,303,336	(2,257,969)
BALANCES AT DECEMBER 31, 2017	\$ 19,326,507	\$ 19,386,661	\$ (60,154)

Changes in assumptions related to price inflation, salary increases, retirement age and mortality rates were made in 2017.

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, 2018, the City recognized pension expense of \$122,739.

At April 30, 2018, 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	\$ -	\$ 311,516
Changes in assumption	-	342,428
Contributions made after measurement date	116,248	-
Net difference between projected and actual earnings on pension plan investments	-	871,448
TOTAL	<u>\$ 116,248</u>	<u>\$ 1,525,392</u>

\$116,248 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ (561,443)
2020	(294,499)
2021	(327,108)
2022	(342,342)
2023	-
Thereafter	-
TOTAL	<u>\$ (1,525,392)</u>

**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 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 2,384,689	\$ (60,154)	\$ (2,050,772)

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, 2018, membership consisted of:

Inactive plan members currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>32</u>
<b>TOTAL</b>	<u><u>70</u></u>

**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 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 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 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 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.

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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, 2018, the City's contribution was 46.42% 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.

The investment policy was not updated during the year ended April 30, 2018.



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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy (Continued)*

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.

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	35.80%	6.60%
Mid Cap Domestic Equity	5.50%	8.70%
Small Cap Domestic Equity	5.50%	8.50%
International Equity	8.30%	6.40%
Fixed Income	45.00%	1.40%

The long-term expected real rates of return are calculated on a geometric mean basis and are net of a 2.90% 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.

Asset class returns and risk premium data are from Morningstar Analyst Research Center - SBBi Data for the period of December 31, 1925 through December 31, 2017. International Equity equals the MSCI EAFE Index December 31, 1969 through December 31, 2017.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Rate of Return*

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*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.

Fair Value Measurements

All investments in the plan are stated at fair value and are recorded as of the trade date. 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.

The Fund has the following recurring fair value measurements as of April 30, 2018. The U.S. Treasury notes, equity mutual funds, and common stock are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligation, municipal bonds, and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 678,013	\$ 214,095	\$ 219,777	\$ 244,141	\$ -
U.S. agency obligations	6,235,761	880,000	1,618,503	3,529,695	207,563
Municipal bonds	1,031,518	312,924	397,247	300,564	20,783
Corporate bonds	3,620,883	547,122	1,764,811	1,308,950	-
<b>TOTAL</b>	<b>\$ 11,566,175</b>	<b>\$ 1,954,141</b>	<b>\$ 4,000,338</b>	<b>\$ 5,383,350</b>	<b>\$ 228,346</b>

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Interest Rate Risk (Continued)*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the 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.

*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.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
<b>BALANCES AT MAY 1, 2017</b>	<b>\$ 45,549,457</b>	<b>\$ 26,028,563</b>	<b>\$ 19,520,894</b>
<b>Changes for the period</b>			
Service cost	730,502	-	730,502
Interest	3,168,022	-	3,168,022
Difference between expected and actual experience	274,605	-	274,605
Changes in assumptions	(576,498)	-	(576,498)
Employer contributions	-	1,468,691	(1,468,691)
Employee contributions	-	295,483	(295,483)
Net investment income	-	1,789,255	(1,789,255)
Benefit payments and refunds	(2,045,013)	(2,045,013)	-
Administrative expense	-	(39,377)	(39,377)
<b>Net changes</b>	<b>1,551,618</b>	<b>1,469,039</b>	<b>82,579</b>
<b>BALANCES AT APRIL 30, 2018</b>	<b>\$ 47,101,075</b>	<b>\$ 27,497,602</b>	<b>\$ 19,603,473</b>

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

There were changes in assumptions for retirement, termination, and disability rate tables, salary increase rates, percentage of disabilities and deaths assumed to be in the line of duty.

*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, 2018
Actuarial cost method	Entry-age normal
<b>Assumptions</b>	
Inflation	2.50%
Salary increases	Service-Based
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 1.25% (Tier 2)
Asset valuation method	Market

Mortality rates were based on the RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date with Scale BB for Healthy Members. RP-2000 Disabled Retiree, projected to the valuation date with Scale BB was used for Disabled Members.

The demographic assumptions used in the valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance in 2017.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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	\$ 26,261,408	\$ 19,603,473	\$ 14,146,211

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, 2018, the City recognized police pension expense of \$2,034,703. At April 30, 2018, 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	\$ 350,307	\$ 712,257
Changes in assumption	479,001	480,415
Net difference between projected and actual earnings on pension plan investments	531,077	-
<b>TOTAL</b>	<u>\$ 1,360,385</u>	<u>\$ 1,192,672</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:

Fiscal Year Ending April 30,	
2019	\$ 203,078
2020	203,078
2021	(142,120)
2022	(46,008)
2023	(50,315)
Thereafter	-
<b>TOTAL</b>	<u>\$ 167,713</u>

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**10. TAX ABATEMENTS**

The City rebates sales taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned. These agreements are authorized through formal approval by the City Council. There are no recapture provisions in the agreements.

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, 2018, a liability of \$235,111 has been accrued and cumulative payments of \$713,529 have been made under this agreement. As of April 30, 2018, the City has incurred total cumulative incentives of \$948,640.

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, 2018, a liability of \$68,000 has been accrued and cumulative payments of \$204,000 have been made under this agreement. As of April 30, 2018, the City has incurred total cumulative incentives of \$272,000.

**11. 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.



**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Taxes	\$ 5,120,796	\$ 5,256,687	\$ 135,891
Licenses, permits, and fees	942,922	1,237,667	294,745
Intergovernmental	8,022,851	8,264,126	241,275
Charges for services	409,000	667,253	258,253
Investment income	5,000	24,688	19,688
Miscellaneous	55,000	163,718	108,718
<b>Total revenues</b>	<u>14,555,569</u>	<u>15,614,139</u>	<u>1,058,570</u>
<b>EXPENDITURES</b>			
Current			
General government	1,924,098	1,994,862	70,764
Highways and streets	2,431,684	2,328,342	(103,342)
Public safety	7,393,749	7,005,208	(388,541)
<b>Total expenditures</b>	<u>11,749,531</u>	<u>11,328,412</u>	<u>(421,119)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,806,038</u>	<u>4,285,727</u>	<u>1,479,689</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	(4,130,177)	(4,130,177)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(4,130,177)</u>	<u>(4,130,177)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,806,038</u>	<u>155,550</u>	<u>\$ (2,650,488)</u>
<b>FUND BALANCE, MAY 1</b>		<u>4,125,767</u>	
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 4,281,317</u>	

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ 403,827	\$ 329,704	\$ 335,289
Contributions in relation to the actuarially determined contribution	403,827	329,704	335,289
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 2,594,734	\$ 2,517,936	\$ 2,525,245
Contributions as a percentage of covered-employee payroll	15.56%	13.09%	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 calendar 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 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and inflation of 2.75%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

Last Four Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,456,052	\$ 1,412,529	\$ 1,200,005	\$ 1,196,027
Contributions in relation to the actuarially determined contribution	1,468,691	1,421,243	1,209,939	1,205,560
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (12,639)</b>	<b>\$ (8,714)</b>	<b>\$ (9,934)</b>	<b>\$ (9,533)</b>
Covered-employee payroll	\$ 3,163,883	\$ 3,159,697	\$ 3,054,195	\$ 2,916,963
Contributions as a percentage of covered-employee payroll	46.42%	44.98%	39.62%	41.33%

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 from the actuarial valuation used to determine the current year contributions is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, 100% closed basis and the amortization period was 25 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 5.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually (Tier 1) and an annual increase equal to the lesser of 3.00% per year or 1/2 the annual unadjusted percentage increase in the CPI-U.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

Last Three Calendar Years

MEASUREMENT DATE DECEMBER 31,	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 263,857	\$ 278,904	\$ 286,420
Interest	1,428,582	1,382,894	1,327,546
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(372,485)	(320,532)	(169,723)
Changes of assumptions	(543,970)	(48,542)	24,074
Benefit payments, including refunds of member contributions	(730,617)	(720,046)	(681,770)
Net change in total pension liability	45,367	572,678	786,547
Total pension liability - beginning	19,281,140	18,708,462	17,921,915
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 19,326,507</b>	<b>\$ 19,281,140</b>	<b>\$ 18,708,462</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 314,655	\$ 353,272	\$ 335,354
Contributions - member	111,740	115,595	114,576
Net investment income	2,968,029	1,126,831	80,704
Benefit payments, including refunds of member contributions	(730,617)	(720,046)	(681,770)
Other	(360,471)	84,073	18,009
Net change in plan fiduciary net position	2,303,336	959,725	(133,127)
Plan fiduciary net position - beginning	17,083,325	16,123,600	16,256,727
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 19,386,661</b>	<b>\$ 17,083,325</b>	<b>\$ 16,123,600</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ (60,154)</b>	<b>\$ 2,197,815</b>	<b>\$ 2,584,862</b>
Plan fiduciary net position as a percentage of the total pension liability	100.31%	88.60%	86.18%
Covered-employee payroll	\$ 2,483,111	\$ 2,568,770	\$ 2,525,245
Employer's net pension liability as a percentage of covered-employee payroll	(2.42%)	85.56%	102.36%

Notes to Required Supplementary Information

Changes in assumptions for the discount rate were made in 2015 and 2016.

Changes in assumptions related to price inflation, salary increases, retirement age, and mortality rates were made in 2017.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 730,502	\$ 797,055	\$ 754,785	\$ 688,515
Interest	3,168,022	2,970,623	2,938,342	2,599,067
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	274,605	202,447	(1,424,513)	(388,710)
Changes of assumptions	(576,498)	798,335	-	2,888,856
Contributions - buy back	-	106,677	-	-
Benefit payments, including refunds of member contributions	(2,045,013)	(1,932,191)	(1,767,269)	(1,624,179)
Net change in total pension liability	1,551,618	2,942,946	501,345	4,163,549
Total pension liability - beginning	45,549,457	42,606,511	42,105,166	37,941,617
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 47,101,075</b>	<b>\$ 45,549,457</b>	<b>\$ 42,606,511</b>	<b>\$ 42,105,166</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 1,468,691	\$ 1,421,243	\$ 1,209,939	\$ 1,205,560
Contributions - member	295,483	313,126	308,852	302,058
Contributions - buy back	-	106,677	-	-
Net investment income	1,789,255	1,982,144	(21,989)	1,604,934
Benefit payments, including refunds of member contributions	(2,045,013)	(1,932,191)	(1,767,269)	(1,624,179)
Administrative expense	(39,377)	(41,720)	(34,650)	(39,881)
Net change in plan fiduciary net position	1,469,039	1,849,279	(305,117)	1,448,492
Plan fiduciary net position - beginning	26,028,563	24,179,284	24,484,401	23,035,909
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 27,497,602</b>	<b>\$ 26,028,563</b>	<b>\$ 24,179,284</b>	<b>\$ 24,484,401</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 19,603,473</b>	<b>\$ 19,520,894</b>	<b>\$ 18,427,227</b>	<b>\$ 17,620,765</b>
Plan fiduciary net position as a percentage of the total pension liability	58.38%	57.14%	56.75%	58.15%
Covered-employee payroll	\$ 3,163,883	\$ 3,159,697	\$ 3,054,195	\$ 2,916,963
Employer's net pension liability as a percentage of covered-employee payroll	619.60%	617.81%	603.34%	604.08%

Notes to Required Supplementary Information

There was a change to actuarial assumptions in 2015 to reflect revised expectations with respect to mortality rates, disability rates, turnover rates, and retirement rates.

There was a change to actuarial assumptions in 2017 to reflect updated mortality assumptions to include a projection to the valuation date using Scale BB and the salary scale assumption was updated from a flat 5.50% to a service-graded schedule.

There were changes in assumptions in 2018 for retirement, termination, and disability rate tables, salary increase rates, percentage of disabilities and deaths assumed to be in the line of duty.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Four Fiscal Years

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<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual money-weighted rate of return, net of investment expense	6.99%	8.30%	(0.09%)	6.90%

Notes to Required Supplementary Information

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2018

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**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.

Expenses did not exceed budgeted amounts in any funds for the period ending April 30, 2018.



**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.

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>TAXES</b>				
Property taxes - current	\$ 2,183,796	\$ 2,205,810	\$ 22,014	\$ 2,168,855
Road and bridge tax	205,000	206,523	1,523	206,299
Municipal utility tax	925,000	1,014,070	89,070	1,019,296
Telecommunication tax	680,000	572,521	(107,479)	648,503
Amusement tax	82,000	90,516	8,516	95,252
Hotel/motel tax	95,000	68,984	(26,016)	70,272
Local gas tax	300,000	322,543	22,543	319,670
Food and beverage tax	525,000	601,918	76,918	578,438
Replacement tax	5,000	6,233	1,233	7,173
Auto rental tax	-	3,739	3,739	2,181
Video gaming tax	120,000	163,830	43,830	146,777
Total taxes	5,120,796	5,256,687	135,891	5,262,716
<b>LICENSES, PERMITS, AND FEES</b>				
Business licenses	41,000	37,824	(3,176)	38,700
Liquor licenses	66,325	69,625	3,300	70,100
Contractors licenses	18,000	18,170	170	22,050
Court fines	95,000	119,516	24,516	102,868
Ordinance fines	20,000	20,075	75	28,050
Building permits and fees	35,000	204,030	169,030	246,667
Cable TV franchise fees	452,800	463,004	10,204	460,641
PEG fees AT&T	-	15,103	15,103	27,503
NICOR franchise fees	25,000	29,151	4,151	39,322
Public hearing fees	5,000	5,823	823	8,356
Elevator inspections	4,500	5,350	850	6,425
Public improvement permit fees	-	3,450	3,450	75
Legal fee reimbursements	-	-	-	431
NSF Check Fee	-	70	70	-
Engineering fee reimbursements	74,000	96,513	22,513	87,693
DUI technology fines	6,500	15,448	8,948	9,650
Police special service	99,597	134,065	34,468	125,607
Developer contribution/impact	200	-	(200)	-
Stormwater management fees	-	450	450	1,605
Total licenses, permits, and fees	942,922	1,237,667	294,745	1,275,743
<b>INTERGOVERNMENTAL</b>				
State income taxes	2,164,428	2,002,800	(161,628)	2,087,675
Local use tax	534,481	573,692	39,211	549,982
Sales tax	5,323,942	5,681,573	357,631	5,285,433
Drug forfeiture receipts	-	3,806	3,806	14,364
Grants	-	2,255	2,255	6,603
Total intergovernmental	8,022,851	8,264,126	241,275	7,944,057

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>CHARGES FOR SERVICES</b>				
Towing fees	\$ 37,000	\$ 62,500	\$ 25,500	\$ 56,508
E-Citation fees	-	8,686	8,686	-
Police report/prints	5,000	6,328	1,328	6,200
Inspection/tap on/permits	-	-	-	7,686
Rents	285,000	403,906	118,906	293,274
Other reimbursements	45,000	121,036	76,036	110,608
Residential concrete reimbursement	-	-	-	12,317
Reimbursement - rear yard drain	34,000	57,037	23,037	64,363
Maintenance reimbursements	-	-	-	315
Mail box reimbursement	-	4,135	4,135	2,385
Sales of wood chips	3,000	3,625	625	4,765
Total charges for services	409,000	667,253	258,253	558,421
<b>INVESTMENT INCOME</b>				
Investment income	5,000	24,688	19,688	4,636
Total investment income	5,000	24,688	19,688	4,636
<b>MISCELLANEOUS</b>				
Drug forfeiture receipts	-	1,851	1,851	-
Reimbursement - workers' compensation	-	-	-	4,393
Impact fees	-	1,000	1,000	2,375
Refund	-	-	-	1,223
Miscellaneous	55,000	160,867	105,867	73,625
Total miscellaneous	55,000	163,718	108,718	81,616
<b>TOTAL REVENUES</b>	<b>\$ 14,555,569</b>	<b>\$ 15,614,139</b>	<b>\$ 1,058,570</b>	<b>\$ 15,127,189</b>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT</b>				
Administration				
Personnel services				
Salaries	\$ 480,410	\$ 520,393	\$ 39,983	\$ 449,075
Social Security	27,494	27,616	122	24,041
Medicare	6,966	7,482	516	6,517
IMRF	64,663	100,488	35,825	61,566
Medical/life insurance	65,629	85,583	19,954	69,123
State unemployment insurance	-	7,337	7,337	-
Supplemental pensions	25,009	21,367	(3,642)	27,513
Total personnel services	670,171	770,266	100,095	637,835
Materials and supplies				
Dues and subscriptions	3,190	2,041	(1,149)	3,378
Liability insurance	311,940	265,399	(46,541)	40,874
Legal notices	4,000	1,598	(2,402)	1,423
Maintenance - building	-	69	69	333
Maintenance - equipment	8,250	6,647	(1,603)	6,868
Postage/mailings	4,750	1,618	(3,132)	3,028
Printing and forms	4,200	3,912	(288)	4,048
Public relations	32,900	40,235	7,335	32,764
Rent - equipment	2,019	1,019	(1,000)	849
Supplies - office	8,000	7,279	(721)	4,426
Supplies - other	500	-	(500)	38
Training and education	6,000	1,107	(4,893)	1,930
Travel/meetings	800	238	(562)	185
Telephone	54,900	33,894	(21,006)	54,470
Utilities	3,000	1,724	(1,276)	1,792
Gas and oil	4,700	1,067	(3,633)	5,581
Other	-	18	18	125
Total materials and supplies	449,149	367,865	(81,284)	162,112
Contractual services				
Audit	12,500	12,500	-	15,987
Consulting/professional	104,850	118,188	13,338	83,811
Contingency	10,000	10,000	-	3,217
Janitorial services	19,500	18,167	(1,333)	16,722
Total contractual services	146,850	158,855	12,005	119,737
Total administration	1,266,170	1,296,986	30,816	919,684
City Council				
Personnel services				
Salaries	42,750	42,348	(402)	42,750
Social Security	2,651	2,632	(19)	2,651
Medicare	620	616	(4)	620
Total personnel services	46,021	45,596	(425)	46,021

(This schedule is continued on the following pages.)

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUNDFor the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
City Council (Continued)				
Materials and supplies				
Board and commissions	\$ 2,000	\$ 687	\$ (1,313)	\$ 711
Cable operations	8,000	3,400	(4,600)	99
Dues and subscriptions	1,850	1,835	(15)	1,835
Liability insurance	-	-	-	2,268
Public relations	1,000	500	(500)	415
Training and education	1,000	200	(800)	100
Travel/meetings	50	-	(50)	-
Total materials and supplies	13,900	6,622	(7,278)	5,428
Contractual services				
Rear yard drain proj-reimb	-	375	375	(375)
Printing and forms	-	-	-	1,500
Consulting/professional	5,000	2,563	(2,437)	1,831
Tolley contracts	600	105	(495)	224
Total contractual services	5,600	3,043	(2,557)	3,180
Total city council	65,521	55,261	(10,260)	54,629
Community development				
Personnel services				
Salaries	290,494	301,066	10,572	292,265
Social Security	16,572	16,701	129	15,781
Medicare	4,227	4,120	(107)	4,032
IMRF	39,235	40,826	1,591	38,185
Medical/life insurance	49,829	52,519	2,690	48,770
Supplemental pensions	3,600	923	(2,677)	3,092
Total personnel services	403,957	416,155	12,198	402,125
Materials and supplies				
Boards and commissions	1,200	1,730	530	1,720
Dues and subscriptions	500	368	(132)	10
Liabilities insurance	23,000	19,899	(3,101)	27,163
Legal notices	-	-	-	183
Maintenance - vehicles	500	-	(500)	-
Miscellaneous Expenditures	-	50	50	-
Postage/mailings	-	-	-	981
Printing and forms	1,866	813	(1,053)	808
Supplies - office	150	952	802	633
Training and educational	500	1,014	514	660
Travel/meetings	200	78	(122)	170
Gas and oil	1,350	1,230	(120)	1,347
Total materials and supplies	29,266	26,134	(3,132)	33,675

(This schedule is continued on the following pages.)

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUNDFor the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
Community development (Continued)				
Contractual services				
Economic development	\$ 268,000	\$ 308,226	\$ 40,226	\$ 268,000
Consulting/professional	38,200	48,301	10,101	60,071
Consulting/professional reimbursable	74,000	70,676	(3,324)	108,227
Tree trim/removal	-	-	-	525
Total contractual services	380,200	427,203	47,003	436,823
Capital outlay				
Equipment	28,984	23,123	(5,861)	8,082
Total capital outlay	28,984	23,123	(5,861)	8,082
Total community development	842,407	892,615	50,208	880,705
Subtotal general government	2,174,098	2,244,862	70,764	1,855,018
Less reimbursements from Water Fund	(250,000)	(250,000)	-	(250,000)
Total general government	1,924,098	1,994,862	70,764	1,605,018
<b>HIGHWAYS AND STREETS</b>				
Public works				
Personnel services				
Salaries	613,545	627,367	13,822	596,922
Overtime	70,000	85,536	15,536	69,866
Social Security	38,191	43,655	5,464	39,215
Medicare	8,932	9,877	945	9,171
IMRF	113,199	74,146	(39,053)	79,116
Medical/life insurance	125,811	98,072	(27,739)	111,282
Supplemental pensions	2,400	1,023	(1,377)	3,184
Total personnel services	972,078	939,676	(32,402)	908,756
Materials and supplies				
Liability insurance	23,029	27,743	4,714	79,399
Maintenance - building	267,366	266,464	(902)	124,453
Maintenance - equipment	85,985	95,705	9,720	42,794
Maintenance - vehicles	48,000	57,712	9,712	62,086
Postage/mailings	1,200	268	(932)	887
Rent - equipment	22,000	7,690	(14,310)	17,495
Supplies - office	3,901	771	(3,130)	1,506
Supplies - operation	-	-	-	81
Supplies - other	74,009	60,180	(13,829)	68,699
Small tools and equipment	3,800	5,802	2,002	916
Training and education	5,150	1,550	(3,600)	1,715
Telephone	-	-	-	439
Travel/meetings	-	18	18	190
Uniforms	6,446	4,687	(1,759)	4,225
Utilities	5,100	8,126	3,026	5,793
Gas and oil	60,300	47,760	(12,540)	31,695
Total materials and supplies	606,286	584,476	(21,810)	442,373

(This schedule is continued on the following pages.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>HIGHWAYS AND STREETS (Continued)</b>				
Public works (Continued)				
Contractual services				
Consulting/professional	\$ 12,000	\$ 6,324	\$ (5,676)	\$ 5,383
Consulting/prof reimbursable	-	(210)	(210)	-
Forestry	60,411	66,092	5,681	72,669
Street light operation and maintenance	73,000	114,486	41,486	127,324
Tree trim - removal	148,100	109,459	(38,641)	107,524
Residential concrete program	-	227	227	8,739
Street sweeping	36,875	33,213	(3,662)	36,855
Mosquito abatement	41,700	40,887	(813)	30,665
Janitorial services	-	-	-	-
Drainage projects	81,300	87,854	6,554	119,954
Total contractual services	453,386	458,332	4,946	509,113
Capital outlay				
Equipment				
	399,934	345,858	(54,076)	501,473
Total capital outlay	399,934	345,858	(54,076)	501,473
Total public works	2,431,684	2,328,342	(103,342)	2,361,715
Total highways and streets	2,431,684	2,328,342	(103,342)	2,361,715
<b>PUBLIC SAFETY</b>				
Police department				
Personnel services				
Salaries	427,211	417,867	(9,344)	413,814
Salaries - officers	3,531,168	3,270,379	(260,789)	3,289,687
Overtime	482,500	543,085	60,585	450,271
Social Security	26,487	24,237	(2,250)	26,555
Medicare	60,967	54,335	(6,632)	53,923
IMRF	57,930	46,551	(11,379)	49,487
Medical/life insurance	403,991	395,526	(8,465)	386,332
Police pension	1,456,052	1,468,691	12,639	1,421,243
Supplemental pensions	48,000	26,709	(21,291)	42,879
Total personnel services	6,494,306	6,247,380	(246,926)	6,134,191
Materials and supplies				
Animal control	2,000	775	(1,225)	135
Auxiliary police	4,700	1,414	(3,286)	3,422
Boards and commissions	28,800	34,636	5,836	22,040
Dues and subscriptions	5,150	1,682	(3,468)	3,854
Investigation and equipment	43,100	6,830	(36,270)	33,763
Liability insurance	68,300	43,474	(24,826)	197,022
Maintenance - equipment	20,285	13,335	(6,950)	15,318
Maintenance - vehicles	40,200	50,451	10,251	51,544
Postage/mailings	4,300	993	(3,307)	2,192
Printing and forms	1,500	1,248	(252)	2,749
Public relations	3,500	1,776	(1,724)	591
Rent - equipment	6,000	1,500	(4,500)	1,300
Supplies - office	6,500	5,145	(1,355)	6,272

(This schedule is continued on the following page.)



CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>PUBLIC SAFETY (Continued)</b>				
Police department (Continued)				
Materials and supplies (Continued)				
Training and education	\$ 34,175	\$ 28,386	\$ (5,789)	\$ 19,321
Travel/meetings	14,400	7,216	(7,184)	8,298
Telephone	14,925	10,836	(4,089)	18,269
Uniforms	56,600	33,025	(23,575)	36,110
Utilities	7,500	7,678	178	6,748
Gas and oil	90,000	87,028	(2,972)	51,455
Total materials and supplies	451,935	337,428	(114,507)	480,403
Contractual services				
Consulting/professional	425,308	395,748	(29,560)	364,607
Dumeg/flat/child center	7,000	10,500	3,500	7,000
Total contractual services	432,308	406,248	(26,060)	371,607
Capital outlay				
Equipment	15,200	14,152	(1,048)	72,609
Total capital outlay	15,200	14,152	(1,048)	72,609
Total police department	7,393,749	7,005,208	(388,541)	7,058,810
Total public safety	7,393,749	7,005,208	(388,541)	7,058,810
<b>TOTAL EXPENDITURES</b>	<b>\$ 11,749,531</b>	<b>\$ 11,328,412</b>	<b>\$ (421,119)</b>	<b>\$ 11,025,543</b>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 195,615	\$ 194,298	\$ (1,317)	\$ 207,485
Intergovernmental	-	57,263	57,263	208,484
Investment income	20,000	37,693	17,693	34,918
Total revenues	215,615	289,254	73,639	450,887
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Contractual services	47,500	37,906	(9,594)	42,568
Capital outlay	4,118,064	3,412,554	(705,510)	3,788,704
Debt service				
Principal payments	-	175,000	175,000	175,000
Interest and fiscal charges	196,615	21,665	(174,950)	25,535
Total expenditures	4,362,179	3,647,125	(715,054)	4,031,807
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,146,564)	(3,357,871)	788,693	(3,580,920)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,600,000	4,100,000	500,000	4,550,000
Total other financing sources (uses)	3,600,000	4,100,000	500,000	4,550,000
NET CHANGE IN FUND BALANCE	\$ (546,564)	742,129	\$ 1,288,693	969,080
FUND BALANCE, MAY 1		5,379,917		4,410,837
FUND BALANCE, APRIL 30		\$ 6,122,046		\$ 5,379,917

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

**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 Police 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  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

Preliminary and Tentative  
 For Discussion Purposes Only

April 30, 2018

	Special Revenue					Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	Drug Seizure	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 348,822	\$ 14,270	\$ 78,598	\$ 312,676	\$ 38,041	\$ 792,407
Receivables						
Intergovernmental	50,561	-	-	-	-	50,561
Due from other funds	-	-	-	485	-	485
<b>TOTAL ASSETS</b>	<b>\$ 399,383</b>	<b>\$ 14,270</b>	<b>\$ 78,598</b>	<b>\$ 313,161</b>	<b>\$ 38,041</b>	<b>\$ 843,453</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 9,944	\$ -	\$ -	\$ -	\$ -	\$ 9,944
Total liabilities	9,944	-	-	-	-	9,944
<b>FUND BALANCES</b>						
Restricted						
Special service area	-	14,270	-	-	-	14,270
Storm sewer	-	-	78,598	-	-	78,598
Public safety	-	-	-	313,161	38,041	351,202
Highways and streets	389,439	-	-	-	-	389,439
Total fund balances	389,439	14,270	78,598	313,161	38,041	833,509
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 399,383</b>	<b>\$ 14,270</b>	<b>\$ 78,598</b>	<b>\$ 313,161</b>	<b>\$ 38,041</b>	<b>\$ 843,453</b>

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

**Preliminary and Tentative  
For Discussion Purposes Only**

For the Year Ended April 30, 2018

	Special Revenue					Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	Drug Seizure	
<b>REVENUES</b>						
Taxes	\$ -	\$ 5,066	\$ -	\$ -	\$ -	\$ 5,066
Intergovernmental	563,922	-	-	89,120	-	653,042
Investment income	4,135	100	490	2,111	286	7,122
<b>Total revenues</b>	<b>568,057</b>	<b>5,166</b>	<b>490</b>	<b>91,231</b>	<b>286</b>	<b>665,230</b>
<b>EXPENDITURES</b>						
Current						
Highways and streets	564,275	4,784	-	-	-	569,059
Public safety	-	-	-	20,910	-	20,910
<b>Total expenditures</b>	<b>564,275</b>	<b>4,784</b>	<b>-</b>	<b>20,910</b>	<b>-</b>	<b>589,969</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,782</b>	<b>382</b>	<b>490</b>	<b>70,321</b>	<b>286</b>	<b>75,261</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	30,177	30,177
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,177</b>	<b>30,177</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,782</b>	<b>382</b>	<b>490</b>	<b>70,321</b>	<b>30,463</b>	<b>105,438</b>
<b>FUND BALANCES, MAY 1</b>	<b>385,657</b>	<b>13,888</b>	<b>78,108</b>	<b>242,840</b>	<b>7,578</b>	<b>728,071</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 389,439</b>	<b>\$ 14,270</b>	<b>\$ 78,598</b>	<b>\$ 313,161</b>	<b>\$ 38,041</b>	<b>\$ 833,509</b>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Intergovernmental				
Motor fuel tax allotment	\$ 565,402	\$ 563,922	\$ (1,480)	\$ 559,803
Investment income	1,000	4,135	3,135	2,052
Total revenues	566,402	568,057	1,655	561,855
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Commodities	273,350	249,790	(23,560)	145,802
Wages	296,965	296,965	-	296,965
Contractual services	5,000	17,520	12,520	-
Capital outlay	-	-	-	1,945
Total expenditures	575,315	564,275	(11,040)	444,712
NET CHANGE IN FUND BALANCE	\$ (8,913)	3,782	\$ 12,695	117,143
FUND BALANCE, MAY 1		385,657		268,514
FUND BALANCE, APRIL 30		\$ 389,439		\$ 385,657

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 5,000	\$ 5,066	\$ 66	\$ 5,055
Investment income	-	100	100	109
Total revenues	5,000	5,166	166	5,164
<b>EXPENDITURES</b>				
Current				
Contractual services	34,500	4,784	(29,716)	5,454
Total expenditures	34,500	4,784	(29,716)	5,454
NET CHANGE IN FUND BALANCE	\$ (29,500)	382	\$ 29,882	(290)
FUND BALANCE, MAY 1		13,888		14,178
FUND BALANCE, APRIL 30		\$ 14,270		\$ 13,888

(See independent auditor's report.)

## **MAJOR ENTERPRISE FUND**

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



## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
WATER OPERATIONS FUNDFor the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>OPERATING REVENUES</b>				
Charges for services				
Water sales	\$ 7,974,665	\$ 8,178,605	\$ 203,940	\$ 7,840,272
Inspections/tap on/permits	10,000	28,353	18,353	67,178
Sale of meters	1,000	5,033	4,033	10,315
Other water sales	3,500	12,288	8,788	14,406
Total operating revenues	7,989,165	8,224,279	235,114	7,932,171
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>				
Personnel services				
Salaries	453,401	457,133	3,732	466,857
Overtime	73,500	88,500	15,000	97,106
Social Security	34,311	32,359	(1,952)	32,227
Medicare	8,024	7,464	(560)	7,561
IMRF	74,267	108,594	34,327	68,129
Medical/life insurance	93,471	94,562	1,091	92,267
Supplemental pensions	2,400	923	(1,477)	1,708
Total personnel services	739,374	789,535	50,161	765,855
Materials and supplies				
Liability insurance	204,140	168,814	(35,326)	167,245
Maintenance - building	46,540	38,066	(8,474)	28,132
Maintenance - equipment	29,650	24,537	(5,113)	17,882
Maintenance - water system	174,200	143,907	(30,293)	123,567
Postage/mailings	2,000	60	(1,940)	90
Quality controls	10,850	6,648	(4,202)	3,906
Service charge	250,000	250,000	-	250,000
Supplies - operation	4,000	983	(3,017)	838
Training and education	2,900	1,753	(1,147)	848
Telephone	10,450	6,440	(4,010)	9,256
Uniforms	3,350	3,312	(38)	4,047
Utilities	51,500	48,607	(2,893)	52,137
Vehicle (gas and oil)	15,975	14,468	(1,507)	11,653
Total materials and supplies	805,555	707,595	(97,960)	669,601
Contractual				
Audit	11,513	10,575	(938)	12,487
Consulting/professional	14,950	31,710	16,760	11,889
Leak detection	20,100	24,446	4,346	16,859
Data processing	152,500	139,327	(13,173)	159,932
DuPage Water Commission	4,915,970	4,880,016	(35,954)	4,855,793
Bond Issuance costs	-	33,838	33,838	-
Total contractual	5,115,033	5,119,912	4,879	5,056,960

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2018  
(With Prior Year Actual)

	2018		Variance Over (Under)	2017 Actual
	Original and Final Budget	Actual		
<b>OPERATING EXPENSES</b>				
<b>EXCLUDING DEPRECIATION (Continued)</b>				
Capital outlay				
Equipment	\$ 126,375	\$ 92,221	\$ (34,154)	\$ 133,712
Pumping station	-	-	-	2,246
Water meters	27,000	27,785	785	18,085
Infrastructure	325,000	110,556	(214,444)	794,646
Total capital outlay	478,375	230,562	(247,813)	948,689
Total operating expenses excluding depreciation	7,138,337	6,847,604	(290,733)	7,441,105
OPERATING INCOME	850,828	1,376,675	525,847	491,066
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	2,000	5,421	3,421	1,193
Miscellaneous income	-	50,563	50,563	64,903
Debt service				
Principal repayment	(220,600)	(225,000)	(4,400)	(220,000)
Interest expense	(79,425)	(72,504)	6,921	(77,781)
Total non-operating revenues (expenses)	(298,025)	(241,520)	56,505	(231,685)
<b>NET INCOME BUDGETARY BASIS</b>	<b>\$ 552,803</b>	<b>1,135,155</b>	<b>\$ 582,352</b>	<b>259,381</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal repayment		225,000		220,000
Bond amortization		(6,920)		(6,920)
Pension expense		58,083		(40,424)
Depreciation		(321,565)		(331,486)
Total adjustments to GAAP basis		(45,402)		(158,830)
CHANGE IN NET POSITION		1,089,753		100,551
NET POSITION, MAY 1		5,043,668		4,943,117
<b>NET POSITION, APRIL 30</b>	<b>\$ 6,133,421</b>	<b>5,043,668</b>		<b>\$ 5,043,668</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.

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

For the Year Ended April 30, 2018

	<b>Balances May 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances April 30</b>
<b>Impact Fees Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,107	\$ -	\$ 15,327	\$ 5,780
Due from other funds	10,175	-	-	10,175
<b>TOTAL ASSETS</b>	<b>\$ 31,282</b>	<b>\$ -</b>	<b>\$ 15,327</b>	<b>\$ 15,955</b>
<b>LIABILITIES</b>				
Impact fees payable	\$ 31,282	\$ -	\$ 15,327	\$ 15,955
<b>TOTAL LIABILITIES</b>	<b>\$ 31,282</b>	<b>\$ -</b>	<b>\$ 15,327</b>	<b>\$ 15,955</b>

(See independent auditor's report.)

**SUPPLEMENTAL DATA**

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

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

April 30, 2018

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

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$ 2,090,000</u>	<u>\$ 329,700</u>	<u>\$ 2,419,700</u>		<u>\$ 164,853</u>		<u>\$ 164,847</u>

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

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

April 30, 2018

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	Tax Levy			July 1	Interest Due on		
	Principal	Interest	Total		Amount	January 1	Amount
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>\$ 1,010,000</u>	<u>\$ 67,577</u>	<u>\$ 1,077,577</u>		<u>\$ 33,789</u>		<u>\$ 33,788</u>

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2018

April 30, 2018

Date of Issue	April 16, 2018
Date of Maturity	January 1, 2030
Authorized Issue	\$3,500,000
Interest Rates	3.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	July 1	Amount	January 1	Amount
2020	\$ 210,000	\$ 175,000	\$ 385,000	2019	\$ 122,500	2020	\$ 52,500
2021	285,000	98,700	383,700	2020	49,350	2021	49,350
2022	295,000	90,150	385,150	2021	45,075	2022	45,075
2023	305,000	81,300	386,300	2022	40,650	2023	40,650
2024	315,000	72,150	387,150	2023	36,075	2024	36,075
2025	325,000	62,700	387,700	2024	31,350	2025	31,350
2026	330,000	52,950	382,950	2025	26,475	2026	26,475
2027	340,000	43,050	383,050	2026	21,525	2027	21,525
2028	355,000	32,850	387,850	2027	16,425	2028	16,425
2029	365,000	22,200	387,200	2028	11,100	2029	11,100
2030	375,000	11,250	386,250	2029	5,625	2030	5,625
	<u>\$ 3,500,000</u>	<u>\$ 742,300</u>	<u>\$ 4,242,300</u>		<u>\$ 406,150</u>		<u>\$ 336,150</u>

(See independent auditor's report.)



## CITY OF DARIEN, ILLINOIS

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

For the Year Ended April 30, 2018

We are submitting to you the following draft of the Auditor's Communication to the City Council to expedite your review. This draft or elements within should not be shared with any external parties, nor should any inference be made to any parties that no modifications are expected before this Auditor's Communication to the City Council is submitted as final.

SIKICH.COM

**CITY OF DARIEN, ILLINOIS**  
**AUDITOR'S COMMUNICATION TO THE HONORABLE MAYOR**  
**AND MEMBERS OF THE CITY COUNCIL**  
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**Preliminary and Tentative  
For Discussion Purposes Only**

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[REPORT DATE], 2018

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 in June 2018.

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

[REPORT DATE], 2018

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, 2018 and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated [REPORT DATE], 2018. 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 February 9, 2018. 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, 2018. We noted no transactions entered into by the City 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures during our audit of the financial statements, except for the actuarial valuations for the IMRF and Police Pension Retirement Plans. We evaluated the key assumptions used to perform the actuarial valuations and determined that they were reasonable in relation to the basic financial statements as a whole. 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 [REPORT DATE], 2018.

### **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, 2018**  
**Adjusting Journal Entries**  
**Date: 5/1/2017 To 4/30/2018**

**Preliminary and Tentative  
For Discussion Purposes Only**

Number	Date	Name	Account No	Amount
AJE-01	4/30/2018	Telecom Tax Receivable	01-1206 01-GF	(7,842.22)
AJE-01	4/30/2018	Sales Tax Receivable	01-1207 01-GF	101,203.14
AJE-01	4/30/2018	Local Use Tax Receivable	01-1208 01-GF	(2,068.85)
AJE-01	4/30/2018	Telecommunication Taxes	01-00-3242 01-GF	7,842.22
AJE-01	4/30/2018	Local Use Tax	01-00-3420 01-GF	2,068.85
AJE-01	4/30/2018	Sales Taxes	01-00-3430 01-GF	(101,203.14)
To correct intergovernmental tax receivables				
AJE-02	4/30/2018	A/D - Machinery & Equipment	02-1990 02-WF	9,421.45
AJE-02	4/30/2018	Land	99-1910 99-G	(422,057.23)
AJE-02	4/30/2018	Building/Improvements	99-1920 99-G	(1,948,200.00)
AJE-02	4/30/2018	Vehicles/Equipment	99-1940 99-G	(1,029,858.00)
AJE-02	4/30/2018	A/D - Machinery & Equipment	99-1990 99-G	1,029,858.00
AJE-02	4/30/2018	A/D - Machinery & Equipment	99-1990 99-G	(99,423.70)
AJE-02	4/30/2018	A/D - Buildings	99-1991 99-G	149,928.00
AJE-02	4/30/2018	A/D - Infrastructure	99-1992 99-G	(330,006.93)
AJE-02	4/30/2018	Fund Balance - Current	99-2190 99-G	2,370,257.23
AJE-02	4/30/2018	Depreciation	02-10-4620 02-WF	(9,421.45)
AJE-02	4/30/2018	Depreciation - General Govt.	99-90-6000 99-G	(120,000.00)
AJE-02	4/30/2018	Depreciation - Public Safety	99-90-6001 99-G	99,423.70
AJE-02	4/30/2018	Depreciation - Public Works	99-90-6002 99-G	(29,928.00)
AJE-02	4/30/2018	Depreciation - Public Works	99-90-6002 99-G	330,006.93
To adjut GFAAG & BTA Capital Assets				
AJE-03	4/30/2018	Fund Balance - Current	11-2190 11-DF	400.00
AJE-03	4/30/2018	Fund Balance - Current	11-2190 11-DF	(36,112.00)
AJE-03	4/30/2018	Due From Other Funds	17-1410 17-FES	720.00
AJE-03	4/30/2018	Due From Other Funds	17-1410 17-FES	(234.73)
AJE-03	4/30/2018	Fund Balance - Current	17-2190 17-FES	(720.00)
AJE-03	4/30/2018	Fund Balance - Current	17-2190 17-FES	234.73
AJE-03	4/30/2018	Fund Balance - Current	18-2190 18-DS	(79.74)
AJE-03	4/30/2018	Fund Balance - Current	18-2190 18-DS	(4,543.22)
AJE-03	4/30/2018	Fund Balance - Current	25-2190 25-CI	(2,758.00)
AJE-03	4/30/2018	Drug Forfeiture Receipts	11-00-3538 11-DF	5,934.96
AJE-03	4/30/2018	Miscellaneous Income	11-00-3580 11-DF	(400.00)
AJE-03	4/30/2018	Transfer to Other Funds	11-00-4605 11-DF	36,112.00

Number	Date	Name	Account No	Amount
AJE-03	4/30/2018	Transfer to Other Funds	11-00-4605 11-DF	(5,934.96)
AJE-03	4/30/2018	Drug Seizures	18-00-3537 18-DS	42,665.47
AJE-03	4/30/2018	Drug Seizures	18-00-3537 18-DS	(7,865.47)
AJE-03	4/30/2018	Transfer from Other Funds	18-00-3612 18-DS	(36,112.00)
AJE-03	4/30/2018	Transfer from Other Funds	18-00-3612 18-DS	5,934.96
AJE-03	4/30/2018	Ditch Projects	25-35-4376 25-CI	2,758.00
Correct fund balance				
AJE-04	4/30/2018	Deferred Outflow - Contrib	02-1177 02-WF	2,361.90
AJE-04	4/30/2018	Deferred Outflow - IMRF	02-1178 02-WF	(154,202.23)
AJE-04	4/30/2018	Net Pension Liability	02-2003 02-WF	466,576.78
AJE-04	4/30/2018	Deferred inflow - IMRF	02-2005 02-WF	(256,653.61)
AJE-04	4/30/2018	Deferred Outflow - Contrib	98-1177 98-G	9,068.36
AJE-04	4/30/2018	Deferred Outflow - IMRF	98-1178 98-G	(592,049.77)
AJE-04	4/30/2018	Net Pension Liabilities - IMRF	98-2004 98-G	1,791,392.22
AJE-04	4/30/2018	Deferred inflow - IMRF	98-2005 98-G	(985,405.39)
AJE-04	4/30/2018	Pension Expense - Change in IMRF Pension Items	02-50-411X 02-WF	(58,082.84)
AJE-04	4/30/2018	Pension Expense - GG	98-50-6506 98-G	(85,042.11)
AJE-04	4/30/2018	Pension Expense - HS	98-50-6507 98-G	(95,773.73)
AJE-04	4/30/2018	Pension Expense - PS	98-50-6508 98-G	(42,189.58)
To record IMRF pension items at 4/30/18				
AJE-05	4/30/2018	Medical-Pre Tax W/H Payable	01-2030 01-GF	12,528.06
AJE-05	4/30/2018	Due to Defendants - Evidence	01-2175 01-GF	11,004.91
AJE-05	4/30/2018	Salaries	01-10-4010 01-GF	(1,258.73)
AJE-05	4/30/2018	Salaries	01-12-4010 01-GF	(102.43)
AJE-05	4/30/2018	Salaries	01-20-4010 01-GF	(728.22)
AJE-05	4/30/2018	Salaries	01-30-4010 01-GF	(1,517.49)
AJE-05	4/30/2018	Salaries	01-40-4010 01-GF	(1,010.74)
AJE-05	4/30/2018	Salaries - Officers	01-40-4020 01-GF	(7,910.45)
AJE-05	4/30/2018	Investigation and Equipment	01-40-4217 01-GF	(11,004.91)
To clear out prior year accruals				
AJE-07	4/30/2018	Unamortized Bond Premium	12-1226 12-WDF	(33,837.50)
AJE-07	4/30/2018	Bond Issuance	12-51-3559 12-WDF	33,837.50
To Correct 2018 GO Bond Issuance				



Preliminary and Tentative  
For Discussion Purposes Only

Number	Date	Name	Account No	Amount
AJE-08	4/30/2018	Accounts Payable-Prior	02-2050 02-WF	21,595.04
AJE-08	4/30/2018	Data Processing	02-50-4336 02-WF	(21,595.04)
To clear out A/P - Prior balance from FY2017				
AJE-09	4/30/2018	Cell Tower Rent Receivable	01-1216 01-GF	184,320.00
AJE-09	4/30/2018	Unavailable revenue - Sprint	01-2183 01-GF	(184,320.00)
To record note receivable for Sprint back rent lease				
AJE-10	4/30/2018	Construction in progress	99-1915 99-G	319,248.00
AJE-10	4/30/2018	Purchases - PW	99-50-6502 99-G	(319,248.00)
To capitalize HVAC replacement				





**CITY OF DARIEN, ILLINOIS**  
**COMMUNICATION OF DEFICIENCIES**  
**IN INTERNAL CONTROL AND**  
**OTHER COMMENTS TO MANAGEMENT**

April 30, 2018

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, 2017. The status of these is included in Appendix A.

This memorandum is intended solely for the information and use of management and the City Council 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  
[REPORT DATE], 2018

## **DEFICIENCY**

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

### **Segregation of Duties**

During our review of internal controls, we noted that journal entries can be entered into the general ledger without being approved by a separate individual. We recommend that all general journal entries be reviewed and approved by someone other than the person entering and/or creating the journal entry to maintain an audit trail that documents both the preparer and reviewer of the original entry.

If a secondary review of the general journal entries is not practical, the City Council serves as a compensating control for the lack of segregation of duties in this area. Accordingly, it is important for the City Council to continue to review and approve monthly budget versus actual statements by fund. Additionally, the Council should continue to review and approve all significant financial transactions including purchases, payments to vendors/employees, and investments and to document the dollar amount of those approvals in the minutes.

APPENDIX A  
STATUS OF COMMENTS FROM APRIL 30, 2017

**DEFICIENCY**

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, 2018. Audit adjustments in the current year were proposed to record revenue in the proper period and to record expenditures in the proper period. Additionally, audit adjustments were proposed to adjust capital asset and long-term debt accounts to proper balances at April 30, 2018.

# FIRM PROFILE

## ORGANIZATION

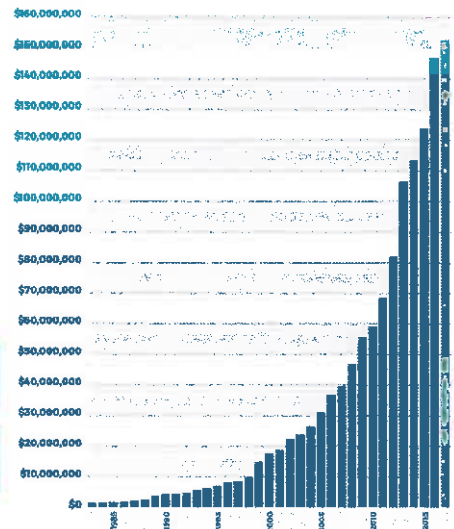
Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has 750+ professionals throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top 1% 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:



## SIKICH TOTAL REVENUES



## STATISTICS

**2017 Revenues** .....\$151.9M  
**Total Partners** ..... ~100  
**Total Personnel** ..... 750+  
*Personnel count as of January 1, 2018*

## 2018 AWARDS

- Oracle® NetSuite **5 Star Award**
- **Accounting Today** Top 100 Firms - ranked #28 nationally
- Best Places to Work in Illinois
- Best Places to Work in Indiana
- Milwaukee's Best and Brightest Companies to Work For®
- Chicago's Best and Brightest Companies to Work For®
- Microsoft Dynamics Inner Circle
- Boston's Best and Brightest Companies to Work For®
- Bob Scott's Top 100 Value Added Reseller Stars (VARs) - ranked #8

## SERVICES

### ACCOUNTING, TAX & ASSURANCE

### TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance

### ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Resources Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Wealth Management

\* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.

\*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor. Securities offered through Triad Advisors, member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.

## 2017 AWARDS

- Bob Scott's Top 100 (VARs) - ranked #7
- **Accounting Today** Top 100 VARs - ranked #6
- Vault Accounting Top Ranked
- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Milwaukee's 101 Best and Brightest Companies to Work For®
- Best Places to Work in Indiana
- Chicago's 101 Best and Brightest Companies to Work For®
- **Milwaukee Journal Sentinel** Top Workplaces in Milwaukee
- **Chicago Tribune's** Top Workplaces
- **Crain's List** Chicago's Largest Privately Held Companies - ranked #234
- Boston's 101 Best and Brightest Companies to Work For®
- National Best and Brightest in Wellness
- National Best and Brightest Companies to Work For

## 2016 AWARDS

- **Accounting Today** Top Regional Leaders and Firms: Great Lakes - ranked #4
- **Milwaukee Business Journal** Largest Management Consulting Firms - ranked #10
- **Milwaukee Business Journal** Largest Milwaukee-Area Accounting Firms - ranked #8
- **Inc. 5000** - ranked #4613
- **INSIDE Public Accounting** Top 50 Largest Accounting Firms - ranked #31 nationally
- Milwaukee's 101 Best and Brightest Companies to Work For®
- WICPA Excellence Award - Public Service Award
- **Accounting Today** Top 100 VARs - ranked #7
- Bob Scott's Top 100 VARs - ranked #7
- Boston's 101 Best and Brightest Companies to Work For®
- US Small and Mid-Sized Business (SMB) Champions Club Heartland Partner of the Year, Microsoft's US SMB Champions Club
- **Milwaukee Journal Sentinel** Top Workplaces in Milwaukee



## 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 2017 Sikich LLP received its 10th 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 one percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

Gold  
**Microsoft Partner**  


2018/2019  
**INNER CIRCLE**  
for Microsoft Dynamics

- **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)
- **Certified for Microsoft Dynamics (NAV)**

## 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*



### 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.



## LOCATIONS

<b>Akron, OH</b> (330) 864-6661	<b>Columbus, OH</b> (614) 633-5270	<b>Ft. Wayne, IN</b> (260) 485-0665	<b>Los Angeles, CA</b> (310) 315-9660	<b>Phoenix, AZ</b> (480) 626-0072
<b>Atlanta, GA</b> (770) 226-9374	<b>Dallas, TX</b> (496) 906-2257	<b>Houston, TX</b> (832) 831-3549	<b>Milwaukee, WI</b> (262) 754-9400	<b>Rockford, IL</b> (815) 282-6565
<b>Boston, MA</b> (508) 485-5588	<b>Decatur, IL</b> (217) 423-6000	<b>Indianapolis, IN</b> (317) 842-4466	<b>Minneapolis, MN</b> (763) 445-2632	<b>Springfield, IL</b> (217) 793-3363
<b>Chicago, IL</b> (312) 648-6666	<b>Denver, CO</b> (720) 200-0142	<b>Kansas City, MO</b> (816) 673-7534	<b>Naperville, IL</b> (630) 566-8400	<b>St. Louis, MO</b> (314) 275-7277

**CITY OF DARIEN, ILLINOIS**

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**MANAGEMENT LETTER**

April 30, 2018



**SIKICH.COM**

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, 2018, 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 any 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  
[REPORT DATE], 2018

## OTHER INFORMATION

### Future Accounting Pronouncements

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

GASB Statement No. 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 year ending April 30, 2019.

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 and 2019. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this standard are effective for the fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this standard are effective for the fiscal year ending April 30, 2020.

## OTHER INFORMATION (Continued)

### Future Accounting Pronouncements (Continued)

GASB Statement No. 85, *Omnibus 2017*, addresses a number of issues across a spectrum of topics including issues related to blending component units where the primary government is a business type activity that reports basic financial statements in a single column, accounting for goodwill, fair value measurement and application related to real estate held by insurance activities and measuring certain investments at cost or amortized cost, and various issues related to accounting and reporting for postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement No. 85 is effective for the fiscal year ending April 30, 2019.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is intended to improve accounting and financial reporting for in-substance defeasances of debt, prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the fiscal year ending April 30, 2019.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and aims to enhance comparability of financial statements among governments. This statement also requires additional notes to the financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this statement are effective for the fiscal year ending April 30, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in March 2018 and provides guidance on improving disclosures in the notes to the financial statements related to debt, including direct borrowings and direct placements of debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement is effective for the fiscal year ending April 30, 2020.

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.

**AGENDA MEMO**  
**ADMIN/FINANCE COMMITTEE**  
**September 4, 2018**

**ISSUE STATEMENT**

A resolution authorizing the Mayor to sign an agreement with Clean Slate, Inc. to provide janitorial services for the City of Darien.

**BACKGROUND/HISTORY**

The janitorial services agreement between the City of Darien and Best Quality Cleaning has expired. Best Quality Cleaning has continued to provide their services to keep the buildings clean and dispose of garbage. Staff solicited proposals from six companies and three submitted a bid.

The lowest bid (Attachment A) was received from Clean Slate, Inc. for \$1,884.20 per month. Currently, Best Quality charges \$2,000.00 per month. While the number of days being serviced has been reduced, we expect the quality of services to increase. References provided by Clean Slate, Inc. have been verified and Clean Slate, Inc. is in good standing as a member of Darien's Chamber of Commerce. Additionally, bids were requested for 3 years extension; Clean Slate, Inc. continued to be the low bid (Attachment B).

The FYE 19 budget for Cleaning/Janitorial Services is split as follows:

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>BUDGET FY 18/19</b>	<b>YEARLY COST</b>
10-4345	Janitorial Services (75% split)	\$19,000.00	\$16,957.80
50-4223	Janitorial Services (25% split)	7,750.00	\$ 5,652.60
	TOTAL	\$26,750.00	\$22,610.40

**STAFF/COMMITTEE RECOMMENDATION**

Staff recommends approval of a resolution authorizing the Mayor to sign an agreement with Clean Slate, Inc.

**ALTERNATE CONSIDERATION**

As directed.

**DECISION MODE**

This item will be placed on the September 17, 2018 City Council Agenda for approval.

**BID TAB - CLEANING/JANITORIAL SERVICES**  
**August 2018**

DESCRIPTION	UNIT	TOTAL	Service Master		Eco Clean		Clean Slate	
			Unit Price	Total Annual	Unit Price	Total Annual	Unit Price	Total Annual
City Hall - 3x per week	Monthly	12	649.00	\$7,788.00	890.00	\$10,680.00	529.93	\$6,359.16
Police Department - 5x per week	Monthly	12	1,935.00	\$23,220.00	1,280.00	\$15,360.00	883.22	\$10,598.64
Public Works - 5x per week	Monthly	12	1,075.00	\$12,900.00	690.00	\$8,280.00	471.05	\$5,652.60
<b>TOTALS</b>			<b>3,659.00</b>	<b>\$43,908.00</b>	<b>2,860.00</b>	<b>\$34,320.00</b>	<b>1,884.20</b>	<b>\$22,610.40</b>

**BID TAB - CLEANING/JANITORIAL SERVICES  
OPTIONAL EXTENSIONS  
YEAR 2**

DESCRIPTION	UNIT	TOTAL	Service Master		Eco Clean		Clean Slate	
			Unit Price	Total Annual	Unit Price	Total Annual	Unit Price	Total Annual
City Hall - 3x per week	Monthly	12	668.47	\$8,021.64	890.00	\$10,680.00	546.32	\$6,555.84
Police Department - 5x per week	Monthly	12	1,993.05	\$23,916.60	1,280.00	\$15,360.00	910.54	\$10,926.48
Public Works - 5x per week	Monthly	12	1,107.25	\$13,287.00	690.00	\$8,280.00	485.62	\$5,827.44
<b>TOTALS</b>			<b>3,768.77</b>	<b>\$45,225.24</b>	<b>2,860.00</b>	<b>\$34,320.00</b>	<b>1,942.48</b>	<b>\$23,309.76</b>

**BID TAB - CLEANING/JANITORIAL SERVICES  
YEAR 3**

DESCRIPTION	UNIT	TOTAL	Service Master		Eco Clean		Clean Slate	
			Unit Price	Total Annual	Unit Price	Total Annual	Unit Price	Total Annual
City Hall - 3x per week	Monthly	12	688.52	\$8,262.24	890.00	\$10,680.00	563.22	\$6,758.64
Police Department - 5x per week	Monthly	12	2,052.84	\$24,634.08	1,280.00	\$15,360.00	938.70	\$11,264.40
Public Works - 5x per week	Monthly	12	1,140.57	\$13,686.84	690.00	\$8,280.00	500.64	\$6,007.68
<b>TOTALS</b>			<b>3,881.93</b>	<b>\$46,583.16</b>	<b>2,860.00</b>	<b>\$34,320.00</b>	<b>2,002.56</b>	<b>\$24,030.72</b>

**BID TAB - CLEANING/JANITORIAL SERVICES  
YEAR 4**

DESCRIPTION	UNIT	TOTAL	Service Master		Eco Clean		Clean Slate	
			Unit Price	Total Annual	Unit Price	Total Annual	Unit Price	Total Annual
City Hall - 3x per week	Monthly	12	709.17	\$8,510.04	890.00	\$10,680.00	580.64	\$6,967.68
Police Department - 5x per week	Monthly	12	2,114.42	\$25,373.04	1,280.00	\$15,360.00	967.73	\$11,612.76
Public Works - 5x per week	Monthly	12	1,174.78	\$14,097.36	690.00	\$8,280.00	516.12	\$6,193.44
<b>TOTALS</b>			<b>3,998.37</b>	<b>\$47,980.44</b>	<b>2,860.00</b>	<b>\$34,320.00</b>	<b>2,064.49</b>	<b>\$24,773.88</b>



RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION AUTHORIZING THE MAYOR TO SIGN AN AGREEMENT WITH CLEAN SLATE, INC. TO PROVIDE JANITORIAL SERVICES FOR THE CITY OF DARIEN.**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS**, as follows:

**SECTION 1:** The City Council of the City of Darien hereby authorizes the Mayor to sign an agreement with Clean Slate, Inc. to provide janitorial services for the City of Darien, a copy of which is attached hereto as "Exhibit A".

**SECTION 2:** This Resolution shall be in full force and effect from and after its passage and approval as provided by law.

**PASSED BY THE CITY COUNCIL OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS**, this 17<sup>th</sup> day of September, 2018.

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSENT: \_\_\_\_\_

**APPROVED BY THE MAYOR OF THE CITY OF DARIEN, DU PAGE COUNTY, ILLINOIS**, this 17<sup>th</sup> day of September, 2018.

\_\_\_\_\_  
KATHLEEN MOESLE WEAVER, MAYOR

ATTEST:

\_\_\_\_\_  
JOANNE E. RAGONA, CITY CLERK

APPROVED AS TO FORM

\_\_\_\_\_  
CITY ATTORNEY



## Commercial Cleaning Services

### Facility Cleaning Proposal

*for*

**CITY OF DARIEN**

1702 Plainfield Rd., Darien, IL 60561

**REQUEST FOR PROPOSAL (RFP)  
FOR  
MUNICIPAL FACILITY CLEANING SERVICES  
FOR  
THE CITY OF DARIEN**

**City Facilities Included in Request:**

**City Hall – 1702 Plainfield Road**

**Police Department – 1710 Plainfield Road**

**Public Works – 1041 S. Frontage Road**

**Pre-Proposal Meeting, Tuesday, August 7, 2018 – 10:00 a.m.**

**Proposal Due Tuesday, August 14, 2018 – 10:00 a.m.**

## **PART 1 – GENERAL TERMS AND CONDITIONS**

### **1. INTENT**

It is the intent of the City of Darien, to solicit bids from qualified vendors to furnish all supervision, labor, janitorial supplies, consumable materials, tools, and equipment necessary to complete all cleaning and janitorial services in a workmanlike and acceptable manner at three (3) City-owned facilities, which locations are in DuPage County, within the corporate limits of the City of Darien, Illinois.

### **2. MANDATORY PRE-BID MEETING:**

Failure to attend the pre-bid meeting will result in disqualification from the bid process. The pre-proposal meeting will be held in the City Hall Conference Room, 1702 Plainfield Road (630) 852-5000, on the date and time shown on the cover page of these Specifications and Proposal Documents.

### **3. AWARD**

Award shall be made to the lowest responsive and responsible bidder who best meets the specifications including financial capacity to perform, experience and qualifications performing similar work, and scheduling based upon the evaluation criteria specified herein.

The City of Darien reserves the right to reject any or all bids, waive technicalities, and to award in part or in whole or not award any portion of the bid, whatever is deemed to be in the best interest of the City.

This contract is a non-exclusive contract with the City of Darien. The City reserves the right to use other contractors or its own employees to perform work similar to that being performed under the terms of this contract. Performance of work by others shall be considered consistent with the terms of this contract and shall not be construed as cause for the Contractor to cease performance of work as directed.

### **4. FAMILIARITY**

Bidders are responsible to verify and become familiar with all conditions, instructions and specifications governing this contract. Before submission of a bid, Bidders are advised to 1) Inspect the site(s) of the proposed work and become familiarized with all the site conditions that may affect the performance of the work; and 2) Review all General Conditions, Specifications, and details provided with these bid documents.

### **5. BIDDER QUALIFICATIONS AND EVALUATION CRITERIA**

To be considered for award of a contract, Bidders must demonstrate the capability to provide services required in accordance with these bid specifications. This includes:

- A. Attendance at Mandatory Pre-Proposal Meeting
- B. Bid pricing
- C. Compliance with specifications
- D. References
- E. Not currently suspended from participation in any Local, State or Federal Projects

### **6. ADDENDA AND REQUESTS FOR INFORMATION**

Any and all changes to these specifications are valid only if they are included by written Addendum to All Bidders. No interpretation of the meaning of the plans, specifications or other contract documents will be made orally. Failure of any bidder to receive any such addendum or interpretation shall not relieve the bidder from obligation under this bid as submitted. All addenda so issued shall become part of the bid documents. Failure to request an interpretation constitutes a waiver to later claim that ambiguities or misunderstandings caused a bidder to improperly submit a bid.

**7. PREVAILING WAGE/CERTIFIED PAYROLL REQUIREMENTS (Public Act 94-0515)**

N/A

**8. EMPLOYMENT OF ILLINOIS WORKERS ON PUBLIC WORKS ACT (30 ILCS 570/)**

N/A

**9. ILLINOIS HUMAN RIGHTS ACT (775 ILCS 5/)**

In the event the Contractor's non-compliance with the provision of the Equal Employment Opportunity Clause, the Illinois Human Rights Act or the Applicable Rules and Regulations of the Illinois Department of Human Rights ("Department"), the Contractor may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be cancelled or voided in whole or part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation.

**10. WAIVER OF WORKERS COMPENSATION/OCCUPATIONAL DISEASE EXPENSE REIMBURSEMENT**

The Contractor agrees to waive any and all rights to reimbursement of workers' compensation expenses under Section 1(a)(4) of the Illinois Workers' Compensation Act (820 ILCS 305), and as amended; and the Contractor agrees to waive any and all rights to reimbursement of occupational disease expenses under Section 1(a)(3) of the Illinois Occupational Diseases Act (820 ILCS 310), and as amended.

**11. SUBCONTRACTORS**

If any Bidder intends on subcontracting out all or any portion of the engagement, that fact, and the name of the proposed subcontracting firm(s) must be clearly disclosed on the form provided herein (use additional sheets if necessary). Failure to identify subcontractors could result in disqualification.

In the event the Contractor requires a change of the subcontractor(s) identified, a written request from the Contractor and a written approval from the City of Darien is required.

Notwithstanding written consent to subcontract, the Contractor shall perform with the Contractor's own organization, work amounting to not less than fifty (50%) percent of the total contract cost, and with materials purchased or produced by the Contractor. A subcontractor shall be bound by the conditions of this contract and shall perform in accordance with all terms and specifications of the contract.

**12. CHANGE IN STATUS**

The Contractor shall notify the City immediately of any change in its status resulting from any of the following: (a) Contractor is acquired by another party; (b) change in greater than 5% ownership interest; (c) Contractor becomes insolvent; (d) Contractor, voluntarily or by operation law, becomes subject to the provisions of any chapter of the Bankruptcy Act; (d) Contractor ceases to conduct its operations in the normal course of business. The City shall have the option to terminate its agreement with the Contractor immediately on written notice based on any such change in status.

**13. INVOICES, PAYMENTS, AND QUANTITIES**

Payment will be made by the City of Darien thirty (30) days after receipts of statement or invoice from Contractor for services rendered.

**14. INDEPENDENT CONTRACTOR**

The Contractor is an independent contractor and no employee or agent of the Contractor shall be deemed for any reason to be an employee or agent of the City.

**15. TERMINATION**

The City of Darien reserves the right to terminate this contract, or any part of this contract, upon ten (10) days written notice. In case of such termination, the Contractor(s) shall be entitled to receive payment for work completed to date in accordance with the terms and conditions of this contract. In the event that this contract is terminated due to Contractor's default, the City shall be entitled to purchase substitute items and/or services elsewhere and to charge the Contractor with any or all losses incurred, including attorney's fees and expenses.

**16. INSURANCE REQUIREMENTS**

The successful bidder ("Contractor") shall furnish, separately to the City of Darien, within ten (10) calendar days after being notified of the acceptance of bid, and shall maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

**MINIMUM SCOPE OF INSURANCE – Coverage shall be at least as broad as:**

Insurance Services Office Commercial General Liability occurrence form CG 0001 with the City of Darien named as additional insured on a primary and non-contributory basis. This primary, non-contributory additional insured coverage shall be confirmed through the following required policy endorsements:

- A. ISO Additional Insured Endorsement CG 20 10; and
- B. Owners and Contractors Protective Liability (OCP) policy with the City of Darien as insured; and
- C. Insurance Service Office Business Auto Liability coverage form number CA 0001, Symbol 01 "Any Auto."; and
- D. Workers' Compensation as required by the Workers' Compensation Act of the State of Illinois and Employers' Liability insurance.

**MINIMUM LIMITS OF INSURANCE – Contractor shall maintain limits no less than the following:**

- A. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, and property damage and \$1,000,000 per occurrence for personal injury. The general aggregate shall be twice the required occurrence limit. Minimum General Aggregate shall be no less than \$2,000,000 or a project/contract specific aggregate of \$1,000,000.
- B. Owners and Contractors Protective Liability (OCP): \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
- C. Business Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- D. Workers' Compensation and Employers' Liability: Workers' Compensation coverage with statutory limits and Employers' Liability limits of \$500,000 per accident.

**DEDUCTIBLES AND SELF-INSURED RETENTIONS – Any deductibles or self-insured retentions must be declared to and approved by the City of Darien. At the option of the City of Darien, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City of Darien, its officials, employees, agents and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigation, claim administration and defense expenses.**

**OTHER INSURANCE PROVISIONS – The policies are to contain, or be endorsed to contain, the following provisions:**

**A. General Liability and Automobile Liability Coverages**

- a. The City of Darien, its officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of the Contractor's work, including activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, leased or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the City of Darien, its officials, agents, employees and volunteers.
- b. The Contractor's insurance coverage shall be primary and non-contributory as respects the City of Darien, its officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City of Darien, its officials, employees, agents and volunteers shall be excess of Contractor's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage

provided to the City of Darien, its officials, employees, agents and volunteers.

- d. The Contractor's insurance shall contain a Severability of Interests/Cross Liability clause or language stating that Contractor's insurance shall apply separately to each insured against who claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. If any commercial general liability insurance is being provided under an excess or umbrella liability policy that does not "follow form," then the Contractor shall be required to name the City of Darien, its officials, employees, agents and volunteers as additional insureds.
- f. All general liability coverages shall be provided on an occurrence policy form. Claims-made general liability policies will not be accepted.
- g. The contractor and all subcontractors hereby agree to waive any limitation as to the amount of contribution recoverable against them by City of Darien. This specifically includes any limitation imposed by any state statute, regulation, or case law including any Workers' Compensation Act provision that applies a limitation to the amount recoverable in contribution such as *Kotecki v. Cyclops Welding*.

**B. Workers' Compensation and Employers' Liability Coverage**

- a. The insurer shall agree to waive all rights of subrogation against the City of Darien, its officials, employees, agents and volunteers for losses arising from work performed by Contractor for the municipality.

**C. All Coverages**

- a. No Waiver. Under no circumstances shall the City of Darien be deemed to have waived any of the insurance requirements of this Contract by any act or omission, including, but not limited to
  - i. Allowing work by Contractor or any subcontractor to start before receipt of Certificates of Insurance and Additional Insured Endorsements.
  - ii. Failure to examine, or to demand correction of any deficiency, of any Certificate of Insurance and Additional Insured Endorsement received.
- b. Each insurance policy required shall have the City of Darien expressly endorsed onto the policy as a Cancellation Notice Recipient. Should any of the policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

**ACCEPTABILITY OF INSURERS** – Insurance is to be placed with insurers with a Best's rating of no less than A-, VII and licensed to do business in the State of Illinois.

**VERIFICATION OF COVERAGE** – Contractor shall furnish the City of Darien with certificates of insurance naming the City of Darien, its officials, employees, agents and volunteers as additional insureds, and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the City of Darien before any work commences. The City of Darien reserves the right to request full certified copies of the insurance policies and endorsements.

**SUBCONTRACTORS** – Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

**ASSUMPTION OF LIABILITY** – The contractor assumes liability for all injury to or death of any person or persons including employees of the contractor, any sub-contractor, any supplier or any other person and assumes liability for all damage to property sustained by any person or persons occasioned by or in any way arising out of any work performed pursuant to this agreement.



**17. REGULATORY REQUIREMENTS**

Successful bidder must comply with all applicable laws, regulations, and rules promulgated by any Federal, State, County, Municipal and/or other governmental unit or regulatory body now in effect or which may be in effect during the performance of the work. Included within the scope of the laws, regulations, and rules referred to in this paragraph but in no way to operate as a limitation, are Occupational Safety & Health Act (OSHA), Illinois Department of Labor (IDOL), Department of Transportation, all forms of traffic regulations, public utility, Intrastate and Interstate Commerce Commission regulations, Workers' Compensation Laws, Prevailing Wage Laws, the Social Security Act of the Federal Government and any of its titles, the Illinois Department of Human Rights, Human Rights Commission, or EEOC statutory provisions and rules and regulations.

## **PART 2 – TECHNICAL TERMS AND SPECIAL PROVISIONS**

### **1. SCOPE OF WORK**

- 1.1. The successful bidder ('Contractor') shall furnish the necessary labor, equipment and materials required to provide a high level of janitorial services and cleaning in accordance with these contract terms, conditions and special provision. The bid shall include all costs associated with furnishing supervision, lead workers, labor, contractor-supplied materials, tools, consumable materials, and equipment necessary meet or exceed the quality standards described herein.
- 1.2. The Contractor shall become fully acquainted with the nature of the work, all sites at which work is to be accomplished, and the conditions affecting the cost and performance of work at these locations within the corporate limits of the City of Darien, which locations are in DuPage Counties, Illinois, and to be serviced as follows:
  - 1) City Hall, 1702 Plainfield Road – three (3) alternating days cleanings/week: Monday, Wednesday, Friday
  - 2) Police Station, 1710 Plainfield Road – five (5) consecutive days cleanings/week: Monday-Friday.
  - 3) Public Works, 1041 S. Frontage Road – five (5) consecutive cleanings/week: Monday-Friday.
- 1.3. A list of tasks by location and frequency is included in Appendix A - Cleaning and Janitorial Task Schedule. A separate description of facility use is included in these special provisions to familiarize bidders with the extent of cleaning expected at each.
- 1.4. The Contractor will provide professional cleaning and janitorial services in accordance with safety data sheets (SDS, formerly MSDS), equipment manufacturer recommendations, applicable industry safety codes, and the Occupational Safety and Health Administration (OSHA) regulations.
- 1.5. Damage to Property: Contractor shall exercise caution to avoid damaging equipment, buildings, walls, flooring, and especially the finished workspaces. The Contractor shall be responsible for damage caused by their actions or failure to protect appropriately, and shall immediately notify the Police Department of any such damage. The City reserves the right to repair or replace that which was damaged or assess the Contractor such cost as may be reasonable and related to damage caused by the Contractor, and deduct these costs from any payment due the Contractor.

### **2. CONTRACT TERM AND RENEWAL**

- 2.1. The initial term of this contract will be for the period of September 1, 2018 through August 30, 2019 with the option for three (3) annual renewals. There shall be no pricing adjustments for the initial contract term.
- 2.2. The City may, at its option and with the concurrence of the Contractor, extend the period of this agreement an additional three (3) years in one (1) year increments through December 31, 2021. All renewals shall commence on September 1st and terminate on August 31st of any calendar year.
- 2.3. The Contractor shall be notified in writing of the City's intention to renew the contract period not less than sixty (60) calendar days prior to the expiration of the contract. The optional annual renewals will be based on performance and rating of services provided.
- 2.4. Unit price adjustments may be made at the time of any renewal of the contract. The unit price adjustments cannot exceed the percentage increase of the Chicago Area Consumer Price Index

(Chicago-Gary-Kenosha) for the most recent twelve (12) month period preceding the renewal notification, as published by the Labor Department, and in no case can increase more than 5 percent in any one year. Expenditure category used shall be "All Items".

- 2.5. The Contractor shall accept or decline the renewal in writing no later than fifteen (15) business days after the date contained in the City's renewal request.

### 3. NOTIFICATION OF WORK AND FACILITY SCHEDULES

- 3.1. Supervision: This contract will be under the direct supervision of the assigned designee and detailed supervision provided by the Public Works Superintendent or their authorized representative(s). Any alterations, modifications, or claims for any extra work to be performed under this contract shall be made only by written agreement between the Contractor and the Director and shall be made prior to commencement of such changes.
- 3.2. The Contractor will meet once per month with the assigned designee during the first 90 days of the contract, and once per 3-months (quarter) thereafter.
- 3.3. The Contractor shall have at least one telephone number for calls 24 hours per day, seven (7) days per week including holidays.
- 3.4. The Contractor shall establish a routine normal schedule for the completion of the work. The schedule shall be submitted for approval to the assigned designee at the commencement of the contract and shall be re-submitted anytime revisions in the schedule occur. It shall be the Contractor's responsibility to provide sufficient manpower to complete the schedule each day regardless of sickness, leaves, or other personnel matters.
- 3.5. The Contractor may have to occasionally revise the normal cleaning and janitorial work schedule in various meeting rooms and nearby common areas so as to not interfere with scheduled meetings or events. The City will provide advance notice of meetings and events. Such meeting room use is considered a normal activity of the facility and shall in no way diminish the Contractor's responsibility for cleaning the meeting rooms and common areas following the meeting.
- 3.6. The facilities' uses, hours of operation and normal times at which cleaning and janitorial services could be completed, has been generalized herein and is not intended to be all-inclusive:
- 3.6.1. City Hall – upper and lower levels, includes administrative offices, conference room, bathrooms, and coffee station. The lower level includes council chambers, bathrooms and breakroom. Permanent file storage and computer network equipment rooms are also located on the lower level.
    - 3.6.1.1. Normal use hours are 8:30 AM to 5:00 PM.
    - 3.6.1.2. The Contractor will have access normally Monday through Friday 6:00 P.M. through 6:00 A.M., and all times on weekends and holidays.
    - 3.6.1.3. The Contractor shall be responsible for cleaning all offices, common areas, stairways, meeting rooms, break rooms, and restrooms.
  - 3.6.2. Police Station – upper and lower, includes administrative offices of the Police Department, secured offices of the Police Chief and Commanders, as well as criminal evidence and prisoner processing rooms. The meeting room is frequently scheduled for daytime and evening meetings. Break rooms are used daily for employees' preparation and consumption of snacks and meals as well as public use associated with the meeting rooms. Locker rooms are used daily and its showers used occasionally. *This contract does not include the temporary prisoner detention areas.*

- 3.6.2.1. This building is operating 24-hours each day with law enforcement staff; however administrative normal use hours are 8:00 AM to 5:00 PM.
  - 3.6.2.2. The Contractor will have access normally Monday through Friday 6:00 P.M. through 6:00 A.M., and all times on weekends and holidays.
  - 3.6.2.3. The Contractor will be restricted occasionally from the offices of the Police Chief and Commanders, and the Evidence Processing Room when doors are locked; however, unlocked doors shall indicate a request for routine cleaning and janitorial services.
  - 3.6.2.4. The Contractor shall be responsible for cleaning all offices, common areas, meeting rooms, break rooms, restrooms, and locker rooms.
- 3.6.3. Public Works – two levels, includes administrative offices, restrooms, work spaces and meeting rooms. The conference room is used occasionally for daytime and evening meetings. The break room is used daily for employees' preparation and consumption of snacks and meals, and occasionally for daytime meetings. This contract does not include the garage areas or locker room.
- 3.6.3.1. Normal use hours are 7:00 AM to 3:30 PM.
  - 3.6.3.2. The Contractor will have access normally Monday through Friday 4:00 P.M. through 6:00 A.M., and all times on weekends and holidays.
  - 3.6.3.3. This building may occasionally operate with personnel all hours each day; for example, emergency repairs or wintertime snow and ice control operations.
  - 3.6.3.4. Personnel can have on their boots and clothing a great deal of grease, dust, dirt, mud, salt, and asphalt. Extra effort may be required to maintain floors.
  - 3.6.3.5. The Contractor shall be responsible for cleaning all offices, work spaces, common areas, meeting rooms, break rooms, and restrooms.

#### **4. CONTRACTOR'S PERSONNEL**

- 4.1. The Contractor shall provide to the City a designated contact person on all work performed by the Contractor's crew(s). At all times that crews are working in any City facility the designated contact person shall be available by telephone and be able to contact crews working in those facilities. The designated contact person shall be responsible for the instruction and training of personnel in the proper work methods and procedures. The designated contact person will schedule and coordinate all services and functions as required by the contract and as specified in the task schedules. It is not necessary for the designated contact person to be on site.
- 4.2. **Employee Work List and Background Check:** The Contractor shall confidentially submit a current list of the names, addresses, date of births, and photo identification of all employees who will perform work under this contract. All employees on this list shall be first required to submit to a fingerprint-based background check conducted by the City's Police Department prior to being allowed access to City facilities. Changes in this employment list shall be reported to the City Administrator within 48 hours. No employee shall be allowed on the job site until the documentation has been provided and the City has had sufficient time to conduct its background checks to approve each employee. The City shall have and shall exercise full and complete control over clearance for Contractor's employees, or to request changes to the employee list.
- 4.3. All Contractors' employees will display photo identification badges while working on City premises. No employees will be allowed access to any area without displaying the required identification badge.

- 4.4. Keys and access cards issued by the City to the Contractor's personnel shall be in the possession of a single employee at all times when in City facilities. In the event that a card is lost or damaged, Contractor shall IMMEDIATELY NOTIFY THE POLICE DEPARTMENT so that access for that card may be halted. The Contractor shall reimburse the City for the cost of keys and access cards, including all costs associated with replacement keys and changing of locks if deemed necessary by the City.
- 4.5. All employees and representatives of the Contractor's company must be able to read and understand all chemical labels, building signs, and warning signs.
- 4.6. To ensure competent and safe performance of the work, all employees shall be bonded under the Contractor's company, and the Contractor shall provide appropriate training to employees prior to the beginning of service under this Contract. The Contractor is responsible for any theft or tampering by his workers or during the period the workers are in the building.
- 4.7. The Contractor's employees will be working in areas which are under secured access and other areas which will be generally open to the public during reasonable hours for meetings and other uses. All secured areas shall be maintained in a secured condition and these areas shall be locked immediately upon completing the required work. The Contractor, upon completion of the public use, will secure access to the public meeting areas of the buildings. All areas shall be secured when the Contractor has completed his daily operations.
- 4.8. Any employee(s) of the Contractor whom the City deems careless, discourteous, or otherwise objectionable or who cannot meet standards required for security or other reasons will be prohibited from entering the buildings to perform work. The Contractor shall be required to provide alternate employee(s) to complete the work required.

## **6. CLEANING AND JANITORIAL SERVICES SPECIFICATIONS**

- 5.1. The Contractor shall provide all equipment, labor, and supplies for the services described in this section. The Contractor shall provide, at no additional cost to the City, all equipment and janitorial supplies required to support these work activities with the exception of consumable materials as may be optioned herein.
- 5.2. The Contractor shall provide a high level of cleaning and janitorial services with the care and expectations as described herein and at the frequency specified in Appendix A - Cleaning and Janitorial Task Schedule. These descriptions are not all-inclusive, as the Contractor's exceptional work practices should be the standard when conducting cleaning activities.
- 5.2.1. **DUSTING:** Satisfactory and acceptable dusting will present a surface free from all dust and other loose material and shall be completed using appropriate means such as treated cloths or micro-fiber cloths.
- 5.2.2. **CLEANING (Non-Floor Surfaces):** A satisfactory and acceptable clean surface shall be completely free of all loose and adhering dirt or other foreign material down to the original finish of the surface. A clean surface will appear both physically and visually clean, free from streaks or other residue. If a cleaning agent is required, an approved agent for the surface to be cleaned shall be used in accordance with the manufacturer's use recommendations.
- 5.2.3. **RESTROOMS AND LOCKER ROOMS:** All porcelain fixtures, chrome and metal work, and glass shall be cleaned and free from streaks, dirt or grime using approved cleaners. Bowls, urinals and sinks shall be free from water stains, rings and biological stains. Floors, walls, and partitions shall be cleaned and free from stains, dirt, grime or streaks. Sanitizing shall be completed with an approved disinfectant. Restrooms shall be free of objectionable odors.
- 5.2.4. **KITCHENS AND LUNCHROOMS:** All fixtures, appliances, chrome and metal work, and glass shall be cleaned and polished to a shiny appearance free from streaks, dirt, grease and grime. Sinks shall be free from rings and stains and free from objectionable odor. Floors, walls, cabinets, tables, chairs and garbage receptacles shall be free from stains, dirt, grime, odors, grease and streaks. Microwave ovens shall be clean and free from "cooked on" foodstuffs.
- 5.2.5. **FLOORS AND CARPETS:** A satisfactory and acceptable floor or carpet will not have dust, streaks, marks or dirt in corners behind doors or under furniture. All paper clips, staples, etc. shall be picked up. The use of vacuuming equipment and/or treated dust mops will be used to keep the floors clean and free of all dust, dirt and loose foreign material, including all corners, crevices and other hard to reach areas, regardless of the surface. Waxed floors will show a "wet look" gloss and shall not be yellowed, streaked, cloudy, foggy, hazy, or otherwise show signs of films. Heavy use carpet areas will be spot cleaned as needed to maintain a dirt-free appearance between contractual cleanings. Baseboard shall be cleaned periodically to remove dirt, dust, and scuff marks.
- 5.2.6. **WET MOPPING:** Satisfactory and acceptable wet mopping will present a clean floor free from streaks, smears and dried dirt. Safe, all-purpose detergents will be used on all resilient and hard floor surfaces. During winter months when snow & ice control chemicals may be in use Contractor shall use an approved neutralizing product. Water will be changed daily at a minimum, between cleaning processes, or when the level of soil is such that more frequent water changes are required to maintain satisfactory cleaning. These same standards shall apply to cleaning of stairways and chairmats.
- 5.2.7. **SPOT CLEANING:** When a spot or stain is detected in the carpet, effort shall be made to identify the stain and use an appropriate spot cleaner to eliminate the stain. If the stain

cannot be cleaned, the City Administrator shall be notified of the approximate location of the stain and methods attempted to remove it.

5.2.8. **GLASS:** A satisfactory and acceptable glass, mirror or vitreous surface will be free from streaks, smears, and spots. All interior glass and at entrances shall be cleaned.

5.2.9. **MISCELLANEOUS CLEAN UP, RESTRICTIONS AND REQUESTS:**

5.2.9.1. Use wet floor warning signs whenever floors are mopped and dampened.

5.2.9.2. Pick up swept dirt.

5.2.9.3. Empty mop bucket and rinse out mop in designated sinks or basins.

5.2.9.4. Clear all sink drains of debris.

5.2.9.5. Restore any materials to proper storage location.

5.2.9.6. Turn-off all lights.

5.2.9.7. Keep clean and orderly the dumpster sites.

5.2.9.8. Keep storage areas and janitor's closets clean, safe and organized.

5.2.9.9. Never leave keys or access cards off your person. Lost or stolen keys or access cards shall be **REPORTED TO THE POLICE DEPARTMENT IMMEDIATELY**. Do not go into cabinets, closets, or storage areas that you have not been authorized to access.

5.2.9.10. Do not remove paper, boxes, or other items from the floor that are not in wastebaskets.

5.2.9.11. Place all "found" valuables on desk in the Clerk's Office at the City Hall.

5.2.9.12. Place a sign on both the front and rear windshield of your car if you drive to a work location showing "JANITOR".

5.2.9.13. Do not use office telephones for personal calls.

5.2.9.14. Do not allow anyone except Contractor's personnel or authorized City employees to enter the building if the building has been locked or secured.

5.2.9.15. Note immediately if anything was broken or damaged when Contractor's personnel entered a work location, and **NOTIFY THE POLICE DEPARTMENT** within one (1) hour.

5.2.9.16. If Contractor's personnel feel harassed or witness a crime, **CALL THE POLICE DEPARTMENT IMMEDIATELY**

5.3. The City will provide at each facility the secure locations for storage of Contractor's equipment, cleaning supplies, and consumable materials, as well as all containers for refuse disposal both inside and outside the facilities, including recycling containers when applicable.

5.4. If for any reason the City objects to the use of a cleaning or janitorial product, the Contractor shall discontinue use and find a substitute acceptable to the City. All products supplied or used under this Contract shall be new in their original containers and within product expiration dates.

5.5. **SAFETY, LABELING & COMPLIANCE:** All supplies of the Contractor and stored at the City facilities shall meet all applicable standards for product safety, and which shall be deemed stored safely in the City facilities without modifications. Any items determined not to be in compliance

shall be corrected or removed. Contractor shall furnish the City copies of Safety Data Sheets (SDS, formerly MSDS), for all products used, prior to beginning service, and shall update copies of the SDS annually and at any time a new chemical or cleaning product is to be used.

- 5.6. **Building Alarms:** Contractor's personnel are responsible for arming and disarming alarm systems at the City facilities. For each false alarm that occurs due to the action of the Contractor's personnel, the Contractor shall be charged the fines assessed by the Fire Protection District.
- 5.7. **Inspections & Corrections:** Periodic inspections shall assess the Contractor's performance in meeting these standards. The Contractor and the City shall jointly establish a system whereby the City can give notice to the Contractor indicating problems, complaints and other discrepancies. The Contractor shall formally respond to these requests and notices. Any deficiencies noted in any inspection shall be corrected within twenty-four (24) hours, or by such time mutually agreed to by the City.
- 5.8. The Contractor shall accept the facilities and appurtenances in their current condition. No compensation will be allowed for modifications or repairs to meet Contractor's requirements. Under no circumstances will any facility's components be upgraded, enhanced, or improved, after the bid has been awarded, to the Contractor's specifications or for the benefit of the Contractor.

## **6. CONSUMABLE MATERIALS – OPTION BID**

- 6.1. All bidders shall provide with this bid the annual costs to furnish consumable products for City facility use which will be replenished as part of routine cleaning and janitorial services including hand soap, shower soap and urinal blocks. The City has previously provided consumable materials through other purchasing contracts; however, it may be in the best interest of the City for the Contractor to purchase and replenish these consumable supplies as part of the Cleaning and Janitorial Services Contract.
- 6.2. All products furnished shall be compatible with existing dispensing units or containers, and replenished during the course of routine services under this Contract. This item does not include facial tissues.
- 6.3. Contractor's selected products for consumable supplies shall be of the highest quality. The selected bidder (Contractor) may be requested to make available at no cost to the City sufficient samples of the proposed paper towels, liquid hand soap, and deodorant urinal blocks to assess product quality.
- 6.4. The total contract award of this Cleaning and Janitorial Services Contract may include the Consumable Materials–Option Bid if bid prices for this Option are within the City budget and pricing is most advantageous to the City.

The City is exempt from paying Illinois Sales Tax and Federal Excise Taxes. Prices submitted shall not include any of these taxes. Prices bid must include all applicable costs to the City including shipping costs to City facilities if necessary.



## **7. SPECIAL CLEANING – OPTION BIDS**

7.1. All bidders shall provide on the Bid Proposal Form the one-time costs per each special cleaning service at City facilities, which services are not specified as part of routine services of this contract, including washing exterior windows, stripping and refinishing vinyl tile floors, hot-water extraction cleaning of carpeted areas, and hot-water extraction cleaning of cloth office furniture during the carpet cleaning.

7.1.1. The City will move and replace furniture as may be requested by the Contractor.

7.1.2. Costs for special cleaning services shall include all labor, equipment, materials, and supplies. No additional mark-up or cost increases may be later requested for mobilization, transportation, fuel, unique equipment, overhead, profit, etc. for completing this work as may be scheduled outside of normal facility hours including on weekends.

7.2. Payment will be made based on the prices provided by the selected bidder (Contractor) of this Cleaning and Janitorial Services Contract, at such time these special services are needed.

## **8. PAYMENT**

8.1. Payment for all work completed and accepted will be made on the basis of the contract prices unless other agreements have been authorized in writing as specified herein. The Contractor shall submit the invoice to the City for all work completed during the month.

8.2. If scheduled work has not been completed in accordance with the approved schedule, payment will be withheld for the appropriate value of uncompleted work. At such time that the work is completed and accepted, payment will be made with the next scheduled monthly payment.

8.3. Any liquidated damages accrued and assessed as specified herein will be deducted from any monies due or to become due to the Contractor from the City.

## REFERENCES

The Contractor must provide four (4) references, including at least one (1) municipality, listing firm, name, address, telephone number and contact person, for whom the Contractor has supplied janitorial services similar to those provided in these specifications for a period no less than six (6) months.

COMPANY NAME: CROWNE PLAZA CHICAGO O'HARE HOTEL & CONF.  
ADDRESS: 5440 N RIVER RD.  
CITY, STATE, ZIP: ROSEMONT, IL 60018  
PHONE NUMBER: 847.671.6350 FAX: \_\_\_\_\_  
CONTACT PERSON: CHEF MICHAEL GROVE  
DATE OF SERVICE(S): FEB 2017 TO PRESENT

COMPANY NAME: TRP MANAGEMENT COMPANY  
ADDRESS: 7630 PLAZA COURT, SUITE 100  
CITY, STATE, ZIP: WILLOWBROOK, IL 60527  
PHONE NUMBER: 630.455.9151 FAX: \_\_\_\_\_  
CONTACT PERSON: JILL BONFIGLIO - PROPERTY MANAGER  
DATE OF SERVICE(S): JANUARY 2017 TO PRESENT

COMPANY NAME: HUNTINGTON SQUARE APARTMENTS  
ADDRESS: 1300 ELMHURST RD.  
CITY, STATE, ZIP: MT. PROSPECT, IL 60056  
PHONE NUMBER: 847.364.4444 FAX: \_\_\_\_\_  
CONTACT PERSON: MICHELLE CHAVEZ - PROPERTY MANAGER  
DATE OF SERVICE(S): APRIL 2015 TO PRESENT

COMPANY NAME: GOOSEHEAD INSURANCE  
ADDRESS: 612 EXECUTIVE DR.  
CITY, STATE, ZIP: WILLOWBROOK, IL 60527  
PHONE NUMBER: \_\_\_\_\_ FAX: \_\_\_\_\_  
CONTACT PERSON: JOHN DeVAE  
DATE OF SERVICE(S): DEC. 2016 TO PRESENT

Bidder's Name: JOHN BON B. CHIONG. - CLEANSLATE, INC.

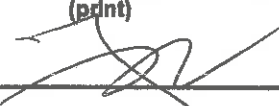
Signature & Date: \_\_\_\_\_  


**CITY OF DARIEN  
CLEANING/JANITORIAL SERVICES  
BID SHEET**

September 1, 2018 – August 31, 2019

APPENDIX A DUTIES/ LOCATION	MONTHLY COST	TOTAL MONTHS	ANNUAL COST
City Hall – 3x week	\$ 529.93	12	\$ 6,359.16
Police Department – 5x week	\$ 883.22	12	\$ 10,598.64
Public Works – 5x week	\$ 471.05	12	\$ 5,652.60
<b>TOTAL</b>	<b>\$ 1,884.20</b>		<b>\$ 22,610.40</b>

Name: JOHN BON B. CHIONE  
(print)

Signature: 

Company Name: CLEAN SLATE, INC.

Address: 510 PLAINFIELD RD., DARIEN, IL 60561

Office Phone: 312-927-4858

Cell Phone: 312-927-4858

Email: john.cleanslateinc@outlook.com

**CITY OF DARIEN  
CLEANING/JANITORIAL SERVICES  
BID SHEET**

Optional Contract Extension – Year 2

APPENDIX A DUTIES/ LOCATION	MONTHLY COST	TOTAL MONTHS	ANNUAL COST
City Hall – 3x week	\$ 546.32	12	\$ 6,555.84
Police Department – 5x week	\$ 910.54	12	\$ 10,926.48
Public Works – 5x week	\$ 485.62	12	\$ 5,827.44
<b>TOTAL</b>	<b>\$ 1,942.48</b>		<b>\$ 23,309.76</b>

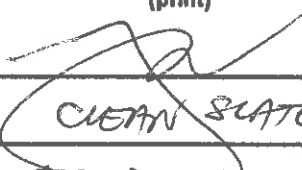
Optional Contract Extension – Year 3

APPENDIX A DUTIES/ LOCATION	MONTHLY COST	TOTAL MONTHS	ANNUAL COST
City Hall – 3x week	\$ 563.22	12	\$ 6,758.64
Police Department – 5x week	\$ 938.70	12	\$ 11,264.40
Public Works – 5x week	\$ 500.64	12	\$ 6,007.68
<b>TOTAL</b>	<b>\$ 2,002.56</b>		<b>\$ 24,030.72</b>

Optional Contract Extension – Year 4

APPENDIX A DUTIES/ LOCATION	MONTHLY COST	TOTAL MONTHS	ANNUAL COST
City Hall – 3x week	\$ 580.64	12	\$ 6,967.68
Police Department – 5x week	\$ 967.73	12	\$ 11,612.76
Public Works – 5x week	\$ 576.12	12	\$ 6,913.44
<b>TOTAL</b>	<b>\$ 2,064.49</b>		<b>\$ 24,793.88</b>

Name: JOHN BOYD, CHIONIS  
(print)

Signature: 

Company Name: CLEAN SLATE, INC.

Address: 570 PLAINFIELD RD, DAMEN, IL 60501

Office Phone: 312.927.4858

Cell Phone: 312.927.4858

Email: john.cleanslateinc@outlook.com

In witness whereof, the said parties have executed these provisions on the date below mentioned

CITY OF DARIEN

FOR: THE CONTRACTOR

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: Mayor

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**CLEANING AND JANITORIAL TASK SCHEDULE**

	City Hall				Police Station				Public Works			
	Each Visit	Weekly	Monthly	April & October	Each Visit	Weekly	Monthly	April & October	Each Visit	Weekly	Monthly	April & October
<b>GENERAL HOUSEKEEPING</b>												
Gather all waste paper, insert liners, and remove to proper disposal or recycling area. Paper and other recyclable materials shall be collected, and stored for removal as designated.	•				•				•			
Dust as necessary exposed area of tables, countertops, file cabinets, bookcases and shelves, and return vents.	•				•				•			
Spot clean soiled areas	•				•				•			
Wipe clean working areas of tables, other work surfaces. Papers on these surfaces should not be disturbed.	•				•				•			
Clean, scour, and sanitize drinking fountains	•				•				•			
Spot clean interior door glass, glass partitions, office windows, and light switches.	•				•				•			
Damp clean top handrail on all stairways	•				•				•			
Wipe clean all desktops, if free of clutter		•				•				•		
Dust as necessary all horizontal blinds in offices and common areas		•				•				•		
Empty exterior waste containers and insert new liners if required		•				•				•		
Clean and sanitize telephones		•				•				•		
Dust all horizontal surfaces including sills, ledges, moldings, picture frames, wall hangings, and radiators (including washrooms and lunchrooms)		•				•				•		
Dust tops of all room divider partitions, including attached cabinets		•				•				•		
Dust tops of all lockers						•						
Clean & Polish Kickplates		•				•				•		
Clean and polish all railings with approved cleaner		•				•						
Clean all entrance door glass & interior glass surfaces (not exterior windows)		•				•				•		
Remove fingerprints from doors, moldings and from around light switch plates (including washrooms and lunchrooms)		•				•				•		
Damp wipe complete railings of all stairways		•				•				•		
Vacuum upholstered chairs and furniture			•				•				•	
Damp wipe and mop clean the elevator			•				•					
Clean all entrance door glass & interior glass surfaces (not exterior windows)			•				•				•	
Dust HVAC vents & returns for cobwebs, dust & dirt, up to 10 feet			•				•				•	
Dust exterior of all lighting fixtures			•				•				•	
Clean or vacuum all vertical surfaces of room dividers and partitions, including attached cabinets			•				•				•	
Vacuum dust from all window blinds				•				•				•

**CLEANING AND JANITORIAL TASK SCHEDULE**

	City Hall				Police Station				Public Works			
	Each Visit	Weekly	Monthly	April & October	Each Visit	Weekly	Monthly	April & October	Each Visit	Weekly	Monthly	April & October
<b>RESTROOMS, SINKS, KITCHENS/BREAKROOMS</b>												
Clean, sanitize and polish all metal and vitreous fixtures including toilet bowls, urinals, hand basins, and sinks	•				•				•			
Clean and sanitize toilet seats (both sides) and all counter areas	•				•				•			
Clean mirrors	•				•				•			
Empty all waste containers and insert liners	•				•				•			
Dust tops of partitions as necessary	•				•				•			
Spot clean partition doors as necessary	•				•				•			
Spot clean walls around sinks and walls around and under towel cabinets and urinals	•				•				•			
Clean and refill all dispensers	•				•				•			
Clean interior and exterior of microwaves	•				•				•			
Empty and clean coffee makers and coffee pots	•				•				•			
Spot clean exterior of refrigerators and dishwashers	•				•				•			
Damp clean exterior of waste containers		•				•						
Damp clean seats and backs of plastic chairs in breakrooms		•				•						
Damp clean partitions and partition doors and remove all writing where possible		•				•						
Spot clean all walls		•				•						
Damp clean seats and handles of exercise equipment in wellness room						•						
Change urinal blocks			•				•				•	
Thoroughly clean all washroom, locker room partitions and walls			•				•				•	
Clean exterior of all lockers							•					
<b>FLOOR CARE - RESILIENT AND HARD</b>												
Dust mop with treated mop, or sweep all open hard floor surfaces including stairways	•				•				•			
Mop all hard floor surfaces & entryways (mats to be picked up).	•				•				•			
Clean floor mats with vacuum	•				•				•			
Detergent mop and rinse and disinfect all washroom floor and locker room floors	•				•				•			
Damp clean all stair steps		•				•				•		
Machine spray buff all resilient tile areas			•				•				•	
Machine scrub and refinish all washroom floors (no wax). Scrub and clean all baseboards with appropriate mark remover if necessary			•				•				•	
<b>FLOOR CARE - CARPETS</b>												
Remove any spots with cleaner as needed	•				•				•			
Vacuum traffic areas and all meeting rooms	•				•				•			
Detail vacuum all corners and under chairs and tables		•				•				•		
Lift and vacuum under all plastic chair mats, damp wipe mat			•				•				•	
Damp clean all baseboards. Scrub and clean all baseboards with a City approved mark remover			•				•				•	



Commercial Cleaning Services

License & Insurance





Clean Slate Inc.  
Attn: Mr. John Bon B. Chiong  
510 Plainfield Rd  
Darien, IL 60561

June 22, 2018

Dear Mr. Chiong,

Enclosed is the 2018-19 Home Occupation License decal for **Clean Slate Inc.**, please affix the decal to the glass of your front door or window so that it is visible from the street. According to the manufacturer, the decal should peel off in one piece for easy removal at the next renewal period.

Thank you for locating your business in Darien and your continued efforts to make "Darien a Nice Place to Live."

Sincerely,

City of Darien

  
JoAnne E. Ragona,  
City Clerk

mg

Enclosure

# Taxpayer Notification

## Business Authorization



#BWNKMGV  
#CNXX XX4X 9749 8X88#  
CLEAN SLATE INC  
510 PLAINFIELD RD  
DARIEN IL 60561-4210

August 6, 2018



Letter ID: CNXXXX4X97498X88

Account ID: 4282-8260

## We have enclosed your Illinois Business Authorization.

We have enclosed your Illinois Business Authorization. Verify that all of the information is correct. If any corrections are needed you must contact us immediately at the telephone number listed below.

If all of the information is correct, your authorization must be visibly displayed at the address listed.

**Do not discard.** Your Illinois Business Authorization is an important tax document that provides you the authorization to legally do business in Illinois.

If you wish to be registered for any other taxes or fees, you must complete a new application. For questions, visit our website at [tax.illinois.gov](http://tax.illinois.gov) or call us weekdays between 8:00 a.m. and 4:30 p.m. at the telephone number below.

CENTRAL REGISTRATION DIVISION  
ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19030  
SPRINGFIELD IL 62794-9030

217 785-3707

Enclosure(s)

Verify that all of your Illinois Business Authorization information is correct.

- ✓ **If not**, contact us immediately.
- ✓ **If yes**, cut along the dotted line (fits a standard 5 x 7" frame). Your authorization must be visibly displayed at the address listed. **Do not discard**- your Illinois Business Authorization is an important tax document that provides you the authorization to legally do business in Illinois.

OFFICIAL DOCUMENT

State of Illinois - Department of Revenue

**Illinois Business Authorization**

**CLEAN SLATE INC**

**510 PLAINFIELD RD  
DARIEN IL 60561-4210**

**Loc. Code: 022-0062-7-001**

**Darien  
DuPage County**

**Expiration Date:  
5/1/2019**

**Certificate of Registration**

**Sales and use taxes and fees (4252-8260)**

ILLINOIS REVENUE

*Christine Beard*  
Director

OFFICIAL DOCUMENT - DO NOT DESTROY

**Issued Date: 08/06/2018**







# DARIEN CHAMBER OF COMMERCE

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## 2018

### Membership Certificate

# CLEAN SLATE

is recognized as a "Member in Good Standing"

by having fulfilled the requirements and honoring the mission statement of the

## Darien Chamber of Commerce

*a corporation not for pecuniary profit, with all the rights, but subject to all the conditions granted or imposed  
by the By-Laws of said corporation now or at any time hereafter in force and effect.*

*IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed  
By its duly authorized officers and to be sealed with the Official Seal in Darien, Illinois.*



  
Gail Sablick, Chairman of the Board

  
April Padalik, Executive Director

**Member  
Since  
2016**



**Darien Chamber  
of Commerce**

Your Connection to Business Success

**City of Darien**  
**Minutes of the Administrative/Finance Committee**  
**August 6, 2018**

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The Meeting was called to order by Chairman/Alderman Ted Schauer at 6:00 pm. Committee member Alderman Chlystek was present. Treasurer Mike Coren and City Administrator Bryon Vana were also present.

**Republic Bank of Chicago – Collateral Letter of Credit**

Treasurer Coren advised that Republic Bank currently provides the City with most of our banking services. The City’s investment policy outlines how the City invests and protects funds while held by a bank, including collateralization. For those governments that have deposits in financial institutions in excess of FDIC limits, many banks collateralize public deposits through the pledging of securities. Currently, Republic provides collateral by pledging securities such as bonds. Republic has requested changing to a Letter of Credit as collateral. Representatives from Republic attended the meeting to review the revision. The revisions are acceptable to Treasurer Coren and comply with our investment policy. This was an information item and no action was required.

**The Lions Club – Storage Shed Proposal**

Staff advised that the Lions Club is asking to place a storage shed, approximately 16ft x 20ft, on City property. The original request is to locate the shed at water plant 4, next to the sheds recently constructed at that location. However, other locations have been suggested including the grass area adjacent to the garage located in the rear of the city hall property. Lions Club President Kenneth Kohnke attended the meeting to review the request. The Consensus was to have the Lions Club submit an updated written request since the original request has been revised.

**Minutes – May 7, 2018**

The minutes were approved.

**Adjournment** - The meeting adjourned at 6:53.

Approved:

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

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

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