

**Administrative-Finance Committee**  
**September 8, 2015**  
**6:00 p.m. – City Hall Conference Room**

- 1. Call to Order**
- 2. Public Comment**
- 3. New Business**
  - a. Discussion – Draft Annual Financial Report – FYE April 30, 2015**
  - b. Discussion – Police Pension Actuarial Valuation Report/Tax Levy Requirement FYE 2016**
  - c. Approval of Minutes – June 1, 2015**
  - d. Release of Executive Session Minutes that no Longer Requires Confidentiality**
- 4. Other Business**
- 5. Next Meeting – October 5, 2015**
- 6. Adjournment**

# **CITY OF DARIEN**

## **M E M O**

**TO: Administrative/Finance Committee Members**  
**FROM: Bryon D. Vana, City Administrator**  
**DATE: August 31, 2015**  
**SUBJECT: September 8 Committee Meeting --Draft Audit  
Presentation**

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The committee will review the draft audit report, management letter, and staff's response to the management letter for FYE 4-30-15. The auditors will attend the committee meeting and review the report and answer any questions.

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

For the Year Ended  
April 30, 2015

“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.”

Prepared by the General Administration Department

Michael J. Coren  
City Treasurer

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## **INTRODUCTORY SECTION**

**PRINCIPAL OFFICIALS**

**April 30, 2015**

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**MAYOR**

**Kathleen Moesle Weaver**

**CITY COUNCIL**

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

**CITY TREASURER**

**Michael J. Coren**

**CITY CLERK**

**Joanne Ragona**

**CITY ATTORNEY**

**John B. Murphy**



**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darien, Illinois (the City) as of and for the year ended April 30, 2015, 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 entity'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 entity'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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

The City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*, which modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended April 30, 2014, which are not presented with the accompanying financial statements. In our report dated August 6, 2014, 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 2014 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 2014 financials statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information included on certain individual fund schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

Naperville, Illinois  
\_\_\_\_\_, 2015

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

## STATEMENT OF NET POSITION

April 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,367,933	\$ 258,687	\$ 7,626,620
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,344,514	-	2,344,514
Accounts	-	2,191,802	2,191,802
Intergovernmental	1,904,891	-	1,904,891
Other	332,541	21,894	354,435
Net pension asset	459,390	-	459,390
Inventories	13,311	-	13,311
Prepaid items	1,110	-	1,110
Capital assets not being depreciated	419,529	100,000	519,529
Capital assets being depreciated	7,359,554	5,964,027	13,323,581
<b>Total assets</b>	<b>20,202,773</b>	<b>8,536,410</b>	<b>28,739,183</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	-	223,485	223,485
<b>Total assets and deferred outflows of resources</b>	<b>20,202,773</b>	<b>8,759,895</b>	<b>28,962,668</b>
<b>LIABILITIES</b>			
Accounts payable	368,912	514,289	883,201
Accrued payroll	140,596	16,196	156,792
Accrued interest payable	19,758	31,282	51,040
Deposits payable	121,979	-	121,979
Other payables	11,005	-	11,005
Due to other funds	2,473	(2,473)	-
Unearned revenue	73,383	-	73,383
Darien Helping Darien Fund	1,182	-	1,182
DTC maintenance escrow	10,000	-	10,000
Noncurrent liabilities			
Due within one year	252,634	220,277	472,911
Due in more than one year	1,934,729	2,712,267	4,646,996
<b>Total liabilities</b>	<b>2,936,651</b>	<b>3,491,838</b>	<b>6,428,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	2,344,514	-	2,344,514
<b>Total liabilities and deferred inflows of resources</b>	<b>5,281,165</b>	<b>3,491,838</b>	<b>8,773,003</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,309,277	3,390,146	9,699,423
Restricted for			
Special service area	10,597	-	10,597
Public safety	187,555	-	187,555
Highways and streets	282,089	-	282,089
Debt service	-	-	-
Unrestricted	8,132,090	1,877,911	10,010,001
<b>TOTAL NET POSITION</b>	<b>\$ 14,921,608</b>	<b>\$ 5,268,057</b>	<b>\$ 20,189,665</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, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,486,361	\$ 961,474	\$ -	\$ -
Highways and streets	6,576,285	404,509	541,264	73,490
Public safety	7,556,161	231,289	190,577	-
Interest and fiscal charges on long-term debt	124,048	-	-	-
Total governmental activities	15,742,855	1,597,272	731,841	73,490
Business-Type Activities				
Water operations	6,885,987	6,617,539	-	-
Total business-type activities	6,885,987	6,617,539	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 22,628,842</b>	<b>\$ 8,214,811</b>	<b>\$ 731,841</b>	<b>\$ 73,490</b>



	<u>Net (Expense) Revenue and Change in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
	\$ (524,887)	\$ -	\$ (524,887)
	(5,557,022)	-	(5,557,022)
	(7,134,295)	-	(7,134,295)
	(124,048)	-	(124,048)
	<u>(13,340,252)</u>	<u>-</u>	<u>(13,340,252)</u>
	-	(268,448)	(268,448)
	-	(268,448)	(268,448)
	<u>(13,340,252)</u>	<u>(268,448)</u>	<u>(13,608,700)</u>
<b>General Revenues</b>			
<b>Taxes</b>			
Property	2,352,788	-	2,352,788
Replacement	7,185	-	7,185
Telecommunications	991,410	-	991,410
Utility	1,109,183	-	1,109,183
Amusement	89,903	-	89,903
Hotel/motel	53,205	-	53,205
Road and bridge	205,094	-	205,094
Video gaming	59,334	-	59,334
<b>Intergovernmental</b>			
Income tax	2,138,773	-	2,138,773
Sales	5,281,277	-	5,281,277
Local use	416,364	-	416,364
Investment income	75,411	9,352	84,763
Miscellaneous	358,903	8,596	367,499
<b>Special item</b>	(2,586,094)	-	(2,586,094)
<b>Total</b>	<u>10,552,736</u>	<u>17,948</u>	<u>10,570,684</u>
<b>CHANGE IN NET POSITION</b>	(2,787,516)	(250,500)	(3,038,016)
<b>NET POSITION, MAY 1</b>	<u>17,709,124</u>	<u>5,518,557</u>	<u>23,227,681</u>
<b>NET POSITION, APRIL 30</b>	<u>\$ 14,921,608</u>	<u>\$ 5,268,057</u>	<u>\$ 20,189,665</u>

See accompanying notes to financial statements.

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2015

	General	Capital Improvements	Debt Service	Nonmajor	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,187,316	\$ 5,743,328	\$ -	\$ 437,289	\$ 7,367,933
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	1,646,815	202,216	495,483	-	2,344,514
Intergovernmental	1,853,523	-	-	51,368	1,904,891
Other	332,541	-	-	-	332,541
Prepaid items	1,110	-	-	-	1,110
Inventory	13,311	-	-	-	13,311
Due from other funds	-	204,421	-	-	204,421
<b>TOTAL ASSETS</b>	<b>\$ 5,034,616</b>	<b>\$ 6,149,965</b>	<b>\$ 495,483</b>	<b>\$ 488,657</b>	<b>\$ 12,168,721</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 164,282	\$ 186,910	\$ -	\$ 17,720	\$ 368,912
Accrued payroll	140,596	-	-	-	140,596
Deposits payable	121,979	-	-	-	121,979
Other payables	11,005	-	-	-	11,005
Unearned revenue	-	73,383	-	-	73,383
Darien Helping Darien Fund	1,182	-	-	-	1,182
DTC maintenance escrow	10,000	-	-	-	10,000
Due to other funds	206,894	-	-	-	206,894
<b>Total liabilities</b>	<b>655,938</b>	<b>260,293</b>	<b>-</b>	<b>17,720</b>	<b>933,951</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	1,646,815	202,216	495,483	-	2,344,514
Other unavailable revenue	82,363	-	-	-	82,363
<b>Total deferred inflows of resources</b>	<b>1,729,178</b>	<b>202,216</b>	<b>495,483</b>	<b>-</b>	<b>2,426,877</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,385,116</b>	<b>462,509</b>	<b>495,483</b>	<b>17,720</b>	<b>3,360,828</b>
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Prepaid items	1,110	-	-	-	1,110
Inventory	13,311	-	-	-	13,311
<b>Restricted</b>					
Special service area	-	-	-	10,597	10,597
Public safety	9,304	-	-	178,251	187,555
Highways and streets	-	-	-	282,089	282,089
<b>Unrestricted</b>					
Assigned					
Capital improvements	-	5,687,456	-	-	5,687,456
Unassigned					
General Fund	2,625,775	-	-	-	2,625,775
<b>Total fund balances</b>	<b>2,649,500</b>	<b>5,687,456</b>	<b>-</b>	<b>470,937</b>	<b>8,807,893</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,034,616</b>	<b>\$ 6,149,965</b>	<b>\$ 495,483</b>	<b>\$ 488,657</b>	<b>\$ 12,168,721</b>

See accompanying notes to financial statements.

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

For the Year Ended April 30, 2015

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 8,807,893</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	7,779,083
Net pension asset is shown as an asset on the statement of net position	459,390
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(1,460,000)
Compensated absences payable	(717,557)
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	82,363
Unamortized premiums on long-term debt are other financing sources in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	(9,806)
Accrued interest payable is not recorded in governmental funds but is recorded on the statement of net position	<u>(19,758)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 14,921,608</u></b>

## 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, 2015

	General	Capital Improvements	Debt Service	Nonmajor	Total
<b>REVENUES</b>					
Taxes	\$ 4,157,721	\$ 204,421	\$ 500,888	\$ 5,071	\$ 4,868,101
Licenses and permits	1,014,641	-	-	-	1,014,641
Intergovernmental	7,843,604	73,490	-	929,755	8,846,849
Charges for services	585,155	63,805	-	-	648,960
Investment income	8,352	60,673	1,367	5,019	75,411
Miscellaneous	56,077	-	-	-	56,077
Total revenues	13,665,550	402,389	502,255	939,845	15,510,039
<b>EXPENDITURES</b>					
Current					
General government	1,403,022	-	-	-	1,403,022
Highways and streets	1,986,471	130,966	-	623,230	2,740,667
Public safety	7,017,676	-	-	53,758	7,071,434
Capital outlay	-	3,757,020	-	35,507	3,792,527
Debt service					
Principal	162,466	140,000	1,800,000	-	2,102,466
Interest and fiscal charges	2,437	63,487	92,606	-	158,530
Total expenditures	10,572,072	4,091,473	1,892,606	712,495	17,268,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,093,478	(3,689,084)	(1,390,351)	227,350	(1,758,607)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	2,947,611	1,376,938	-	4,324,549
Transfers (out)	(4,324,549)	-	-	-	(4,324,549)
Proceeds from sale of assets	8,626	1,200,000	-	-	1,208,626
Total other financing sources (uses)	(4,315,923)	4,147,611	1,376,938	-	1,208,626
NET CHANGE IN FUND BALANCES	(1,222,445)	458,527	(13,413)	227,350	(549,981)
FUND BALANCES, MAY 1	3,871,945	5,228,929	13,413	243,587	9,357,874
FUND BALANCES, APRIL 30	\$ 2,649,500	\$ 5,687,456	\$ -	\$ 470,937	\$ 8,807,893

See accompanying notes to financial statements.

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

For the Year Ended April 30, 2015

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (549,981)</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	138,278
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	(830,464)
The loss on disposal of capital assets is shown as an increase in expense on the statement of activities	(3,786,094)
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received	31,394
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	2,102,466
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	31,214
Certain costs associated with the issuances of bonds are deferred and amortized over the life of the bonds on the statement of activities: Premium on issuance	3,268
The change in compensated absences payable is shown as an expense on the statement of activities	(118,202)
The change in the net pension obligation is shown as a reduction of expense on the statement of activities	43,644
The change in the net pension asset is shown as a reduction of expense on the statement of activities	<u>146,961</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (2,787,516)</u></b>

See accompanying notes to financial statements.

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

April 30, 2015

	<u>Business-Type Activities Water Operations</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 258,687
Receivables (net, where applicable, of allowances for uncollectibles)	
Water - billed	12,000
Water - unbilled	2,179,802
Other	21,894
Due from other funds	<u>2,473</u>
Total current assets	<u>2,474,856</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	
Assets not being depreciated	<u>100,000</u>
Assets being depreciated	
Cost	15,806,540
Accumulated depreciation	<u>(9,842,513)</u>
Net capital assets being depreciated	<u>5,964,027</u>
Total noncurrent assets	<u>6,064,027</u>
Total assets	<u>8,538,883</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refunding	<u>223,485</u>
Total assets and deferred outflows of resources	<u>8,762,368</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	514,289
Accrued payroll	16,196
Accrued interest payable	31,282
Bonds payable	215,000
Compensated absences payable	<u>5,277</u>
Total current liabilities	<u>782,044</u>
<b>LONG-TERM LIABILITIES</b>	
Bonds payable	2,682,366
Compensated absences payable	<u>29,901</u>
Total long-term liabilities	<u>2,712,267</u>
Total liabilities	<u>3,494,311</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,390,146
Unrestricted	<u>1,877,911</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,268,057</u>

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, 2015

	<b>Business-Type Activities Water Operations</b>
<b>OPERATING REVENUES</b>	
Water sales	\$ 6,577,351
Inspections/tap on/permits	21,400
Front footage fees	3,403
Sale of meters	3,295
Other water sales	12,090
	<hr/>
Total operating revenues	6,617,539
	<hr/>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	
Personnel services	769,175
Materials and supplies	793,544
Contractual services	4,660,833
Capital related - uncanceled	230,443
	<hr/>
Total operating expenses excluding depreciation	6,453,995
	<hr/>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	163,544
	<hr/>
Depreciation	335,248
	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>(171,704)</b>
	<hr/>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	9,352
Miscellaneous income	8,596
Interest expense	(96,744)
	<hr/>
Total non-operating revenues (expenses)	(78,796)
	<hr/>
<b>CHANGE IN NET POSITION</b>	<b>(250,500)</b>
	<hr/>
<b>NET POSITION, MAY 1</b>	<b>5,518,557</b>
	<hr/>
<b>NET POSITION, APRIL 30</b>	<b>\$ 5,268,057</b>
	<hr/>

See accompanying notes to financial statements.

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySTATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2015

	<b>Business-Type Activities Water Operations</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 5,646,200
Payments to suppliers	(5,396,984)
Payments to employees	(776,038)
Payments to other funds	(250,000)
	<u>(776,822)</u>
Net cash from operating activities	<u>(776,822)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Due to/from other funds	<u>(2,473)</u>
Net cash from noncapital financing activities	<u>(2,473)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments	(205,000)
Interest and fiscal charges	<u>(92,136)</u>
Net cash from capital and related financing activities	<u>(297,136)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>9,352</u>
Net cash from investing activities	<u>9,352</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,067,079)
CASH AND CASH EQUIVALENTS, MAY 1	<u>1,325,766</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 258,687</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (171,704)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	335,248
Changes in assets and liabilities	
Accounts receivable	(971,339)
Accounts payable	37,836
Accrued payroll	(10,386)
Compensated absences payable	14,235
Net pension obligation	<u>(10,712)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (776,822)</u>

See accompanying notes to financial statements.



STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

April 30, 2015

	<b>Pension</b>	
	<b>Trust Fund</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 372,333	\$ 18,698
Investments		
U.S. Treasury obligations	451,122	-
Annuities	56,300	-
U.S. agency obligations	5,956,356	-
Municipal bonds	1,428,110	-
Corporate bonds	3,473,648	-
Equity mutual funds	9,591,225	-
Common stock	3,067,867	-
Receivables		
Accrued interest	98,587	-
	<u>24,495,548</u>	<u>\$ 18,698</u>
<b>LIABILITIES</b>		
Benefits payable	11,147	-
Due to others	-	11,217
Impact fees payable	-	7,455
Deposits payable	-	26
	<u>11,147</u>	<u>\$ 18,698</u>
<b>NET POSITION HELD IN TRUST</b>		
<b>FOR PENSION BENEFITS</b>	<u>\$ 24,484,401</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE PENSION FUND

For the Year Ended April 30, 2015

**ADDITIONS**

## Contributions

Employer	\$ 1,205,560
Employee	<u>302,058</u>

Total contributions	<u>1,507,618</u>
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## Investment income

Net appreciation in fair value of investments	652,766
Interest	<u>1,024,894</u>

Total investment income	1,677,660
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Less investment expense	<u>(72,726)</u>
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Net investment income	<u>1,604,934</u>
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Total additions	<u>3,112,552</u>
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**DEDUCTIONS**

Pension benefits	1,624,179
Contractual services	23,038
Administrative expenses	<u>16,843</u>

Total deductions	<u>1,664,060</u>
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NET INCREASE	1,448,492
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**NET POSITION HELD IN TRUST  
FOR PENSION BENEFITS**

May 1	<u>23,035,909</u>
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April 30	<u>\$ 24,484,401</u>
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**CITY OF DARIEN, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

April 30, 2015

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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. Financial Reporting Entity**

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

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

**Police Pension Employees Retirement System**

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

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

b. **Fund Accounting**

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

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

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

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

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

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

c. **Government-Wide and Fund Financial Statements**

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

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

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

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.

**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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The City reports unearned and unavailable/deferred revenue on its financial statements. Unearned and 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 and unavailable/deferred revenues also arise when resources are received by the government before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned 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 in accordance with GASB Statement No. 31.

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

f. Interfund Receivables/Payables

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

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

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.

h. Prepaid Items/Expenses

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

i. Capital Assets

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

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

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

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



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

**j. Compensated Absences**

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

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

**k. Long-Term Obligations**

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**l. Fund Balances/Net Position**

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's

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

**l. Fund Balances/Net Position (Continued)**

highest level of decision-making authority. Formal actions include ordinances approved by the Board. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator. Any residual fund balance of the General Fund or any deficit fund balance in other governmental funds are reported as unassigned.

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

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.

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

**o. Deferred Outflows/Inflows of Resources**

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

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

**p. Special Item**

Special items are significant transactions within the control of management that are unusual in nature or infrequent in occurrence. During 2015, the City sold property to a developer for \$1,200,000. The cost of the property, net of accumulated depreciation was \$3,786,094. As a result of the transaction, the City recognized a loss in the amount of \$2,586,094 on the statement of activities.

**2. DEPOSITS AND INVESTMENTS**

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

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

a. City Deposits and Investments

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

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

**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, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 year fund	\$ 16,397	\$ -	\$ 16,397	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 16,397</b>	<b>\$ -</b>	<b>\$ 16,397</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 2014 attached as an enforceable lien on January 1, 2014, 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, 2015, and are payable in two installments, on or about June 1, 2015 and September 1, 2015. 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 2014 tax levy is intended to fund expenditures for the 2015-2016 fiscal year, these taxes are unavailable as of April 30, 2015.

The 2015 tax levy, which attached as an enforceable lien on property as of January 1, 2015, has not been recorded as a receivable as of April 30, 2015 as the tax has not yet been levied by the City and will not be levied until December 2015 and, therefore, the levy is not measurable at April 30, 2015.

b. Due from Other Governments and Other Receivables

	General	Nonmajor Governmental	Total
<b>GOVERNMENTAL ACTIVITIES</b>			
Intergovernmental			
Sales tax	\$ 1,207,408	\$ -	\$ 1,207,408
Local use tax	70,946	-	70,946
Income tax	332,195	-	332,195
Motor fuel tax	-	51,368	51,368
Telecommunications tax	226,748	-	226,748
Video gaming tax	8,702	-	8,702
Drug seizures	7,524	-	7,524
<b>Total intergovernmental</b>	<b>1,853,523</b>	<b>51,368</b>	<b>1,904,891</b>
Other receivables			
Franchise fees	90,167	-	90,167
Hotel/motel tax	4,017	-	4,017
Amusement tax	7,396	-	7,396
Utility tax	76,773	-	76,773
Paypal	39	-	39
IRMA	82,363	-	82,363
Accounts	71,786	-	71,786
<b>Total other receivables</b>	<b>332,541</b>	<b>-</b>	<b>332,541</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,186,064</b>	<b>\$ 51,368</b>	<b>\$ 2,237,432</b>

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2015 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 3,690,198	\$ -	\$ 3,270,669	\$ 419,529
Total capital assets not being depreciated	<u>3,690,198</u>	<u>-</u>	<u>3,270,669</u>	<u>419,529</u>
Capital assets being depreciated				
Buildings and improvements	6,133,816	-	599,331	5,534,485
Machinery, vehicles, and equipment	2,960,752	138,278	-	3,099,030
Infrastructure	12,768,226	-	-	12,768,226
Total capital assets being depreciated	<u>21,862,794</u>	<u>138,278</u>	<u>599,331</u>	<u>21,401,741</u>
Less accumulated depreciation for				
Buildings and improvements	2,707,628	113,742	83,906	2,737,464
Machinery, vehicles, and equipment	1,908,333	256,589	-	2,164,922
Infrastructure	8,679,668	460,133	-	9,139,801
Total accumulated depreciation	<u>13,295,629</u>	<u>830,464</u>	<u>83,906</u>	<u>14,042,187</u>
Total capital assets being depreciated, net	<u>8,567,165</u>	<u>(692,186)</u>	<u>515,425</u>	<u>7,359,554</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 12,257,363</u>	<u>\$ (692,186)</u>	<u>\$ 3,786,094</u>	<u>\$ 7,779,083</u>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 39,047
Public safety	161,145
Highways and streets	<u>630,272</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u>\$ 830,464</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	832,615	-	-	832,615
Infrastructure	7,984,691	-	-	7,984,691
Total capital assets being depreciated	15,806,540	-	-	15,806,540
Less accumulated depreciation for				
Buildings and improvements	3,213,091	198,830	-	3,411,921
Machinery and equipment	829,616	500	-	830,116
Infrastructure	5,464,558	135,918	-	5,600,476
Total accumulated depreciation	9,507,265	335,248	-	9,842,513
Total capital assets being depreciated, net	6,299,275	(335,248)	-	5,964,027
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 6,399,275	\$ (335,248)	\$ -	\$ 6,064,027

**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.

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.



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**5. RISK MANAGEMENT (Continued)**

**Intergovernmental Risk Management Agency (Continued)**

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, 2015.

**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.

A summary of changes in long-term debt reported in the governmental activities of the City for the year ended April 30, 2015 is as follows:

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

**a. General Obligation Bonds (Continued)**

**Governmental Activities**

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$2,600,000 General Obligation Bonds, Series 2007B are due in annual installments (beginning December 15, 2012) ranging from \$390,000 to \$475,000 with interest at 4.00%. The last payment is due December 15, 2017.	Debt Service	\$ 1,800,000	\$ -	\$ 1,800,000	\$ -	\$ -
\$2,370,000 General Obligation Bonds, Series 2008 are due in annual installments (beginning January 1, 2009) ranging from \$115,000 to \$190,000 with interest from 3.50% to 4.00%. The last payment due is January 1, 2024.	Capital Improvement	1,600,000	-	140,000	1,460,000	145,000
<b>TOTAL GOVERNMENTAL BONDED DEBT</b>		<b>\$ 3,400,000</b>	<b>\$ -</b>	<b>\$ 1,940,000</b>	<b>\$ 1,460,000</b>	<b>\$ 145,000</b>

**Business-Type Activities**

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$3,900,000 General Obligation Water Bonds, Series 2006 are due in annual installments (beginning December 15, 2007) ranging from \$60,000 to \$300,000 with interest from 4.10% to 4.30%. The last payment is due on December 15, 2025.	Water	\$ 185,000	\$ -	\$ 185,000	\$ -	\$ -
\$2,810,000 General Obligation Refunding Bonds, Series 2012 are due in annual installments (beginning December 15, 2012) ranging from \$20,000 to \$290,000 with interest from 2.00% to 3.50%. The last payment is due on December 15, 2025.	Water	2,770,000	-	20,000	2,750,000	215,000
<b>TOTAL BUSINESS-TYPE BONDED DEBT</b>		<b>\$ 2,955,000</b>	<b>\$ -</b>	<b>\$ 205,000</b>	<b>\$ 2,750,000</b>	<b>\$ 215,000</b>

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

**b. Installment Contracts**

On September 19, 2011, the City entered into an installment contract with Hinsdale Bank & Trust Co. to finance the purchase of public safety vehicles and equipment in the amount of \$483,466 with an interest rate of 1.50%. The installment contract was paid in full during the year ended April 30, 2015.

**c. Debt Service Requirements to Maturity**

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities General Obligation Bonds			Business-Type Activities General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 145,000	\$ 57,006	\$ 202,006	\$ 215,000	\$ 83,725	\$ 298,725
2017	155,000	51,570	206,570	220,000	79,425	299,425
2018	160,000	45,564	205,564	225,000	75,025	300,025
2019	165,000	39,362	204,362	230,000	68,275	298,275
2020	170,000	32,968	202,968	240,000	61,375	301,375
2021	175,000	26,380	201,380	245,000	54,175	299,175
2022	185,000	19,600	204,600	260,000	46,825	306,825
2023	190,000	12,200	202,200	265,000	39,025	304,025
2024	115,000	4,600	119,600	275,000	29,750	304,750
2025	-	-	-	285,000	20,125	305,125
2026	-	-	-	290,000	10,150	300,150
<b>TOTAL</b>	<b>\$ 1,460,000</b>	<b>\$ 289,250</b>	<b>\$ 1,749,250</b>	<b>\$ 2,750,000</b>	<b>\$ 567,875</b>	<b>\$ 3,317,875</b>

**d. Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities during fiscal year 2015:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 3,400,000	\$ -	\$ 1,940,000	\$ 1,460,000	\$ 145,000
Installment contract - 2011	162,466	-	162,466	-	-
Unamortized bond premium	13,074	-	3,268	9,806	-
Compensated absences payable*	599,355	208,105	89,903	717,557	107,634
Net pension obligation*	43,644	-	43,644	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 4,218,539</b>	<b>\$ 208,105</b>	<b>\$ 2,239,281</b>	<b>\$ 2,187,363</b>	<b>\$ 252,634</b>

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

**d. Changes in Long-Term Liabilities (Continued)**

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds	\$ 2,955,000	\$ -	\$ 205,000	\$ 2,750,000	\$ 215,000
Unamortized bond discount	(3,540)	-	(3,540)	-	-
Unamortized bond premium	160,763	-	13,397	147,366	-
Compensated absences payable	20,943	17,376	3,141	35,178	5,277
Net pension obligation	10,712	-	10,712	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 3,143,878</b>	<b>\$ 17,376</b>	<b>\$ 228,710</b>	<b>\$ 2,932,544</b>	<b>\$ 220,277</b>

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

**e. Line of Credit**

On February 18, 2010, the City entered into a line of credit to cover any shortfalls in cash. The maximum amount that can be drawn down is \$1,250,000. The line of credit was not used in fiscal year 2015; accordingly, there was no balance outstanding on April 30, 2015.

**f. Advance Refunding**

On July 12, 2012, the City issued \$2,810,000 General Obligation Refunding Bonds, Series 2012 to refund a portion of the General Obligation Water Bonds, Series 2006. \$2,954,119 of the proceeds, including reoffering premium, have been deposited onto an irrevocable trust to advance refund, through an in-substance defeasance, \$2,690,000 of the General Obligation Water Bonds, Series 2006. Through the refunding, the City reduced its overall debt service by \$127,079 and had an economic gain of \$108,926. On December 15, 2014, the remaining balance of \$2,690,000 of the defeased bonds were paid from escrow.

**g. Early Retirement of Debt**

On April 20, 2015, the City called and retired the remaining \$1,375,000 of principal balance remaining on the \$2,600,000 General Obligation Bonds, Series 2007B.

**7. INDIVIDUAL FUND DISCLOSURES**

Transfers between funds at April 30, 2015 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 4,324,549
Capital Improvements	2,947,611	-
Debt Service	1,376,938	-
<b>TOTAL</b>	<b>\$ 4,324,549</b>	<b>\$ 4,324,549</b>

The purpose of the transfer is as follows:

- \$2,947,611 transferred from the General Fund to the Capital Improvements Fund for capital projects. This transfer will not be repaid.
- \$1,376,938 transferred from the General Fund to the Debt Service Fund for debt service payments. This transfer will not be repaid.

Due from/to other funds at April 30, 2015 consist of the following:

	Due From	Due To
General	\$ -	\$ 206,894
Capital Projects	204,421	-
Water and Sewer Fund	2,473	-
<b>TOTAL</b>	<b>\$ 206,894</b>	<b>\$ 206,894</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. COMMITMENTS**

DuPage Water Commission

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

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

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

**9. CONTINGENT LIABILITIES**

a. Litigation

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

b. DuPage Water Commission

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

c. Economic Incentive Agreement

The City entered into an agreement in April 2012 with two local businesses wherein the City will rebate up to a net present value of \$4,000,000 of incremental sales tax revenue, discounted at 8.15%. No payments or accruals have been made under this agreement as of April 30, 2015.

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. No payments or accruals have been made under this agreement as of April 30, 2015.

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## 10. EMPLOYEE RETIREMENT SYSTEMS

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

### a. Plan Descriptions

#### Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.50% 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 required contribution for the calendar year ended December 31, 2014 was 14.83% of covered payroll.

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

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 (ILCS) (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 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, 2015, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries	
Currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	32
 TOTAL	 57

*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



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10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided* (Continued)

maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 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 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*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. For the year ended April 30, 2015, the City's contribution was 41.3% of covered payroll.

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy*

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

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

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

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy (Continued)*

The Fund's investment manager establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	32.5%	6.9%
Mid Cap Domestic Equity	5.0%	8.9%
Small Cap Domestic Equity	5.0%	9.0%
International Equity	7.5%	7.1%
Fixed Income	50.0%	2.1%

Asset class returns are calculated on the geometric mean basis and are derived from *Stocks, Bonds, Bills and Inflation 2013 Yearbook - Morningstar* for the period of December 31, 1925 through December 31, 2014, except for International equity, which is derived from the MSCI EAFE Index for the period December 31, 1976 through December 31, 2014 and Mid Cap Domestic Equity, which is derived from the S&P 400 Mid Cap Index for the period December 31, 1991 through December 31, 2014.

*Investment Valuations*

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

*Investment Rate of Return*

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Deposits with Financial Institutions*

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

*Interest Rate Risk*

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 451,122	\$ -	\$ 220,747	\$ 230,375	\$ -
U.S. agency obligations	5,956,356	150,925	2,242,039	3,193,591	369,801
Municipal bonds	1,428,110	-	712,617	629,137	86,356
Corporate bonds	3,473,648	156,425	2,145,183	1,172,040	-
<b>TOTAL</b>	<b>\$ 11,309,236</b>	<b>\$ 307,350</b>	<b>\$ 5,320,586</b>	<b>\$ 5,225,143</b>	<b>\$ 456,157</b>

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

*Credit Risk*

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

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Custodial Credit Risk*

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

*Net Pension Liability*

The components of the net pension liability of the Police Pension Plan as of April 30, 2015 calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$ 42,105,166
Plan fiduciary net position	24,484,401
City's net pension liability	17,620,765
Plan fiduciary net position as a percentage of the total pension liability	58.15%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

*Actuarial Assumptions*

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

Actuarial valuation date	April 30, 2015
Actuarial cost method	Entry Age Normal
Assumptions	
Inflation	3.00%
Salary increases	5.50%
Interest rate	7.00%
Cost of living adjustments	3.00%
Asset valuation method	Market

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions (Continued)*

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. 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 sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 23,209,518	\$ 17,620,765	\$ 12,999,097

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

b. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2012	April 30, 2014
Actuarial cost method	Entry-Age Normal	Entry-Age Normal
Asset valuation method	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	29 Years, Open	26 Years, Closed
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	0.40% to 10.00%	N/A
d) Postretirement benefit increases	3.00%	3.00%

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

b. Annual Pension Costs (Continued)

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

	For Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2013	\$ 311,928	\$ 982,046
	2014	379,172	999,570
	2015	377,216	1,058,599
Actual contribution	2013	\$ 310,813	\$ 1,092,730
	2014	378,034	1,125,432
	2015	431,572	1,205,560
Percentage of APC contributed	2013	99.64%	111.27%
	2014	99.70%	112.59%
	2015	114.41%	113.88%
NPO (asset)	2013	\$ 53,218	\$ (186,567)
	2014	54,356	(312,429)
	2015	-	(459,390)

The NPO (asset) as of April 30, 2015 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension
Annual required contribution	\$ 377,342	\$ 1,066,454
Interest on net pension obligation	4,077	(21,870)
Adjustment to annual required contributions	(4,203)	14,015
Annual pension cost	377,216	1,058,599
Contributions made	431,572	1,205,560
Increase (decrease) in net pension obligation (asset)	(54,356)	(146,961)
Net pension obligation (asset), beginning of year	54,356	(312,429)
<b>NET PENSION OBLIGATION (ASSET), END OF YEAR</b>	<b>\$ -</b>	<b>\$ (459,390)</b>



**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

b. Annual Pension Costs (Continued)

The funded status of the plans as of April 30, 2015 (Police Pension) and December 31, 2014 (IMRF) were as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2014	April 30, 2015
Actuarial accrued liability (AAL)	\$ 9,956,157	\$ 42,105,166
Actuarial value of plan assets	7,494,765	24,484,401
Unfunded actuarial accrued liability (UAAL)	2,461,392	17,620,765
Funded ratio (actuarial value of plan assets/AAL)	75.28%	58.15%
Covered payroll (active plan members)	\$ 2,621,479	\$ 2,916,963
UAAL as a percentage of covered payroll	93.89%	604.08%

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

c. Funded Status

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

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

**11. LEASE AGREEMENTS**

During the year ended April 30, 2015, the City had rental agreements with three retailers for the rental of business space of the strip mall property at 7515 South Cass. The three retailers will paid the City a combined total of \$7,900 on a month-to-month basis. The City sold the strip mall property during 2015 and, accordingly, no longer maintains the rental agreements.

**12. OTHER POSTEMPLOYMENT BENEFITS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

For the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>REVENUES</b>				
Taxes	\$ 3,808,140	\$ 4,157,721	\$ 349,581	\$ 3,423,728
Licenses, permits and fees	825,900	1,014,641	188,741	1,118,571
Intergovernmental	7,479,153	7,843,604	364,451	7,718,957
Charges for services	495,302	585,155	89,853	894,182
Investment income	6,000	8,352	2,352	10,255
Miscellaneous	40,000	56,077	16,077	49,127
<b>Total revenues</b>	<b>12,654,495</b>	<b>13,665,550</b>	<b>1,011,055</b>	<b>13,214,820</b>
<b>EXPENDITURES</b>				
Current				
General government	1,430,108	1,403,022	(27,086)	1,369,467
Highways and streets	1,982,096	1,986,471	4,375	1,869,491
Public safety	7,441,771	7,017,676	(424,095)	6,892,574
Debt service				
Principal	-	162,466	162,466	160,500
Interest	-	2,437	2,437	4,838
<b>Total expenditures</b>	<b>10,853,975</b>	<b>10,572,072</b>	<b>(281,903)</b>	<b>10,296,870</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,800,520</b>	<b>3,093,478</b>	<b>1,292,958</b>	<b>2,917,950</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	5,859
Transfers (out)	-	(4,324,549)	(4,324,549)	(3,747,422)
Proceeds from sale of assets	1,000	8,626	7,626	24,550
<b>Total other financing sources (uses)</b>	<b>1,000</b>	<b>(4,315,923)</b>	<b>(4,316,923)</b>	<b>(3,717,013)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ 1,801,520</u></b>	<b><u>(1,222,445)</u></b>	<b><u>\$ (3,023,965)</u></b>	<b><u>(799,063)</u></b>
<b>FUND BALANCE, MAY 1</b>		<b><u>3,871,945</u></b>		<b><u>4,671,008</u></b>
<b>FUND BALANCE, APRIL 30</b>		<b><u>\$ 2,649,500</u></b>		<b><u>\$ 3,871,945</u></b>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended April 30, 2015

<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2009	\$ 5,596,856	\$ 8,049,960	69.53%	\$ 2,453,104	\$ 3,169,693	77.39%
2010	6,345,481	8,800,442	72.10%	2,454,961	2,962,084	82.88%
2011	5,971,006	8,414,833	70.96%	2,443,827	2,579,318	94.75%
2012	5,970,600	8,699,564	68.63%	2,728,964	2,329,264	117.16%
2013	6,897,834	9,141,576	75.46%	2,243,742	2,494,952	89.93%
2014	7,494,765	9,956,157	75.28%	2,461,392	2,621,479	93.89%

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

For the Year Ended April 30, 2015

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ 16,866,119	\$ 30,626,124	55.07%	\$ 13,760,005	\$ 3,282,075	419.25%
2011	18,838,718	31,056,795	60.66%	12,218,077	3,089,788	395.43%
2012	20,048,107	32,785,742	61.15%	12,737,635	2,957,431	430.70%
2013	21,733,612	34,738,244	62.56%	13,004,632	2,913,928	446.29%
2014	23,035,909	36,544,882	63.03%	13,508,973	2,892,109	467.10%
2015	24,484,401	42,105,166	58.15%	17,620,765	2,916,963	604.08%

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2015

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2010	\$ 303,386	\$ 303,386	100.00%
2011	335,252	364,883	91.88%
2012	284,897	296,202	96.18%
2013	310,813	310,813	100.00%
2014	378,034	378,034	100.00%
2015	431,572	377,342	114.37%

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013
Actuarially Determined Contribution	\$ 663,637	\$ 724,265	\$ 807,108	\$ 927,983	\$ 939,778	\$ 1,103,909	\$ 1,174,292	\$ 1,000,000
Contributions in Relation to the Actuarially Determined Contribution	663,162	724,300	859,300	937,066	949,373	1,113,781	1,185,029	1,000,000
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<b>\$ 475</b>	<b>\$ (35)</b>	<b>\$ (52,192)</b>	<b>\$ (9,083)</b>	<b>\$ (9,595)</b>	<b>\$ (9,872)</b>	<b>\$ (10,737)</b>	<b>\$ 0</b>
Covered-Employee Payroll	\$ 2,736,155	\$ 2,897,550	\$ 2,839,516	\$ 3,059,620	\$ 3,282,075	\$ 3,089,788	\$ 2,957,431	\$ 2,500,000
Contributions as a Percentage of Covered-Employee Payroll	24.2%	25.0%	30.3%	30.6%	28.9%	36.0%	40.1%	40.0%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation per method for 2013-2015 was projected unit credit; the amortization method was level percentage of pay, 100% closed basis and the amortization period was 26 years. The methods and assumptions stated below.

Actuarial Valuation Date April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 949,373	\$ 939,778	101.02%
2011	1,113,781	1,103,909	100.89%
2012	1,185,029	1,174,292	100.91%
2013	1,092,730	984,942	110.94%
2014	1,125,432	1,004,506	112.04%
2015	1,205,560	1,066,454	113.04%

Notes to Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation: 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 level percentage of pay; significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 5.50% compounded annually, and projected benefit payments compounded annually.

(See independent auditor's report.)



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

April 30, 2015

<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 688,515
Interest	2,599,067
Changes of benefit terms	-
Differences between expected and actual experience	(388,710)
Changes of assumptions	2,888,856
Benefit payments, including refunds of member contributions	<u>(1,624,179)</u>
Net change in total pension liability	4,163,549
Total pension liability - beginning	<u>37,941,617</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u><u>\$ 42,105,166</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 1,205,560
Contributions - member	302,058
Net investment income	1,604,934
Benefit payments, including refunds of member contributions	(1,624,179)
Administrative expense	<u>(39,881)</u>
Net change in plan fiduciary net position	1,448,492
Plan fiduciary net position - beginning	<u>23,035,909</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u><u>\$ 24,484,401</u></u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u><u>\$ 17,620,765</u></u>
Plan fiduciary net position as a percentage of the total pension liability	58.15%
Covered-employee payroll	\$ 2,916,963
Employer's net pension liability as a percentage of covered-employee payroll	604.08%

(See independent auditor's report.)

SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND

April 30, 2015

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

**CITY OF DARIEN, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2015

**1. BUDGETS**

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. Budget amounts are as originally adopted by the City Council. All annual appropriations lapse at fiscal year end. As the City does not budget for its Drug Seizure Fund (it is not legally required to do so) budget to actual schedules are not presented for the Drug Seizure Fund. In addition, no budget was adopted for the Federal Equitable Sharing Fund.

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

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

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

**2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

Fund	Budget	Actual
Motor Fuel Tax Fund	\$ 598,660	\$ 619,528
Debt Service Fund	497,500	1,892,606
Capital Improvement Fund	3,719,806	4,091,473

## **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, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>TAXES</b>				
Property taxes - current	\$ 1,629,140	\$ 1,642,407	\$ 13,267	\$ 1,125,473
Road and bridge tax	208,000	205,094	(2,906)	208,665
Municipal utility tax	986,000	1,109,183	123,183	1,154,303
Telecommunication tax	870,000	991,410	121,410	787,188
Amusement tax	70,000	89,903	19,903	87,861
Hotel/motel tax	40,000	53,205	13,205	48,835
Replacement tax	5,000	7,185	2,185	7,043
Video gaming tax	-	59,334	59,334	4,360
<b>Total taxes</b>	<b>3,808,140</b>	<b>4,157,721</b>	<b>349,581</b>	<b>3,423,728</b>
<b>LICENSES, PERMITS, AND FEES</b>				
Business licenses	40,000	42,983	2,983	46,824
Liquor licenses	60,000	67,220	7,220	61,842
Contractors licenses	18,000	21,355	3,355	19,560
Court fines	135,000	127,895	(7,105)	136,534
Ordinance fines	12,000	28,320	16,320	19,866
Building permits and fees	35,000	102,758	67,758	187,789
Cable TV franchise fees	330,000	356,126	26,126	366,764
PEG fees AT&T	-	17,030	17,030	8,234
NICOR franchise fees	28,000	29,804	1,804	28,606
Public hearing fees	5,000	7,221	2,221	6,201
Elevator inspections	5,000	4,660	(340)	4,925
Public improvement permit fees	-	25	25	175
Engineering fee reimbursements	42,400	48,081	5,681	64,940
DUI technology fines	8,000	14,073	6,073	15,409
Police special service	107,500	144,860	37,360	149,840
Stormwater management fees	-	2,230	2,230	1,062
<b>Total licenses, permits, and fees</b>	<b>825,900</b>	<b>1,014,641</b>	<b>188,741</b>	<b>1,118,571</b>
<b>INTERGOVERNMENTAL</b>				
State income taxes	2,091,544	2,138,773	47,229	2,152,195
Local use tax	387,609	416,364	28,755	384,587
Sales tax	5,000,000	5,281,277	281,277	5,025,602
DADC distribution	-	-	-	145,902
Grants	-	7,190	7,190	10,671
<b>Total intergovernmental</b>	<b>7,479,153</b>	<b>7,843,604</b>	<b>364,451</b>	<b>7,718,957</b>

(This schedule is continued on the following page.)

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)  
GENERAL FUNDFor the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>CHARGES FOR SERVICES</b>				
Towing fees	\$ 70,000	\$ 65,793	\$ (4,207)	\$ 70,248
Police report/prints	5,000	6,564	1,564	6,230
Inspection/tap on/permits	-	235	235	150
Rents	335,302	299,061	(36,241)	494,177
Other reimbursements	85,000	134,843	49,843	234,899
Residential concrete reimbursement	-	51,160	51,160	67,987
Reimbursement - rear yard drain	-	20,445	20,445	6,274
Maintenance reimbursements	-	417	417	2,792
Mail box reimbursement	-	2,522	2,522	2,309
Sales of wood chips	-	4,115	4,115	4,299
Operations revenue	-	-	-	4,817
<b>Total charges for services</b>	<b>495,302</b>	<b>585,155</b>	<b>89,853</b>	<b>894,182</b>
<b>INVESTMENT INCOME</b>				
Investment income	6,000	8,352	2,352	10,255
<b>Total investment income</b>	<b>6,000</b>	<b>8,352</b>	<b>2,352</b>	<b>10,255</b>
<b>MISCELLANEOUS</b>				
Street reconstruction program	-	-	-	1,107
Reimbursement - workers compensation	-	22,873	22,873	23,427
Impact fees	-	-	-	5,970
Miscellaneous	40,000	33,204	(6,796)	18,623
<b>Total miscellaneous</b>	<b>40,000</b>	<b>56,077</b>	<b>16,077</b>	<b>49,127</b>
<b>TOTAL REVENUES</b>	<b>\$ 12,654,495</b>	<b>\$ 13,665,550</b>	<b>\$ 1,011,055</b>	<b>\$ 13,214,820</b>

(See independent auditor's report.)

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUNDFor the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015		Variance Over (Under)	2014 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT</b>				
Administration				
Personnel services				
Salaries	\$ 474,081	\$ 483,258	\$ 9,177	\$ 475,882
Overtime	500	-	(500)	-
Social Security	29,393	27,750	(1,643)	26,302
Medicare	6,874	7,092	218	6,939
IMRF	70,306	75,216	4,910	65,692
Medical/life insurance	63,281	62,850	(431)	61,757
Supplemental pensions	23,984	26,336	2,352	25,182
Total personnel services	668,419	682,502	14,083	661,754
Materials and supplies				
Dues and subscriptions	3,600	2,547	(1,053)	4,402
Liability insurance	51,852	33,574	(18,278)	31,680
Legal notices	8,000	5,518	(2,482)	4,036
Maintenance - building	8,400	1,751	(6,649)	596
Maintenance - equipment	12,800	4,924	(7,876)	5,904
Maintenance - grounds	8,000	-	(8,000)	1,404
Maintenance - vehicles	-	51	51	-
Postage/mailings	5,200	4,866	(334)	1,945
Printing and forms	3,000	2,689	(311)	2,391
Public relations	37,500	34,616	(2,884)	25,379
Rent - equipment	2,160	1,019	(1,141)	1,755
Supplies - office	9,000	7,374	(1,626)	8,109
Supplies - other	500	-	(500)	-
Training and education	5,000	873	(4,127)	2,064
Travel/meetings	1,000	99	(901)	305
Telephone	61,000	59,300	(1,700)	59,896
Utilities	3,800	1,948	(1,852)	4,458
Gas and oil	7,900	5,923	(1,977)	4,229
Vehicle	2,000	892	(1,108)	1,255
Total materials and supplies	230,712	167,964	(62,748)	159,808
Contractual services				
Audit	13,350	13,350	-	12,775
Consulting/professional	105,250	102,412	(2,838)	87,631
Contingency	10,000	3,880	(6,120)	6,432
Janitorial services	16,500	14,273	(2,227)	14,184
Total contractual services	145,100	133,915	(11,185)	121,022
Capital outlay				
Equipment	-	-	-	12,219
Total capital outlay	-	-	-	12,219
Total administration	1,044,231	984,381	(59,850)	954,803
City Council				
Personnel services				
Salaries	42,750	42,750	-	42,750
Social security	2,651	2,755	104	2,651
Medicare	620	624	4	620
Total personnel services	46,021	46,129	108	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, 2015  
(With Prior Year Actual)

	2015		Variance Over (Under)	2014 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
City Council (Continued)				
Materials and supplies				
Board and commissions	\$ 2,500	\$ 831	\$ (1,669)	\$ 1,291
Cable operations	2,500	-	(2,500)	-
Dues and subscriptions	100	65	(35)	65
Liability insurance	42,938	29,980	(12,958)	31,930
Public relations	2,000	736	(1,264)	400
Training and education	1,000	-	(1,000)	-
Travel/meetings	-	35	35	20
Total materials and supplies	51,038	31,647	(19,391)	33,706
Contractual services				
Printing and forms	-	1,535	1,535	-
Consulting/professional	5,000	3,083	(1,917)	3,866
Tolley contracts	800	473	(327)	246
Total contractual services	5,800	5,091	(709)	4,112
Total city council	102,859	82,867	(19,992)	83,839
Community development				
Personnel services				
Salaries	286,810	297,792	10,982	285,227
Overtime	500	40	(460)	280
Social Security	17,782	17,217	(565)	15,531
Medicare	4,159	4,191	32	3,983
IMRF	42,534	48,831	6,297	38,651
Medical/life insurance	39,969	39,964	(5)	39,261
Supplemental pensions	3,600	2,492	(1,108)	2,492
Total personnel services	395,354	410,527	15,173	385,425
Materials and supplies				
Boards and commissions	1,500	1,460	(40)	1,550
Dues and subscriptions	455	470	15	470
Liabilities insurance	46,000	37,666	(8,334)	33,445
Maintenance - vehicles	1,200	101	(1,099)	324
Printing and forms	2,641	289	(2,352)	1,112
Supplies - office	450	-	(450)	-
Training and educational	500	72	(428)	328
Travel/meetings	200	-	(200)	127
Gas and oil	1,400	1,345	(55)	338
Total materials and supplies	54,346	41,403	(12,943)	37,694
Contractual services				
Consulting/professional	34,918	41,950	7,032	42,425
Consulting/professional reimbursable	48,400	90,935	42,535	79,529
Total contractual services	83,318	132,885	49,567	121,954
Total community development	533,018	584,815	51,797	545,073

(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, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>GENERAL GOVERNMENT (Continued)</b>				
Business district				
Personnel services				
Liability insurance	\$ -	\$ -	\$ -	\$ 4,410
Total professional services	-	-	-	4,410
Contractual services				
Maintenance - grounds	-	61	61	13,180
Utilities	-	898	898	15,519
Maintenance - equipment	-	-	-	2,643
Total contractual services	-	959	959	31,342
Total business district	-	959	959	35,752
Subtotal general government	1,680,108	1,653,022	(27,086)	1,619,467
Less reimbursements from Water Fund	(250,000)	(250,000)	-	(250,000)
Total general government	1,430,108	1,403,022	(27,086)	1,369,467
<b>HIGHWAYS AND STREETS</b>				
Public works				
Personnel services				
Salaries	525,209	520,898	(4,311)	515,582
Overtime	75,000	76,992	1,992	134,502
Social Security	55,813	59,394	3,581	41,521
Medicare	13,053	13,495	442	9,709
IMRF	126,027	159,205	33,178	93,100
Medical/life insurance	154,188	142,778	(11,410)	134,693
Supplemental pensions	2,500	3,738	1,238	3,415
Total personnel services	951,790	976,500	24,710	932,522
Materials and supplies				
Liability insurance	65,658	64,034	(1,624)	54,543
Maintenance - building	78,336	57,387	(20,949)	118,469
Maintenance - equipment	21,787	46,508	24,721	36,190
Maintenance - vehicles	26,000	41,797	15,797	51,140
Maintenance - laundromat	-	167	167	-
Postage/mailings	1,000	1,230	230	470
Rent - equipment	23,950	12,714	(11,236)	29,456
Supplies - office	4,162	2,975	(1,187)	3,194
Supplies - operation	-	23	23	-
Supplies - other	45,486	37,900	(7,586)	38,392
Small tools and equipment	3,850	3,779	(71)	5,693
Training and education	4,275	1,295	(2,980)	1,729
Travel/meetings	-	120	120	80
Uniforms	6,446	6,387	(59)	4,159
Utilities	5,100	3,596	(1,504)	5,666
Gas and oil	86,914	70,391	(16,523)	83,316
Total materials and supplies	372,964	350,303	(22,661)	432,497
Contractual services				
Consulting/professional	10,100	21,865	11,765	7,027
Forestry	134,003	87,718	(46,285)	46,096
Street light operation and maintenance	96,200	116,339	20,139	77,255
Tree trim - removal	120,800	90,959	(29,841)	108,921

(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, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>HIGHWAYS AND STREETS (Continued)</b>				
Public works (Continued)				
Contractual services (Continued)				
Residential concrete program	\$ -	\$ 51,003	\$ 51,003	\$ 58,795
Street sweeping	44,242	23,873	(20,369)	23,282
Mosquito abatement	40,887	40,887	-	40,887
Drainage projects	34,500	59,106	24,606	28,290
Total contractual services	480,732	491,750	11,018	390,553
Capital outlay				
Equipment	176,610	167,918	(8,692)	112,200
Street rehabilitation	-	-	-	1,719
Total capital outlay	176,610	167,918	(8,692)	113,919
Total public works	1,982,096	1,986,471	4,375	1,869,491
Total highways and streets	1,982,096	1,986,471	4,375	1,869,491
<b>PUBLIC SAFETY</b>				
Police department				
Personnel services				
Salaries	431,052	319,314	(111,738)	491,656
Salaries - officers	3,339,631	3,323,654	(15,977)	3,206,279
Overtime	461,300	498,093	36,793	549,883
Social Security	26,477	30,770	4,293	26,965
Medicare	55,406	56,288	882	53,983
IMRF	57,841	70,479	12,638	63,360
Medical/life insurance	528,502	450,403	(78,099)	421,107
Police pension	1,196,027	1,205,543	9,516	1,125,401
Supplemental pensions	48,000	47,284	(716)	45,483
Total personnel services	6,144,236	6,001,828	(142,408)	5,984,117
Materials and supplies				
Animal control	2,200	1,170	(1,030)	765
Auxiliary police	4,200	3,935	(265)	608
Boards and commissions	27,000	19,847	(7,153)	3,867
Dues and subscriptions	3,650	1,860	(1,790)	1,653
Investigation and equipment	34,890	41,970	7,080	47,049
Liability insurance	228,760	208,934	(19,826)	197,760
Maintenance - building	-	-	-	11
Maintenance - equipment	16,720	7,307	(9,413)	8,527
Maintenance - vehicles	66,200	53,335	(12,865)	43,508
Postage/mailings	4,500	2,661	(1,839)	1,364
Printing and forms	3,000	3,762	762	2,480
Public relations	5,000	1,613	(3,387)	3,090
Rent - equipment	173,403	2,443	(170,960)	700
Supplies - office	6,000	6,769	769	6,591
Training and education	32,400	27,068	(5,332)	22,331
Travel/meetings	10,950	5,188	(5,762)	9,541
Telephone	12,900	11,184	(1,716)	11,055

(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, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>PUBLIC SAFETY (Continued)</b>				
Police department (Continued)				
Materials and supplies (Continued)				
Uniforms	\$ 50,820	\$ 41,014	\$ (9,806)	\$ 40,940
Utilities	7,000	6,387	(613)	7,723
Gas and oil	115,000	102,623	(12,377)	110,960
Total materials and supplies	804,593	549,070	(255,523)	520,523
Contractual services				
Consulting/professional	356,488	354,604	(1,884)	359,243
Dumeg/flat/child center	24,680	24,680	-	24,680
Total contractual services	381,168	379,284	(1,884)	383,923
Capital outlay				
Equipment	111,774	87,494	(24,280)	4,011
Total capital outlay	111,774	87,494	(24,280)	4,011
Total police department	7,441,771	7,017,676	(424,095)	6,892,574
Total public safety	7,441,771	7,017,676	(424,095)	6,892,574
<b>DEBT SERVICE</b>				
Principal	-	162,466	162,466	160,500
Interest	-	2,437	2,437	4,838
Total debt service	-	164,903	164,903	165,338
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,853,975</b>	<b>\$ 10,572,072</b>	<b>\$ (281,903)</b>	<b>\$ 10,296,870</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, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>REVENUES</b>				
Taxes	\$ 202,756	\$ 204,421	\$ 1,665	\$ 204,160
Intergovernmental	11,500	73,490	61,990	342,214
Charges for services	-	63,805	63,805	85,093
Investment income	10,000	60,673	50,673	49,424
Total revenues	224,256	402,389	178,133	680,891
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Contractual services	-	130,966	130,966	65,369
Capital outlay	3,517,050	3,757,020	239,970	2,742,365
Debt service				
Principal payments	202,756	140,000	(62,756)	135,000
Interest and fiscal charges	-	63,487	63,487	67,747
Total expenditures	3,719,806	4,091,473	371,667	3,010,481
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,495,550)	(3,689,084)	(193,534)	(2,329,590)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,502,174	2,947,611	445,437	3,747,422
Proceeds from sale of assets	-	1,200,000	1,200,000	-
Total other financing sources (uses)	2,502,174	4,147,611	1,645,437	3,747,422
NET CHANGE IN FUND BALANCE	\$ (993,376)	458,527	\$ 1,451,903	1,417,832
FUND BALANCE, MAY 1		5,228,929		3,811,097
FUND BALANCE, APRIL 30		\$ 5,687,456		\$ 5,228,929

(See independent auditor's report.)

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUNDFor the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015		Variance Over (Under)	2014 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 497,000	\$ 500,888	\$ 3,888	\$ 502,925
Investment income	500	1,367	867	1,403
Total revenues	497,500	502,255	4,755	504,328
<b>EXPENDITURES</b>				
Debt service				
Principal	497,500	1,800,000	1,302,500	410,000
Interest and fiscal charges	-	92,606	92,606	88,775
Total expenditures	497,500	1,892,606	1,395,106	498,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,390,351)	(1,390,351)	5,553
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,376,938	1,376,938	-
Total other financing sources (uses)	-	1,376,938	1,376,938	-
NET CHANGE IN FUND BALANCE	\$ -	(13,413)	\$ (13,413)	5,553
FUND BALANCE, MAY 1		13,413		7,860
FUND BALANCE, APRIL 30		\$ -		\$ 13,413

(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.

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

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

CITY OF DARIEN, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

Preliminary and Tentative  
 For Discussion Purposes Only

April 30, 2015

	<u>Special Revenue</u>				<u>Total</u>
	<u>Motor Fuel Tax</u>	<u>Special Service Area</u>	<u>Federal Equitable Sharing</u>	<u>Drug Seizure</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 235,809	\$ 10,597	\$ 185,060	\$ 5,823	\$ 437,289
Receivables					
Intergovernmental	51,368	-	-	-	51,368
<b>TOTAL ASSETS</b>	<u>\$ 287,177</u>	<u>\$ 10,597</u>	<u>\$ 185,060</u>	<u>\$ 5,823</u>	<u>\$ 488,657</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 5,088	-	\$ 12,450	\$ 182	\$ 17,720
Total liabilities	5,088	-	12,450	182	17,720
<b>FUND BALANCES</b>					
Restricted					
Special service area	-	10,597	-	-	10,597
Public safety	-	-	172,610	5,641	178,251
Highways and streets	282,089	-	-	-	282,089
Total fund balances	282,089	10,597	172,610	5,641	470,937
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 287,177</u>	<u>\$ 10,597</u>	<u>\$ 185,060</u>	<u>\$ 5,823</u>	<u>\$ 488,657</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2015

	Special Revenue				Total
	Motor Fuel Tax	Special Service Area	Federal Equitable Sharing	Drug Seizure	
<b>REVENUES</b>					
Taxes	\$ -	\$ 5,071	\$ -	\$ -	\$ 5,071
Intergovernmental	746,368	-	183,387	-	929,755
Investment income	2,794	102	1,651	472	5,019
Total revenues	749,162	5,173	185,038	472	939,845
<b>EXPENDITURES</b>					
Current					
Highways and streets	619,528	3,702	-	-	623,230
Public safety	-	-	53,758	-	53,758
Capital outlay	-	-	35,507	-	35,507
Total expenditures	619,528	3,702	89,265	-	712,495
NET CHANGE IN FUND BALANCES	129,634	1,471	95,773	472	227,350
FUND BALANCES, MAY 1	152,455	9,126	76,837	5,169	243,587
FUND BALANCES, APRIL 30	\$ 282,089	\$ 10,597	\$ 172,610	\$ 5,641	\$ 470,937

(See independent auditor's report.)



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

For the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>REVENUES</b>				
Intergovernmental				
MFT allotment	\$ 523,450	\$ 746,368	\$ 222,918	\$ 647,807
Investment income	1,000	2,794	1,794	2,970
Total revenues	<u>524,450</u>	<u>749,162</u>	<u>224,712</u>	<u>650,777</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Commodities	283,660	302,795	19,135	294,464
Wages	300,000	300,000	-	367,440
Contractual services	15,000	16,733	1,733	129,127
Total expenditures	<u>598,660</u>	<u>619,528</u>	<u>20,868</u>	<u>791,031</u>
NET CHANGE IN FUND BALANCE	<u>\$ (74,210)</u>	129,634	<u>\$ 203,844</u>	(140,254)
FUND BALANCE, MAY 1		<u>152,455</u>		<u>292,709</u>
FUND BALANCE, APRIL 30		<u>\$ 282,089</u>		<u>\$ 152,455</u>

(See independent auditor's report.)

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL SERVICE AREA FUNDFor the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>REVENUES</b>				
Taxes	\$ 5,000	\$ 5,071	\$ 71	\$ 5,061
Investment income	-	102	102	111
Total revenues	5,000	5,173	173	5,172
<b>EXPENDITURES</b>				
Current				
Contractual services	8,500	3,702	(4,798)	4,978
Total expenditures	8,500	3,702	(4,798)	4,978
NET CHANGE IN FUND BALANCE	\$ (3,500)	1,471	\$ 4,971	194
FUND BALANCE, MAY 1		9,126		8,932
FUND BALANCE, APRIL 30		\$ 10,597		\$ 9,126

(See independent auditor's report.)

## **MAJOR ENTERPRISE FUND**

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

## CITY OF DARIEN, ILLINOIS

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, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>OPERATING REVENUES</b>				
Charges for services				
Water sales	\$ 7,064,348	\$ 6,577,351	\$ (486,997)	\$ 6,007,223
Inspections/tap on/permits	4,000	21,400	17,400	13,987
Front footage fees	-	3,403	3,403	-
Sale of meters	3,000	3,295	295	3,241
Other water sales	3,000	12,090	9,090	3,347
Total operating revenues	7,074,348	6,617,539	(456,809)	6,027,798
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>				
Personnel services				
Salaries	475,029	481,088	6,059	462,986
Overtime	50,000	88,709	38,709	129,715
Social security	32,551	31,856	(695)	31,096
Medicare	7,612	7,497	(115)	7,291
IMRF	77,861	67,577	(10,284)	77,508
Medical/life insurance	110,812	91,202	(19,610)	80,028
Supplemental pensions	2,400	1,246	(1,154)	1,385
Total personnel services	756,265	769,175	12,910	790,009
Materials and supplies				
Liability insurance	213,167	180,792	(32,375)	183,625
Maintenance - building	24,877	22,081	(2,796)	49,602
Maintenance - equipment	12,143	19,986	7,843	15,000
Maintenance - water system	175,390	227,914	52,524	152,945
Postage/mailings	1,035	890	(145)	48
Quality controls	15,525	11,585	(3,940)	13,273
Rent - equipment	-	1,750	1,750	-
Service charge	250,000	250,000	-	250,000
Supplies - operation	7,160	1,340	(5,820)	773
Training and education	3,080	680	(2,400)	393
Telephone	10,800	10,206	(594)	10,134
Uniforms	3,114	2,025	(1,089)	2,875
Utilities	48,800	40,217	(8,583)	42,443
Vehicle (gas and oil)	22,575	24,078	1,503	14,999
Total materials and supplies	787,666	793,544	5,878	736,110
Contractual				
Audit	10,000	10,000	-	10,000
Consulting/professional	13,000	6,485	(6,515)	8,014
Leak detection	19,500	14,497	(5,003)	12,130
Data processing	152,328	147,043	(5,285)	171,912
DuPage Water Commission	4,864,876	4,482,808	(382,068)	4,135,356
Total contractual	5,059,704	4,660,833	(398,871)	4,337,412

(This schedule is continued on the following page.)

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlySCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (Continued)  
WATER OPERATIONS FUNDFor the Year Ended April 30, 2015  
(With Prior Year Actual)

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>OPERATING EXPENSES</b>				
<b>EXCLUDING DEPRECIATION (Continued)</b>				
Capital outlay				
Equipment	\$ 107,810	\$ 1,706	\$ (106,104)	\$ 149,060
Street reconstruction/Rehab	-	100	100	-
Water meters	25,000	20,653	(4,347)	14,975
Infrastructure	258,000	199,860	(58,140)	22,303
Hydrant painting	38,500	8,124	(30,376)	35,520
Capital improvements	-	-	-	850
Total capital outlay	<u>429,310</u>	<u>230,443</u>	<u>(198,867)</u>	<u>222,708</u>
Total operating expenses excluding depreciation	<u>7,032,945</u>	<u>6,453,995</u>	<u>(578,950)</u>	<u>6,086,239</u>
OPERATING INCOME (LOSS)	<u>41,403</u>	<u>163,544</u>	<u>122,141</u>	<u>(58,441)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	6,000	9,352	3,352	11,367
Miscellaneous income	-	8,596	8,596	71,798
Debt service				
Principal repayment	(210,973)	(205,000)	5,973	(200,000)
Interest expense	(86,283)	(96,744)	(10,461)	(110,622)
Total non-operating revenues (expenses)	<u>(291,256)</u>	<u>(283,796)</u>	<u>7,460</u>	<u>(227,457)</u>
NET INCOME (LOSS) BUDGETARY BASIS	<u>\$ (249,853)</u>	<u>(120,252)</u>	<u>\$ 129,601</u>	<u>(285,898)</u>
Adjustments to GAAP basis				
Principal repayment		205,000		200,000
Depreciation		(335,248)		(335,144)
Total adjustments to GAAP basis		<u>(130,248)</u>		<u>(135,144)</u>
CHANGE IN NET POSITION		<u>(250,500)</u>		<u>(421,042)</u>
NET POSITION, MAY 1		<u>5,518,557</u>		<u>5,939,599</u>
NET POSITION, APRIL 30		<u>\$ 5,268,057</u>		<u>\$ 5,518,557</u>

(See independent auditor's report.)

**FIDUCIARY FUNDS**

Agency Funds - to account for amounts held in deposit.

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended April 30, 2015

	<b>Balances</b> May 1	<b>Additions</b>	<b>Deletions</b>	<b>Balances</b> April 30
<b>All Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,524	\$ 174	\$ -	\$ 18,698
<b>TOTAL ASSETS</b>	<b>\$ 18,524</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ 18,698</b>
<b>LIABILITIES</b>				
Due to others	\$ 11,043	\$ 174	\$ -	\$ 11,217
Impact fees payable	7,455	-	-	7,455
Deposits payable	26	-	-	26
<b>TOTAL LIABILITIES</b>	<b>\$ 18,524</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ 18,698</b>
<b>Impact Fees Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,498	\$ 174	\$ -	\$ 18,672
<b>TOTAL ASSETS</b>	<b>\$ 13,218</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ 18,672</b>
<b>LIABILITIES</b>				
Due to others	\$ 11,043	\$ 174	\$ -	\$ 11,217
Impact fees payable	7,455	-	-	7,455
<b>TOTAL LIABILITIES</b>	<b>\$ 13,218</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ 18,672</b>
<b>Darien Escrow Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26	\$ -	\$ -	\$ 26
<b>TOTAL ASSETS</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 26	\$ -	\$ -	\$ 26
<b>TOTAL LIABILITIES</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26</b>

(See independent auditor's report.)

**SUPPLEMENTAL DATA**



LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2008

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				July 1	Amount	Jan 1	Amount
2016	\$ 145,000	\$ 57,006	\$ 202,006	2015	\$ 28,503	2016	\$ 28,503
2017	155,000	51,570	206,570	2016	25,785	2017	25,785
2018	160,000	45,564	205,564	2017	22,782	2018	22,782
2019	165,000	39,362	204,362	2018	19,681	2019	19,681
2020	170,000	32,968	202,968	2019	16,484	2020	16,484
2021	175,000	26,380	201,380	2020	13,190	2021	13,190
2022	185,000	19,600	204,600	2021	9,800	2022	9,800
2023	190,000	12,200	202,200	2022	6,100	2023	6,100
2024	115,000	4,600	119,600	2023	2,300	2024	2,300
	<u>\$ 1,460,000</u>	<u>\$ 289,250</u>	<u>\$ 1,749,250</u>		<u>\$ 144,625</u>		<u>\$ 144,625</u>

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

April 30, 2015

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	Principal	Interest	Total	Interest Due on			
				Jun 15	Amount	Dec 15	Amount
2016	\$ 215,000	\$ 83,725	\$ 298,725	2015	\$ 41,863	2015	\$ 41,862
2017	220,000	79,425	299,425	2016	39,713	2016	39,712
2018	225,000	75,025	300,025	2017	37,513	2017	37,512
2019	230,000	68,275	298,275	2018	34,138	2018	34,137
2020	240,000	61,375	301,375	2019	30,688	2019	30,687
2021	245,000	54,175	299,175	2020	27,088	2020	27,087
2022	260,000	46,825	306,825	2021	23,413	2021	23,412
2023	265,000	39,025	304,025	2022	19,513	2022	19,512
2024	275,000	29,750	304,750	2023	14,875	2023	14,875
2025	285,000	20,125	305,125	2024	10,063	2024	10,062
2026	290,000	10,150	300,150	2025	5,075	2025	5,075
	<u>\$ 2,750,000</u>	<u>\$ 567,875</u>	<u>\$ 3,317,875</u>		<u>\$ 283,942</u>		<u>\$ 283,933</u>

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

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

For the Year Ended  
April 30, 2015

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

**CITY OF DARIEN, ILLINOIS**  
**AUDITOR’S COMMUNICATION TO THE HONORABLE MAYOR**  
**AND MEMBERS OF THE CITY COUNCIL**  
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, 2015

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

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by auditing standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on May 11, 2015.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the City, are enclosed within this document.

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

\_\_\_\_\_, 2015

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, 2015 and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015. 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 4, 2015. 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, 2015, except for the implementation of GASB Statement No. 67 *Financial Reporting for Pension Plans*, replacing the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plan*. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

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

The financial statement disclosures are neutral, consistent and clear.

**Difficulties Encountered in Performing the Audit**

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

**Corrected and Uncorrected Misstatements**

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

**Disagreements with Management**

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

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_, 2015.

**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 - 00

Year End: April 30, 2015

Adjusting Journal Entries

Date: 5/1/2014 To 4/30/2015

Number	Date	Name	Account No	Debit	Credit
AJE-01	4/30/2015	Operating - Republic Bank	01-1000 01-GF		-2,350.23
AJE-01	4/30/2015	Operating - Republic Bank	01-1000 01-GF	1,308.07	
AJE-01	4/30/2015	Gasoline Inventory	01-1950 01-GF	22,596.13	
AJE-01	4/30/2015	Gasoline Inventory	01-1950 01-GF		-12,577.61
AJE-01	4/30/2015	Operating - Republic Bank	02-1000 02-WF	2,350.23	
AJE-01	4/30/2015	Operating - Republic Bank	02-1000 02-WF		-1,308.07
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-10-4273 01-GF		-711.85
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-10-4273 01-GF	397.46	
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-20-4273 01-GF		-146.89
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-20-4273 01-GF	81.75	
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-30-4273 01-GF		-6,691.38
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-30-4273 01-GF	3,724.23	
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-40-4273 01-GF		-12,695.78
AJE-01	4/30/2015	Vehicle (Gas and Oil)	01-40-4273 01-GF	7,066.10	
AJE-01	4/30/2015	Vehicle (Gas and Oil)	02-50-4273 02-WF		-2,350.23
AJE-01	4/30/2015	Vehicle (Gas and Oil)	02-50-4273 02-WF	1,308.07	
To adjust gas inventory balance to proper amount at 4/30/2015					
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF		-5,157.70
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	1,316.93	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	2,696.02	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	569.89	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	2,511.81	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	585.31	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	2,312.46	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	559.87	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	3,281.97	
AJE-02	4/30/2015	IMRF W/H Payable	01-2014 01-GF	757.81	
AJE-02	4/30/2015	Due to other Funds	01-2170 01-GF		-569.89
AJE-02	4/30/2015	Due to other Funds	01-2170 01-GF		-585.31
AJE-02	4/30/2015	Due to other Funds	01-2170 01-GF		-559.87
AJE-02	4/30/2015	Due to other Funds	01-2170 01-GF		-757.81
AJE-02	4/30/2015	Due From Other Funds	02-1410 02-WF	569.89	
AJE-02	4/30/2015	Due From Other Funds	02-1410 02-WF	585.31	
AJE-02	4/30/2015	Due From Other Funds	02-1410 02-WF	559.87	
AJE-02	4/30/2015	Due From Other Funds	02-1410 02-WF	757.81	
AJE-02	4/30/2015	I.M.R.F.	01-10-4115 01-GF	1,096.71	
AJE-02	4/30/2015	I.M.R.F.	01-10-4115 01-GF		-279.25
AJE-02	4/30/2015	I.M.R.F.	01-10-4115 01-GF		-458.70
AJE-02	4/30/2015	I.M.R.F.	01-10-4115 01-GF		-463.15
AJE-02	4/30/2015	I.M.R.F.	01-10-4115 01-GF		-469.54
AJE-02	4/30/2015	I.M.R.F.	01-10-4115 01-GF		-694.73
AJE-02	4/30/2015	I.M.R.F.	01-20-4115 01-GF	712.00	
AJE-02	4/30/2015	I.M.R.F.	01-20-4115 01-GF		-181.66
AJE-02	4/30/2015	I.M.R.F.	01-20-4115 01-GF		-313.72
AJE-02	4/30/2015	I.M.R.F.	01-20-4115 01-GF		-330.40
AJE-02	4/30/2015	I.M.R.F.	01-20-4115 01-GF		-330.40
AJE-02	4/30/2015	I.M.R.F.	01-20-4115 01-GF		-478.66
AJE-02	4/30/2015	I.M.R.F.	01-30-4115 01-GF	2,321.35	
AJE-02	4/30/2015	I.M.R.F.	01-30-4115 01-GF		-592.97
AJE-02	4/30/2015	I.M.R.F.	01-30-4115 01-GF		-1,194.33
AJE-02	4/30/2015	I.M.R.F.	01-30-4115 01-GF		-1,266.30

Number	Date	Name	Account No	Debit	Credit
AJE-02	4/30/2015	I.M.R.F.	01-30-4115 01-GF		-1,041.91
AJE-02	4/30/2015	I.M.R.F.	01-30-4115 01-GF		-1,429.41
AJE-02	4/30/2015	I.M.R.F.	01-40-4115 01-GF	1,027.64	
AJE-02	4/30/2015	I.M.R.F.	01-40-4115 01-GF		-263.05
AJE-02	4/30/2015	I.M.R.F.	01-40-4115 01-GF		-729.27
AJE-02	4/30/2015	I.M.R.F.	01-40-4115 01-GF		-451.96
AJE-02	4/30/2015	I.M.R.F.	01-40-4115 01-GF		-470.61
AJE-02	4/30/2015	I.M.R.F.	01-40-4115 01-GF		-679.17
AJE-02	4/30/2015	I.M.R.F.	02-50-4115 02-WF		-569.89
AJE-02	4/30/2015	I.M.R.F.	02-50-4115 02-WF		-585.31
AJE-02	4/30/2015	I.M.R.F.	02-50-4115 02-WF		-559.87
AJE-02	4/30/2015	I.M.R.F.	02-50-4115 02-WF		-757.81

To adjust IMRF payable to proper balance at 4/30/2015

AJE-03	4/30/2015	Accrued Salaries Payable	01-2182 01-GF		-338.76
AJE-03	4/30/2015	Accrued Salaries Payable	01-2182 01-GF	189,461.97	
AJE-03	4/30/2015	Accrued Salaries Payable	02-2182 02-WF		-4,721.03
AJE-03	4/30/2015	Accrued Salaries Payable	02-2182 02-WF	12,915.60	
AJE-03	4/30/2015	Salaries	01-10-4010 01-GF	19.27	
AJE-03	4/30/2015	Salaries	01-20-4010 01-GF	14.26	
AJE-03	4/30/2015	Salaries	01-30-4010 01-GF	63.42	
AJE-03	4/30/2015	Salaries	01-30-4010 01-GF		-35,468.45
AJE-03	4/30/2015	Salaries	01-40-4010 01-GF	208.53	
AJE-03	4/30/2015	Salaries	01-40-4010 01-GF	33.28	
AJE-03	4/30/2015	Salaries	01-40-4010 01-GF		-135,384.07
AJE-03	4/30/2015	Salaries	01-40-4010 01-GF		-18,609.45
AJE-03	4/30/2015	Salaries	02-50-4010 02-WF	4,721.03	
AJE-03	4/30/2015	Salaries	02-50-4010 02-WF		-12,915.60

To adjust accrued payroll to actual at 4/30/2015

AJE-04	4/30/2015	Operating - Republic Bank	02-1000 02-WF	205,000.00	
AJE-04	4/30/2015	Operating - Republic Bank	02-1000 02-WF	5,851.74	
AJE-04	4/30/2015	DIS Bond Payable-Contractor	02-2188 02-WF	10,712.00	
AJE-04	4/30/2015	Operating - Republic Bank	12-1000 12-WDF		-205,000.00
AJE-04	4/30/2015	Operating - Republic Bank	12-1000 12-WDF		-5,851.74
AJE-04	4/30/2015	UNAMORTIZED BOND DISCOUNT	12-1225 12-WDF		-3,539.51
AJE-04	4/30/2015	Unamortized Bond Premium	12-1226 12-WDF	13,397.00	
AJE-04	4/30/2015	Unamortized Loss on Refunding	12-1227 12-WDF		-20,317.00
AJE-04	4/30/2015	Interest Payable	12-2002 12-WDF	5,851.74	
AJE-04	4/30/2015	Bonds Payable	12-2184 12-WDF	205,000.00	
AJE-04	4/30/2015	Change in IMRF NPO	02-50-4116 02-WF		-10,712.00
AJE-04	4/30/2015	Debt Retire-Water Refunding	02-50-4950 02-WF		-205,000.00
AJE-04	4/30/2015	Debt Retire-Water Refunding	02-50-4950 02-WF		-5,851.74
AJE-04	4/30/2015	Amortization	12-51-4947 12-WDF	3,539.51	
AJE-04	4/30/2015	Amortization	12-51-4947 12-WDF		-13,397.00
AJE-04	4/30/2015	Amortization	12-51-4947 12-WDF	20,317.00	

To adjust the Water Fund for current year long-term debt activity

AJE-05	4/30/2015	Interest Payable	98-2002 98-G	31,214.33	
AJE-05	4/30/2015	Unamortized Bond Premium	98-2065 98-G	3,268.28	
AJE-05	4/30/2015	Bank Loans Payable	98-2100 98-G	162,466.00	
AJE-05	4/30/2015	DIS Bond Payable-Contractor	98-2188 98-G	43,644.00	
AJE-05	4/30/2015	G.O. Bonds 2007A	98-2196 98-G	1,800,000.00	
AJE-05	4/30/2015	2008 GO Bonds Payable	98-2197 98-G	140,000.00	

Number	Date	Name	Account No	Debit	Credit
AJE-05	4/30/2015	Amortization on Premium	98-4905 98-G		-3,268.28
AJE-05	4/30/2015	Rent - Equipment	01-40-4243 01-GF		-162,466.00
AJE-05	4/30/2015	Rent - Equipment	01-40-4243 01-GF		-2,437.00
AJE-05	4/30/2015	Interest - Hinsdale Bank Loan	01-40-4244 01-GF	2,437.00	
AJE-05	4/30/2015	Principal	01-40-4906 01-GF	162,466.00	
AJE-05	4/30/2015	Debt Retire	25-35-4905 25-CI	140,000.00	
AJE-05	4/30/2015	Debt Retire - Property	25-35-4945 25-CI		-140,000.00
AJE-05	4/30/2015	Debt Service - Series 2007B	35-30-4951 35-DS	92,605.56	
AJE-05	4/30/2015	Debt Service - Series 2007B	35-32-4951 35-DS		-92,605.56
AJE-05	4/30/2015	Principal	98-50-5000 98-G		-1,940,000.00
AJE-05	4/30/2015	Principal	98-50-5000 98-G		-162,466.00
AJE-05	4/30/2015	Interest	98-50-5001 98-G		-31,214.33
AJE-05	4/30/2015	Change in IMRF NPO - GG	98-50-5601 98-G		-14,917.00
AJE-05	4/30/2015	Change in IMRF NPO - PW	98-50-5602 98-G		-19,670.00
AJE-05	4/30/2015	Change in IMRF NPO - PS	98-50-5603 98-G		-9,057.00
To adjust governmental funds and GLTDAG for current year long-term debt activity					
AJE-06	4/30/2015	Investments in IRMA	01-1175 01-GF	31,394.03	
AJE-06	4/30/2015	IRMA Excess Surplus	01-2999 01-GF		-31,394.03
AJE-06	4/30/2015	Investments in IRMA	02-1175 02-WF	8,595.97	
AJE-06	4/30/2015	Miscellaneous Revenue	02-00-3580 02-WF		-8,595.97
To record IRMA excess surplus					
AJE-07	4/30/2015	Accrued Interest Payable	25-2181 25-CI	63,805.20	
AJE-07	4/30/2015	Miscellaneous Revenue	25-00-3580 25-CI		-63,805.20
To recognize revenue for cell tower construction					
AJE-08	4/30/2015	Accounts Payable-Prior	01-2050 01-GF	2,893.00	
AJE-08	4/30/2015	Accounts Payable-Prior	02-2050 02-WF	24,785.75	
AJE-08	4/30/2015	Consulting/Professional	01-10-4325 01-GF		-2,893.00
AJE-08	4/30/2015	Data Processing	02-50-4336 02-WF		-24,785.75
To reverse 4/30/2014 A/P balances not properly reversed.					
AJE-09	4/30/2015	Accounts Receivable	25-1201 25-CI	202,215.89	
AJE-09	4/30/2015	Due From Other Funds	25-1410 25-CI	204,421.49	
AJE-09	4/30/2015	Deferred Revenue	25-2180 25-CI		-202,215.89
AJE-09	4/30/2015	Accounts Receivable	35-1201 35-DS		-202,215.89
AJE-09	4/30/2015	Due to other funds	35-2170 35-DS		-204,421.49
AJE-09	4/30/2015	Deferred Revenue	35-2180 35-DS	202,215.89	
AJE-09	4/30/2015	Real Estate Taxes - Current	25-00-3110 25-CI		-204,421.49
AJE-09	4/30/2015	Real Estate Taxes - Current	35-00-3110 35-DS	204,421.49	
To allocate portion of bond and interest property tax levy to capital projects fund.					
AJE-10	4/30/2015	Accounts Payable-Prior	01-2050 01-GF	3,156.07	
AJE-10	4/30/2015	Accounts Payable-Prior	02-2050 02-WF	9,836.38	
AJE-10	4/30/2015	Accounts Payable-Prior	12-2050 12-WDF	7,204.40	
AJE-10	4/30/2015	Accounts Payable-Prior	15-2050 15-DAD	169.99	
AJE-10	4/30/2015	Accounts Payable	15-2150 15-DAD		-169.99
AJE-10	4/30/2015	Accounts Payable-Prior	25-2050 25-CI	474.23	
AJE-10	4/30/2015	Consulting/Professional	01-10-4325 01-GF		-3,156.07

Number	Date	Name	Account No	Debit	Credit
AJE-10	4/30/2015	Maintenance - Water System	02-50-4231 02-WF		-9,636.38
AJE-10	4/30/2015	Capital Improv-Infrastructure	12-51-4390 12-WDF		-7,204.40
AJE-10	4/30/2015	Ditch Projects	25-35-4376 25-CI		-474.23

To reverse prior year 2050 A/P balances at 4/30/2015.







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

April 30, 2015



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 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. 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.

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 dated April 30, 2014. The status of these is included in Appendix A.

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

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

Naperville, Illinois  
[REDACTED], 2015

**DEFICIENCY**

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

**1. AUDIT ADJUSTMENTS**

During our audit we noted several adjustments were required to be recorded to various accrual accounts. While the City did perform the required calculations and prepare appropriate reconciliations, the related journal entries were not recorded in the City's accounting system. Relying on auditors to test and propose these adjustments may prove unreliable in the case of immaterial adjustments. As an audit is performed on a test basis, instances may exist where immaterial adjustments may not be detected and then proposed. Further, generally accepted auditing standards emphasizes that the external auditor cannot be part of an entity's internal control process over financial reporting. We recommend that procedures or checklists be adopted to include all procedures that management determines are needed to be performed on a monthly or year end basis to ensure general ledger accounts are properly adjusted.

**APPENDIX A**  
**STATUS OF COMMENTS FROM APRIL 30, 2014**

**DEFICIENCIES**

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

**1. Proposed Audit Adjustments**

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

**Status** - Comment still applicable as of April 30, 2015. Audit adjustments in the current year were immaterial individually but material in the aggregate and were proposed to adjust inventory balances, to record revenue in the proper period and to record expenditures in the proper period.

**2. Capital Assets**

During our audit of the City's capital asset records, we noted various errors within depreciation of infrastructure asset of the governmental activities of the City. Specifically, the errors noted included depreciation being taken on assets that were previously fully depreciated to a net book value of zero, and incorrect depreciation expense taken on specific assets. We noted in some instances depreciation expense was keyed in incorrectly as opposed to being calculated through a formula within the spreadsheet. Using formulas to calculate depreciation expense within the spreadsheet would help to eliminate such errors. Further, we recommend that the City perform a final review of capital asset records in order to potentially detect errors or miscalculations.

**Status** - Comment considered implemented as of April 30, 2015.

**3. Payroll System Hours Tracking**

During our audit, we became aware of an issue with the tracking of hours for compensated absences (e.g., vacation, sick, comp, and personal time). The hours are not currently being tracked using the new payroll software, but rather by individual departments on separate worksheets. This arrangement results in unclear reporting on pay stubs. We did not discover any misstatements in the sample we tested for the compensated absences liability. However, we recommend the City begin tracking using the new software to clarify reporting, minimize potential misstatements, and avoid decentralized tracking.

**Status** - Comment considered implemented as of April 30, 2015.

**DEFICIENCIES (Continued)****4. Building Permits Reconciliation**

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

**Status** - Comment still applicable as of April 30, 2015.

# Sikich Snapshot

## Organization

Sikich is a dynamic professional services firm specializing in accounting, technology, investment banking and advisory services. Founded in 1982, we are now one of the country's Top 35 largest CPA firms and among the top 1 percent of all enterprise resource planning solution partners in the world.

## Industries

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

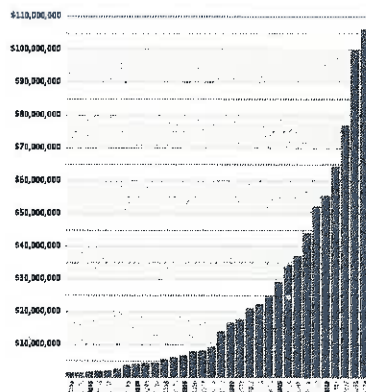
- › Agriculture
- › Construction & Real Estate
- › Government
- › Manufacturing & Distribution
- › Not-for-Profit
- › Oilfield Services

## Statistics

2014 Revenues	\$106.5M
Total Partners	92
Total Employees	573
Total Personnel	665

*Personnel count as of February 17, 2015*

## Sikich Total Revenues



## Awards

- › *Accounting Today* Top 100 Value Added Reseller: ranked 7th, 2015
- › *Bob Scott's* Top 100 Value Added Reseller: ranked 9th, 2015
- › *Accounting Today* Top 100 Firms: ranked 34th nationally, 2014
- › *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2014
- › *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 32nd nationally, 2014
- › Microsoft Dynamics Inner Circle and President's Club, 2014
- › *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 12th, 2014
- › Best Places to Work in Indiana, 2014
- › Best Places to Work in Illinois, 2014
- › *Bob Scott's Insights* Value Added Reseller Stars, 2014
- › *Inc.* Magazine's Inc. 500|5000: ranked 4,627th fastest-growing private company nationally, 2013
- › *Crain's Chicago Business* Fast Fifty: ranked 49th, 2013
- › Alfred P. Sloan Award for Excellence in Workplace Effectiveness & Flexibility, 2013
- › *Daily Herald Business Ledger* Book of Lists: ranked 5th, "Accounting Firms," Chicago Western Suburbs, 2013
- › *Springfield Business Journal* Book of Lists: ranked 1st, "Accounting Firms," Springfield, Illinois, 2013
- › *Chicago Tribune's* Chicago's Top Workplaces, 2013
- › *Crain's Chicago Business* Top 25 Firms: ranked 11th in Chicagoland, 2013

## SERVICES

- › Accounting & Assurance
- › Business Valuation
- › Dispute Advisory
- › ERP & CRM Software
- › Executive Search & Staffing
- › Human Resources Consulting
- › Insurance Services
- › Investment Banking & Corporate Finance
- › IT Services
- › Marketing & Public Relations
- › Retirement Planning
- › Supply Chain
- › Tax Planning
- › Wealth Management



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



## Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.



**Microsoft Partner**

Enterprise Resource Planning

## Microsoft Partner

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

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



**leading edge alliance**

innovation • quality • excellence

## Sikich is proud to be part of the Leading Edge Alliance

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

*\*International Accounting Bulletin, 2011*



## Sikich is proud to be part of PrimeGlobal

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

*Securities are offered through Sikich Corporate Finance LLC, a registered broker dealer with the Securities Exchange Commission and a member of FINRA/SIPC. Advisory services offered through Sikich Financial, a Registered Investment Advisor. General securities offered through Triad Advisors, Member FINRA/SIPC. Triad Advisors and Sikich Financial are not affiliated.*

## LOCATIONS:

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Naperville, IL 60563  
(630) 566-8400

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(312) 541-9300

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### Decatur, IL

(217) 423-6000

### Denver, CO

(720) 200-0142

### Houston, TX

(832) 831-3540

### Indianapolis, IN

(317) 842-4466

### Milwaukee, WI

(262) 754-9400

### Rockford, IL

(815) 282-6565

### Springfield, IL

(217) 793-3363

### St. Louis, MO

(314) 275-7277

## CONNECT WITH US:



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**CITY OF DARIEN, ILLINOIS**

**MANAGEMENT LETTER**

April 30, 2015

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

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

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darien, Illinois (the City) as of and for the year ended April 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Naperville, Illinois  
                    , 2015



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

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement No. 71 is applicable for the fiscal year ending April 30, 2016.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is applicable for the fiscal year ending April 30, 2017.

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans.

**OTHER INFORMATION (Continued)****Future Accounting Pronouncements (Continued)**

Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for the fiscal year ended April 30, 2018.

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

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

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

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

**MEMO**

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

**From: Marie Kyriakoulis, Accountant**

**RE: Management Letter Response**

**Date: September 1, 2015**

This year we were able to speed up the audit a little bit, having the field work done a little earlier than normal. The audit process went smoothly with some new personnel as well as some new areas of testing being done by our auditors. During the course of the audit no material misstatements were identified which allowed us to receive an unqualified opinion which is the highest form of assurance that an auditor can give to a client

**Deficiency**

1. The City of Darien has continually progressed in its accounting functions and will make the additional entries as described in the audit comments. Due to the timing of the information received by the City, the field work may have to be pushed back to July rather than June as the City doesn't have the information required to prepare the entries until later in June.
2. The City of Darien has procedures in place to review building permits and refundable and nonrefundable fees through our AR reconciliation procedures; however, the City of Darien will implement an additional monthly reconciliation as well. Through this reconciliation, the Finance department will obtain balance reports from the Community Development department in order to agree amounts to the City's liability accounts.

# CITY OF DARIEN

## MEMO

**TO: Administrative/Finance Committee Members**  
**FROM: Bryon D. Vana, City Administrator**  
**DATE: August 25, 2015**  
**SUBJECT: Police Pension Fund Actuarial Report FYE 4-30-16**

---

City Treasurer Coren will present the Police Pension Fund Actuarial Report for FYE 4-30-16. This report is the basis for the police pension tax levy that will be formally approved in December.

In summary:

- the report recommends a 2015 tax levy of \$1,412,529
- last year's approved levy was \$1,200,005
- this year's recommended levy is a 17.7% increase over last year's levy
- the 3 year budget forecast estimated a police pension levy of \$1,296,005 for the 2015 tax levy
- The percent funded has decreased from 63.1% last year to 59.7% this year



**CITY OF DARIEN**  
**DARIEN POLICE PENSION FUND**

Actuarial Valuation Report

For the Year

Beginning May 1, 2015

And Ending April 30, 2016

---

*Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600*

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## INTRODUCTION

Police-sworn personnel of the City of Darien are covered by the Police Pension Plan that is a defined-benefit, single-employer pension plan. The purpose of this report is to provide to the Intended Users of this report, specifically the Intended Users are the City Officials, the Pension Board and the City and Pension Board auditors, the reporting requirements of the Illinois Pension Code, the GASB Statements No. 25 & 27 and 67 & 68 financial information and related actuarial information for the year stated in this report. This report is not intended for distribution or usage to or by anyone who is not an Intended User and should not be used for any other purpose.

The valuation results reported herein are based on the employee data, plan provisions and the financial data provided by the City. The actuary has relied on this information and does not assume responsibility for the accuracy or completeness of this information. I hereby certify that to the best of my knowledge this report is complete and accurate and fairly presents the actuarial position of the Fund in accordance with generally accepted actuarial principles and procedures. In my opinion, the assumptions used are reasonably related to the experience of the Plan and to reasonable expectations. A reasonable request for supplementary information not included in this report should be directed to the undersigned actuary.

The actuary cautions the Intended Users of the possibility of uncertainty or risks in any of the results in this report.

I, Timothy W. Sharpe, am an Enrolled Actuary and a member of the American Academy of Actuaries, and I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Timothy W. Sharpe, EA, MAAA  
Enrolled Actuary No. 14-4384

8/11/2015

Date

## SUMMARY OF RESULTS

There was a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. The mortality rates, disability rates, turnover rates and retirement rates have been changed to the new rates most recently published by the Illinois Department of Insurance (September 2012).

There were no changes with respect to Plan Provisions or Actuarial Methods from the prior year.

Based on the plan sponsor's funding policy and future expected plan contributions and funded status, the plan is to be expected to produce adequate assets to make benefit payments when they are due.

The benefit payment default risk or the financial health of the plan sponsor was not deemed to be material.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

There were no unexpected changes with respect to the participants included in this actuarial valuation (1 new member, 0 terminations, 1 retirement, 0 incidents of disability, annual payroll increase 0.9%, average salary increase 1.8%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annual investment return 6.99%).

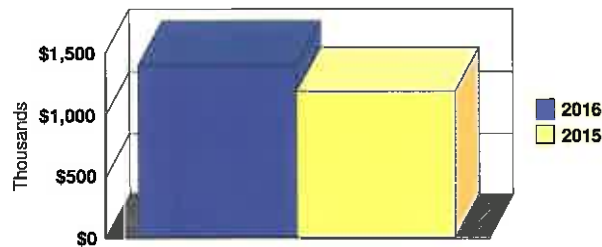
The City's Tax Levy Requirement has increased from \$1,200,005 last year to \$1,412,529 this year (17.7%). The increase in the Tax Levy is due to the increase in salaries and the changes to the assumptions. The Percent Funded has decreased from 63.1% last year to 59.7% this year.



SUMMARY OF RESULTS (Continued)

	For Year Ending April 30	
	<u>2016</u>	<u>2015</u>
Tax Levy Requirement	\$ 1,412,529	\$ 1,200,005
		as of May 1
	<u>2015</u>	<u>2014</u>
City Normal Cost	565,117	524,739
Anticipated Employee Contributions	289,071	286,608
Accrued Liability	41,012,751	36,544,882
Actuarial Value of Assets	24,465,997	23,052,786
Unfunded Accrued Liability/(Surplus)	16,546,754	13,492,096
Amortization of Unfunded Accrued Liability/(Surplus)	755,004	596,761
Percent Funded	59.7%	63.1%
Annual Payroll	\$ 2,916,963	\$ 2,892,109

**TAX LEVY REQUIREMENT**  
as of April 30

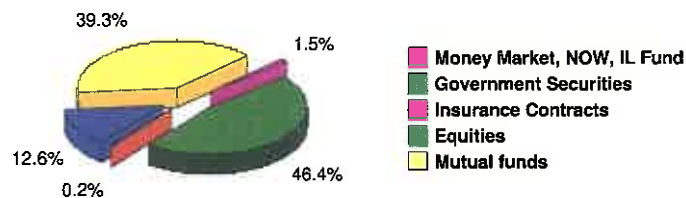


## ACTUARIAL VALUATION OF ASSETS

		as of May 1	
	<u>2015</u>		<u>2014</u>
Money Market, NOW, IL Fund	\$ 372,783		\$ 320,472
Certificates of Deposit	0		189,572
Government Securities	11,309,236		10,762,373
Insurance Contracts	56,300		54,671
Equities	3,067,417		0
Mutual Funds	9,591,225		11,760,465
Interest Receivable	98,587		91,513
Miscellaneous Receivable/(payable)	<u>(11,147)</u>		<u>(143,158)</u>
Market Value of Assets	<u>24,484,401</u>		<u>23,035,909</u>
Actuarial Value of Assets	\$ 24,465,997		\$ 23,052,786

FYE 2012-2015 (Gain)/Loss: \$479,168; (\$303,422); \$9,079; \$2,105

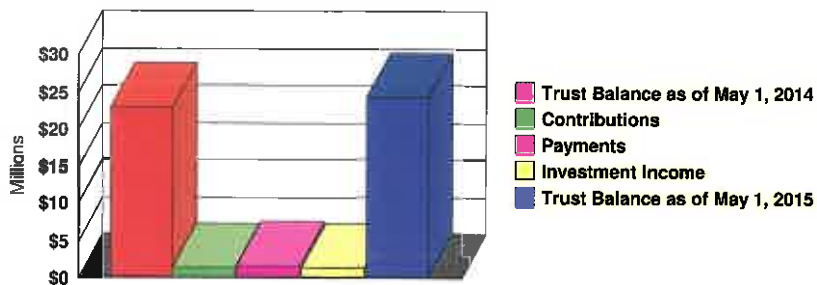
### SUMMARY OF ASSETS As Of May 1, 2015



**ASSET CHANGES DURING PRIOR YEAR**

Trust Balance as of May 1, 2014		\$	23,035,909
<b>Contributions</b>			
City	1,205,560		
Employee	<u>302,059</u>		
Total			1,507,619
<b>Payments</b>			
Benefit Payments	1,624,179		
Expenses	<u>39,881</u>		
Total			1,664,060
Investment Income			<u>1,604,933</u>
Trust Balance as of May 1, 2015		\$	<u>24,484,401</u>
Approximate Annual Rate of Return			6.99%

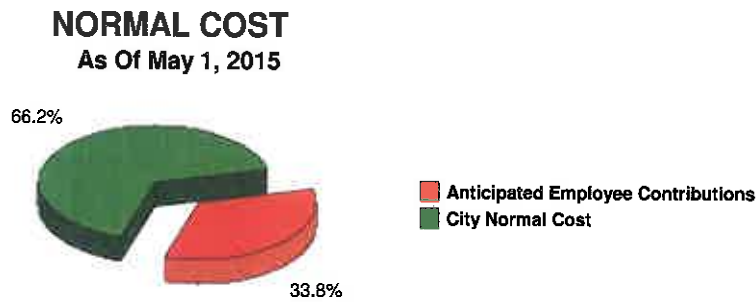
**ASSET CHANGES DURING PRIOR YEAR**



## NORMAL COST

The Normal Cost is the actuarial present value of the portion of the projected benefits that are expected to accrue during the year based upon the actuarial valuation method and actuarial assumptions employed in the valuation.

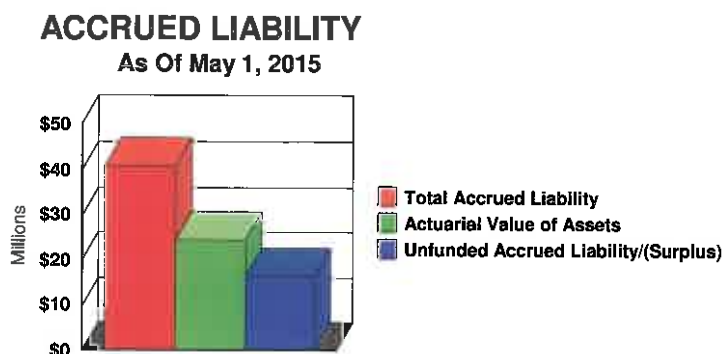
		as of May 1	
		<u>2015</u>	<u>2014</u>
Total Normal Cost	\$	854,188	\$ 811,347
Anticipated Employee Contributions		<u>289,071</u>	<u>286,608</u>
City Normal Cost		<u>565,117</u>	<u>524,739</u>
Normal Cost Payroll	\$	2,916,963	\$ 2,892,109
City Normal Cost Rate		19.37%	18.14%
Total Normal Cost Rate		29.28%	28.05%



## ACCRUED LIABILITY

The Accrued Liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and actuarial assumptions employed in the valuation. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets.

	as of May 1	
Accrued Liability	<u>2015</u>	<u>2014</u>
Active Employees	\$ 17,296,965	\$ 15,436,000
Children Annuities	60,696	58,711
Disability Annuities	2,226,534	1,970,361
Retirement Annuities	20,368,537	18,090,592
Surviving Spouse Annuities	844,028	798,565
Terminated Vested Annuities	<u>215,991</u>	<u>190,653</u>
Total Annuities	23,715,786	21,108,882
Total Accrued Liability	41,012,751	36,544,882
Actuarial Value of Assets	<u>24,465,997</u>	<u>23,052,786</u>
Unfunded Accrued Liability/(Surplus)	\$ <u>16,546,754</u>	\$ <u>13,492,096</u>
Percent Funded	59.7%	63.1%

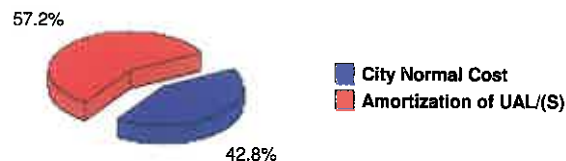


## TAX LEVY REQUIREMENT

The Public Act 096-1495 Tax Levy Requirement is determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the excess (if any) of ninety percent (90%) of the accrued liability over the actuarial value of assets as a level percentage of payroll over a thirty (30) year period which commenced in 2011, plus an adjustment for interest. The 100% amortization amount is equal to the amount to amortize the unfunded accrued liability as a level percentage of payroll over a thirty (30) year period which commenced in 2011.

	For Year Ending April 30	
	<u>2016</u>	<u>2015</u>
City Normal Cost as of Beginning of Year	\$ 565,117	\$ 524,739
Amortization of Unfunded Accrued Liability/(Surplus)	755,004	596,761
Interest for One Year	<u>92,408</u>	<u>78,505</u>
Tax Levy Requirement as of End of Year	\$ <u>1,412,529</u>	\$ <u>1,200,005</u>
<b>Public Act 096-1495 Tax Levy Requirement</b>		
1) Normal Cost (PUC)	565,117	524,739
2) Accrued Liability (PUC)	41,012,751	36,544,882
3) Amortization Payment	567,869	435,121
4) Interest for One Year	79,309	67,190
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	\$ 1,212,295	1,027,050

### TAX LEVY REQUIREMENT For Fiscal Year Ending April 30, 2016



## SUMMARY OF PLAN PARTICIPANTS

The actuarial valuation of the Plan is based upon the employee data furnished by the City. The information provided for Active participants included:

Name  
Sex  
Date of Birth  
Date of Hire  
Compensation  
Employee Contributions

The information provided for Inactive participants included:

Name  
Sex  
Date of Birth  
Date of Pension Commencement  
Monthly Pension Benefit  
Form of Payment

Membership	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Current Employees				
Vested	24		24	
Nonvested	<u>8</u>		<u>8</u>	
Total	<u>32</u>		<u>32</u>	
Inactive Participants		<u>Annual Benefits</u>		<u>Annual Benefits</u>
Children	1 \$	60,696	2 \$	60,696
Disabled Employees	3	142,931	3	140,930
Retired Employees	17	1,423,393	16	1,315,578
Surviving Spouses	2	84,753	2	84,753
Terminated Vesteds	<u>2</u>	<u>35,609</u>	<u>2</u>	<u>35,609</u>
Total	<u>25</u>	<u>1,747,382</u>	<u>25</u>	<u>1,637,566</u>
Annual Payroll	\$	2,916,963	\$	2,892,109

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

Service Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
20-24									
25-29	4	1						5	67,615
30-34	1	2	2					5	85,877
35-39		1	6					7	92,484
40-44			2	5				7	95,438
45-49					1			1	90,796
50-54					2	4		6	105,481
55-59							1	1	110,362
60+									
<b>Total</b>	<u>5</u>	<u>4</u>	<u>10</u>	<u>5</u>	<u>3</u>	<u>4</u>	<u>1</u>	<u>32</u>	<u>91,155</u>
<b>Salary</b>	65,974	85,874	91,958	97,994	98,482	107,060	110,362		

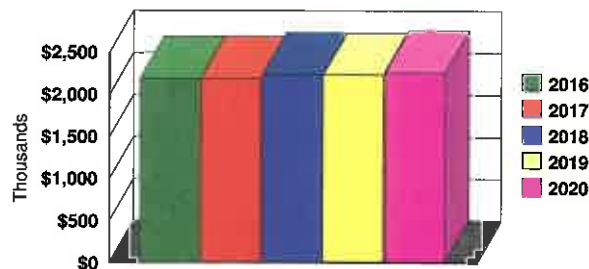
Average Age: 39.4      Average Service: 13.8

DURATION (years)    Active Members: 18.8    Retired Members: 10.6    All Members: 14.2

PROJECTED PENSION PAYMENTS

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$2,194,020	\$2,211,174	\$2,239,021	\$2,259,976	\$2,278,341

**PROJECTED PENSION PAYMENTS  
2016-2020**





## SUMMARY OF PLAN PROVISIONS

The Plan Provisions have not been changed from the prior year.

The City of Darien Police Pension Fund was created and is administered as prescribed by "Article 3. Police Pension Fund - Municipalities 500,000 and Under" of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). A brief summary of the plan provisions is provided below.

Employees attaining the age of (50) or more with (20) or more years of creditable service are entitled to receive an annual retirement benefit of (2.5%) of final salary for each year of service up to (30) years, to a maximum of (75%) of such salary.

Employees with at least (8) years but less than (20) years of credited service may retire at or after age (60) and receive a reduced benefit of (2.5%) of final salary for each year of service.

Surviving spouses receive (100%) of final salary for fatalities resulting from an act of duty, or otherwise the greater of (50%) of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive (65%) of final salary.

The monthly pension of a covered employee 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 originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as (3%) of the amount of the pension payable at the time of the increase.

Employees are required 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.

For Employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

## ACTUARIAL METHODS

The Actuarial Methods employed for this valuation are as follows:

### Projected Unit Credit Cost Method (for years beginning on or after 2011)

Under the Projected Unit Credit Cost Method, the Normal Cost is the present value of the projected benefit (including projected salary increases) earned during the year.

The Accrued Liability is the present value of the projected benefit (including projected salary increases) earned as of the actuarial valuation date. The Unfunded Accrued Liability is the excess of the Accrued Liability over the plan's assets. Experience gains or losses adjust the Unfunded Accrued Liability.

### Entry Age Normal Cost Method (for years beginning prior to 2011)

Under the Entry Age Normal Cost Method the Normal Cost for each participant is computed as the level percentage of pay which, if paid from the earliest age the participant is eligible to enter the plan until retirement or termination, will accumulate with interest to sufficiently fund all benefits under the plan. The Normal Cost for the plan is determined as the greater of a) the sum of the Normal Costs for all active participants, and b) 17.5% of the total payroll of all active participants.

The Accrued Liability is the theoretical amount that would have accumulated had annual contributions equal to the Normal Cost been paid. The Unfunded Accrued Liability is the excess of the Accrued Liability over the plan's assets. Experience gains or losses adjust the Unfunded Accrued Liability.

## ACTUARIAL ASSUMPTIONS

The Actuarial Assumptions used for determining the Tax Levy Requirement and GASB Statements No. 25 & 27 and 67 & 68 Disclosure Information are the same (except where noted) and have been changed from the prior year (discussion on page 4). The methods and assumptions disclosed in this report may reflect statutory requirements and may reflect the responsibility of the Principal and its advisors. Unless specifically noted otherwise, each economic and demographic assumption was selected in accordance with Actuarial Standards of Practice 27 and 35 and may reflect the views and advice of advisors to the Principal. In the event a method or assumption conflicts with the actuary's professional judgment, the method or assumption is identified in this report. The Actuarial Assumptions employed for this valuation are as follows:

Valuation Date	May 1, 2015
Asset Valuation Method	5-year Average Market Value (PA 096-1495)
Investment Return	7.00% net of investment expenses.
Salary Scale	5.50%
Mortality	RP 2000 Mortality Table (CHBCA). There is no margin for future mortality improvement beyond the valuation date.
Withdrawal	Based on studies of the Fund and the Department of Insurance, Sample Rates below
Disability	Based on studies of the Fund and the Department of Insurance, Sample Rates below
Retirement	Based on studies of the Fund and the Department of Insurance, Sample Rates below (100% by age 70)
Marital Status	80% Married, Female spouses 3 years younger

ACTUARIAL ASSUMPTIONS (*Continued*)

<u>Sample Annual Rates Per 100 Participants</u>				
<u>Age</u>	<u>Mortality</u>	<u>Withdrawal</u>	<u>Disability</u>	<u>Retirement</u>
20	0.03	10.00	0.05	
25	0.04	7.50	0.05	
30	0.07	5.00	0.22	
35	0.11	3.00	0.26	
40	0.14	2.00	0.40	
45	0.18	2.00	0.65	
50	0.24	3.50	0.95	20.00
55	0.42	3.50	1.30	25.00
60	0.83	3.50	1.65	33.00
65	1.55	3.50	2.00	50.00
70	2.68			100.00

## GASB STATEMENTS NO. 25 & 27 DISCLOSURE INFORMATION

The Governmental Accounting Standards Board (GASB) issued Statements No. 25 & 27 that established generally accepted accounting principles for the annual financial statements for defined benefit pension plans. The required information is as follows:

Membership in the plan consisted of the following as of:

	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Retirees and beneficiaries receiving benefits	23	23
Terminated plan members entitled to but not yet receiving benefits	2	2
Active vested plan members	24	24
Active nonvested plan members	<u>8</u>	<u>8</u>
Total	<u>57</u>	<u>57</u>
Number of participating employers	1	1

## SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/13	21,733,612	34,738,244	13,004,632	62.6%	2,913,928	446.3%
04/30/14	23,035,909	36,544,882	13,508,973	63.0%	2,892,109	467.1%
04/30/15	24,484,401	42,105,166	17,620,765	58.2%	2,916,963	604.1%

GASB STATEMENTS NO. 25 & 27 DISCLOSURE INFORMATION (Continued)

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Annual required contribution	1,066,454	1,004,506
Interest on net pension obligation	(21,870)	(13,060)
Adjustment to annual required contribution	<u>14,015</u>	<u>8,124</u>
Annual pension cost	1,058,599	999,570
Contributions made	<u>1,205,560</u>	<u>1,125,432</u>
Increase (decrease) in net pension obligation	(146,961)	(125,862)
Net pension obligation beginning of year	<u>(312,429)</u>	<u>(186,567)</u>
Net pension obligation end of year	<u>(459,390)</u>	<u>(312,429)</u>

THREE-YEAR TREND INFORMATION

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
04/30/13	982,820	111.2%	(186,567)
04/30/14	999,570	112.6%	(312,429)
04/30/15	1,058,599	113.9%	(459,390)

GASB STATEMENTS NO. 25 & 27 DISCLOSURE INFORMATION (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:		
City	41.33%	38.91%
Plan members	9.91%	Same
Annual pension cost	1,058,599	999,570
Contributions made	1,205,560	1,125,432
Actuarial valuation date	04/30/2015	04/30/2014
Actuarial cost method	Entry age	Same
Amortization period	Level percentage of pay, closed	Same
Remaining amortization period	26 years	27 years
Asset valuation method	Market	Same
Actuarial assumptions:		
Investment rate of return*	7.00%	Same
Projected salary increases*	5.50%	Same
*Includes inflation at	3.00%	Same
Cost-of-living adjustments	Tier 1: 3.00% per year, compounded Tier 2: 2.00% per year, simple	Same

STATEMENTS NO. 67 & 68 DISCLOSURE INFORMATION

Plan Membership	April 30, 2015
Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>32</u>
Total	<u>57</u>

Net Pension Liability of the City	
Total pension liability	42,105,166
Plan fiduciary net position	24,484,401
City's net pension liability	17,620,765
Plan fiduciary net position as a percentage of the total pension liability	58.15%

Actuarial Assumptions	
Inflation	3.00%
Salary increases	5.50%
Investment rate of return	7.00% net of expenses

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

Based on those assumptions, the discount rate was determined in accordance with paragraphs 40-45. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	23,209,518	17,620,765	12,999,097



STATEMENTS NO. 67 & 68 DISCLOSURE INFORMATION (continued)

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	April 30, 2015
Total Pension Liability	
Service cost	688,515
Interest	2,599,067
Changes of benefit terms	0
Differences between expected and actual experience	(388,710)
Changes of assumptions	2,888,856
Benefit payments, including refunds of member contributions	1,624,179
Net change in total pension liability	4,163,549
Total pension liability - beginning	37,941,617
Total pension liability - ending	42,105,166
 Plan Fiduciary Net Position	
Contributions - employer	1,205,560
Contributions - member	302,059
Net investment income	1,604,933
Benefit payments, including refunds of member contributions	1,624,179
Administrative expense	39,881
Other	0
Net change in plan fiduciary net position	1,448,493
Plan fiduciary net position - beginning	23,035,909
Plan fiduciary net position - ending	24,484,401
 City's net pension liability	 17,620,765
 Plan fiduciary net position as a percentage of the total pension liability	 58.15%
 Covered-employee payroll	 2,916,963
 City's net pension liability as a percentage of covered-employee payroll	 604.08%

STATEMENTS NO. 67 & 68 DISCLOSURE INFORMATION (continued)

Schedule of City Contributions

	April 30, 2015
Actuarially determined contribution	1,196,027
Contributions in relation to the actuarially determined contribution	1,205,560
Contribution deficiency (Excess)	(9,533)
Covered-employee payroll	2,916,963
Contributions as a percentage of covered-employee payroll	41.33%
Notes to schedule	
Valuation date	April 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Pay
Remaining amortization period	26 years
Asset valuation method	Market Value
Inflation	3.00%
Salary increases	5.50%
Investment rate of return	7.00%
Retirement age	50-70
Mortality	RP 2000 CHBCA
Other	

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

**City of Darien**  
**Minutes of the Administrative/Finance Committee**  
**June 1, 2015**

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The Meeting was called to order by Chairman/Alderman Ted Schauer at 6:00 pm. Committee member Aldermen Kenny was present. Treasurer Mike Coren and staff members present included City Administrator Bryon Vana, and Assistant City Administrator Paul Nosek. Brenda Houston of SPEER Financial and Kyle W. Harding with Chapman and Cutler law firm were also in attendance.

**Ordinance – AN ORDINANCE providing for the issuance of not to exceed \$1,500,000 General Obligation Refunding Bonds, Series 2015, of the City of Darien, DuPage County, Illinois, providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, authorizing the sale of said bonds to Bernardi Securities, Inc., and further providing for the execution of an escrow agreement in connection with such issuance.**

Kyle W. Harding with Chapman and Cutler reviewed the proposed bond ordinance and Brenda Houston of SPEER Financial reviewed the cost savings detail. Ms. Houston explained that if the target savings of \$60,000 can't be attained due to current interest rates that certain bond expenses may not be necessary if the bonds are paid off at a later date. This change may provide for the target savings. The Committee unanimously recommended approval of the ordinance.

**Motion authorizing the purchase of 12 new computers and installation in an amount not to exceed \$13,779.12.**

Staff advised that each year the City evaluates its computer equipment as to its useful life and maintenance. Currently the City has 12 computers that are utilizing an operating system known as Windows XP. This operating system has exhausted its useful life and is no longer supported by Microsoft or our computer vendor. The operating system is now prone to virus and with no support or updates coming from Microsoft it is imperative that we update these machines. The City has obtained 3 quotes for the specific systems recommended by our consultant. The Committee unanimously recommended approval of a resolution authorizing the purchase of 13 new computers from DSW and installation from AIS in a total amount not to exceed \$13,779.12.

**Resolution to enter into a lease with the Darien Historical Society and School District 61 for the property known as “Old Lace School House” located on District-owned property at the northwest corner of 75<sup>th</sup> Street and Cass Avenue in the City of Darien.**

Staff advised that for many years the City and DHS have had an operating agreement pursuant to which DHS occupies the building on the Subject Property for limited purposes and at limited times consistent with the DHS Articles of Incorporation. The parties desire to continue this relationship in recognition that the activities of DHS are of significant historical and community importance to the residents of the City and the District. To that end, the parties desire to enter into a new Lease Agreement setting forth the parties' respective rights,

duties and responsibilities. Staff has discussed the draft with the District and Historical Society and has come to agreement on the terms which will be incorporated into the final document including hold harmless and insurance responsibilities. This item was discussed at Goal Setting last October and pursuant to those discussions administration has prepared a lease agreement set forth herein. The committee would also like the additional insurance language added to the contract so that the repairs made by the City would be covered by the City's insurance policy. Staff will forward the lease for committee discussion when the draft is complete.

**Discussion – Computer Tablet Purchase**

**The committee wanted more research done as to the operating system and with a new Windows version coming out in several months a decision was made to hold off on the purchase right now.**

Staff advised the City of Darien has previously offered laptops to its elected officials for use while doing city business. The current system being used is outdated and a decision has been made to research an alternative using tablets instead of laptops for their size and convenience. The main functions needed are to be able to browse the internet in order to obtain City communications and agendas as well as correspond with residents via email and the ability to open documents such as word and excel and pdf documents. There are several different options available and staff is in the process of reviewing them and will have a recommendation for the council. The committee was hesitant on the tablets utilizing the windows 8 platform and wanted to know if windows 10 came out, would it cost the City any more to upgrade. Assistant Administrator Nosek will research that question. Additionally, the staff will survey the Aldermen to determine if they want a city tablet.

**Minutes – May 4, 2015**

The May 4, 2015, minutes were unanimously approved.

**Adjournment** - The meeting adjourned at 6:40

Approved:

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

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

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

AGENDA MEMO  
Administrative/Finance Committee  
Meeting Date: September 8, 2015

ISSUE STATEMENT

Approval of recommendation releasing executive session minutes that no longer requires confidentiality.

BACKGROUND/HISTORY

Executive session minutes are required to be reviewed in six month cycles. The executive session minutes that no longer require confidentiality are then released as all other public meeting minutes are. Attached is a chart showing the minutes currently classified as confidential. The chart also shows minutes recommended for release. Minute dates noted with \* and **bold** are recommended for release. The executive session minutes are kept in the Clerk's office for your review.

STAFF/COMMITTEE RECOMMENDATION

The Staff recommends release of the minutes as shown in the attached chart.

ALTERNATE CONSIDERATION

Revise list of minutes to be released based on need to keep confidential.

DECISION MODE

This will be placed on the September 21, 2015, City Council meeting for formal consideration.

**CURRENT UNRELEASED EXECUTIVE SESSION MINUTES**

	<b>2003</b>		
	May 5, 2003 –Litigation- first 3 paragraphs only		
	May 19, 2003 – Litigation – last paragraph only		
	<b>2004</b>		
	January 19, 2004 Litigation		
	April 5, 2004 – Litigation		
	<b>2014</b>		
*	April 21, 2014 - <b>Personnel</b>		
	July 21, 2014 – Collective Bargaining		
	<b>2015</b>		
*	May 18, 2015 - <b>Personnel</b>		

**\* - INDICATES DATE OF MINUTES RECOMENED FOR RELEASE.  
 ONLY THOSE SUBJECTS IN BOLD RECOMMENDED FOR RELEASE**