

**Administrative-Finance Committee**  
**Revised Agenda**  
**September 5, 2017**  
**6:00 p.m. – City Hall Conference Room**

- 1. Call to Order**
- 2. Public Comment**
- 3. New Business**
  - a. Presentation - Draft FYE 16 Annual Financial Report**
  - b. Approval of Minutes – May 1, 2017**
- 4. Other Business**
- 5. Next Meeting – Monday, October 2, 2017**
- 6. Adjournment**

# CITY OF DARIEN

## MEMO

**TO:** Administrative/Finance Committee Members  
**FROM:** Bryon D. Vana, City Administrator  
**DATE:** August 31, 2017  
**SUBJECT:** September 5<sup>th</sup> Committee Meeting – Presentation  
Draft FYE17 Annual Financial Report

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The committee will review the draft audit report along with the management letter for FYE17. Staff will have a response prepared for the meeting Tuesday, September 5<sup>th</sup>. Please note, the draft was received today, August 31, 2017.

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

For the Year Ended  
April 30, 2017

Prepared by the General Administration Department

Michael J. Coren  
City Treasurer

“We are submitting to you the following draft of your financial statements to expedite your review. As stated in our engagement letter with you, the fair presentation of the financial statements is your responsibility. 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.”

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## **INTRODUCTORY SECTION**

PRINCIPAL OFFICIALS

April 30, 2017

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MAYOR

Kathleen Moesle Weaver

CITY COUNCIL

Ted V. Schauer  
Tina Beilke  
Joseph A. 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. Murphey



**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darien, Illinois (the City) as of and for the year ended April 30, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darien, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended April 30, 2016, which are not presented with the accompanying financial statements. In our report dated August 30, 2016, 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 2016 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 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information included on certain individual fund schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Naperville, Illinois  
August XX, 2017

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF NET POSITION

April 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,692,374	\$ 649,587	\$ 9,341,961
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,380,107	-	2,380,107
Accounts	-	2,554,365	2,554,365
Intergovernmental	1,882,838	-	1,882,838
Other	1,022,557	193,344	1,215,901
Inventories	20,620	-	20,620
Capital assets not being depreciated	819,529	100,000	919,529
Capital assets being depreciated	6,483,317	5,421,119	11,904,436
<b>Total assets</b>	<b>21,301,342</b>	<b>8,918,415</b>	<b>30,219,757</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	-	182,851	182,851
Pension items - police	1,600,822	-	1,600,822
Pension items - IMRF	675,209	175,861	851,070
<b>Total deferred outflows of resources</b>	<b>2,276,031</b>	<b>358,712</b>	<b>2,634,743</b>
<b>Total assets and deferred outflows of resources</b>	<b>23,577,373</b>	<b>9,277,127</b>	<b>32,854,500</b>
<b>LIABILITIES</b>			
Accounts payable	948,611	1,084,088	2,032,699
Accrued payroll	145,459	13,479	158,938
Accrued interest payable	6,834	28,032	34,866
Deposits payable	159,201	-	159,201
Other payables	11,005	-	11,005
Due to fiduciary fund	10,175	-	10,175
Internal balances	(116,801)	116,801	-
Noncurrent liabilities			
Due within one year	288,343	231,419	519,762
Due in more than one year	22,916,842	2,701,093	25,617,935
<b>Total liabilities</b>	<b>24,369,669</b>	<b>4,174,912</b>	<b>28,544,581</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	2,380,107	-	2,380,107
Pension items - police	949,676	-	949,676
Pension items - IMRF	224,786	58,547	283,333
<b>Total deferred inflows of resources</b>	<b>3,554,569</b>	<b>58,547</b>	<b>3,613,116</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>27,924,238</b>	<b>4,233,459</b>	<b>32,157,697</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,117,846	3,268,398	9,386,244
Restricted for			
Special service area	13,888	-	13,888
Storm sewer	78,108	-	78,108
Public safety	317,838	-	317,838
Highways and streets	385,657	-	385,657
Unrestricted (deficit)	(11,260,202)	1,775,270	(9,484,932)
<b>TOTAL NET POSITION</b>	<b>\$ (4,346,865)</b>	<b>\$ 5,043,668</b>	<b>\$ 696,803</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, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,683,345	\$ 1,054,458	\$ -	\$ -
Highways and streets	6,361,385	579,355	559,803	208,484
Public safety	8,357,522	197,964	185,485	-
Interest and fiscal charges on long-term debt	23,664	-	-	-
Total governmental activities	16,425,916	1,831,777	745,288	208,484
Business-Type Activities				
Water operations	7,897,716	7,932,171	-	-
Total business-type activities	7,897,716	7,932,171	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 24,323,632</b>	<b>\$ 9,763,948</b>	<b>\$ 745,288</b>	<b>\$ 208,484</b>



	<b>Net (Expense) Revenue and Change in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	\$ (628,887)	\$ -	\$ (628,887)
	(5,013,743)	-	(5,013,743)
	(7,974,073)	-	(7,974,073)
	(23,664)	-	(23,664)
	(13,640,367)	-	(13,640,367)
	-	34,455	34,455
	-	34,455	34,455
	(13,640,367)	34,455	(13,605,912)
General Revenues			
Taxes			
Property	2,381,395	-	2,381,395
Replacement	7,173	-	7,173
Telecommunications	648,503	-	648,503
Utility	1,019,296	-	1,019,296
Amusement	95,252	-	95,252
Hotel/motel	70,272	-	70,272
Road and bridge	206,299	-	206,299
Video gaming	146,777	-	146,777
Local gas	319,670	-	319,670
Food and beverage	578,438	-	578,438
Intergovernmental			
Income tax	2,087,675	-	2,087,675
Sales	5,285,433	-	5,285,433
Local use	549,982	-	549,982
Investment income	43,790	1,193	44,983
Miscellaneous	147,284	64,903	212,187
Total	13,587,239	66,096	13,653,335
CHANGE IN NET POSITION	(53,128)	100,551	47,423
NET POSITION, MAY 1	(4,859,791)	4,943,117	83,326
Prior period adjustment	566,054	-	566,054
NET POSITION, MAY 1, RESTATED	(4,293,737)	4,943,117	649,380
<b>NET POSITION, APRIL 30</b>	<b>\$ (4,346,865)</b>	<b>\$ 5,043,668</b>	<b>\$ 696,803</b>

See accompanying notes to financial statements.

## CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes OnlyBALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2017

	General	Capital Improvements	Nonmajor	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,427,402	\$ 5,578,349	\$ 686,623	\$ 8,692,374
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	2,184,281	195,826	-	2,380,107
Intergovernmental	1,834,481	-	48,357	1,882,838
Other	1,022,557	-	-	1,022,557
Inventory	20,620	-	-	20,620
Due from other funds	115,100	225,864	-	340,964
<b>TOTAL ASSETS</b>	<b>\$ 7,604,441</b>	<b>\$ 6,000,039</b>	<b>\$ 734,980</b>	<b>\$ 14,339,460</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 523,141	\$ 418,796	\$ 6,674	\$ 948,611
Accrued payroll	145,459	-	-	145,459
Deposits payable	159,201	-	-	159,201
Other payables	11,005	-	-	11,005
Due to other funds	228,603	5,500	235	234,338
Total liabilities	1,067,409	424,296	6,909	1,498,614
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes	2,184,281	195,826	-	2,380,107
Other unavailable revenue	226,984	-	-	226,984
Total deferred inflows of resources	2,411,265	195,826	-	2,607,091
Total liabilities and deferred inflows of resources	3,478,674	620,122	6,909	4,105,705
<b>FUND BALANCES</b>				
Nonspendable				
Inventory	20,620	-	-	20,620
Restricted				
Special service area	-	-	13,888	13,888
Storm sewer	-	-	78,108	78,108
Public safety	67,420	-	250,418	317,838
Highways and streets	-	-	385,657	385,657
Unrestricted				
Assigned				
Capital improvements	-	5,379,917	-	5,379,917
Unassigned				
General fund	4,037,727	-	-	4,037,727
Total fund balances	4,125,767	5,379,917	728,071	10,233,755
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 7,604,441</b>	<b>\$ 6,000,039</b>	<b>\$ 734,980</b>	<b>\$ 14,339,460</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, 2017

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 10,233,755
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	7,302,846
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(1,185,000)
Compensated absences payable	(755,623)
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	226,984
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(1,743,668)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	450,423
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position	(19,520,894)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	651,146
Accrued interest payable is not recorded in governmental funds but is recorded on the statement of net position	<u>(6,834)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (4,346,865)</u></u></b>

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017

	<b>General</b>	<b>Capital Improvements</b>	<b>Nonmajor</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 5,262,716	\$ 207,485	\$ 5,055	\$ 5,475,256
Licenses and permits	1,275,743	-	-	1,275,743
Intergovernmental	7,944,057	208,484	724,320	8,876,861
Charges for services	558,421	-	378	558,799
Investment income	4,636	34,918	4,236	43,790
Miscellaneous	81,618	-	-	81,618
<b>Total revenues</b>	<b>15,127,191</b>	<b>450,887</b>	<b>733,989</b>	<b>16,312,067</b>
<b>EXPENDITURES</b>				
Current				
General government	1,605,018	-	-	1,605,018
Highways and streets	2,361,715	42,568	448,311	2,852,594
Public safety	7,058,810	-	73,551	7,132,361
Capital outlay	-	3,788,704	1,945	3,790,649
Debt service				
Principal	-	175,000	-	175,000
Interest and fiscal charges	-	25,535	-	25,535
<b>Total expenditures</b>	<b>11,025,543</b>	<b>4,031,807</b>	<b>523,807</b>	<b>15,581,157</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,101,648</b>	<b>(3,580,920)</b>	<b>210,182</b>	<b>730,910</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	4,550,000	-	4,550,000
Transfers (out)	(4,550,000)	-	-	(4,550,000)
<b>Total other financing sources (uses)</b>	<b>(4,550,000)</b>	<b>4,550,000</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(448,352)</b>	<b>969,080</b>	<b>210,182</b>	<b>730,910</b>
<b>FUND BALANCES, MAY 1</b>	<b>4,574,119</b>	<b>4,410,837</b>	<b>517,889</b>	<b>9,502,845</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 4,125,767</b>	<b>\$ 5,379,917</b>	<b>\$ 728,071</b>	<b>\$ 10,233,755</b>

See accompanying notes to financial statements.

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 730,910</b>
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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	393,376
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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	(816,542)
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Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received	60,721
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The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	175,000
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The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	1,871
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The change in compensated absences payable is shown as an expense on the statement of activities	(29,180)
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The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	378,694
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The change in deferred outflows and inflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(311,761)
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The change in the net pension liability for the Police Pension Fund is reported only in the statement of activities	(1,093,667)
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The change in deferred outflows and inflows of resources for the Police Pension Fund is reported only in the statement of activities	<u>457,450</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (53,128)</u></b>
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CITY OF DARIEN, ILLINOIS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

April 30, 2017

Preliminary and Tentative  
For Discussion Purposes Only

	<b>Business-Type Activities Water Operations</b>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 649,587
Receivables (net, where applicable, of allowances for uncollectibles)	
Water - billed	16,376
Water - unbilled	2,537,989
Other	193,344
Due from other funds	<u>1,573</u>
Total current assets	<u>3,398,869</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	
Assets not being depreciated	<u>100,000</u>
Assets being depreciated	
Cost	15,926,481
Accumulated depreciation	<u>(10,505,362)</u>
Net capital assets being depreciated	<u>5,421,119</u>
Total noncurrent assets	<u>5,521,119</u>
Total assets	<u>8,919,988</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refunding	182,851
Pension items - IMRF	<u>175,861</u>
Total deferred outflows of resources	<u>358,712</u>
Total assets and deferred outflows of resources	<u>9,278,700</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	1,084,088
Accrued payroll	13,479
Accrued interest payable	28,032
Due to other funds	118,374
Bonds payable	225,000
Compensated absences payable	<u>6,419</u>
Total current liabilities	<u>1,475,392</u>
<b>LONG-TERM LIABILITIES</b>	
Bonds payable	2,210,572
Net pension liability	454,147
Compensated absences payable	<u>36,374</u>
Total long-term liabilities	<u>2,701,093</u>
Total liabilities	<u>4,176,485</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension items - IMRF	<u>58,547</u>
Total liabilities and deferred inflows of resources	<u>4,235,032</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,268,398
Unrestricted	<u>1,775,270</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,043,668</u></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, 2017

	<b>Business-Type Activities Water Operations</b>
<b>OPERATING REVENUES</b>	
Water sales	\$ 7,840,272
Inspections/tap on/permits	67,178
Sale of meters	10,315
Other water sales	14,406
	<hr/>
Total operating revenues	7,932,171
	<hr/>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	
Personnel services	806,279
Materials and supplies	669,601
Contractual services	5,056,960
Capital related - uncapitalized	948,689
	<hr/>
Total operating expenses excluding depreciation	7,481,529
	<hr/>
OPERATING INCOME BEFORE DEPRECIATION	450,642
	<hr/>
Depreciation	331,486
	<hr/>
OPERATING INCOME	119,156
	<hr/>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	1,193
Miscellaneous income	64,903
Interest expense	(84,701)
	<hr/>
Total non-operating revenues (expenses)	(18,605)
	<hr/>
CHANGE IN NET POSITION	100,551
	<hr/>
NET POSITION, MAY 1	4,943,117
	<hr/>
<b>NET POSITION, APRIL 30</b>	<b>\$ 5,043,668</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2017

	<u>Business-Type Activities Water Operations</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 7,871,620
Payments to suppliers	(5,821,518)
Payments to employees	(752,699)
Payments to other funds	(250,000)
	<u>1,047,403</u>
Net cash from operating activities	<u>1,047,403</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Due to/from other funds	(99,584)
	<u>(99,584)</u>
Net cash from noncapital financing activities	<u>(99,584)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments	(220,000)
Interest and fiscal charges	(79,425)
	<u>(299,425)</u>
Net cash from capital and related financing activities	<u>(299,425)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	1,193
	<u>1,193</u>
Net cash from investing activities	<u>1,193</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	649,587
CASH AND CASH EQUIVALENTS, MAY 1	<u>-</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 649,587</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 119,156
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	331,486
Changes in assets and liabilities	
Accounts receivable	(60,551)
Accounts payable	603,732
Accrued payroll	3,420
Compensated absences payable	9,735
Net pension liability - IMRF	40,425
	<u>1,047,403</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 1,047,403</u>

See accompanying notes to financial statements.



**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

April 30, 2017

	<b>Pension Trust Fund</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 436,620	\$ 21,107
Investments		
U.S. Treasury obligations	545,677	-
U.S. agency obligations	6,059,256	-
Municipal bonds	1,221,257	-
Corporate bonds	3,260,567	-
Equity mutual funds	11,223,691	-
Common stock	3,185,931	-
Prepays	500	-
Receivables		
Due from other funds	-	10,175
Accrued interest	107,487	-
	<u>26,040,986</u>	<u>\$ 31,282</u>
<b>LIABILITIES</b>		
Benefits payable	12,423	-
Impact fees payable	-	\$ 31,282
	<u>12,423</u>	<u>\$ 31,282</u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>		
	<u>\$ 26,028,563</u>	

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017

**ADDITIONS**

Contributions	
Employer	\$ 1,421,243
Employee	<u>419,803</u>
Total contributions	<u>1,841,046</u>
Investment income	
Net appreciation in fair value of investments	1,280,265
Interest	<u>780,976</u>
Total investment income	2,061,241
Less investment expense	<u>(79,097)</u>
Net investment income	<u>1,982,144</u>
Total additions	<u>3,823,190</u>

**DEDUCTIONS**

Pension benefits	1,932,191
Contractual services	28,552
Administrative expenses	<u>13,168</u>
Total deductions	<u>1,973,911</u>

NET INCREASE 1,849,279

**NET POSITION RESTRICTED  
FOR PENSION BENEFITS**

May 1	<u>24,179,284</u>
April 30	<u><u>\$ 26,028,563</u></u>

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

a. Reporting Entity

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

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

Police Pension Employees Retirement System

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

b. Fund Accounting

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

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

b. Fund Accounting (Continued)

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

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

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

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

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

c. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

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

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

segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

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

The Capital Improvements Fund is used to account for all restricted, committed, or assigned resources used for the acquisition of general capital assets including infrastructure capital assets.

The City reports the following major proprietary fund:

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

The City reports the following fiduciary funds:

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

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

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

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

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

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

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

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

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

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

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

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

City investments with a maturity of one year or less when purchased are stated at cost or amortized cost. City investments with a maturity greater than one year when purchased and all pension fund investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Interfund Receivables/Payables

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

g. Inventories

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

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

h. Prepaid Items/Expenses

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

i. Capital Assets

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

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

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

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

j. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacations must be taken in the year following the one in which it was earned. Unused vacation time is not allowed to be carried over to the subsequent year without approval. Sick leave may be accumulated for future use.



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

j. Compensated Absences (Continued)

City employees may accrue up to 120 or 150 hours depending on the employment classification. The City's policy allows for a bonus to be paid for those employees who have not used sick days in the given year. Accumulated amounts are paid out at retirement at a rate of 50% of the employee's current hourly salary rate.

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

k. Long-Term Obligations

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

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

l. Fund Balances/Net Position

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

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

l. Fund Balances/Net Position (Continued)

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

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

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

m. Interfund Transactions

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

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

n. Accounting Estimates

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

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources

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

o. Deferred Outflows/Inflows of Resources (Continued)

(expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**2. DEPOSITS AND INVESTMENTS**

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

The City has the following recurring fair value measurements as of April 30, 2017. The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

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

a. City Deposits and Investments

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

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

a. City Deposits and Investments (Continued)

IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET’s share price, the price for which the investment could be sold. The City’s investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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.

The following table presents the investments and maturities of the City’s investments that are subject to interest rate risk as of April 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 year fund	\$ 16,530	\$ -	\$ 16,530	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 16,530</b>	<b>\$ -</b>	<b>\$ 16,530</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

#### Investments (Continued)

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 2016 attached as an enforceable lien on January 1, 2016, 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, 2017, and are payable in two

**3. RECEIVABLES**

a. Property Taxes (Continued)

installments, on or about June 1, 2017 and September 1, 2017. 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 2016 tax levy is intended to fund expenditures for the 2017-2018 fiscal year, these taxes are unavailable/deferred as of April 30, 2017.

The 2017 tax levy, which attached as an enforceable lien on property as of January 1, 2017, has not been recorded as a receivable as of April 30, 2017 as the tax has not yet been levied by the City and will not be levied until December 2017 and, therefore, the levy is not measurable at April 30, 2017.

b. Due from Other Governments and Other Receivables

	General	Capital Improvements	Nonmajor Governmental	Total
<b>GOVERNMENTAL ACTIVITIES</b>				
Intergovernmental				
Sales tax	\$ 1,184,944	\$ -	\$ -	\$ 1,184,944
Local use tax	138,201	-	-	138,201
Income tax	336,668	-	-	336,668
Motor fuel tax	-	-	48,357	48,357
Telecommunications tax	161,380	-	-	161,380
Video gaming tax	13,288	-	-	13,288
Total intergovernmental	<u>1,834,481</u>	<u>-</u>	<u>48,357</u>	<u>1,882,838</u>
Other receivables				
Franchise fees	16,088	-	-	16,088
Hotel/motel tax	7,419	-	-	7,419
Amusement tax	6,858	-	-	6,858
Utility tax	81,450	-	-	81,450
Food/beverage tax	48,797	-	-	48,797
Local gas tax	25,949	-	-	25,949
Paypal	39	-	-	39
IRMA	226,984	-	-	226,984
IPBC	535,306	-	-	535,306
Accounts	73,667	-	-	73,667
Total other receivables	<u>1,022,557</u>	<u>-</u>	<u>-</u>	<u>1,022,557</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 2,857,038</u>	<u>\$ -</u>	<u>\$ 48,357</u>	<u>\$ 2,905,395</u>

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2017 was as follows:

	Balances May 1, Restated	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 819,529	\$ -	\$ -	\$ 819,529
Total capital assets not being depreciated	819,529	-	-	819,529
Capital assets being depreciated				
Buildings and improvements	5,700,539	-	-	5,700,539
Machinery, vehicles, and equipment	3,284,613	393,376	-	3,677,989
Infrastructure	12,768,226	-	-	12,768,226
Total capital assets being depreciated	21,753,378	393,376	-	22,146,754
Less accumulated depreciation for				
Buildings and improvements	2,851,206	113,742	-	2,964,948
Machinery, vehicles, and equipment	2,418,082	292,497	-	2,710,579
Infrastructure	9,577,607	410,303	-	9,987,910
Total accumulated depreciation	14,846,895	816,542	-	15,663,437
Total capital assets being depreciated, net	6,906,483	(423,166)	-	6,483,317
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 7,726,012</b>	<b>\$ (423,166)</b>	<b>\$ -</b>	<b>\$ 7,302,846</b>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 39,047
Public safety	155,145
Highways and streets	622,350
<b>TOTAL DEPRECIATION EXPENSE – GOVERNMENTAL ACTIVITIES</b>	<b>\$ 816,542</b>

**4. CAPITAL ASSETS (Continued)**

	Balances May 1	Increases	Decreases	Balances April 30
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	100,000	-	-	100,000
Capital assets being depreciated				
Buildings and improvements	6,989,234	-	-	6,989,234
Machinery and equipment	952,556	-	-	952,556
Infrastructure	7,984,691	-	-	7,984,691
Total capital assets being depreciated	15,926,481	-	-	15,926,481
Less accumulated depreciation for				
Buildings and improvements	3,594,872	182,952	-	3,777,824
Machinery and equipment	842,610	12,494	-	855,104
Infrastructure	5,736,394	136,040	-	5,872,434
Total accumulated depreciation	10,173,876	331,486	-	10,505,362
Total capital assets being depreciated, net	5,752,605	(331,486)	-	5,421,119
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 5,852,605</b>	<b>\$ (331,486)</b>	<b>\$ -</b>	<b>\$ 5,521,119</b>

**5. RISK MANAGEMENT**

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

**Intergovernmental Risk Management Agency**

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



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**5. RISK MANAGEMENT (Continued)**

Intergovernmental Risk Management Agency (Continued)

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

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The City is aware of no additional contributions due to IRMA as of April 30, 2017.

Intergovernmental Personnel Benefit Cooperative

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

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

**6. LONG-TERM DEBT**

a. General Obligation Bonds

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

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

a. General Obligation Bonds (Continued)

A summary of changes in long-term debt reported in the governmental activities of the City for the year ended April 30, 2017 is as follows:

**Governmental Activities**

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

**Business-Type Activities**

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$2,810,000 General Obligation Refunding Bonds, Series 2012 are due in annual installments (beginning December 15, 2012) ranging from \$20,000 to \$290,000 with interest from 2.0% to 3.5%. The last payment is due on December 15, 2025.	Water	\$ 2,535,000	\$ -	\$ 220,000	\$ 2,315,000	\$ 225,000
<b>TOTAL BUSINESS-TYPE BONDED DEBT</b>		<b>\$ 2,535,000</b>	<b>\$ -</b>	<b>\$ 220,000</b>	<b>\$ 2,315,000</b>	<b>\$ 225,000</b>

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

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities General Obligation Bonds			Business-Type Activities General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 175,000	\$ 20,615	\$ 195,615	\$ 225,000	\$ 75,025	\$ 300,025
2019	175,000	18,427	193,427	230,000	68,275	298,275
2020	175,000	16,240	191,240	240,000	61,375	301,375
2021	180,000	13,440	193,440	245,000	54,175	299,175
2022	185,000	10,560	195,560	260,000	46,825	306,825
2023	185,000	6,490	191,490	265,000	39,025	304,025
2024	110,000	2,420	112,420	275,000	29,750	304,750
2025	-	-	-	285,000	20,125	305,125
2026	-	-	-	290,000	10,150	300,150
<b>TOTAL</b>	<b>\$ 1,185,000</b>	<b>\$ 88,192</b>	<b>\$ 1,273,192</b>	<b>\$ 2,315,000</b>	<b>\$ 404,725</b>	<b>\$ 2,719,725</b>

c. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during fiscal year 2017:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 1,360,000	\$ -	\$ 175,000	\$ 1,185,000	\$ 175,000
Compensated absences payable*	726,443	29,180	-	755,623	113,343
Net pension liability*	20,549,589	714,973	-	21,264,562	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 22,636,032</b>	<b>\$ 744,153</b>	<b>\$ 175,000</b>	<b>\$ 23,205,185</b>	<b>\$ 288,343</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds	\$ 2,535,000	\$ -	\$ 220,000	\$ 2,315,000	\$ 225,000
Unamortized bond premium	133,969	-	13,397	120,572	-
Compensated absences payable	33,058	9,735	-	42,793	6,419
Net pension liability	462,500	-	8,353	454,147	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 3,164,527</b>	<b>\$ 9,735</b>	<b>\$ 241,750</b>	<b>\$ 2,932,512</b>	<b>\$ 231,419</b>

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

**7. INDIVIDUAL FUND DISCLOSURES**

Transfers between funds at April 30, 2017 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 4,550,000
Capital Improvements	4,550,000	-
<b>TOTAL</b>	<b>\$ 4,550,000</b>	<b>\$ 4,550,000</b>

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

- \$4,550,000 transferred from the General Fund to the Capital Improvements Fund for capital projects. This transfer will not be repaid.

Due from/to other funds at April 30, 2017 consist of the following:

	Due From	Due To
General	\$ 115,100	\$ 228,603
Capital Improvements	225,864	5,500
Nonmajor	-	235
Water Operations	1,573	118,374
Fiduciary	10,175	-
<b>TOTAL</b>	<b>\$ 352,712</b>	<b>\$ 352,712</b>

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

**8. CONTINGENT LIABILITIES**

a. Litigation

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

b. DuPage Water Commission

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

**9. DEFINED BENEFIT PENSION PLANS**

The City contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for both plans are governed by ILCS and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at IMRF.org. The Police Pension Plan does not issue a separate report.

a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Administration*

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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

*Plan Membership*

At December 31, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	68
Active employees	36
<b>TOTAL</b>	<b>156</b>

*Benefits Provided*

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Benefits Provided (Continued)*

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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

*Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the fiscal year ended April 30, 2017 was 13.09% of covered payroll.

*Actuarial Assumptions*

The City's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 18,708,462	\$ 16,123,600	\$ 2,584,862
Changes for the period			
Service cost	278,904	-	278,904
Interest	1,382,894	-	1,382,894
Difference between expected and actual experience	(320,532)	-	(320,532)
Changes in assumptions	(48,542)	-	(48,542)
Employer contributions	-	353,272	(353,272)
Employee contributions	-	115,595	(115,595)
Net investment income	-	1,126,831	(1,126,831)
Benefit payments and refunds	(720,046)	(720,046)	-
Other (net transfer)	-	84,073	(84,073)
Net changes	572,678	959,725	(387,047)
BALANCES AT DECEMBER 31, 2016	\$ 19,281,140	\$ 17,083,325	\$ 2,197,815

Changes in assumptions related to the discount rate were made since the prior measurement date.



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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2017, the City recognized pension expense of \$313,748.

At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 252,554
Changes in assumption	6,994	30,779
Contributions made after measurement date	104,818	-
Net difference between projected and actual earnings on pension plan investments	739,258	-
<b>TOTAL</b>	<b>\$ 851,070</b>	<b>\$ 283,333</b>

\$104,818 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ -
2020	63,968
2021	142,375
2022	241,343
2023	15,233
Thereafter	-
<b>TOTAL</b>	<b>\$ 462,919</b>

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.5% 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 4,833,615	\$ 2,197,815	\$ 60,934

Police Pension Plan

*Plan Administration*

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

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

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

*Plan Membership*

At April 30, 2017, membership consisted of:

Inactive plan members currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	30
<b>TOTAL</b>	<b>68</b>

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided*

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Contributions*

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has decided to fund 100% of the past service cost by 2040. For the year ended April 30, 2017, the City's contribution was 44.98% of covered payroll.

*Investment Policy*

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

During the year ended April 30, 2017, an updated investment policy was approved by the Board of Trustees during the board meeting dated April 26, 2017. The change in investment policy related to changes in diversification and strategy of investments.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy (Continued)*

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	35.8%	6.4%
Mid Cap Domestic Equity	5.5%	8.4%
Small Cap Domestic Equity	5.5%	6.7%
International Equity	8.3%	1.2%
Fixed Income	45.0%	2.1%

The long-term expected real rates of return are calculated on a geometric mean basis and are net of a 4.2% factor for inflation and investment expense. ILCS limits the Fund’s investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using *Stocks, Bonds, Bills and Inflation 2013 Yearbook - Morningstar*, for the period of December 31, 1925 through December 31, 2015. The long-term expected rate of return on the Internal Equity class was based on the MCSI EAFE index for the period of December 31, 1977 through December 31, 2015.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Rate of Return*

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deposits with Financial Institutions*

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

*Fair Value Measurements*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund has the following recurring fair value measurements as of April 30, 2017. The U.S. Treasury notes, equity mutual funds, and common stock are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligation, municipal bonds, and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 545,677	\$ -	\$ 342,333	\$ 203,344	\$ -
U.S. agency obligations	6,059,256	-	2,799,725	3,147,704	111,827
Municipal bonds	1,221,257	177,709	793,318	215,940	34,290
Corporate bonds	3,260,567	86,239	2,401,720	772,608	-
<b>TOTAL</b>	<b>\$ 11,086,757</b>	<b>\$ 263,948</b>	<b>\$ 6,337,096</b>	<b>\$ 4,339,596</b>	<b>\$ 146,117</b>

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Interest Rate Risk* (Continued)

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

*Credit Risk*

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

*Custodial Credit Risk*

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

*Concentration of Credit Risk*

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

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2016	\$ 42,606,511	\$ 24,179,284	\$ 18,427,227
Changes for the period			
Service cost	797,055	-	797,055
Interest	2,970,623	-	2,970,623
Difference between expected and actual experience	202,447	-	202,447
Buy back contributions	106,677	106,677	-
Changes in assumptions	798,335	-	798,335
Employer contributions	-	1,421,243	(1,421,243)
Employee contributions	-	313,126	(313,126)
Net investment income	-	1,982,144	(1,982,144)
Benefit payments and refunds	(1,932,191)	(1,932,191)	-
Administrative expense	-	(41,720)	41,720
Net changes	2,942,946	1,849,279	1,093,667
BALANCES AT APRIL 30, 2017	\$ 45,549,457	\$ 26,028,563	\$ 19,520,894



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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions*

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

Actuarial valuation date	April 30, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	Service-Based
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

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

The demographic assumptions used in the valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance in 2012.

*Discount Rate*

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Discount Rate (Continued)*

position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Discount Rate Sensitivity*

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 25,999,654	\$ 19,520,894	\$ 14,214,717

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

For the year ended April 30, 2017, the City recognized police pension expense of \$2,057,460. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 161,956	\$ 949,676
Changes in assumption	638,668	-
Net difference between projected and actual earnings on pension plan investments	800,198	-
<b>TOTAL</b>	<b>\$ 1,600,822</b>	<b>\$ 949,676</b>

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)*

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

Fiscal Year Ending April 30,	
2018	\$ 249,086
2019	249,086
2020	249,086
2021	(96,112)
Thereafter	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 651,146</u></b>

**10. TAX ABATEMENTS**

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

The City entered into an agreement in April 2012 with a local business wherein the City will rebate up to a net present value of \$4,000,000 of incremental sales tax revenue, discounted at 8.15%. As of and for the year ended April 30, 2017, a liability of \$200,000 has been accrued and payments of \$311,610 have been made under this agreement. As of April 30, 2017, the City has incurred total incentives of \$511,610.

The City entered into an agreement in February 2013 with a local business wherein the City will rebate up to \$750,000 of sales tax revenue over 11 years. As of and for the year ended April 30, 2017, a liability of \$68,000 has been accrued and payments of \$136,000 have been made under this agreement. As of April 30, 2017, the City has incurred total incentives of \$204,000.

**11. OTHER POSTEMPLOYMENT BENEFITS**

The City allows employees, who retire through one of the City's two pension plans disclosed in Note 9, the option to continue in the City's health insurance plan as required by ILCS, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the City's health insurance plan is considered a community rated plan. In addition, the City has no explicit subsidy as defined in GASB S-45.

**12. PRIOR PERIOD ADJUSTMENT**

Net position of governmental activities has been restated to record capital assets completed as of April 30, 2016 but not capitalized in previous years in the amount of \$566,054.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 5,022,735	\$ 5,262,716	\$ 239,981
Licenses, permits, and fees	896,658	1,275,743	379,085
Intergovernmental	8,035,335	7,944,057	(91,278)
Charges for services	384,500	558,421	173,921
Investment income	5,000	4,636	(364)
Miscellaneous	25,000	81,618	56,618
	<hr/>	<hr/>	<hr/>
Total revenues	14,369,228	15,127,191	757,963
<b>EXPENDITURES</b>			
Current			
General government	1,586,239	1,605,018	18,779
Highways and streets	2,461,939	2,361,715	(100,224)
Public safety	7,504,952	7,058,810	(446,142)
	<hr/>	<hr/>	<hr/>
Total expenditures	11,553,130	11,025,543	(527,587)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<hr/>	<hr/>	<hr/>
	2,816,098	4,101,648	1,285,550
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	(4,550,000)	(4,550,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(4,550,000)	(4,550,000)
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>
	\$ 2,816,098	(448,352)	\$ (3,264,450)
<b>FUND BALANCE, MAY 1</b>		4,574,119	
Prior period adjustment		<hr/>	-
<b>NET POSITION, MAY 1, RESTATED</b>		<hr/>	4,574,119
<b>FUND BALANCE, APRIL 30</b>		<hr/>	<hr/>
		\$ 4,125,767	

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

Last Two Calendar Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 329,704	\$ 335,289
Contributions in relation to the actuarially determined contribution	<u>329,704</u>	<u>335,289</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 2,517,936	\$ 2,525,245
Contributions as a percentage of covered-employee payroll	13.09%	13.28%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

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

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

Last Two Fiscal Years

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

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information from the actuarial valuation used to determine the current year contributions is as follows: the actuarial cost method was projected unit credit; the amortization method was level percent of pay, 100% closed basis and the amortization period was 26 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return at 7.0% annually, projected salary increases assumption of 5.5% compounded annually, and postretirement benefit increases of 3.0% compounded annually (Tier 1) and an annual increase equal to the lesser of 3.0% per year or 1/2 the annual unadjusted percentage increase in the CPI-U.

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



**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

Last Two Calendar Years

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

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

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

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

Last Three Fiscal Years

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

Notes to Required Supplementary Information

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

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

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

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Three Fiscal Years

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

Notes to Required Supplementary Information

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2017

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**BUDGETS**

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

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

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

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

Expenses exceeded budget by \$45,260 in the Water Operations Fund.

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

## **MAJOR GOVERNMENTAL FUNDS**

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

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

**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, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>TAXES</b>				
Property taxes - current	\$ 2,160,448	\$ 2,168,855	\$ 8,407	\$ 1,659,712
Road and bridge tax	205,000	206,299	1,299	206,423
Municipal utility tax	935,000	1,019,296	84,296	948,409
Telecommunication tax	740,000	648,503	(91,497)	682,206
Amusement tax	82,000	95,252	13,252	97,479
Hotel/motel tax	75,000	70,272	(4,728)	53,817
Local gas tax	218,182	319,670	101,488	-
Food and beverage tax	502,105	578,438	76,333	-
Replacement tax	5,000	7,173	2,173	7,226
Auto rental tax	-	2,181	2,181	739
Video gaming tax	100,000	146,777	46,777	133,640
<b>Total taxes</b>	<b>5,022,735</b>	<b>5,262,716</b>	<b>239,981</b>	<b>3,789,651</b>
<b>LICENSES, PERMITS, AND FEES</b>				
Business licenses	46,000	38,700	(7,300)	41,146
Liquor licenses	66,325	70,100	3,775	72,118
Contractors licenses	18,000	22,050	4,050	20,945
Court fines	95,000	102,868	7,868	107,235
Ordinance fines	6,000	28,050	22,050	22,690
Building permits and fees	45,000	246,667	201,667	160,249
Cable TV franchise fees	408,000	460,641	52,641	411,647
PEG fees AT&T	-	27,503	27,503	82,921
NICOR franchise fees	17,000	39,322	22,322	29,600
Public hearing fees	5,000	8,356	3,356	13,799
Elevator inspections	4,500	6,425	1,925	5,135
Public improvement permit fees	-	75	75	80
Legal fee reimbursements	-	431	431	4,808
Engineering fee reimbursements	74,000	87,693	13,693	106,153
DUI technology fines	13,000	9,650	(3,350)	10,557
Police special service	98,233	125,607	27,374	138,412
Developer contribution/impact	600	-	(600)	-
Stormwater management fees	-	1,605	1,605	3,190
<b>Total licenses, permits, and fees</b>	<b>896,658</b>	<b>1,275,743</b>	<b>379,085</b>	<b>1,230,685</b>
<b>INTERGOVERNMENTAL</b>				
State income taxes	2,142,341	2,087,675	(54,666)	2,377,969
Local use tax	507,978	549,982	42,004	565,826
Sales tax	5,385,016	5,285,433	(99,583)	5,412,366
Drug seizures	-	-	-	1,962
Drug forfeiture receipts	-	14,364	14,364	33,588
Grants	-	6,603	6,603	(1,794)
<b>Total intergovernmental</b>	<b>8,035,335</b>	<b>7,944,057</b>	<b>(91,278)</b>	<b>8,389,917</b>

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>CHARGES FOR SERVICES</b>				
Towing fees	\$ 37,000	\$ 56,508	\$ 19,508	\$ 44,000
Police report/prints	5,000	6,200	1,200	12,521
Inspection/tap on/permits	-	7,686	7,686	210
Rents	285,000	293,274	8,274	294,747
Other reimbursements	45,000	110,608	65,608	74,127
Residential concrete reimbursement	-	12,317	12,317	29,367
Reimbursement - rear yard drain	10,000	64,363	54,363	14,727
Maintenance reimbursements	-	315	315	-
Mail box reimbursement	-	2,385	2,385	2,779
Sales of wood chips	2,500	4,765	2,265	5,588
Total charges for services	384,500	558,421	173,921	478,066
<b>INVESTMENT INCOME</b>				
Investment income	5,000	4,636	(364)	7,345
Total investment income	5,000	4,636	(364)	7,345
<b>MISCELLANEOUS</b>				
Reimbursement - workers' compensation	-	4,393	4,393	956
Impact fees	-	2,375	2,375	11,127
Refund	-	1,223	1,223	-
Miscellaneous	25,000	73,625	48,625	217,720
Total miscellaneous	25,000	81,616	56,616	229,803
<b>TOTAL REVENUES</b>	<b>\$ 14,369,228</b>	<b>\$ 15,127,189</b>	<b>\$ 757,961</b>	<b>\$ 14,125,467</b>

(See independent auditor's report.)



CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2017  
(With Prior Year Actual)

	2017			2016 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
<b>GENERAL GOVERNMENT</b>				
Administration				
Personnel services				
Salaries	\$ 464,384	\$ 449,075	\$ (15,309)	\$ 454,606
Overtime	-	-	-	82
Social Security	26,666	24,041	(2,625)	23,612
Medicare	6,734	6,517	(217)	6,585
IMRF	62,506	61,566	(940)	59,520
Medical/life insurance	71,207	69,123	(2,084)	75,774
Supplemental pensions	24,662	27,513	2,851	25,420
Total personnel services	656,159	637,835	(18,324)	645,599
Materials and supplies				
Dues and subscriptions	3,190	3,378	188	3,048
Liability insurance	53,347	40,874	(12,473)	51,561
Legal notices	4,000	1,423	(2,577)	4,712
Maintenance - building	-	333	333	18,166
Maintenance - equipment	8,250	6,868	(1,382)	6,912
Maintenance - vehicles	-	-	-	1,314
Miscellaneous expenditures	-	-	-	389
Postage/mailings	4,750	3,028	(1,722)	2,982
Printing and forms	4,200	4,048	(152)	2,237
Public relations	32,900	32,764	(136)	25,903
Rent - equipment	2,019	849	(1,170)	764
Service charge	-	-	-	130
Supplies - office	8,000	4,426	(3,574)	7,551
Supplies - other	500	38	(462)	-
Training and education	7,000	1,930	(5,070)	3,440
Travel/meetings	800	185	(615)	287
Telephone	55,500	54,470	(1,030)	51,365
Utilities	3,000	1,792	(1,208)	3,162
Gas and oil	5,200	5,581	381	5,359
Other	-	125	125	-
Vehicle	-	-	-	381
Total materials and supplies	192,656	162,112	(30,544)	189,663
Contractual services				
Audit	12,385	15,987	3,602	11,175
Consulting/professional	68,350	83,811	15,461	70,407
Contingency	10,000	3,217	(6,783)	1,666
Janitorial services	19,500	16,722	(2,778)	15,340
Total contractual services	110,235	119,737	9,502	98,588
Total administration	959,050	919,684	(39,366)	933,850
City Council				
Personnel services				
Salaries	42,750	42,750	-	42,300
Social Security	2,651	2,651	-	2,623
Medicare	620	620	-	614
Total personnel services	46,021	46,021	-	45,537

(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, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
City Council (Continued)				
Materials and supplies				
Board and commissions	\$ 2,000	\$ 711	\$ (1,289)	\$ 549
Cable operations	2,900	99	(2,801)	550
Dues and subscriptions	1,850	1,835	(15)	65
Liability insurance	2,268	2,268	-	7,110
Public relations	1,000	415	(585)	408
Supplies - other	-	-	-	178
Training and education	1,000	100	(900)	-
Travel/meetings	50	-	(50)	20
Total materials and supplies	11,068	5,428	(5,640)	8,880
Contractual services				
Rear yard drain proj-reimb	-	(375)	(375)	-
Printing and forms	-	1,500	1,500	-
Consulting/professional	5,000	1,831	(3,169)	13,174
Tolley contracts	600	224	(376)	285
Total contractual services	5,600	3,180	(2,420)	13,459
Capital outlay				
Equipment	1,600	-	(1,600)	4,468
Total capital outlay	1,600	-	(1,600)	4,468
Total city council	64,289	54,629	(9,660)	72,344
Community development				
Personnel services				
Salaries	297,697	292,265	(5,432)	296,176
Social Security	17,258	15,781	(1,477)	14,857
Medicare	4,346	4,032	(314)	4,093
IMRF	40,345	38,185	(2,160)	42,570
Medical/life insurance	38,865	48,770	9,905	42,030
Supplemental pensions	3,600	3,092	(508)	2,360
Total personnel services	402,111	402,125	14	402,086
Materials and supplies				
Boards and commissions	1,500	1,720	220	2,510
Dues and subscriptions	500	10	(490)	419
Liabilities insurance	42,124	27,163	(14,961)	26,435
Legal notices	-	183	183	-
Maintenance - vehicles	1,100	-	(1,100)	6
Postage/mailings	-	981	981	-
Printing and forms	2,115	808	(1,307)	1,063
Supplies - office	300	633	333	301
Training and educational	600	660	60	20
Travel/meetings	200	170	(30)	40
Gas and oil	1,350	1,347	(3)	1,394
Total materials and supplies	49,789	33,675	(16,114)	32,188

(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, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>GENERAL GOVERNMENT (Continued)</b>				
Community development (Continued)				
Contractual services				
Economic development	\$ 243,000	\$ 268,000	\$ 25,000	\$ 447,610
Consulting/professional	44,000	60,071	16,071	41,680
Consulting/professional reimbursable	74,000	108,227	34,227	148,192
Tree trim/removal	-	525	525	-
Total contractual services	361,000	436,823	75,823	637,482
Capital outlay				
Equipment	-	8,082	8,082	-
Total capital outlay	-	8,082	8,082	-
Total community development	812,900	880,705	67,805	1,071,756
Subtotal general government	1,836,239	1,855,018	18,779	2,077,950
Less reimbursements from Water Fund	(250,000)	(250,000)	-	(250,000)
Total general government	1,586,239	1,605,018	18,779	1,827,950
<b>HIGHWAYS AND STREETS</b>				
Public works				
Personnel services				
Salaries	603,912	596,922	(6,990)	553,625
Overtime	76,500	69,866	(6,634)	70,111
Social Security	37,443	39,215	1,772	36,359
Medicare	8,757	9,171	414	7,051
IMRF	111,902	79,116	(32,786)	89,308
Medical/life insurance	125,809	111,282	(14,527)	136,160
Supplemental pensions	2,400	3,184	784	3,560
Total personnel services	966,723	908,756	(57,967)	896,174
Materials and supplies				
Liability insurance	71,722	79,399	7,677	64,528
Maintenance - building	114,653	124,453	9,800	123,066
Maintenance - equipment	40,000	42,794	2,794	35,488
Maintenance - vehicles	48,000	62,086	14,086	26,187
Postage/mailings	1,200	887	(313)	1,126
Rent - equipment	22,650	17,495	(5,155)	17,185
Supplies - office	3,950	1,506	(2,444)	3,205
Supplies - operation	-	81	81	-
Supplies - other	63,065	68,699	5,634	47,040
Small tools and equipment	3,850	916	(2,934)	2,230
Training and education	4,525	1,715	(2,810)	1,087
Telephone	-	439	439	4,404
Travel/meetings	-	190	190	-
Uniforms	6,446	4,225	(2,221)	5,352
Utilities	5,100	5,793	693	3,510
Gas and oil	65,405	31,695	(33,710)	39,633
Total materials and supplies	450,566	442,373	(8,193)	374,041

(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, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>HIGHWAYS AND STREETS (Continued)</b>				
Public works (Continued)				
Contractual services				
Consulting/professional	\$ 4,500	\$ 5,383	\$ 883	\$ 3,276
Consulting/prof reimbursable	-	-	-	423
Forestry	90,950	72,669	(18,281)	158,330
Street light operation and maintenance	109,000	127,324	18,324	93,946
Tree trim - removal	146,600	107,524	(39,076)	116,104
Residential concrete program	-	8,739	8,739	24,625
Street sweeping	35,775	36,855	1,080	35,753
Mosquito abatement	42,250	30,665	(11,585)	51,109
Janitorial services	-	-	-	29
Drainage projects	81,300	119,954	38,654	48,662
Total contractual services	510,375	509,113	(1,262)	532,257
Capital outlay				
Equipment	534,275	501,473	(32,802)	258,319
Capital improvement	-	-	-	3,150
Total capital outlay	534,275	501,473	(32,802)	261,469
Total public works	2,461,939	2,361,715	(100,224)	2,063,941
Total highways and streets	2,461,939	2,361,715	(100,224)	2,063,941
<b>PUBLIC SAFETY</b>				
Police department				
Personnel services				
Salaries	480,114	413,814	(66,300)	450,811
Salaries - officers	3,472,533	3,289,687	(182,846)	3,432,730
Overtime	466,500	450,271	(16,229)	472,873
Social Security	29,767	26,555	(3,212)	28,875
Medicare	64,078	53,923	(10,155)	55,320
IMRF	65,103	49,487	(15,616)	58,549
Medical/life insurance	424,932	386,332	(38,600)	412,740
Police pension	1,412,529	1,421,243	8,714	1,210,459
Supplemental pensions	48,000	42,879	(5,121)	43,316
Total personnel services	6,463,556	6,134,191	(329,365)	6,165,673
Materials and supplies				
Animal control	2,000	135	(1,865)	1,895
Auxiliary police	5,600	3,422	(2,178)	4,121
Boards and commissions	19,900	22,040	2,140	7,388
Dues and subscriptions	6,300	3,854	(2,446)	5,215
Investigation and equipment	39,026	33,763	(5,263)	28,012
Liability insurance	227,526	197,022	(30,504)	188,426
Maintenance - building	-	-	-	221
Maintenance - equipment	17,180	15,318	(1,862)	9,192
Maintenance - vehicles	62,200	51,544	(10,656)	36,766
Postage/mailings	4,200	2,192	(2,008)	1,630
Printing and forms	3,000	2,749	(251)	811
Public relations	3,500	591	(2,909)	5,246
Rent - equipment	5,500	1,300	(4,200)	2,150
Supplies - office	6,500	6,272	(228)	5,136

(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, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>PUBLIC SAFETY (Continued)</b>				
Police department (Continued)				
Materials and supplies (Continued)				
Training and education	\$ 27,504	\$ 19,321	\$ (8,183)	\$ 23,312
Travel/meetings	15,300	8,298	(7,002)	3,962
Telephone	13,300	18,269	4,969	17,702
Uniforms	35,800	36,110	310	38,691
Utilities	7,500	6,748	(752)	5,989
Gas and oil	90,000	51,455	(38,545)	64,535
Total materials and supplies	591,836	480,403	(111,433)	450,400
Contractual services				
Consulting/professional	367,560	364,607	(2,953)	369,709
Dumeg/flat/child center	7,000	7,000	-	24,680
Total contractual services	374,560	371,607	(2,953)	394,389
Capital outlay				
Equipment	75,000	72,609	(2,391)	116,956
Total capital outlay	75,000	72,609	(2,391)	116,956
Total police department	7,504,952	7,058,810	(446,142)	7,127,418
Total public safety	7,504,952	7,058,810	(446,142)	7,127,418
<b>TOTAL EXPENDITURES</b>	<b>\$ 11,553,130</b>	<b>\$ 11,025,543</b>	<b>\$ (527,587)</b>	<b>\$ 11,019,309</b>

**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, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 207,570	\$ 207,485	\$ (85)	\$ 206,349
Intergovernmental	130,000	208,484	78,484	114,074
Charges for services	-	-	-	1,600
Investment income	15,000	34,918	19,918	32,877
	<hr/>			
Total revenues	352,570	450,887	98,317	354,900
<hr/>				
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Contractual services	46,200	42,568	(3,632)	56,887
Capital outlay	4,193,148	3,788,704	(404,444)	3,384,481
Debt service				
Principal payments	-	175,000	175,000	145,000
Interest and fiscal charges	207,570	25,535	(182,035)	57,809
Debt issuance cost	-	-	-	44,316
	<hr/>			
Total expenditures	4,446,918	4,031,807	(415,111)	3,688,493
<hr/>				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,094,348)	(3,580,920)	513,428	(3,333,593)
<hr/>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,800,000	4,550,000	750,000	2,012,658
Payment to refunded bond escrow agent	-	-	-	(1,318,008)
Bonds issued, at par	-	-	-	1,360,000
Premium on bonds issued	-	-	-	2,324
	<hr/>			
Total other financing sources (uses)	3,800,000	4,550,000	750,000	2,056,974
<hr/>				
NET CHANGE IN FUND BALANCE	\$ (294,348)	969,080	\$ 1,263,428	(1,276,619)
<hr/>				
FUND BALANCE, MAY 1		4,410,837		5,687,456
<hr/>				
FUND BALANCE, APRIL 30		\$ 5,379,917		\$ 4,410,837

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

**CITY OF DARIEN, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**Preliminary and Tentative  
For Discussion Purposes Only**

April 30, 2017

	Special Revenue					Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	Drug Seizure	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 338,996	\$ 13,942	\$ 78,108	\$ 247,817	\$ 7,760	\$ 686,623
Receivables						
Intergovernmental	48,357	-	-	-	-	48,357
<b>TOTAL ASSETS</b>	<b>\$ 387,353</b>	<b>\$ 13,942</b>	<b>\$ 78,108</b>	<b>\$ 247,817</b>	<b>\$ 7,760</b>	<b>\$ 734,980</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,696	\$ 54	\$ -	\$ 4,742	\$ 182	\$ 6,674
Due to other funds	-	-	-	235	-	235
Total liabilities	1,696	54	-	4,977	182	6,909
<b>FUND BALANCES</b>						
Restricted						
Special service area	-	13,888	-	-	-	13,888
Storm sewer	-	-	78,108	-	-	78,108
Public safety	-	-	-	242,840	7,578	250,418
Highways and streets	385,657	-	-	-	-	385,657
Total fund balances	385,657	13,888	78,108	242,840	7,578	728,071
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 387,353</b>	<b>\$ 13,942</b>	<b>\$ 78,108</b>	<b>\$ 247,817</b>	<b>\$ 7,760</b>	<b>\$ 734,980</b>

(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, 2017

	Special Revenue					Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	Drug Seizure	
<b>REVENUES</b>						
Taxes	\$ -	\$ 5,055	\$ -	\$ -	\$ -	\$ 5,055
Charges for services	-	-	-	-	378	378
Intergovernmental	559,803	-	-	164,517	-	724,320
Investment income	2,052	109	478	1,472	125	4,236
Total revenues	561,855	5,164	478	165,989	503	733,989
<b>EXPENDITURES</b>						
Current						
Highways and streets	442,767	5,454	-	90	-	448,311
Public safety	-	-	-	73,551	-	73,551
Capital outlay	1,945	-	-	-	-	1,945
Total expenditures	444,712	5,454	-	73,641	-	523,807
NET CHANGE IN FUND BALANCES	117,143	(290)	478	92,348	503	210,182
FUND BALANCES, MAY 1	268,514	14,178	77,630	150,492	7,075	517,889
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 385,657</b>	<b>\$ 13,888</b>	<b>\$ 78,108</b>	<b>\$ 242,840</b>	<b>\$ 7,578</b>	<b>\$ 728,071</b>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Intergovernmental				
Motor fuel tax allotment	\$ 552,150	\$ 559,803	\$ 7,653	\$ 564,935
Investment income	1,000	2,052	1,052	1,416
Total revenues	553,150	561,855	8,705	566,351
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Commodities	302,350	145,802	(156,548)	268,819
Wages	296,965	296,965	-	296,107
Contractual services	15,000	-	(15,000)	15,000
Capital outlay	-	1,945	1,945	-
Total expenditures	614,315	444,712	(169,603)	579,926
NET CHANGE IN FUND BALANCE	<u>\$ (61,165)</u>	117,143	<u>\$ 178,308</u>	(13,575)
FUND BALANCE, MAY 1		<u>268,514</u>		<u>282,089</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 385,657</u>		<u>\$ 268,514</u>

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>REVENUES</b>				
Taxes	\$ 5,000	\$ 5,055	\$ 55	\$ 5,071
Investment income	-	109	109	84
Total revenues	5,000	5,164	164	5,155
<b>EXPENDITURES</b>				
Current				
Contractual services	8,500	5,454	(3,046)	1,574
Total expenditures	8,500	5,454	(3,046)	1,574
NET CHANGE IN FUND BALANCE	<u>\$ (3,500)</u>	(290)	<u>\$ 3,210</u>	3,581
FUND BALANCE, MAY 1		<u>14,178</u>		<u>10,597</u>
FUND BALANCE, APRIL 30		<u>\$ 13,888</u>		<u>\$ 14,178</u>

(See independent auditor's report.)

## **MAJOR ENTERPRISE FUND**

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

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>OPERATING REVENUES</b>				
Charges for services				
Water sales	\$ 7,985,470	\$ 7,840,272	\$ (145,198)	\$ 6,929,133
Inspections/tap on/permits	20,000	67,178	47,178	47,250
Front footage fees	3,500	-	(3,500)	-
Sale of meters	1,000	10,315	9,315	10,645
Other water sales	-	14,406	14,406	15,273
Total operating revenues	8,009,970	7,932,171	(77,799)	7,002,301
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>				
Personnel services				
Salaries	469,681	466,857	(2,824)	471,762
Overtime	73,500	97,106	23,606	82,225
Social Security	35,320	32,227	(3,093)	32,368
Medicare	8,260	7,561	(699)	7,607
IMRF	76,459	68,129	(8,330)	79,468
Pension expense	-	40,424	40,424	-
Medical/life insurance	104,022	92,267	(11,755)	91,874
Supplemental pensions	2,400	1,708	(692)	1,200
Total personnel services	769,642	806,279	36,637	766,504
Materials and supplies				
Liability insurance	179,942	167,245	(12,697)	187,494
Maintenance - building	31,887	28,132	(3,755)	39,380
Maintenance - equipment	23,800	17,882	(5,918)	12,107
Maintenance - water system	165,495	123,567	(41,928)	185,008
Postage/mailings	1,050	90	(960)	664
Quality controls	11,862	3,906	(7,956)	6,212
Service charge	250,000	250,000	-	250,000
Supplies - operation	4,950	838	(4,112)	631
Training and education	4,015	848	(3,167)	1,320
Telephone	10,850	9,256	(1,594)	6,017
Uniforms	3,375	4,047	672	1,640
Utilities	51,500	52,137	637	40,436
Vehicle (gas and oil)	17,625	11,653	(5,972)	12,785
Total materials and supplies	756,351	669,601	(86,750)	743,694
Contractual				
Audit	12,385	12,487	102	11,175
Consulting/professional	18,450	11,889	(6,561)	18,494
Leak detection	20,600	16,859	(3,741)	18,453
Data processing	152,500	159,932	7,432	154,102
DuPage Water Commission	4,776,226	4,855,793	79,567	4,849,470
Total contractual	4,980,161	5,056,960	76,799	5,051,694

(This schedule is continued on the following page.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

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

For the Year Ended April 30, 2017  
(With Prior Year Actual)

	2017		Variance Over (Under)	2016 Actual
	Original and Final Budget	Actual		
<b>OPERATING EXPENSES</b>				
<b>EXCLUDING DEPRECIATION (Continued)</b>				
Capital outlay				
Equipment	\$ 142,215	\$ 133,712	\$ (8,503)	\$ 133,118
Pumping station	-	2,246	2,246	-
Water meters	32,000	18,085	(13,915)	33,346
Infrastructure	755,900	794,646	38,746	126,543
Total capital outlay	930,115	948,689	18,574	293,007
Total operating expenses excluding depreciation	7,436,269	7,481,529	45,260	6,854,899
OPERATING INCOME (LOSS)	573,701	450,642	(123,059)	147,402
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	2,000	1,193	(807)	2,924
Miscellaneous income	-	64,903	64,903	53,242
Debt service				
Principal repayment	(220,000)	(220,000)	-	(215,000)
Interest expense	(79,425)	(77,781)	1,644	(82,119)
Total non-operating revenues (expenses)	(297,425)	(231,685)	65,740	(247,873)
<b>NET INCOME (LOSS) BUDGETARY BASIS</b>	<u>\$ 276,276</u>	<u>218,957</u>	<u>\$ (57,319)</u>	<u>(100,471)</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal repayment		220,000		215,000
Capitalized assets		-		119,940
Bond amortization		(6,920)		(6,920)
Depreciation		(331,486)		(331,363)
Total adjustments to GAAP basis		(118,406)		3,577
CHANGE IN NET POSITION		<u>100,551</u>		<u>(96,894)</u>
NET POSITION, MAY 1		4,943,117		5,268,057
Prior period adjustment		-		48,886
Change in accounting principle		-		(276,932)
NET POSITION, MAY 1, RESTATED		<u>4,943,117</u>		<u>5,040,011</u>
<b>NET POSITION, APRIL 30</b>		<u>\$ 5,043,668</u>		<u>\$ 4,943,117</u>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

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

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended April 30, 2017

---

	<b>Balances</b>				<b>Balances</b>
	<b>May 1</b>	<b>Additions</b>	<b>Deletions</b>		<b>April 30</b>
<b>Impact Fees Fund</b>					
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,996	\$ 8,111	\$ -		\$ 21,107
Due from other funds	10,175	-	-		10,175
	<hr/>				
<b>TOTAL ASSETS</b>	<b>\$ 23,171</b>	<b>\$ 8,111</b>	<b>\$ -</b>		<b>\$ 31,282</b>
	<hr/> <hr/>				
<b>LIABILITIES</b>					
Impact fees payable	\$ 23,171	\$ 8,111	\$ -		\$ 31,282
	<hr/>				
<b>TOTAL LIABILITIES</b>	<b>\$ 23,171</b>	<b>\$ 8,111</b>	<b>\$ -</b>		<b>\$ 31,282</b>
	<hr/> <hr/>				



**SUPPLEMENTAL DATA**

**CITY OF DARIEN, ILLINOIS**

**Preliminary and Tentative  
For Discussion Purposes Only**

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

April 30, 2017

Date of Issue	July 12, 2012
Date of Maturity	December 15, 2025
Authorized Issue	\$2,810,000
Interest Rates	2.0% to 3.5%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Mellon

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$ 2,315,000</u>	<u>\$ 404,725</u>	<u>\$ 2,719,725</u>		<u>\$ 202,366</u>		<u>\$ 202,359</u>

(See independent auditor's report.)

**CITY OF DARIEN, ILLINOIS**

Preliminary and Tentative  
For Discussion Purposes Only

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

April 30, 2017

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

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	July 1	Amount	January 1	Amount
2018	\$ 175,000	\$ 20,615	\$ 195,615	2017	\$ 10,308	2018	\$ 10,307
2019	175,000	18,427	193,427	2018	9,214	2019	9,213
2020	175,000	16,240	191,240	2019	8,120	2020	8,120
2021	180,000	13,440	193,440	2020	6,720	2021	6,720
2022	185,000	10,560	195,560	2021	5,280	2022	5,280
2023	185,000	6,490	191,490	2022	3,245	2023	3,245
2024	110,000	2,420	112,420	2023	1,210	2024	1,210
	<u>\$ 1,185,000</u>	<u>\$ 88,192</u>	<u>\$ 1,273,192</u>		<u>\$ 44,097</u>		<u>\$ 44,095</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, 2017

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

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

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August XX, 2017

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 22, 2017.

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

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

Sincerely,

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

August XX, 2017

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, 2017 and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August XX, 2017. 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 April 3, 2017. 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, 2017, with the exception of the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. We noted no transactions entered into by the City during the year for which there is lack of authoritative guidance or consensus.

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

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

#### **Difficulties Encountered in Performing the Audit**

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

#### **Corrected and Uncorrected Misstatements**

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

#### **Disagreements with Management**

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

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated August XX, 2017.

#### **Management Consultations with Other Independent Accountants**

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

#### **Other Audit Findings or Issues**

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



## Other Matters

We applied certain limited procedures to the required supplementary information as listed in the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules as listed in the table of contents, which accompany the basic financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

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

## Restriction in Use

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

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

Sincerely,

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

**City of Darien**  
**Year End: April 30, 2017**  
**Adjusting Journal Entries**  
**Date: 5/1/2016 To 4/30/2017**

Preliminary and Tentative  
For Discussion Purposes Only

Number	Date	Name	Account No	Amount
AJE#01	4/30/2017	Building/Improvements	99-1920 99-G	(393,375.00)
AJE#01	4/30/2017	Vehicles/Equipment	99-1940 99-G	393,375.00
AJE#01	4/30/2017	Vehicles/Equipment	99-1940 99-G	292,497.02
AJE#01	4/30/2017	A/D - Machinery & Equipment	99-1990 99-G	(292,497.02)
AJE#01	4/30/2017	A/D - Machinery & Equipment	99-1990 99-G	113,741.52
AJE#01	4/30/2017	A/D - Buildings	99-1991 99-G	(113,741.52)
AJE#01	4/30/2017	A/D - Buildings	99-1991 99-G	419,172.05
AJE#01	4/30/2017	A/D - Infrastructure	99-1992 99-G	(419,172.05)

To adjust capital asset to proper balance at 4/30/2017

AJE#02	4/30/2017	A/D - Infrastructure	99-1992 99-G	8,868.68
AJE#02	4/30/2017	Depreciation - Public Works	99-90-6002 99-G	(8,868.68)

To adjust depreciation expense to proper balance at April 30, 2017

AJE#03	4/30/2017	Interest Payable	98-2002 98-G	1,871.02
AJE#03	4/30/2017	2015 GO Bonds Payable	98-2198 98-G	175,000.00
AJE#03	4/30/2017	Principal	98-50-5000 98-G	(175,000.00)
AJE#03	4/30/2017	Interest	98-50-5005 98-G	(1,871.02)

Adjust GLTDAG to proper balances at 4/30/2017

AJE#04	4/30/2017	Operating - Republic Bank	02-1000 02-WF	220,000.00
AJE#04	4/30/2017	Operating - Republic Bank	02-1000 02-WF	1,643.96
AJE#04	4/30/2017	Operating - Republic Bank	12-1000 12-WDF	(220,000.00)
AJE#04	4/30/2017	Operating - Republic Bank	12-1000 12-WDF	(1,643.96)
AJE#04	4/30/2017	Unamortized Bond Premium	12-1226 12-WDF	13,397.00
AJE#04	4/30/2017	Unamortized Loss on Refunding	12-1227 12-WDF	(20,317.00)
AJE#04	4/30/2017	Interest Payable	12-2002 12-WDF	1,643.96
AJE#04	4/30/2017	Bonds Payable	12-2184 12-WDF	220,000.00
AJE#04	4/30/2017	Debt Retire-Water Refunding	02-50-4950 02-WF	(220,000.00)
AJE#04	4/30/2017	Debt Retire-Water Refunding	02-50-4950 02-WF	(1,643.96)
AJE#04	4/30/2017	Bond Amortization	12-51-4947 12-WDF	6,920.00

To adjust bonds payable, accrued interest, premium, and loss on refunding in water fund to proper balance at 4/30/2017

Number	Date	Name	Account No	Amount
AJE#05	4/30/2017	IMRF W/H Payable	01-2014 01-GF	(17,117.49)
AJE#05	4/30/2017	I.M.R.F.	01-30-4115 01-GF	17,117.49

Adjust IMRF payable to proper balance at 4/30/2017

AJE#06	4/30/2017	Deferred Outflow - Contrib	02-1177 02-WF	576.14
AJE#06	4/30/2017	Deferred Outflow - IMRF	02-1178 02-WF	(10,402.77)
AJE#06	4/30/2017	Net Pension Liability	02-2003 02-WF	8,353.18
AJE#06	4/30/2017	Deferred inflow - IMRF	02-2005 02-WF	(38,950.68)
AJE#06	4/30/2017	Deferred Outflow - Contrib	98-1177 98-G	(13,592.08)
AJE#06	4/30/2017	Deferred Outflow - IMRF	98-1178 98-G	(163,305.23)
AJE#06	4/30/2017	Net Pension Liabilities - IMRF	98-2004 98-G	378,693.82
AJE#06	4/30/2017	Deferred inflow - IMRF	98-2005 98-G	(134,864.32)
AJE#06	4/30/2017	Pension Expense - Change in IMRF Pension Items	02-50-411X 02-WF	40,424.13
AJE#06	4/30/2017	Pension Expense - GG	98-50-6506 98-G	(25,524.29)
AJE#06	4/30/2017	Pension Expense - HS	98-50-6507 98-G	(28,745.25)
AJE#06	4/30/2017	Pension Expense - PS	98-50-6508 98-G	(12,662.65)

To adjust IMRF pension items to proper balance at 4/30/2017

AJE#07	4/30/2017	IPBC Terminal Reserve	01-1176 01-GF	19,681.00
AJE#07	4/30/2017	IPBC Terminal Reserve	02-1176 02-WF	4,519.00
AJE#07	4/30/2017	Medical/Life Insurance	01-30-4120 01-GF	(19,681.00)
AJE#07	4/30/2017	Medical/Life Insurance	02-50-4120 02-WF	(4,519.00)

To adjust IPBC Terminal Reserve to proper balance at 4/30/2017

AJE#08	4/30/2017	Real Estate Taxes Receivable	01-1204 01-GF	22,322.27
AJE#08	4/30/2017	Deferred Revenue	01-2180 01-GF	(22,322.27)
AJE#08	4/30/2017	Accounts Receivable	25-1201 25-CI	137,157.39
AJE#08	4/30/2017	Deferred Revenue	25-2180 25-CI	(137,157.39)
AJE#08	4/30/2017	Accounts Receivable	35-1201 35-DS	(141,254.00)
AJE#08	4/30/2017	Deferred Revenue	35-2180 35-DS	141,254.00

To adjust property tax receivable and deferred revenue to  
proper balance at 4/30/2017

AJE#09	4/30/2017	Miscellaneous Receivable	01-1202 01-GF	48,796.81
AJE#09	4/30/2017	Food and Beverage Tax	01-00-3152 01-GF	(48,796.81)

To accrue food and beverage tax for April 2017

Number	Date	Name	Account No	Amount
AJE#10	4/30/2017	Accounts Payable	25-2150 25-CI	22,186.00
AJE#10	4/30/2017	Ditch Projects	25-35-4376 25-CI	(22,186.00)
To reverse invoices improperly included in A/P				
AJE#11	4/30/2017	Accounts Payable	02-2150 02-WF	(374,548.80)
AJE#11	4/30/2017	DuPage Water Commission	02-50-4340 02-WF	374,548.80
To accrue April 2017 Dupage Water purchase				
AJE#12	4/30/2017	Investments in IRMA	01-1175 01-GF	60,720.94
AJE#12	4/30/2017	IRMA Excess Surplus	01-2999 01-GF	(60,720.94)
AJE#12	4/30/2017	Investments in IRMA	02-1175 02-WF	64,903.06
AJE#12	4/30/2017	Miscellaneous Revenue	02-00-3580 02-WF	(64,903.06)
To adjust IRMA excess surplus to proper balance at 4/30/17				
AJE#13	4/30/2017	Miscellaneous Receivable	01-1202 01-GF	25,949.24
AJE#13	4/30/2017	Local Gas Tax	01-00-3151 01-GF	(25,949.24)
To adjust local gas tax receivable at 4/30/17				
AJE#14	4/30/2017	AMUSEMENT TAX RECEIVABLE	01-1213 01-GF	1,861.10
AJE#14	4/30/2017	Amusement Tax	01-00-3140 01-GF	(1,861.10)
To adjust amusement tax receivable and revenue				
AJE#15	4/30/2017	Accounts Payable-Prior	25-2050 25-CI	(35,706.00)
AJE#15	4/30/2017	Accounts Payable-Prior	25-2050 25-CI	(95,200.41)
AJE#15	4/30/2017	Ditch Projects	25-35-4376 25-CI	35,706.00
AJE#15	4/30/2017	Sidewalk Replacement Program	25-35-4380 25-CI	3,840.30
AJE#15	4/30/2017	Residential Concrete Program	25-35-4381 25-CI	3,470.72
AJE#15	4/30/2017	Curb & Gutter Replacement Prog	25-35-4383 25-CI	77,890.39
AJE#15	4/30/2017	Curb & Gutter Replacement Prog	25-35-4383 25-CI	9,999.00
To adjust accounts payable-prior balance to proper balance at 4/30/17				
AJE#16	4/30/2017	Accounts Payable-Prior	17-2050 17-FES	(230.00)
AJE#16	4/30/2017	Maintenance - Building	17-41-4223 17-FES	230.00
To write off unidentified accounts payable balance from prior year				

Number	Date	Name	Account No	Amount
AJE#17	4/30/2017	Other Escrows	01-2161 01-GF	68,000.00
AJE#17	4/30/2017	Accrued Expenses	01-2165 01-GF	(66,000.00)
To reclass Home depot economic incentive payment to proper account				
AJE#18	4/30/2017	Other Escrows	01-2161 01-GF	6,248.69
AJE#18	4/30/2017	Miscellaneous - Reimbursable	01-00-3568 01-GF	(6,248.69)
To reclass property damage reimbursement improperly recorded to payable account				
AJE#19	4/30/2017	Water Bill Receivable-Unbilled	02-1221 02-WF	54,789.71
AJE#19	4/30/2017	Water Sales	02-00-3310 02-WF	(54,789.71)
To adjust unbilled revenue to proper balance at 4/30/2017				
AJE#20	4/30/2017	Deferred Outflow - Police Pen	98-1179 98-G	220,031.00
AJE#20	4/30/2017	Net Pension Liab - Police Pen	98-2006 98-G	(1,093,667.00)
AJE#20	4/30/2017	Deferred Inflow - Police Pen	98-2007 98-G	237,419.00
AJE#20	4/30/2017	Pension Expense - PS	98-50-6508 98-G	636,217.00
To record police pension GASB68 items at April 30, 2017				
AJE#21	4/30/2017	Compensated Absences Payable	02-2155 02-WF	5,158.36
AJE#21	4/30/2017	Compensated Absences Payable	98-2155 98-G	(35,641.77)
AJE#21	4/30/2017	Salaries	02-50-4010 02-WF	(5,158.36)
AJE#21	4/30/2017	Change in Comp Abs - PW	98-50-5002 98-G	(1,304.42)
AJE#21	4/30/2017	Change in Comp Abs - GG	98-50-5500 98-G	27,209.84
AJE#21	4/30/2017	Change in Comp Abs - PS	98-50-5501 98-G	9,736.35
To adjust accrued vacation/sick to proper balance at 4/30/2017				
AJE#22	4/30/2017	Restricted Funds	25-2280 25-CI	(2,331.50)
AJE#22	4/30/2017	Miscellaneous Expense	25-7000 25-CI	2,331.50
To write off unidentified balance from prior year				
AJE#23	4/30/2017	Franchise Fees Receivable	01-1210 01-GF	(43,971.65)
AJE#23	4/30/2017	Cable T.V. Franchise Fee	01-00-3244 01-GF	37,675.33
AJE#23	4/30/2017	Cable T.V. Franchise Fee	01-00-3244 01-GF	(16,088.00)
AJE#23	4/30/2017	PEG - Fees - AT&T	01-00-3245 01-GF	22,384.32
To adjust franchise fee receivable to proper balance at 4/30/17				

Number	Date	Name	Account No	Amount
AJE#24	4/30/2017	Land	99-1910 99-G	400,000.00
AJE#24	4/30/2017	Building/Improvements	99-1920 99-G	166,054.00
AJE#24	4/30/2017	Fund Balance - Current	99-2190 99-G	(566,054.00)

Record prior period adjustment for Cass Ave. Clocktower

AJE#25	4/30/2017	Accrued Expenses	01-2165 01-GF	(268,000.00)
AJE#25	4/30/2017	Economic Development	01-20-4240 01-GF	268,000.00

To record economic incentive payable at 4/30/2017









	<u>City of Darien</u>		<u>WATER</u>		
	(CLIENT)		(OPINION UNIT)		
	For the Year Ended		<u>4/30/2017</u>		
All entries posted as Debit (Credit)					
Description	Workpaper Reference	Assets/ Deferred Outflows	(Liabilities)/ (Deferred Inflows)	(Net Position/Fund Balance)	Change in Net Position/Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period		\$ -	\$ -	\$ -	\$ -
To record effect of A/P prior payable not reversed from prior year.	4004	-	21,595	-	(21,595)
Totals		\$ -	21,595	\$ -	(21,595)

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

April 30, 2017



The Honorable Mayor  
Members of Management  
City of Darien, Illinois

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication. As discussed on the following pages, we identified certain deficiencies in internal control. In addition, we reviewed the status of the deficiencies from April 30, 2016. 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  
**REPORT DATE**

APPENDIX A  
STATUS OF COMMENTS FROM APRIL 30, 2016

**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, 2017. Audit adjustments in the current year were proposed to record revenue in the proper period and to record expenditures in the proper period. Additionally, audit adjustments were proposed to adjust capital asset and long-term debt accounts to proper balances at April 30, 2017. A prior period adjustment was also recorded to record capital assets completed as of April 30, 2016 but not recorded in previous years.

**2. Back dating of checks**

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

**Status** - Comment considered implemented as of April 30, 2017

**ADVISORY COMMENTS**

**1. Security of IT server room**

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

**Status** - Comment considered implemented as of April 30, 2017

# Sikich Snapshot

Preliminary and Tentative  
For Discussion Purposes Only

## Organization

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has more than 750 employees throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top 10 of all enterprise resource planning solution partners in the country. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

## Industries

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

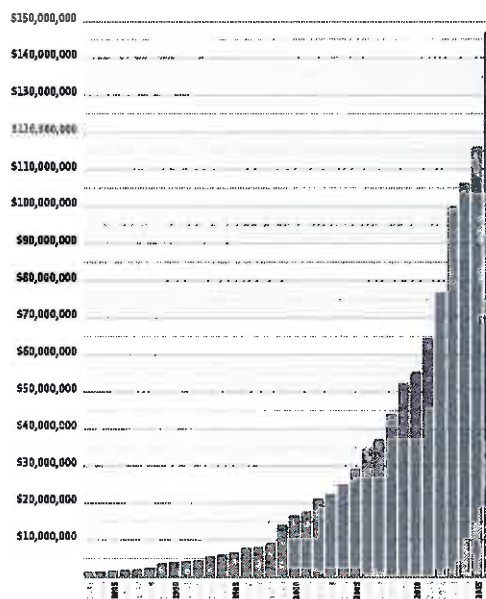
- Agriculture
- Construction & Real Estate
- Energy
- Government
- Manufacturing & Distribution
- Not-for-Profit

## Statistics

2016 Revenues .....	\$146.4M
Total Partners .....	107
Total Employees .....	689
Total Personnel .....	796

*Personnel count as of January 19, 2017*

## Sikich Total Revenues



## SERVICES

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

## Awards

- Vault Accounting Top Ranked 2017
- *Accounting Today* Top 100 Firms: ranked 27th nationally, 2017
- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2016
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th, 2016
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th, 2016
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally, 2016
- When Work Works Award, 2016
- *WorldatWork* Work-Life 2016 Seal of Distinction
- Best Places to Work in Illinois, 2016
- Best Places to Work in Indiana, 2016
- Chicago's 101 Best and Brightest Companies to Work For®, 2016
- Milwaukee's 101 Best and Brightest Companies to Work For®, 2016
- WICPA Excellence Award - Public Service Award (Firm), 2016
- *Accounting Today* Top 100 Value Added Reseller: ranked 7th, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2016
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- *Inc. 5000*: ranked #4613, 2016
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #249, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 7th, 2016
- National Best & Brightest Companies to Work For®, 2015
- Chicago's 101 Best and Brightest Companies to Work For®, 2015
- National Best & Brightest in Wellness, 2015
- *Chicago Tribune's* Top Workplaces, 2015
- Edge Award - 2015 Community Service
- Microsoft Dynamics Inner Circle and President's Club, 2014



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.

Gold

## Microsoft Partner



### 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.)
- Certified for Microsoft Dynamics (NAV)



**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 and Exchange Commission and a member of FINRA and SIPC.

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

## LOCATIONS:

### Corporate Office

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Naperville, IL 60563  
(630) 566-8400

**Akron, OH**  
(330) 864-6661

**Houston, TX**  
(832) 831-3549

**Atlanta, GA**  
(770) 226-9374

**Indianapolis, IN**  
(317) 342-4466

**Boston, MA**  
(508) 485-5588

**Kansas City, MO**  
(816) 673-7534

**Chicago -  
Monroe Street**  
(312) 541-9300

**Los Angeles, CA**  
(310) 315-9660

**Chicago -  
Wacker Drive**  
(312) 648-6666

**Milwaukee, WI**  
(262) 754-9400

**Columbus, OH**  
(614) 633-5270

**Minneapolis, MN**  
(763) 445-2632

**Dallas, TX**  
(496) 906-2257

**Phoenix, AZ**  
(480) 626-0072

**Decatur, IL**  
(217) 423-6000

**Rockford, IL**  
(815) 282-6565

**Denver, CO**  
(720) 200-0142

**Springfield, IL**  
(217) 793-3363

**Ft. Wayne, IN**  
(260) 485-0665

**St. Louis, MO**  
(314) 275-7277

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**CITY OF DARIEN, ILLINOIS**

**MANAGEMENT LETTER**

April 30, 2017





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, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

Naperville, Illinois  
**REPORT DATE**

## OTHER INFORMATION

Preliminary and Tentative  
For Discussion Purposes Only

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for periods ending April 30, 2018.

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

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

## OTHER INFORMATION (Continued)

Preliminary and Tentative  
For Discussion Purposes Only

### Future Accounting Pronouncements (Continued)

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

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this standard are effective for the fiscal year ending April 30, 2018 and 2019. Earlier application is encouraged.

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

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

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

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

**OTHER INFORMATION (Continued)**

Preliminary and Tentative  
For Discussion Purposes Only

**Future Accounting Pronouncements (Continued)**

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

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.

**City of Darien**  
**Minutes of the Administrative/Finance Committee**  
**May 1, 2017**

---

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

**Motion – Authorizing the purchase of one (1) new server and installation in an amount not to exceed \$25,000 from our current IT provide, AIS.**

Staff advised the City of Darien has been using a server to host its computer applications that has reached its useful life. The recommendation from our consultant is to upgrade to Server 2012 R2 and migrate Exchange server to Exchange 2013. This will allow the city to consolidate server infrastructure into a single host and make better use of existing Vhost. It also brings our Server/Exchange environment up to a supported and more secure level. Staff reviewed the quote from our computer consultant that includes detailed pricing estimates as well as a scope of work. This item is included in the FYE 18 Budget under line item 01-10-4325 for \$25,000. The Committee unanimously recommended approval of the expenditure.

**Minutes – April 3, 2017**

The minutes were approved as presented.

**Adjournment** - The meeting adjourned at 6:12.

Approved:

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

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

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