

**Administrative-Finance Committee
September 8, 2020
6:00 p.m. – City Hall Conference Room**

- 1. Call to Order**
- 2. Public Comment**
- 3. New Business**
 - a. Presentation - Draft FYE 20 Annual Financial Report**
 - b. Approval of Minutes – February 3, 2020**
- 4. Other Business**
- 5. Next Meeting – October 5, 2020**
- 6. Adjournment**

CITY OF DARIEN

M E M O

TO: Administrative/Finance Committee Members
FROM: Bryon D. Vana, City Administrator
DATE: September 2, 2020
SUBJECT: Draft Audit review-FYE 4-30-2020

Attached are the draft audit documents for the fiscal year ending 4-30-2020. The City's independent auditing firm, SIKICH, will present the draft audit and answer any questions.

CITY OF DARIEN, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2020

We are submitting to you the following draft of your financial statements to expedite your review. As stated in our engagement letter with you, the fair presentation of the financial statements is your responsibility. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before these statements are submitted as final.

SIKICH.COM

Prepared by the General Administration Department

Michael J. Coren
City Treasurer

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INTRODUCTORY SECTION

CITY OF DARIEN, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2020

MAYOR

Joseph A. Marchese

CITY COUNCIL

Ted V. Schauer
Lester Vaughan
Joseph A. Kenny
Thomas M. Chlystek
Mary Coyle Sullivan
Eric K. Gustafson
Thomas J. Belczak

CITY TREASURER

Michael J. Coren

CITY CLERK

JoAnne Ragona

CITY ATTORNEY

John B. Murphey

FINANCIAL SECTION

Preliminary and Tentative
For Discussion Purposes Only

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, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020, 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 and supplemental data 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 and supplemental data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

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, 2019, which are not presented with the accompanying financial statements. In our report dated August 28, 2019, 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 2019 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 2019 financials statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Naperville, Illinois
August 13, 2020

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the City Council
City of Darien, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020, and the related notes to financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated August 13, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the 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.

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 entity’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.

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 or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Naperville, Illinois
August 13, 2020

Preliminary and Tentative
For Discussion Purposes Only

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Darien, we offer readers of Darien's financial statements this narrative overview and analysis of the financial activities of the City of Darien for the fiscal year ended April 30, 2020. Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

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

FINANCIAL HIGHLIGHTS

- ❑ The City of Darien maintained compliance with the Police Pension funding requirements as well as the IMRF funding requirements throughout the year.
- ❑ The City was able to transfer \$3.8 million to the Capital Improvements Fund in FYE 20 to be used in the City of Darien's 3-year Capital Improvement Plan. The Capital Improvement Plan includes sidewalk replacement, storm-water ditch projects, new street lighting, the road program, and crack sealing to name a few.
- ❑ The City was able to maintain a balance in The General Fund throughout the fiscal year to cover a minimum of 3 months of operating expenses.
- ❑ The City was able to reduce its General Obligation Refunding Bond debt by \$625,000 during the year.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

The government-wide financial statements (see pages 6-8) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

□ The focus of the *Statement of Net Position* (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

□ The *Statement of Activities* is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

□ The *Governmental Activities* reflect the City's basic services, including administration, police and buildings, planning and development, streets and yard waste, and public works. Property taxes, sales taxes, and shared state income taxes finance the majority of these services.

□ The *Business-Type Activities* reflect private sector type operations (Water & Sewer), where the fee for service typically covers all or most of the cost of operation including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation (pages 9-17) more familiar. The focus is on Major Funds, rather than the previous model fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

□ Governmental Funds are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid (spendable) resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated herewith. Governmental Funds are recorded using the current financial resources method. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. A reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-Wide Financial Statements).

□ *Proprietary Funds*, also called Enterprise Funds, include the Water/Sewer Fund. These are used to report the same function presented in business-type activities in the City-Wide Financial Statements. Accounting for this type of fund, we utilize the economic resources method, in a similar fashion as corporate accounting. Unlike governmental Funds, the Business-Type Activities column on the Business-Type Fund Financial Statements is the same as the Business-Type column on the Government-Wide Financial Statements.

□ *Fiduciary Funds* represent trust responsibilities of the government, but which have resources that are held for the benefit of parties outside the City. These assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. Accounting for fiduciary component units is similar to that used by proprietary funds. Currently the City has one fiduciary component unit, the Police Pension Fund.

Notes to the Financial Statements

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

Other Information

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

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position As of April 30, 2020 and 2019 (In millions of dollars)									
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Government Total</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	13.76	14.65	(0.89)	7.68	7.09	0.59	21.44	21.74	(0.30)
Capital assets	<u>7.20</u>	<u>7.49</u>	<u>(0.29)</u>	<u>6.13</u>	<u>6.47</u>	<u>(0.34)</u>	<u>13.33</u>	<u>13.96</u>	<u>(0.63)</u>
<i>Total Assets</i>	<u>20.96</u>	<u>22.14</u>	<u>(1.18)</u>	<u>13.81</u>	<u>13.56</u>	<u>0.25</u>	<u>34.77</u>	<u>35.70</u>	<u>(0.93)</u>
Deferred Outflow of Resources	3.72	4.19	(0.47)	0.26	0.59	(0.33)	3.98	4.78	(0.80)
Total assets and Deferred Outflow of Resources	<u>24.68</u>	<u>26.33</u>	<u>(1.65)</u>	<u>14.07</u>	<u>14.15</u>	<u>(0.08)</u>	<u>38.75</u>	<u>40.48</u>	<u>(1.73)</u>
Long-term liabilities	26.95	26.38	0.57	5.02	6.16	(1.14)	31.97	32.54	(0.57)
Other liabilities	<u>2.17</u>	<u>1.63</u>	<u>0.54</u>	<u>1.03</u>	<u>0.84</u>	<u>0.19</u>	<u>3.20</u>	<u>2.47</u>	<u>0.73</u>
<i>Total Liabilities</i>	<u>29.12</u>	<u>28.01</u>	<u>1.11</u>	<u>6.05</u>	<u>7.00</u>	<u>(0.95)</u>	<u>35.17</u>	<u>35.01</u>	<u>0.16</u>
Deferred Inflows of Resources	4.02	3.83	0.19	0.19	0.04	0.15	4.21	3.87	0.34
Total Liabilities and Deferred Inflows of Resources	33.14	31.84	1.30	6.24	7.04	(0.80)	39.38	38.88	0.50
<i>Net position</i>									
Net investment in capital Assets.	6.54	6.63	(0.09)	2.59	2.97	(0.38)	9.13	9.60	(0.47)
Restricted	1.08	0.67	0.41	0.00	0.00	0.00	1.08	0.67	0.41
Unrestricted	<u>(16.08)</u>	<u>(12.81)</u>	<u>(3.27)</u>	<u>5.24</u>	<u>4.14</u>	<u>1.10</u>	<u>(10.84)</u>	<u>(8.67)</u>	<u>(2.17)</u>
Total Net Position	<u>(8.46)</u>	<u>(5.51)</u>	<u>(2.95)</u>	<u>7.83</u>	<u>7.11</u>	<u>0.72</u>	<u>(0.63)</u>	<u>1.60</u>	<u>(2.23)</u>

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
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Normal Impacts

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

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

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

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

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

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

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

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. In the case of the City of Darien, total net position decreased approximately \$2.23 million from \$1.60 million to -\$0.63 million. The decrease was a result of increases in pension fund liabilities and related changes in deferred inflow and outflows of resources. The City of Darien has a goal to maintain a specific level of fund balance which is used to cover Capital Project expenditures or used for the early payment of debt.

The City of Darien's assessed property tax rate was .2652. The City of Darien's portion of a resident's tax bill is approximately 4.20% of their total tax bill. The City of Darien's property taxes remain relatively lower than other municipalities within DuPage County.

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

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
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Condensed Statement of Activities									
As of April 30, 2020 and 2019									
(In millions of dollars)									
	<u>Governmental</u>			<u>Business-Type</u>			<u>Government</u>		
	<u>Activities</u>			<u>Activities</u>			<u>Total</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:									
<i>Program Revenues:</i>									
Charges for Services Operating and Capital	1.78	1.86	(0.08)	7.63	7.85	(0.22)	9.41	9.71	(0.30)
Grants and Contributions	1.08	0.61	0.47	-	-	-	1.08	0.61	0.47
<i>General Revenues:</i>									
Property Taxes	2.45	2.43	0.02	-	-	-	2.45	2.43	0.02
Other Taxes	11.53	11.59	(0.06)	-	-	-	11.53	11.59	(0.06)
Other General Revenues	<u>0.54</u>	<u>0.33</u>	<u>0.21</u>	<u>0.09</u>	<u>0.10</u>	<u>(0.01)</u>	<u>0.63</u>	<u>0.43</u>	<u>0.20</u>
Total Revenues	17.38	16.82	0.56	7.72	7.95	(0.23)	25.10	24.77	0.33
Expenses:									
General Government	2.17	1.88	0.29	-	-	-	2.17	1.88	0.29
Highways and Streets	9.61	7.39	2.22	-	-	-	9.61	7.39	2.22
Public Safety	8.53	8.32	0.21	-	-	-	8.53	8.32	0.21
Interest and Fees	0.02	0.02	0.00	-	-	-	0.02	0.02	0.00
Water	-	-	-	<u>7.00</u>	<u>6.73</u>	<u>0.27</u>	<u>7.00</u>	<u>6.73</u>	<u>0.27</u>
Total Expenses	20.33	17.61	2.72	7.00	6.73	0.27	27.33	24.34	2.99
Increase (Decrease) in Net Position Before Prior Period Adjustment	(2.95)	(0.79)	(2.16)	0.72	1.22	(0.50)	(2.23)	0.43	(2.66)
Prior Period Adjustment & Change in Accounting Principles	<u>0.00</u>	<u>(1.41)</u>	<u>(1.41)</u>	<u>0.00</u>	<u>(0.24)</u>	<u>(0.24)</u>	<u>0.00</u>	<u>(1.65)</u>	<u>(1.65)</u>
Change in Net Position	(2.95)	(0.79)	(2.16)	0.72	1.22	(0.50)	(2.23)	0.43	(2.66)
Net Position, Beginning of Year	<u>(5.51)</u>	<u>(4.72)</u>	<u>(0.79)</u>	<u>7.11</u>	<u>5.89</u>	<u>1.22</u>	<u>1.60</u>	<u>1.17</u>	<u>0.43</u>
Net Position, End of Year	(8.46)	(5.51)	(2.95)	7.83	7.11	0.72	(0.63)	1.60	(2.23)

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

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

Normal Impacts

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

Revenues

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

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

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

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

Expenses

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

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

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

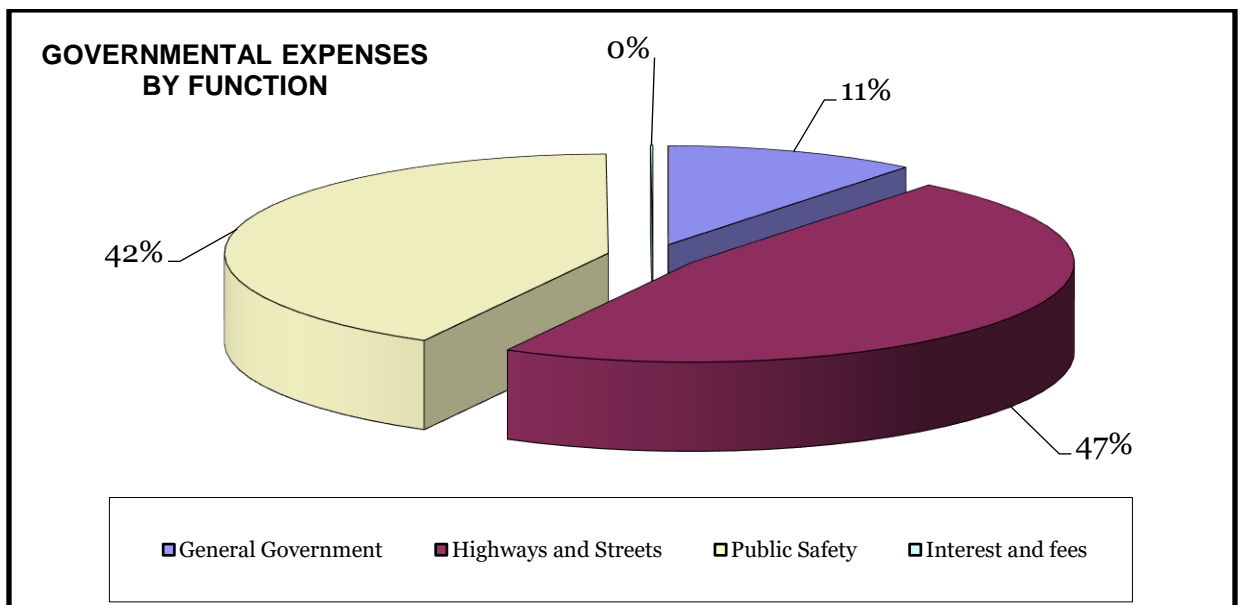
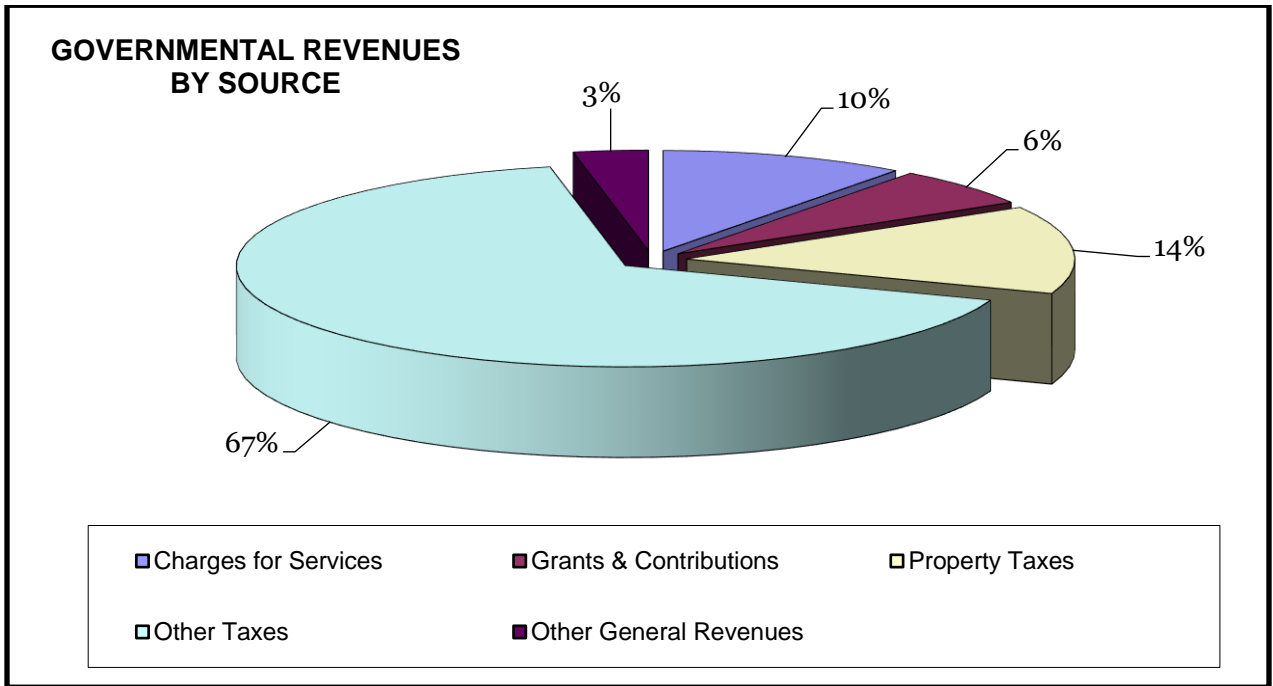
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
 For Discussion Purposes Only

GOVERNMENTAL ACTIVITIES

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

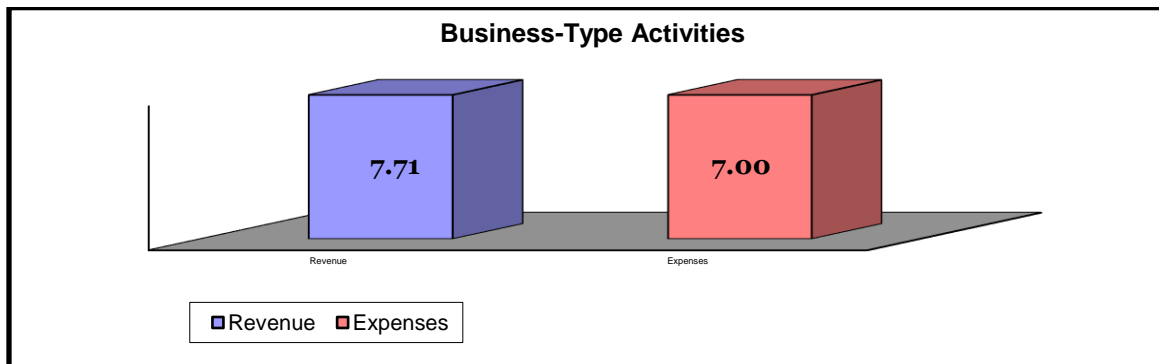


CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

Business Type Activities

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



The Business-Type activity of the City of Darien includes the Water Department. The Water Department serves the city residents and businesses; pricing of water is based on fees determined by the supplier of water, the DuPage Water Commission. The City of Darien has been able to avoid raising water rates to its residents and businesses over the past several years, even though there have been increases in the fee for the supply of water by the DuPage Water Commission. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The operating revenues of the Water Department decreased by \$.23 million in comparison to the prior year.

The City pays all of the general expenses from the general fund. On an annual basis, a transfer in the amount of \$250 thousand is done from the Water Department to the General Fund. The reason this transfer is done, is to cover the overhead worked on behalf of the Water Department, yet captured within the General Fund. Operating expenses increased \$0.27 million for this fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

At the end of the current fiscal year, the City of Darien's governmental funds reported a combined (major and non-major) ending fund balance of \$8.65 million.

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At the end of fiscal year 2020, the City of Darien had total capital assets (net of accumulated depreciation) of \$13.33 million, invested in a broad range of capital assets including police and public works equipment, buildings, water facilities, roads, streets, and sewer lines.

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

Debt Administration

The debt administration discussion covers two types of debt reported by the City's financial statements. The City's governmental activities include the general obligation bond issuance for the acquisition and construction of major capital facilities. Overall, the City's governmental activities report a total debt of \$27.36 million. The City began the fiscal year with a balance of \$26.80 million in debt.

In the City's business-type activities a total debt of \$5.58 million is reported. The City began the fiscal year with a balance of \$6.42 million in debt. The business activity debt is paid primarily by revenues generated by the Water Department's sale of water fee for service. The general obligation bonds of the business-type activity are obligations of the business-type activity only and are used for infrastructure and building improvements to the system. (More detailed information about the City's long-term liabilities is presented in Note 6 of the financial statements.)

FACTORS BEARING ON THE CITY'S FUTURE

In March 2020, the COVID-19 outbreak was classified by the World Health Organization as a pandemic. The impact of this pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state, and local economies. Although the pandemic has significantly affected the financial markets and the City is likely to suffer a reduction in both investment income as well as tax revenue income, with the passage of the CARES Act, the City will be reimbursed for eligible COVID related expenses. The City will continue to monitor the rapidly changing economic conditions to determine appropriate action necessary to maintain the City's sound financial condition, operations, and services.

The City's expenditures are comprised mostly of salaries, benefits and capital projects. This year, many of the capital projects were put on hold in order to assess the financial impact of the COVID-19 pandemic. Other factors bearing on the City's future include increases in water rates charged by DuPage Water Commission and the City of Chicago, and the general state of the economy. The uncertainty and financial problems with the State of Illinois is a concern for all Illinois municipalities. All of the local economic factors, revenue projections, and analysis of the City's expenditures are factored in the future fiscal budget plans.

(See Independent Auditor's Report)

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

REQUESTS FOR INFORMATION

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

Bryon Vana
City Administrator
1702 Plainfield Road
Darien, Illinois 60561

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

CITY OF DARIEN
Management's Discussion and Analysis
For the Year Ended April 30, 2020

Preliminary and Tentative
For Discussion Purposes Only

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF NET POSITION

April 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,958,602	\$ 5,898,518	\$ 13,857,120
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,447,115	-	2,447,115
Accounts	-	1,402,659	1,402,659
Intergovernmental	1,529,716	-	1,529,716
Other	1,789,442	375,792	2,165,234
Inventories	32,488	-	32,488
Capital assets not being depreciated	819,529	100,000	919,529
Capital assets being depreciated	6,380,947	6,029,628	12,410,575
Total assets	20,957,839	13,806,597	34,764,436
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	121,900	121,900
Pension items - police	3,087,969	-	3,087,969
Pension items - IMRF	517,111	128,367	645,478
Pension items - OPEB	111,038	16,739	127,777
Total deferred outflows of resources	3,716,118	267,006	3,983,124
Total assets and deferred outflows of resources	24,673,957	14,073,603	38,747,560
LIABILITIES			
Accounts payable	1,449,715	408,372	1,858,087
Accrued payroll	194,751	14,178	208,929
Accrued interest payable	4,455	52,975	57,430
Deposits payable	92,657	-	92,657
Unearned revenue	20,340	-	20,340
Noncurrent liabilities			
Due within one year	409,402	556,442	965,844
Due in more than one year	26,946,359	5,020,288	31,966,647
Total liabilities	29,117,679	6,052,255	35,169,934
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	2,447,115	-	2,447,115
Pension items - police	841,380	-	841,380
Pension items - IMRF	727,247	192,495	919,742
Total deferred inflows of resources	4,015,742	192,495	4,208,237
Total liabilities and deferred inflows of resources	33,133,421	6,244,750	39,378,171
NET POSITION			
Net investment in capital assets	6,540,476	2,590,908	9,131,384
Restricted for			
Special service area	19,797	-	19,797
Storm sewer	80,559	-	80,559
Public safety	425,473	-	425,473
Highways and streets	558,970	-	558,970
Unrestricted (deficit)	(16,084,739)	5,237,945	(10,846,794)
TOTAL NET POSITION (DEFICIT)	\$ (8,459,464)	\$ 7,828,853	\$ (630,611)

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, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,169,230	\$ 1,079,671	\$ -	\$ -
Highways and streets	9,617,925	499,865	815,010	59,234
Public safety	8,525,232	201,320	203,057	-
Interest and fiscal charges on long-term debt	16,333	-	-	-
Total governmental activities	20,328,720	1,780,856	1,018,067	59,234
Business-Type Activities				
Water operations	6,995,623	7,632,534	-	-
Total business-type activities	6,995,623	7,632,534	-	-
TOTAL PRIMARY GOVERNMENT	\$ 27,324,343	\$ 9,413,390	\$ 1,018,067	\$ 59,234

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,089,559)	\$ -	\$ (1,089,559)
	(8,243,816)	-	(8,243,816)
	(8,120,855)	-	(8,120,855)
	(16,333)	-	(16,333)
	(17,470,563)	-	(17,470,563)
	-	636,911	636,911
	-	636,911	636,911
	(17,470,563)	636,911	(16,833,652)
General Revenues			
Taxes			
Property	2,446,786	-	2,446,786
Replacement	8,468	-	8,468
Telecommunications	417,249	-	417,249
Utility	978,940	-	978,940
Amusement	93,915	-	93,915
Hotel/motel	67,593	-	67,593
Road and bridge	219,532	-	219,532
Video gaming	218,914	-	218,914
Local gas	291,234	-	291,234
Food and beverage	577,109	-	577,109
Intergovernmental			
Income tax	2,393,776	-	2,393,776
Sales	5,547,921	-	5,547,921
Local use	718,742	-	718,742
Investment income	156,132	50,992	207,124
Miscellaneous	333,584	84,865	418,449
Transfers in (out)	51,788	(51,788)	-
Total	14,521,683	84,069	14,605,752
CHANGE IN NET POSITION	(2,948,880)	720,980	(2,227,900)
NET POSITION (DEFICIT), MAY 1	(5,510,584)	7,107,873	1,597,289
NET POSITION (DEFICIT), APRIL 30	\$ (8,459,464)	\$ 7,828,853	\$ (630,611)

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes OnlyBALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	General	Capital Improvements	Nonmajor	Total
ASSETS				
Cash and cash equivalents	\$ 3,104,168	\$ 3,868,661	\$ 985,773	\$ 7,958,602
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	2,253,339	193,776	-	2,447,115
Intergovernmental	1,464,212	-	65,504	1,529,716
Other	1,560,840	228,602	-	1,789,442
Inventory	32,488	-	-	32,488
TOTAL ASSETS	\$ 8,415,047	\$ 4,291,039	\$ 1,051,277	\$ 13,757,363
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 612,649	\$ 826,134	\$ 10,932	\$ 1,449,715
Accrued payroll	194,751	-	-	194,751
Deposits payable	92,657	-	-	92,657
Unearned revenue	20,340	-	-	20,340
Total liabilities	920,397	826,134	10,932	1,757,463
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	2,253,339	193,776	-	2,447,115
Other unavailable revenue	675,775	228,602	-	904,377
Total deferred inflows of resources	2,929,114	422,378	-	3,351,492
Total liabilities and deferred inflows of resources	3,849,511	1,248,512	10,932	5,108,955
FUND BALANCES				
Nonspendable				
Inventory	32,488	-	-	32,488
Restricted				
Special service area	-	-	19,797	19,797
Storm sewer	-	-	80,559	80,559
Public safety	44,454	-	381,019	425,473
Highways and streets	-	-	558,970	558,970
Unrestricted				
Assigned				
Capital Improvements	-	3,042,527	-	3,042,527
Unassigned				
General Fund	4,488,594	-	-	4,488,594
Total fund balances	4,565,536	3,042,527	1,040,345	8,648,408
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,415,047	\$ 4,291,039	\$ 1,051,277	\$ 13,757,363

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

**Preliminary and Tentative
For Discussion Purposes Only**

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

For the Year Ended April 30, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 8,648,408
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	7,200,476
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(660,000)
Compensated absences payable	(663,605)
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	904,377
Net pension liability for the Illinois Municipal Retirement Fund is shown as an liability on the statement of net position	(1,013,340)
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	(210,136)
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position	(23,379,318)
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	2,246,589
Total other postemployment benefit plan liability is shown as a liability on the statement of net position	(1,639,498)
Differences between expected and actual experiences and assumption changes for the other postemployment benefit plan are recognized as deferred outflows and inflows of resources on the statement of net position	111,038
Accrued interest payable is not recorded in governmental funds but is recorded on the statement of net position	(4,455)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (8,459,464)

See accompanying notes to financial statements.

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, 2020

	General	Capital Improvements	Nonmajor	Total
REVENUES				
Taxes	\$ 5,124,955	\$ 193,750	\$ 5,073	\$ 5,323,778
Licenses and permits	1,161,119	-	-	1,161,119
Intergovernmental	8,664,022	50,000	1,014,484	9,728,506
Charges for services	624,425	-	-	624,425
Investment income	93,125	50,531	12,476	156,132
Miscellaneous	148,637	-	-	148,637
Total revenues	15,816,283	294,281	1,032,033	17,142,597
EXPENDITURES				
Current				
General government	1,981,287	-	-	1,981,287
Highways and streets	2,447,807	61,649	566,886	3,076,342
Public safety	7,687,690	-	27,510	7,715,200
Capital outlay	-	6,035,070	44,481	6,079,551
Debt service				
Principal	-	175,000	-	175,000
Interest and fiscal charges	-	17,290	-	17,290
Total expenditures	12,116,784	6,289,009	638,877	19,044,670
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,699,499	(5,994,728)	393,156	(1,902,073)
OTHER FINANCING SOURCES (USES)				
Transfers in	51,788	3,800,000	-	3,851,788
Transfers (out)	(3,800,000)	-	-	(3,800,000)
Total other financing sources (uses)	(3,748,212)	3,800,000	-	51,788
NET CHANGE IN FUND BALANCES	(48,713)	(2,194,728)	393,156	(1,850,285)
FUND BALANCES, MAY 1	4,614,249	5,237,255	647,189	10,498,693
FUND BALANCES, APRIL 30	\$ 4,565,536	\$ 3,042,527	\$ 1,040,345	\$ 8,648,408

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,850,285)
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	451,599
Contributions of capital assets are only reported in the statement of activities	59,234
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	(771,734)
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received	354,823
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	175,000
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	957
The change in compensated absences payable is shown as an expense on the statement of activities	67,337
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	1,820,976
The change in deferred outflows and inflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(2,172,395)
The change in the net pension liability for the Police Pension Fund is reported only in the statement of activities	(2,193,835)
The change in deferred outflows and inflows of resources for the Police Pension Fund is reported only in the statement of activities	1,075,443
The change in the total other postemployment benefit liability is reported only in the statement of activities	(6,399)
The change in deferred outflows and inflows of resources for the other postemployment benefit plan is reported only in the statement of activities	<u>40,399</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,948,880)</u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

April 30, 2020

Preliminary and Tentative
 For Discussion Purposes Only

	Business-Type Activities Water Operations
CURRENT ASSETS	
Cash and cash equivalents	\$ 5,898,518
Receivables (net, where applicable, of allowances for uncollectibles)	
Water - unbilled	1,402,659
Other	375,792
	<u>7,676,969</u>
Total current assets	
NONCURRENT ASSETS	
Capital assets	
Assets not being depreciated	100,000
Assets being depreciated	
Cost	17,527,580
Accumulated depreciation	<u>(11,497,952)</u>
Net capital assets being depreciated	6,029,628
	<u>6,129,628</u>
Total noncurrent assets	
Total assets	<u>13,806,597</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on refunding	121,900
Pension items - IMRF	128,367
Pension items - OPEB	16,739
	<u>267,006</u>
Total deferred outflows of resources	
Total assets and deferred outflows of resources	<u>14,073,603</u>
CURRENT LIABILITIES	
Accounts payable	408,372
Accrued payroll	14,178
Accrued interest payable	52,975
Bonds payable	530,000
Compensated absences payable	6,866
Total OPEB liability	19,576
	<u>1,031,967</u>
Total current liabilities	
LONG-TERM LIABILITIES	
Bonds payable	4,497,383
Compensated absences payable	38,910
Net pension liability	256,419
Total OPEB liability	227,576
	<u>5,020,288</u>
Total long-term liabilities	
Total liabilities	<u>6,052,255</u>
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	192,495
	<u>6,244,750</u>
Total liabilities and deferred inflows of resources	
NET POSITION	
Net investment in capital assets	2,590,908
Unrestricted	5,237,945
	<u>7,828,853</u>
TOTAL NET POSITION	<u><u>\$ 7,828,853</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, 2020

	Business-Type Activities Water Operations
OPERATING REVENUES	
Water sales	\$ 7,608,884
Inspections/tap on/permits	18,203
Sale of meters	5,375
Other water sales	<u>72</u>
Total operating revenues	<u>7,632,534</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Personnel services	842,883
Materials and supplies	727,801
Contractual services	4,521,813
Capital related - uncapitalized	<u>372,346</u>
Total operating expenses excluding depreciation	<u>6,464,843</u>
OPERATING INCOME BEFORE DEPRECIATION	1,167,691
Depreciation	<u>341,455</u>
OPERATING INCOME	<u>826,236</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	50,992
Miscellaneous income	84,865
Interest expense	<u>(189,325)</u>
Total non-operating revenues (expenses)	<u>(53,468)</u>
INCOME BEFORE TRANSFERS	<u>772,768</u>
TRANSFERS	
Transfers (out)	<u>(51,788)</u>
Total transfers	<u>(51,788)</u>
CHANGE IN NET POSITION	720,980
NET POSITION, MAY 1	<u>7,107,873</u>
NET POSITION, APRIL 30	<u><u>\$ 7,828,853</u></u>

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, 2020

	<u>Business-Type Activities Water Operations</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 8,819,008
Payments to suppliers	(5,667,454)
Payments to employees	<u>(763,768)</u>
Net cash from operating activities	<u>2,387,786</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to/from other funds	<u>(51,788)</u>
Net cash from noncapital financing activities	<u>(51,788)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments	(450,000)
Interest and fiscal charges	<u>(237,278)</u>
Net cash from capital and related financing activities	<u>(687,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>50,992</u>
Net cash from investing activities	<u>50,992</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,699,712
CASH AND CASH EQUIVALENTS, MAY 1	<u>4,198,806</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 5,898,518</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 826,236
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	341,455
Miscellaneous income	84,865
Changes in assets and liabilities	
Accounts receivable	1,101,609
Accounts payable	(45,494)
Accrued payroll	390
Compensated absences payable	(9,566)
Net pension liability - IMRF	93,416
Net pension liability - OPEB	<u>(5,125)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 2,387,786</u></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, 2020

	<u>Pension Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 986,169
Investments	
U.S. Treasury obligations	1,082,305
U.S. agency obligations	5,800,892
Municipal bonds	870,061
Corporate bonds	4,278,552
Equity mutual funds	14,796,488
Common stock	1,236,224
Prepays	530
Receivables	
Accrued interest	<u>96,672</u>
Total assets	<u>29,147,893</u>
LIABILITIES	
Benefits payable	<u>7,531</u>
Total liabilities	<u>7,531</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 29,140,362</u></u>

See accompanying notes to financial statements.

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2020

ADDITIONS

Contributions	
Employer	\$ 1,728,465
Employee	329,449
	<hr/>
Total contributions	2,057,914
	<hr/>
Investment income	
Net appreciation (Depreciation) in fair value of investments	(544,329)
Interest	999,474
	<hr/>
Total investment income	455,145
	<hr/>
Less investment expense	(85,751)
	<hr/>
Net investment income	369,394
	<hr/>
Total additions	2,427,308
	<hr/>

DEDUCTIONS

Pension benefits	2,265,113
Contractual services	26,161
Administrative expenses	18,502
	<hr/>
Total deductions	2,309,776
	<hr/>

NET INCREASE 117,532

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

May 1	<hr/> 29,022,830
April 30	<hr/> <hr/> \$ 29,140,362

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

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 one fiduciary component unit.

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. Accordingly, the PPERS is fiscally dependent on the City. Separate financial statements are not available for the PPERS. PPERS is reported as a pension trust fund.

b. Fund Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

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

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

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

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

c. Government-Wide and Fund Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

The Capital Improvements Fund is used to account for 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.

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, and telecommunications taxes which use a 90-day period. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports unearned and unavailable/deferred revenue on its financial statements. Unavailable/deferred revenues arise when potential revenue does not meet both the measurable and available or period intended to finance 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 and are recognized on the consumption method.

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. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

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

j. Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

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

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

k. Long-Term Obligations

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

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

l. Fund Balances/Net Position

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balances/Net Position (Continued)

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

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

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

m. Interfund Transactions

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

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

n. Accounting Estimates

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

o. Deferred Outflows/Inflows of Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Deferred Outflows/Inflows of Resources (Continued)

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

2. DEPOSITS AND INVESTMENTS

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

The City has the following recurring fair value measurements as of April 30, 2020. 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, The 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.

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

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

Deposits with Financial Institutions

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

Investments

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

Investments (Continued)

The following table presents the investments and maturities of the City’s investments that are subject to interest rate risk as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1 to 3-Year Fund	\$ 17,100	\$ -	\$ 17,100	\$ -	\$ -
TOTAL	\$ 17,100	\$ -	\$ 17,100	\$ -	\$ -

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 2019 attached as an enforceable lien on January 1, 2019, 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, 2020, and are payable in two installments, on or about June 1, 2020 and September 1, 2020. 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 2019 tax levy is intended to fund expenditures for the 2020-2021 fiscal year, these taxes are unavailable/deferred as of April 30, 2020.

The 2020 tax levy, which attached as an enforceable lien on property as of January 1, 2020, has not been recorded as a receivable as of April 30, 2020 as the tax has not yet been levied by the City and will not be levied until December 2020 and, therefore, the levy is not measurable at April 30, 2020.

b. Due from Other Governments and Other Receivables

	General	Capital Improvements	Nonmajor Governmental	Total
GOVERNMENTAL ACTIVITIES				
Intergovernmental				
Sales tax	\$ 1,236,436	\$ -	\$ -	\$ 1,236,436
Local use tax	126,632	-	-	126,632
Motor fuel tax	-	-	65,504	65,504
Telecommunications tax	91,174	-	-	91,174
Video gaming tax	9,970	-	-	9,970
Total intergovernmental	1,464,212	-	65,504	1,529,716
Other receivables				
Franchise fees	4,589	-	-	4,589
Hotel/motel tax	3,616	-	-	3,616
Amusement tax	5,304	-	-	5,304
Utility tax	72,483	-	-	72,483
Food/beverage tax	34,719	-	-	34,719
Local gas tax	13,405	-	-	13,405
Rent receivable	92,160	-	-	92,160
IRMA	583,615	-	-	583,615
IPBC	649,936	-	-	649,936
Accounts	95,963	228,602	-	324,565
Other	5,050	-	-	5,050
Total other receivables	1,560,840	228,602	-	1,789,442
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,025,052	\$ 228,602	\$ 65,504	\$ 3,319,158

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
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	4,022,643	510,833	329,998	4,203,478
Infrastructure	12,768,226	-	-	12,768,226
Total capital assets being depreciated	22,491,408	510,833	329,998	22,672,243
Less accumulated depreciation for				
Buildings and improvements	3,225,642	130,347	-	3,355,989
Machinery, vehicles, and equipment	1,870,640	292,924	329,998	1,833,566
Infrastructure	10,753,278	348,463	-	11,101,741
Total accumulated depreciation	15,849,560	771,734	329,998	16,291,296
Total capital assets being depreciated, net	6,641,848	(260,901)	-	6,380,947
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 7,461,377	\$ (260,901)	\$ -	\$ 7,200,476

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 55,653
Public safety	153,868
Highways and streets	<u>562,213</u>
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u><u>\$ 771,734</u></u>

4. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	100,000	-	-	100,000
Capital assets being depreciated				
Buildings and improvements	6,989,234	-	-	6,989,234
Machinery and equipment	952,556	-	-	952,556
Infrastructure	9,585,790	-	-	9,585,790
Total capital assets being depreciated	17,527,580	-	-	17,527,580
Less accumulated depreciation for				
Buildings and improvements	4,116,242	161,256	-	4,277,498
Machinery and equipment	880,092	12,493	-	892,585
Infrastructure	6,160,163	167,706	-	6,327,869
Total accumulated depreciation	11,156,497	341,455	-	11,497,952
Total capital assets being depreciated, net	6,371,083	(341,455)	-	6,029,628
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 6,471,083	\$ (341,455)	\$ -	\$ 6,129,628

5. RISK MANAGEMENT

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

Intergovernmental Risk Management Agency

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

5. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (Continued)

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

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The City is aware of no additional contributions due to IRMA as of April 30, 2020.

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, 2020 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	\$ 835,000	\$ -	\$ 175,000	\$ 660,000	\$ 180,000
TOTAL GOVERNMENTAL BONDED DEBT		\$ 835,000	\$ -	\$ 175,000	\$ 660,000	\$ 180,000

Business-Type Activities

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Due Within One Year
\$2,810,000 General Obligation Refunding Bonds, Series 2012 are due in annual installments (beginning December 15, 2012) ranging from \$20,000 to \$290,000 with interest from 2.00% to 3.50%. The last payment is due on December 15, 2025.	Water	\$ 1,860,000	\$ -	\$ 240,000	\$ 1,620,000	\$ 245,000
\$3,500,000 General Obligation Bonds, Series 2018 are due in annual installments (beginning January 1, 2020) ranging from \$210,000 to \$375,000 with interest of 3%. The last payment is due on January 1, 2030.	Water	3,500,000	-	210,000	3,290,000	285,000
TOTAL BUSINESS-TYPE BONDED DEBT		\$ 5,360,000	\$ -	\$ 450,000	\$ 4,910,000	\$ 530,000

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
2021	\$ 180,000	\$ 13,440	\$ 193,440	\$ 530,000	\$ 152,875	\$ 682,875
2022	185,000	10,560	195,560	555,000	136,975	691,975
2023	185,000	6,490	191,490	570,000	120,325	690,325
2024	110,000	2,420	112,420	590,000	101,900	691,900
2025	-	-	-	610,000	82,825	692,825
2026	-	-	-	620,000	63,100	683,100
2027	-	-	-	340,000	43,050	383,050
2028	-	-	-	355,000	32,850	387,850
2029	-	-	-	365,000	22,200	387,200
2030	-	-	-	375,000	11,250	386,250
TOTAL	\$ 660,000	\$ 32,910	\$ 692,910	\$ 4,910,000	\$ 767,350	\$ 5,677,350

c. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during fiscal year 2020:

	Balances May 1,	Additions	Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 835,000	\$ -	\$ 175,000	\$ 660,000	\$ 180,000
Compensated absences payable*	730,942	42,304	109,641	663,605	99,541
Total OPEB liability*	1,633,099	6,399	-	1,639,498	129,861
Net pension liability*	23,598,013	2,193,835	1,399,190	24,392,658	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 26,797,054	\$ 2,242,538	\$ 1,683,831	\$ 27,355,761	\$ 409,402
	Balances May 1, Restated	Additions	Reductions	Balances April 30	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
General obligation bonds	\$ 5,360,000	\$ -	\$ 450,000	\$ 4,910,000	\$ 530,000
Unamortized bond premium	134,480	-	17,097	117,383	-
Compensated absences payable	55,342	-	9,566	45,776	6,866
Total OPEB liability	246,187	965	-	247,152	19,576
Net pension liability	628,355	-	371,936	256,419	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,424,364	\$ 965	\$ 848,599	\$ 5,576,730	\$ 556,442

*The General Fund has typically been used to liquidate the compensated absences payable, the net pension liability, and the total OPEB liability.

7. INDIVIDUAL FUND DISCLOSURES

Transfers between funds at April 30, 2020 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ 51,788	\$ 3,800,000
Capital Improvements	3,800,000	-
Water Fund	-	51,788
TOTAL	\$ 3,851,788	\$ 3,851,788

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

- \$3,800,000 transferred from the General Fund to the Capital Improvements Fund for capital projects. This transfer will not be repaid.

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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

Plan Membership

At December 31, 2019, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	66
Active employees	<u>35</u>
 TOTAL	 <u><u>157</u></u>

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 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, 2020 was 10.32% of covered payroll.

Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2019 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, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.35% to 14.25%
Investment rate of return	7.25%
Asset valuation method	Fair value

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% at December 31, 2019. 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, 2019	\$ 21,644,983	\$ 18,604,098	\$ 3,040,885
Changes for the period			
Service cost	252,736	-	252,736
Interest	1,542,957	-	1,542,957
Difference between expected and actual experience	522,376	-	522,376
Changes in assumptions	-	-	-
Employer contributions	-	229,398	(229,398)
Employee contributions	-	114,445	(114,445)
Net investment income	-	3,478,060	(3,478,060)
Benefit payments and refunds	(978,377)	(978,377)	-
Other (net transfer)	-	267,292	(267,292)
Net changes	1,339,692	3,110,818	(1,771,126)
BALANCES AT DECEMBER 31, 2019	\$ 22,984,675	\$ 21,714,916	\$ 1,269,759

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, 2020, the City recognized pension expense of \$703,191.

At April 30, 2020, 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	\$ 446,246	\$ -
Changes in assumption	88,060	-
Contributions made after measurement date	111,172	-
Net difference between projected and actual earnings on pension plan investments	-	919,742
TOTAL	\$ 645,478	\$ 919,742

\$111,172 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, 2021. 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,	
2021	\$ 171,182
2022	(187,510)
2023	59,407
2024	(428,515)
2025	-
Thereafter	-
TOTAL	\$ (385,436)

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 (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 4,144,895	\$ 1,269,759	\$ (1,071,257)

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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Plan Membership

At April 30, 2020, membership consisted of:

Inactive plan members currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>33</u>
 TOTAL	 <u><u>74</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has decided to fund 100% of the past service cost by 2040. For the year ended April 30, 2020, the City's contribution was 50.73% 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, The Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value), and IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

The investment policy was not updated during the year ended April 30, 2020.

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	35.75%	6.30%
Mid Cap Domestic Equity	5.50%	7.20%
Small Cap Domestic Equity	5.50%	8.10%
International Equity	8.25%	6.80%
Fixed Income	45.00%	1.30%

The long-term expected real rates of return are calculated on a geometric mean basis and are net of a 2.50% 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.

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.26%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

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

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, 2019. 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, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 1,082,305	\$ 300,551	\$ 482,125	\$ 299,629	\$ -
U.S. agency obligations	5,800,892	720,992	2,978,854	2,094,554	6,492
Municipal bonds	870,061	201,316	522,050	52,774	93,921
Corporate bonds	4,278,552	437,878	3,278,265	536,609	25,800
TOTAL	\$ 12,031,810	\$ 1,660,737	\$ 7,261,294	\$ 2,983,566	\$ 126,213

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 corporate bonds are required to be investment grade rated at or above BBB- by Standard and Poor's or Baa3 by Moody's. The municipal bonds are required to be rated A or better by Moody's. 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, 2019	\$ 50,208,313	\$ 29,022,830	\$ 21,185,483
Changes for the period			
Service cost	730,885	-	730,885
Interest	3,486,465	-	3,486,465
Difference between expected and actual experience	245,106	-	245,106
Changes in assumptions	-	-	-
Changes in benefit terms	114,024	-	114,024
Employer contributions	-	1,728,465	(1,728,465)
Employee contributions	-	329,449	(329,449)
Net investment income	-	369,394	(369,394)
Benefit payments and refunds	(2,265,113)	(2,265,113)	-
Administrative expense	-	(44,663)	44,663
Net changes	2,311,367	117,532	2,193,835
BALANCES AT APRIL 30, 2020	\$ 52,519,680	\$ 29,140,362	\$ 23,379,318

There were changes in benefits in 2020 as required by PA-101-0610 (SB 1300).

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, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	Service-based
Interest rate	7.00%
Asset valuation method	Fair value

Mortality rates were based on PubS-2010 Employee mortality, projected five years past the valuation date with Scale MP-2018. 10% of active deaths are assumed to be in the line of duty for active lives. PubS-2010 Healthy Retiree mortality, projected five years past the valuation date with Scale MP-2018 for inactive lives. PubS-2010 Survivor mortality, projected five years past the valuation date with Scale MP-2018 for beneficiaries. PubS-2010 Disabled mortality, projected five years past the valuation date with Scale MP-2018 for disabled lives.

Discount Rate

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (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% 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	\$ 30,845,350	\$ 23,379,318	\$ 17,266,728

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

For the year ended April 30, 2020, the City recognized police pension expense of \$2,846,857. At April 30, 2020, 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	\$ 382,048	\$ 553,131
Changes in assumption	1,326,287	288,249
Net difference between projected and actual earnings on pension plan investments	1,379,634	-
TOTAL	\$ 3,087,969	\$ 841,380

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,	
2021	\$ 477,855
2022	573,967
2023	569,660
2024	584,256
2025	40,851
Thereafter	<u>-</u>
TOTAL	<u>\$ 2,246,589</u>

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, 2020, a liability of \$286,547 has been accrued and cumulative payments of \$1,035,331 have been made under this agreement.

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, 2020, a liability of \$68,000 has been accrued and cumulative payments of \$340,000 have been made under this agreement.

10. TAX ABATEMENTS (Continued)

The City entered into an agreement in September 2019 with a local business wherein the City has agreed to support capital improvements up to \$366,000. Upon completion of the projects of the local business, the City will record a lien against the subject property in the amount of \$366,000. The loan is to be repaid through annual installments based on increased project revenues with any remaining balance, if any, to be paid in full at the end of ten years. Enhanced project revenues are defined as 50% of the gross revenue generated by the virtual golf facility being installed as part of the project improvements, sales tax, amusement tax, food and beverage tax and video gaming tax generated by the local business. As of and for the year ended April 30, 2020, the projects of the local business have not been completed, the City has paid \$228,602 related to the agreement and has recorded a receivable and deferred inflow for this amount.

11. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a separate report. The activity of the Plan is reported in the City's governmental and business-type activities.

b. Benefits Provided

The City provides the opportunity for retirees, their spouses and dependents (enrolled at time of employee's retirement) to participate in the City's health insurance plan for pre and post-Medicare postretirement health insurance. To be eligible for benefits, the employee must qualify for retirement under one of the City's three retirement plans. An implicit benefit is provided due to the retirees paying 100% of the actuarially determined premium to the plan. Pursuant to the Illinois Public Safety Employee Benefits Act, the City provides health insurance to any sworn police employee (their spouses and dependents) who suffers a catastrophic injury or is killed in the line of duty. The City is responsible for paying the entire actuarially determined contribution to the plan. Upon a retiree becoming eligible for Medicare, the amount payable under the City's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2020, membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>65</u>
TOTAL	<u>78</u>

d. Total OPEB Liability

The City's total OPEB liability of \$1,886,650 was measured as of April 30, 2020 and was determined by an actuarial valuation as of that date.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2020, as determined by an actuarial valuation as of May 1, 2018 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to April 30, 2020, including updating the discount rate at April 30, 2020, as noted below.

Actuarial cost method	Entry-age normal
Actuarial value of assets	N/A
Inflation	3.00%
Salary Increases	4.00%
Discount rate	2.85%
Healthcare cost trend rates	6.37% Initial to 4.50% Ultimate

The discount rate was based the S&P Municipal Bond 20-Year High-Grade Rate Index as of April 30, 2020.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2019	\$ 1,879,286
Changes for the period	
Service cost	34,033
Interest	57,927
Changes of assumption	64,557
Benefit payments	(149,437)
Other changes	<u>284</u>
Net changes	<u>7,364</u>
BALANCES AT APRIL 30, 2020	<u>\$ 1,886,650</u>

Changes in assumptions related to the discount rate were made in 2020.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 2.85% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85%) or 1 percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Total OPEB liability	\$ 2,049,522	\$ 1,886,650	\$ 1,743,849

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 6.37% to 4.50% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5.37% to 3.50%) or 1 percentage point higher (7.37% to 5.50%) than the current rate:

	1% Decrease (5.37% to 3.50%)	Current Healthcare Rate (6.37% to 4.50%)	1% Increase (7.37% to 5.50%)
Total OPEB liability	\$ 1,727,133	\$ 1,886,650	\$ 2,071,714

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

- h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the City recognized OPEB expense of \$39,125. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 127,777	\$ -
TOTAL	\$ 127,777	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending April 30	
2021	\$ 18,352
2022	18,352
2023	18,352
2024	18,352
2025	18,352
Thereafter	<u>36,017</u>
TOTAL	<u>\$ 127,777</u>

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, 2020

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 5,155,795	\$ 5,124,955	\$ (30,840)
Licenses, permits, and fees	943,397	1,161,119	217,722
Intergovernmental	8,355,115	8,664,022	308,907
Charges for services	432,853	624,425	191,572
Investment income	40,000	93,125	53,125
Miscellaneous	55,000	148,637	93,637
Total revenues	<u>14,982,160</u>	<u>15,816,283</u>	<u>834,123</u>
EXPENDITURES			
Current			
General government	2,160,034	1,981,287	(178,747)
Highways and streets	2,693,876	2,447,807	(246,069)
Public safety	7,877,005	7,687,690	(189,315)
Total expenditures	<u>12,730,915</u>	<u>12,116,784</u>	<u>(614,131)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,251,245</u>	<u>3,699,499</u>	<u>1,448,254</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	51,788	51,788
Transfers (out)	-	(3,800,000)	(3,800,000)
Total other financing sources (uses)	<u>-</u>	<u>(3,748,212)</u>	<u>(3,748,212)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,251,245</u>	<u>(48,713)</u>	<u>\$ (2,299,958)</u>
FUND BALANCE, MAY 1		<u>4,614,249</u>	
FUND BALANCE, APRIL 30		<u>\$ 4,565,536</u>	

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 263,481	\$ 278,630	\$ 403,827	\$ 329,704	\$ 335,289
Contributions in relation to the actuarially determined contribution	263,481	278,630	403,827	329,704	335,289
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,553,725	\$ 2,411,693	\$ 2,594,734	\$ 2,517,936	\$ 2,525,245
Contributions as a percentage of covered payroll	10.32%	11.55%	15.56%	13.09%	13.28%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 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 3.35% to 14.25% compounded annually, and inflation of 2.50%.

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
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

**Preliminary and Tentative
For Discussion Purposes Only**

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,714,350	\$ 1,618,878	\$ 1,456,052	\$ 1,412,529	\$ 1,200,005	\$ 1,196,027
Contributions in relation to the actuarially determined contribution	1,728,465	1,634,019	1,468,691	1,421,243	1,209,939	1,205,560
CONTRIBUTION DEFICIENCY (Excess)	\$ (14,115)	\$ (15,141)	\$ (12,639)	\$ (8,714)	\$ (9,934)	\$ (9,533)
Covered payroll	\$ 3,407,217	\$ 3,319,478	\$ 3,163,883	\$ 3,159,697	\$ 3,054,195	\$ 2,916,963
Contributions as a percentage of covered payroll	50.73%	49.23%	46.42%	44.98%	39.62%	41.33%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information from the actuarial valuation used to determine the current year contributions is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, 100% closed basis and the amortization period was 22 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 3.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually (Tier 1) and an annual increase equal to the lesser of 3.00% per year or 1/2 the annual unadjusted percentage increase in the CPI-U.

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

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

Last Five Calendar Years

MEASUREMENT DATE DECEMBER 31,	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 252,736	\$ 245,279	\$ 263,857	\$ 278,904	\$ 286,420
Interest	1,542,957	1,425,656	1,428,582	1,382,894	1,327,546
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	522,376	931,248	(372,485)	(320,532)	(169,723)
Changes of assumptions	-	597,080	(543,970)	(48,542)	24,074
Benefit payments, including refunds of member contributions	(978,377)	(880,787)	(730,617)	(720,046)	(681,770)
Net change in total pension liability	1,339,692	2,318,476	45,367	572,678	786,547
Total pension liability - beginning	21,644,983	19,326,507	19,281,140	18,708,462	17,921,915
TOTAL PENSION LIABILITY - ENDING	\$ 22,984,675	\$ 21,644,983	\$ 19,326,507	\$ 19,281,140	\$ 18,708,462
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 229,398	\$ 397,939	\$ 314,655	\$ 353,272	\$ 335,354
Contributions - member	114,445	112,439	111,740	115,595	114,576
Net investment income	3,478,060	(978,275)	2,968,029	1,126,831	80,704
Benefit payments, including refunds of member contributions	(978,377)	(880,787)	(730,617)	(720,046)	(681,770)
Other	267,292	566,121	(360,471)	84,073	18,009
Net change in plan fiduciary net position	3,110,818	(782,563)	2,303,336	959,725	(133,127)
Plan fiduciary net position - beginning	18,604,098	19,386,661	17,083,325	16,123,600	16,256,727
PLAN FIDUCIARY NET POSITION - ENDING	\$ 21,714,916	\$ 18,604,098	\$ 19,386,661	\$ 17,083,325	\$ 16,123,600
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 1,269,759	\$ 3,040,885	\$ (60,154)	\$ 2,197,815	\$ 2,584,862
Plan fiduciary net position as a percentage of the total pension liability	94.48%	85.95%	100.31%	88.60%	86.18%
Covered payroll	\$ 2,543,208	\$ 2,498,644	\$ 2,483,111	\$ 2,568,770	\$ 2,525,245
Employer's net pension liability as a percentage of covered payroll	49.93%	121.70%	(2.42%)	85.56%	102.36%

Notes to Required Supplementary Information

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

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

Changes in assumptions related to the discount rate were made in 2018.

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 Six Fiscal Years

MEASUREMENT DATE APRIL 30,	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service cost	\$ 730,885	\$ 685,980	\$ 730,502	\$ 797,055	\$ 754,785	\$ 688,515
Interest	3,486,465	3,270,691	3,168,022	2,970,623	2,938,342	2,599,067
Changes of benefit terms	114,024	-	-	-	-	-
Differences between expected and actual experience	245,106	(473,570)	274,605	202,447	(1,424,513)	(388,710)
Changes of assumptions	-	1,749,927	(576,498)	798,335	-	2,888,856
Contributions - buy back	-	-	-	106,677	-	-
Benefit payments, including refunds of member contributions	(2,265,113)	(2,125,790)	(2,045,013)	(1,932,191)	(1,767,269)	(1,624,179)
Net change in total pension liability	2,311,367	3,107,238	1,551,618	2,942,946	501,345	4,163,549
Total pension liability - beginning	50,208,313	47,101,075	45,549,457	42,606,511	42,105,166	37,941,617
TOTAL PENSION LIABILITY - ENDING	\$ 52,519,680	\$ 50,208,313	\$ 47,101,075	\$ 45,549,457	\$ 42,606,511	\$ 42,105,166
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 1,728,465	\$ 1,634,019	\$ 1,468,691	\$ 1,421,243	\$ 1,209,939	\$ 1,205,560
Contributions - member	329,449	319,775	295,483	313,126	308,852	302,058
Contributions - buy back	-	-	-	106,677	-	-
Net investment income	369,394	1,738,762	1,789,255	1,982,144	(21,989)	1,604,934
Benefit payments, including refunds of member contributions	(2,265,113)	(2,125,790)	(2,045,013)	(1,932,191)	(1,767,269)	(1,624,179)
Administrative expense	(44,663)	(41,538)	(39,377)	(41,720)	(34,650)	(39,881)
Net change in plan fiduciary net position	117,532	1,525,228	1,469,039	1,849,279	(305,117)	1,448,492
Plan fiduciary net position - beginning	29,022,830	27,497,602	26,028,563	24,179,284	24,484,401	23,035,909
PLAN FIDUCIARY NET POSITION - ENDING	\$ 29,140,362	\$ 29,022,830	\$ 27,497,602	\$ 26,028,563	\$ 24,179,284	\$ 24,484,401
EMPLOYER'S NET PENSION LIABILITY	\$ 23,379,318	\$ 21,185,483	\$ 19,603,473	\$ 19,520,894	\$ 18,427,227	\$ 17,620,765
Plan fiduciary net position as a percentage of the total pension liability	55.48%	57.80%	58.38%	57.14%	56.75%	58.15%
Covered payroll	\$ 3,407,217	\$ 3,319,478	\$ 3,163,883	\$ 3,159,697	\$ 3,054,195	\$ 2,916,963
Employer's net pension liability as a percentage of covered payroll	686.17%		619.60%	617.81%	603.34%	604.08%

Notes to Required Supplementary Information

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

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

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

There were changes in assumptions in 2019 to update the mortality rates to reflect the PubS-2010 tables.

There were changes in benefits in 2020 as required by PA-101-0610 (SB 1300).

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
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2020	2019
TOTAL OPEB LIABILITY		
Service cost	\$ 34,033	\$ 31,356
Interest	57,927	64,349
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	64,557	91,892
Benefit payments	(149,437)	(162,002)
Other changes	284	-
Net change in total OPEB liability	7,364	25,595
Total OPEB liability - beginning	1,879,286	1,853,691
TOTAL OPEB LIABILITY - ENDING	\$ 1,886,650	\$ 1,879,286
Covered payroll	\$ 4,910,475	\$ 5,460,822
Employer's total OPEB liability as a percentage of covered payroll	38.42%	34.41%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions related to the discount rate were made in 2019 and 2020.

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
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Preliminary and Tentative
For Discussion Purposes Only

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	1.26%	6.41%	6.99%	8.30%	(0.09%)	6.90%

Notes to Required Supplementary Information

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

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2020

BUDGETS

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except as noted below. 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 Storm Sewer or Federal Equitable Sharing Funds (it is not legally required to do so), budget to actual schedules are not presented.

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 integration is employed as a management control device during the year of the General Fund and budgeted 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.

Expenditures exceeded budget in the Motor Fuel Tax Fund by \$7,142 and the Capital Improvement Fund by \$164,728 for the period ending April 30, 2020.

**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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
TAXES				
Property taxes - current	\$ 2,229,295	\$ 2,247,964	\$ 18,669	\$ 2,230,641
Road and bridge tax	205,000	219,532	14,532	210,370
Municipal utility tax	1,015,000	978,940	(36,060)	1,073,098
Telecommunication tax	520,000	417,249	(102,751)	526,582
Amusement tax	82,000	93,915	11,915	86,383
Hotel/motel tax	68,000	67,593	(407)	69,528
Local gas tax	310,000	291,234	(18,766)	321,616
Food and beverage tax	580,000	577,109	(2,891)	606,667
Replacement tax	6,500	8,468	1,968	6,433
Auto rental tax	-	423	423	2,014
Cannabis use tax	-	3,614	3,614	-
Video gaming tax	140,000	218,914	78,914	192,596
Total taxes	5,155,795	5,124,955	(30,840)	5,325,928
LICENSES, PERMITS, AND FEES				
Business licenses	38,000	30,593	(7,407)	40,132
Liquor licenses	67,000	71,325	4,325	70,700
Contractors licenses	18,000	18,030	30	21,000
Court fines	100,000	131,690	31,690	127,454
Ordinance fines	20,000	48,645	28,645	51,389
Building permits and fees	35,000	160,577	125,577	220,407
Cable TV franchise fees	452,800	433,978	(18,822)	453,525
PEG fees AT&T	-	9,644	9,644	10,610
NICOR franchise fees	25,000	31,108	6,108	29,664
Public hearing fees	3,000	2,510	(490)	2,580
Elevator inspections	4,500	3,580	(920)	4,600
Legal fee reimbursements	-	-	-	13,833
NSF check fee	-	70	70	140
Engineering fee reimbursements	74,000	77,483	3,483	76,743
DUI technology fines	6,500	16,249	9,749	11,861
Police special service	99,597	121,330	21,733	115,043
Developer contribution/impact	-	-	-	-
Stormwater management fees	-	4,307	4,307	400
Total licenses, permits, and fees	943,397	1,161,119	217,722	1,250,081
INTERGOVERNMENTAL				
State income taxes	2,053,998	2,393,776	339,778	2,144,307
Local use tax	574,236	718,742	144,506	684,045
Sales tax	5,726,881	5,547,921	(178,960)	5,667,938
Drug forfeiture receipts	-	1,621	1,621	19,465
Grants	-	1,962	1,962	4,842
Total intergovernmental	8,355,115	8,664,022	308,907	8,520,597

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
CHARGES FOR SERVICES				
Towing fees	\$ 55,000	\$ 56,000	\$ 1,000	\$ 72,500
E-Citation fees	-	1,714	1,714	6,537
Police report/prints	5,000	6,028	1,028	5,741
Rents	324,853	353,303	28,450	343,155
Other reimbursements	45,000	89,773	44,773	131,680
Residential concrete reimbursement	-	27,045	27,045	51,511
Reimbursement - rear yard drain	-	82,015	82,015	(4,610)
Mail box reimbursement	-	4,617	4,617	2,805
Sales of wood chips	3,000	3,930	930	3,470
Total charges for services	432,853	624,425	191,572	612,789
INVESTMENT INCOME				
Investment income	40,000	93,125	53,125	76,040
Total investment income	40,000	93,125	53,125	76,040
MISCELLANEOUS				
Reimbursement - workers' compensation	-	861	861	-
Impact fees	-	375	375	1,125
Miscellaneous	55,000	147,401	92,401	114,410
Total miscellaneous	55,000	148,637	93,637	115,535
TOTAL REVENUES	\$ 14,982,160	\$ 15,816,283	\$ 834,123	\$ 15,900,970

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
GENERAL GOVERNMENT				
Administration				
Personnel services				
Salaries	\$ 318,742	\$ 327,314	\$ 8,572	\$ 301,154
Overtime	-	2,602	2,602	530
Social Security	21,913	18,920	(2,993)	17,578
Medicare	4,622	4,425	(197)	4,111
IMRF	28,751	33,011	4,260	33,477
Medical/life insurance	69,080	68,500	(580)	77,170
Supplemental pensions	4,800	4,800	-	3,646
Total personnel services	447,908	459,572	11,664	437,666
Materials and supplies				
Dues and subscriptions	1,490	539	(951)	387
Liability insurance	280,000	270,345	(9,655)	271,949
Legal notices	2,000	2,133	133	1,246
Maintenance - equipment	8,100	7,460	(640)	6,944
Maintenance - equipment	-	170	170	-
Postage/mailings	3,350	2,684	(666)	1,970
Printing and forms	4,200	5,850	1,650	3,015
Public relations	39,171	56,285	17,114	25,823
Rent - equipment	2,019	1,500	(519)	119
Supplies - office	8,000	7,154	(846)	6,277
Supplies - other	500	385	(115)	39
Training and education	1,500	-	(1,500)	-
Travel/meetings	550	111	(439)	99
Telephone	48,200	34,824	(13,376)	35,666
Utilities	2,500	2,470	(30)	1,800
Gas and oil	650	872	222	272
Other	-	-	-	-
Total materials and supplies	402,230	392,782	(9,448)	355,606
Contractual services				
Audit	13,200	15,537	2,337	13,200
Consulting/professional	541,575	316,153	(225,422)	288,193
Contingency	10,000	11,137	1,137	-
Janitorial services	20,500	18,558	(1,942)	17,318
Total contractual services	585,275	361,385	(223,890)	318,711
Capital outlay				
Equipment	5,000	261	(4,739)	33,580
Total capital outlay	5,000	261	(4,739)	33,580
Total administration	1,440,413	1,214,000	(226,413)	1,145,563
City Council				
Personnel services				
Salaries	42,750	42,750	-	42,750
Social Security	2,651	2,651	-	2,651
Medicare	620	620	-	620
Total personnel services	46,021	46,021	-	46,021

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
GENERAL GOVERNMENT (Continued)				
City Council (Continued)				
Materials and supplies				
Board and commissions	\$ 2,500	\$ 866	\$ (1,634)	\$ 698
Cable operations	6,000	3,825	(2,175)	2,150
Dues and subscriptions	2,850	13,134	10,284	2,829
Public relations	10,500	10,500	-	2
Training and education	1,000	250	(750)	155
Travel/meetings	50	-	(50)	-
Total materials and supplies	22,900	28,575	5,675	5,834
Contractual services				
Consulting/professional	5,000	5,855	855	3,640
Tolley contracts	600	233	(367)	251
Total contractual services	5,600	6,088	488	3,891
Total city council	74,521	80,684	6,163	55,746
Community development				
Personnel services				
Salaries	309,192	296,690	(12,502)	296,434
Overtime	500	2,630	2,130	-
Social Security	19,277	17,072	(2,205)	16,417
Medicare	4,483	4,174	(309)	4,107
IMRF	36,931	30,094	(6,837)	33,346
Medical/life insurance	49,362	29,052	(20,310)	49,556
Supplemental pensions	2,400	2,354	(46)	1,708
Total personnel services	422,145	382,066	(40,079)	401,568
Materials and supplies				
Boards and commissions	1,200	1,770	570	1,530
Dues and subscriptions	500	533	33	175
Liabilities insurance	23,000	33,669	10,669	30,832
Maintenance - vehicles	500	-	(500)	326
Miscellaneous expenditures	-	150	150	-
Printing and forms	1,565	1,880	315	470
Supplies - office	900	798	(102)	673
Training and educational	300	-	(300)	514
Travel/meetings	-	-	-	148
Gas and oil	1,350	1,282	(68)	1,204
Total materials and supplies	29,315	40,082	10,767	35,872

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
GENERAL GOVERNMENT (Continued)				
Community development (Continued)				
Contractual services				
Economic development	\$ 338,000	\$ 354,547	\$ 16,547	\$ 351,494
Consulting/professional	37,640	60,267	22,627	58,999
Consulting/professional reimbursable	68,000	99,641	31,641	85,823
Total contractual services	443,640	514,455	70,815	496,316
Capital outlay				
None	-	-	-	-
Total capital outlay	-	-	-	-
Total community development	895,100	936,603	41,503	933,756
Subtotal general government	2,410,034	2,231,287	(178,747)	2,135,065
Less reimbursements from Water Fund	(250,000)	(250,000)	-	(250,000)
Total general government	2,160,034	1,981,287	(178,747)	1,885,065
HIGHWAYS AND STREETS				
Public works				
Personnel services				
Salaries	660,415	708,292	47,877	645,492
Overtime	78,000	54,138	(23,862)	56,938
Social Security	47,018	44,172	(2,846)	41,259
Medicare	8,932	10,337	1,405	9,650
IMRF	88,059	65,400	(22,659)	72,152
Medical/life insurance	125,161	122,038	(3,123)	118,992
Supplemental pensions	2,400	2,400	-	1,385
Total personnel services	1,009,985	1,006,777	(3,208)	945,868
Materials and supplies				
Liability insurance	23,029	21,499	(1,530)	23,414
Maintenance - building	246,197	166,457	(79,740)	298,607
Maintenance - equipment	46,250	37,717	(8,533)	27,000
Maintenance - vehicles	60,000	68,477	8,477	106,452
Postage/mailings	1,000	427	(573)	343
Rent - equipment	23,700	15,055	(8,645)	8,605
Supplies - office	4,903	5,913	1,010	2,389
Supplies - other	100,165	74,870	(25,295)	96,949
Small tools and equipment	25,300	12,443	(12,857)	60,800
Telephone	-	113	113	-
Training and education	3,600	1,799	(1,801)	2,750
Uniforms	6,446	4,076	(2,370)	6,277
Utilities	6,400	7,570	1,170	4,372
Gas and oil	60,300	56,295	(4,005)	53,452
Total materials and supplies	607,290	472,711	(134,579)	691,410

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
HIGHWAYS AND STREETS (Continued)				
Public works (Continued)				
Contractual services				
Consulting/professional	\$ 10,750	\$ 7,789	\$ (2,961)	\$ 13,864
Forestry	72,711	59,489	(13,222)	43,794
Street light operation and maintenance	43,000	11,521	(31,479)	63,142
Tree trim - removal	221,715	114,181	(107,534)	257,683
Residential concrete program	-	25,795	25,795	52,787
Street sweeping	37,975	31,298	(6,677)	35,098
Mosquito abatement	41,700	40,887	(813)	40,887
Drainage projects	107,000	172,446	65,446	101,264
Total contractual services	534,851	463,406	(71,445)	608,519
Capital outlay				
Equipment	541,750	504,913	(36,837)	510,157
Total capital outlay	541,750	504,913	(36,837)	510,157
Total public works	2,693,876	2,447,807	(246,069)	2,755,954
Total highways and streets	2,693,876	2,447,807	(246,069)	2,755,954
PUBLIC SAFETY				
Police department				
Personnel services				
Salaries	436,846	431,502	(5,344)	403,410
Salaries - officers	3,736,296	3,661,947	(74,349)	3,504,249
Overtime	519,883	475,037	(44,846)	568,222
Social Security	27,084	27,274	190	26,154
Medicare	68,046	60,797	(7,249)	58,424
IMRF	35,964	41,645	5,681	40,377
Medical/life insurance	425,681	400,043	(25,638)	443,810
Police pension	1,714,350	1,728,465	14,115	1,634,019
Supplemental pensions	44,400	43,431	(969)	34,462
Total personnel services	7,008,550	6,870,141	(138,409)	6,713,127
Materials and supplies				
Animal control	1,500	735	(765)	1,570
Auxiliary police	4,000	248	(3,752)	2,856
Boards and commissions	12,300	17,144	4,844	11,631
Dues and subscriptions	3,150	1,872	(1,278)	2,098
Investigation and equipment	42,980	29,631	(13,349)	148,437
Liability insurance	65,520	54,837	(10,683)	41,745
Maintenance - buildings	-	412	412	-
Maintenance - equipment	17,205	16,349	(856)	11,406
Maintenance - vehicles	29,600	31,945	2,345	38,046
Postage/mailings	4,300	3,163	(1,137)	1,465
Printing and forms	1,500	5,345	3,845	553
Public relations	3,500	2,961	(539)	2,858
Rent - equipment	5,500	1,500	(4,000)	1,600
Supplies - office	6,500	6,872	372	6,534

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
PUBLIC SAFETY (Continued)				
Police department (Continued)				
Materials and supplies (Continued)				
Training and education	\$ 32,850	\$ 16,456	\$ (16,394)	\$ 13,859
Travel/meetings	13,250	3,400	(9,850)	5,995
Telephone	14,000	12,844	(1,156)	11,106
Uniforms	55,100	51,853	(3,247)	52,617
Utilities	7,500	7,764	264	7,718
Gas and oil	75,000	69,753	(5,247)	89,490
Total materials and supplies	395,255	335,084	(60,171)	451,584
Contractual services				
Bad debt expense	-	14,837	14,837	-
Consulting/professional	448,500	442,448	(6,052)	433,953
Dumeg/flat/child center	24,700	25,180	480	3,500
Total contractual services	473,200	482,465	9,265	437,453
Capital outlay				
Equipment	-	-	-	562,959
Total capital outlay	-	-	-	562,959
Total police department	7,877,005	7,687,690	(189,315)	8,165,123
Total public safety	7,877,005	7,687,690	(189,315)	8,165,123
TOTAL EXPENDITURES	\$ 12,730,915	\$ 12,116,784	\$ (614,131)	\$ 12,806,142

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
REVENUES				
Taxes	\$ 191,240	\$ 193,750	\$ 2,510	\$ 192,472
Intergovernmental	-	50,000	50,000	-
Investment income	25,000	50,531	25,531	77,718
Total revenues	216,240	294,281	78,041	270,190
EXPENDITURES				
Current				
Highways and streets				
Contractual services	51,500	61,649	10,149	27,871
Capital outlay	5,878,354	6,035,070	156,716	3,932,932
Debt service				
Principal payments	175,000	175,000	-	175,000
Interest and fiscal charges	19,427	17,290	(2,137)	19,178
Total expenditures	6,124,281	6,289,009	164,728	4,154,981
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,908,041)	(5,994,728)	(86,687)	(3,884,791)
OTHER FINANCING SOURCES (USES)				
Transfers in				
	3,000,000	3,800,000	800,000	3,000,000
Total other financing sources (uses)	3,000,000	3,800,000	800,000	3,000,000
NET CHANGE IN FUND BALANCE	<u>\$ (2,908,041)</u>	<u>(2,194,728)</u>	<u>\$ 713,313</u>	<u>(884,791)</u>
FUND BALANCE, MAY 1		<u>5,237,255</u>		<u>6,122,046</u>
FUND BALANCE, APRIL 30		<u>\$ 3,042,527</u>		<u>\$ 5,237,255</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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.

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

April 30, 2020

	Special Revenue				Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	
ASSETS					
Cash and cash equivalents	\$ 502,573	\$ 19,797	\$ 80,559	\$ 382,844	\$ 985,773
Receivables					
Intergovernmental	65,504	-	-	-	65,504
TOTAL ASSETS	\$ 568,077	\$ 19,797	\$ 80,559	\$ 382,844	\$ 1,051,277
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 9,107	\$ -	\$ -	\$ 1,825	\$ 10,932
Total liabilities	9,107	-	-	1,825	10,932
FUND BALANCES					
Restricted					
Special service area	-	19,797	-	-	19,797
Storm sewer	-	-	80,559	-	80,559
Public safety	-	-	-	381,019	381,019
Highways and streets	558,970	-	-	-	558,970
Total fund balances	558,970	19,797	80,559	381,019	1,040,345
TOTAL LIABILITIES AND FUND BALANCES	\$ 568,077	\$ 19,797	\$ 80,559	\$ 382,844	\$ 1,051,277

(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, 2020

	Special Revenue				Total
	Motor Fuel Tax	Special Service Area	Storm Sewer	Federal Equitable Sharing	
REVENUES					
Taxes	\$ -	\$ 5,073	\$ -	\$ -	\$ 5,073
Intergovernmental	815,010	-	-	199,474	1,014,484
Investment income	6,986	194	866	4,430	12,476
Total revenues	821,996	5,267	866	203,904	1,032,033
EXPENDITURES					
Current					
Highways and streets	566,886	-	-	-	566,886
Public safety	-	-	-	27,510	27,510
Capital outlay	44,481	-	-	-	44,481
Total expenditures	611,367	-	-	27,510	638,877
NET CHANGE IN FUND BALANCES	210,629	5,267	866	176,394	393,156
FUND BALANCES, MAY 1	348,341	14,530	79,693	204,625	647,189
FUND BALANCES, APRIL 30	\$ 558,970	\$ 19,797	\$ 80,559	\$ 381,019	\$ 1,040,345

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
REVENUES				
Intergovernmental				
Motor fuel tax allotment	\$ 552,150	\$ 815,010	\$ 262,860	\$ 560,644
Investment income	4,000	6,986	2,986	7,106
Total revenues	556,150	821,996	265,846	567,750
EXPENDITURES				
Current				
Highways and streets				
Commodities	267,260	253,832	(13,428)	294,306
Wages	296,965	308,054	11,089	308,404
Capital outlay	35,000	44,481	9,481	-
Contractual services	5,000	5,000	-	6,138
Total expenditures	604,225	611,367	7,142	608,848
NET CHANGE IN FUND BALANCE	<u>\$ (48,075)</u>	210,629	<u>\$ 258,704</u>	(41,098)
FUND BALANCE, MAY 1		<u>348,341</u>		<u>389,439</u>
FUND BALANCE, APRIL 30		<u>\$ 558,970</u>		<u>\$ 348,341</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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
REVENUES				
Taxes	\$ 5,100	\$ 5,073	\$ (27)	\$ 5,061
Investment income	-	194	194	199
Total revenues	5,100	5,267	167	5,260
EXPENDITURES				
Current				
Contractual services	8,000	-	(8,000)	5,000
Total expenditures	8,000	-	(8,000)	5,000
NET CHANGE IN FUND BALANCE	\$ (2,900)	5,267	\$ 8,167	260
FUND BALANCE, MAY 1		14,530		14,270
FUND BALANCE, APRIL 30		\$ 19,797		\$ 14,530

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

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

CITY OF DARIEN, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
OPERATING REVENUES				
Charges for services				
Water sales	\$ 7,865,395	\$ 7,608,884	\$ (256,511)	\$ 7,794,496
Inspections/tap on/permits	10,000	18,203	8,203	21,916
Sale of meters	1,000	5,375	4,375	7,755
Other water sales	3,500	72	(3,428)	21,043
Total operating revenues	7,879,895	7,632,534	(247,361)	7,845,210
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Personnel services				
Salaries	473,210	459,101	(14,109)	469,672
Overtime	90,000	92,659	2,659	90,056
Social Security	38,771	32,602	(6,169)	31,845
Medicare	9,067	7,673	(1,394)	7,448
IMRF	64,586	66,304	1,718	67,469
Medical/life insurance	107,404	93,853	(13,551)	103,833
Supplemental pensions	2,400	2,400	-	2,400
Total personnel services	785,438	754,592	(30,846)	772,723
Materials and supplies				
Liability insurance	204,520	169,641	(34,879)	164,890
Maintenance - building	45,591	53,666	8,075	68,994
Maintenance - equipment	16,650	18,280	1,630	25,079
Maintenance - water system	208,950	149,776	(59,174)	148,856
Postage/mailings	1,400	70	(1,330)	50
Quality controls	10,850	8,494	(2,356)	13,297
Service charge	250,000	250,000	-	250,000
Supplies - operation	3,000	5,472	2,472	2,528
Training and education	2,900	1,552	(1,348)	2,118
Telephone	11,000	6,953	(4,047)	8,109
Uniforms	3,825	3,620	(205)	3,624
Utilities	51,500	43,842	(7,658)	47,039
Vehicle (gas and oil)	15,975	16,435	460	14,894
Total materials and supplies	826,161	727,801	(98,360)	749,478
Contractual				
Audit	11,513	11,513	-	6,966
Consulting/professional	14,950	5,006	(9,944)	5,599
Leak detection	21,600	12,844	(8,756)	25,636
Data processing	152,500	133,333	(19,167)	161,730
DuPage Water Commission	4,682,480	4,359,117	(323,363)	4,480,123
Total contractual	4,883,043	4,521,813	(361,230)	4,680,054

(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, 2020
(With Prior Year Actual)

	2020		Variance Over (Under)	2019 Actual
	Original and Final Budget	Actual		
OPERATING EXPENSES				
EXCLUDING DEPRECIATION (Continued)				
Capital outlay				
Equipment	\$ 83,250	\$ 66,793	\$ (16,457)	\$ 67,548
Water meters	27,000	47,936	20,936	33,651
Infrastructure	1,440,000	257,617	(1,182,383)	1,601,099
Total capital outlay	1,550,250	372,346	(1,177,904)	1,702,298
Total operating expenses excluding depreciation	8,044,892	6,376,552	(1,668,340)	7,904,553
OPERATING INCOME (LOSS)	(164,997)	1,255,982	1,420,979	(59,343)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	40,000	50,992	10,992	59,439
Miscellaneous income	-	84,865	84,865	43,682
Debt service				
Principal repayment	(450,000)	(450,000)	-	(230,000)
Interest expense	(238,375)	(186,105)	52,270	(153,715)
Total non-operating revenues (expenses)	(648,375)	(500,248)	148,127	(280,594)
NET INCOME BEFORE TRANSFERS	(813,372)	755,734	1,569,106	(339,937)
TRANSFERS				
Transfers (out)	-	(51,788)	(51,788)	-
Total transfers	-	(51,788)	(51,788)	-
NET INCOME (LOSS) BUDGETARY BASIS	\$ (813,372)	703,946	\$ 1,517,318	(339,937)
ADJUSTMENTS TO GAAP BASIS				
Capital outlay capitalized		-		1,601,099
Principal repayment		450,000		230,000
Bond amortization		(3,220)		(3,220)
Pension/OPEB expense		(88,291)		58,914
Depreciation		(341,455)		(329,570)
Total adjustments to GAAP basis		17,034		1,557,223
CHANGE IN NET POSITION		720,980		1,217,286
NET POSITION, MAY 1		7,107,873		6,133,421
Change in accounting principle		-		(242,834)
NET POSITION, MAY 1, RESTATED		7,107,873		5,890,587
NET POSITION, APRIL 30	\$	7,828,853	\$	7,107,873

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF DARIEN, ILLINOIS

**Preliminary and Tentative
For Discussion Purposes Only**

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

April 30, 2020

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$ 1,620,000</u>	<u>\$ 200,050</u>	<u>\$ 1,820,050</u>		<u>\$ 100,027</u>		<u>\$ 100,023</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, 2020

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			July 1	Interest Due on		
	Principal	Interest	Total		Amount	January 1	Amount
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>\$ 660,000</u>	<u>\$ 32,910</u>	<u>\$ 692,910</u>		<u>\$ 16,455</u>		<u>\$ 16,455</u>

(See independent auditor's report.)

CITY OF DARIEN, ILLINOIS

**Preliminary and Tentative
For Discussion Purposes Only**

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS, SERIES 2018**

April 30, 2020

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	July 1	Amount	January 1	Amount
2021	\$ 285,000	\$ 98,700	\$ 383,700	2020	\$ 49,350	2021	\$ 49,350
2022	295,000	90,150	385,150	2021	45,075	2022	45,075
2023	305,000	81,300	386,300	2022	40,650	2023	40,650
2024	315,000	72,150	387,150	2023	36,075	2024	36,075
2025	325,000	62,700	387,700	2024	31,350	2025	31,350
2026	330,000	52,950	382,950	2025	26,475	2026	26,475
2027	340,000	43,050	383,050	2026	21,525	2027	21,525
2028	355,000	32,850	387,850	2027	16,425	2028	16,425
2029	365,000	22,200	387,200	2028	11,100	2029	11,100
2030	375,000	11,250	386,250	2029	5,625	2030	5,625
	<u>\$ 3,290,000</u>	<u>\$ 567,300</u>	<u>\$ 3,857,300</u>		<u>\$ 283,650</u>		<u>\$ 283,650</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, 2020



SIKICH.COM

CITY OF DARIEN, ILLINOIS
AUDITOR’S COMMUNICATION TO THE HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL
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August 13, 2020

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 April 9, 2020.

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 13, 2020

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, 2020 and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 13, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 4, 2020. 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, 2020, 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 and OPEB plans.

Management's estimate of the City's net pension liabilities, and total other postemployment benefit liability are based on various actuarially determined amounts, including estimated investment returns, dates of employee retirement, discount rates, healthcare trend rates, and mortality rates. We evaluated key factors and assumptions used to develop the management's estimates of the City's net pension liabilities and total other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements 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, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole except for adjusting journal entries #1, #2, #3, #4, #5, #6, #7, #8, and #9.

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 13, 2020.

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's 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 and supplemental data 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 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, 2020

Adjusting Journal Entries

Date: 5/1/2019 To 4/30/2020

Account No: AJE#01 To AJE#09

Number	Date	Name	Account No	Amount
AJE#01	4/30/2020	Investments in IRMA	02-1175 02-WF	43,682.43
AJE#01	4/30/2020	Fund Balance - Current	02-2190 02-WF	(43,682.43)
To record PY adjustment to IRMA (PBC-04).				
AJE#02	4/30/2020	Deferred Outflow - OPEB	02-1180 02-WF	(6,090.21)
AJE#02	4/30/2020	Deferred Outflow - OPEB	02-1180 02-WF	6,090.00
AJE#02	4/30/2020	Total OPEB Liability	02-2008 02-WF	964.69
AJE#02	4/30/2020	Total OPEB Liability	02-2008 02-WF	(965.00)
AJE#02	4/30/2020	Fund Balance - Current	02-2190 02-WF	(3,353.00)
AJE#02	4/30/2020	Deferred Outflow - OPEB	98-1180 98-G	(40,398.79)
AJE#02	4/30/2020	Deferred Outflow - OPEB	98-1180 98-G	40,399.00
AJE#02	4/30/2020	Total OPEB Liability	98-2008 98-G	6,399.31
AJE#02	4/30/2020	Total OPEB Liability	98-2008 98-G	(6,399.00)
AJE#02	4/30/2020	Fund Balance - Current	98-2190 98-G	(22,242.00)
AJE#02	4/30/2020	Pension Exp - Change in OPEB	02-50-4117 02-WF	8,478.52
AJE#02	4/30/2020	Pension Exp - Change in OPEB	02-50-4117 02-WF	(5,125.00)
AJE#02	4/30/2020	Change in OPEB - GG	98-50-5604 98-G	10,225.19
AJE#02	4/30/2020	Change in OPEB - GG	98-50-5604 98-G	(6,182.00)
AJE#02	4/30/2020	Change in OPEB - PW	98-50-5605 98-G	10,225.19
AJE#02	4/30/2020	Change in OPEB - PW	98-50-5605 98-G	(21,636.00)
AJE#02	4/30/2020	Change in OPEB - PS	98-50-5606 98-G	35,791.10
AJE#02	4/30/2020	Change in OPEB - PS	98-50-5606 98-G	(6,182.00)
To correctly record GASB-75 OPEB activity as of 4/30/2020.				
AJE#03	4/30/2020	Deferred Outflow - Contrib	02-1177 02-WF	(15,929.04)
AJE#03	4/30/2020	Deferred Outflow - IMRF	02-1178 02-WF	(312,841.00)
AJE#03	4/30/2020	Deferred Outflow - IMRF	02-1178 02-WF	15,929.04
AJE#03	4/30/2020	Deferred Outflow - IMRF	02-1178 02-WF	(0.04)
AJE#03	4/30/2020	Net Pension Liability	02-2003 02-WF	371,936.00
AJE#03	4/30/2020	Net Pension Liability	02-2003 02-WF	0.04
AJE#03	4/30/2020	Deferred inflow - IMRF	02-2005 02-WF	(152,511.00)
AJE#03	4/30/2020	Deferred inflow - IMRF	02-2005 02-WF	0.29
AJE#03	4/30/2020	Deferred Outflow - Contrib	98-1177 98-G	(61,159.28)
AJE#03	4/30/2020	Deferred Outflow - IMRF	98-1178 98-G	61,159.28
AJE#03	4/30/2020	Deferred Outflow - IMRF	98-1178 98-G	(1,176,879.00)
AJE#03	4/30/2020	Deferred Outflow - IMRF	98-1178 98-G	(0.28)
AJE#03	4/30/2020	Net Pension Liabilities - IMRF	98-2004 98-G	1,399,190.00
AJE#03	4/30/2020	Net Pension Liabilities - IMRF	98-2004 98-G	(0.04)
AJE#03	4/30/2020	Deferred inflow - IMRF	98-2005 98-G	(573,730.00)
AJE#03	4/30/2020	Deferred inflow - IMRF	98-2005 98-G	(0.29)
AJE#03	4/30/2020	Pension Expense - Change in IMRF Pension Items	02-50-411X 02-WF	93,416.00
AJE#03	4/30/2020	Pension Expense - Change in IMRF Pension Items	02-50-411X 02-WF	(0.29)

Number	Date	Name	Account No	Amount
AJE#03	4/30/2020	Pension Expense - GG	98-50-6506 98-G	133,451.00
AJE#03	4/30/2020	Pension Expense - HS	98-50-6507 98-G	151,244.00
AJE#03	4/30/2020	Pension Expense - PS	98-50-6508 98-G	66,724.00
AJE#03	4/30/2020	Pension Expense - PS	98-50-6508 98-G	0.61
To record IMRF GASB68 items at 4/30/2020.				
AJE#04	4/30/2020	Sales Tax Receivable	01-1207 01-GF	421,896.98
AJE#04	4/30/2020	Sales Taxes	01-00-3430 01-GF	(421,896.98)
Entry to record additional sales tax revenue and receivable.				
AJE#05	4/30/2020	Accounts Receivable Customers	25-1200 25-CI	145,461.52
AJE#05	4/30/2020	Deferred Revenue- Carriage Greens	25-2182 25-CI	(145,461.52)
Entry to record Accounts Receivable and Deferred Revenue for Carriage Greens Agreement.				
AJE#06	4/30/2020	Accounts Receivable Customers	25-1200 25-CI	55,337.95
AJE#06	4/30/2020	Accounts Receivable Customers	25-1200 25-CI	27,802.31
AJE#06	4/30/2020	Accounts Payable	25-2150 25-CI	(55,337.95)
AJE#06	4/30/2020	Accounts Payable	25-2150 25-CI	(27,802.31)
AJE#06	4/30/2020	Deferred Revenue- Carriage Greens	25-2182 25-CI	(55,337.95)
AJE#06	4/30/2020	Deferred Revenue- Carriage Greens	25-2182 25-CI	(27,802.31)
AJE#06	4/30/2020	Economic Incentive	25-35-4400 25-CI	55,337.95
AJE#06	4/30/2020	Economic Incentive	25-35-4400 25-CI	27,802.31
To record additional AP for services performed in FY20.				
AJE#07	4/30/2020	Accounts Payable	25-2150 25-CI	(295,589.50)
AJE#07	4/30/2020	Economic Incentive	25-35-4400 25-CI	295,589.50
To record F&B tax rebate accrual.				
AJE#08	4/30/2020	Investments in IRMA	01-1175 01-GF	172,301.22
AJE#08	4/30/2020	IRMA Excess Surplus	01-2999 01-GF	(172,301.22)
AJE#08	4/30/2020	Investments in IRMA	02-1175 02-WF	84,864.78
AJE#08	4/30/2020	Miscellaneous Revenue	02-00-3580 02-WF	(84,864.78)
To adjust IRMA Excess Surplus Reserve to the proper balance at 4/30/2020.				
AJE#09	4/30/2020	Deferred Outflow - Police Pen	98-1179 98-G	663,013.00
AJE#09	4/30/2020	Net Pension Liab - Police Pen	98-2006 98-G	(2,193,835.00)
AJE#09	4/30/2020	Deferred Inflow - Police Pen	98-2007 98-G	412,430.00
AJE#09	4/30/2020	Change in Pension Expense - Police Pension	98-50-6510 98-G	1,118,392.00
To Record PP Gasb 67/68 Activity.				

PASSED ADJUSTMENTS

	City of Darien		GOVERNMENTAL ACTIVITIES		
	(CLIENT)		(OPINION UNIT)		
	For the Year Ended		<u>4/30/2020</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		\$ -	\$ -	\$ -	\$ -
Record allowance for receivables older than one year	3212	(10,987)	-	9,265	1,722
Current effect of prior period overstatement of compensated absences		-	-	(62,195)	62,195
Totals		\$ (10,987)	\$ -	\$ (52,930)	\$ 63,917

PASSED ADJUSTMENTS

	City of Darien	GENERAL			
	(CLIENT)	(OPINION UNIT)			
	For the Year Ended	4/30/2020			
	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		\$ -	\$ -	\$ -	\$ -
Record allowance for receivables older than one year	3212	(10,987)	-	9,265	1,722
Totals		\$ (10,987)	\$ -	\$ 9,265	\$ 1,722

CITY OF DARIEN, ILLINOIS

**COMMUNICATION OF DEFICIENCIES
IN INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT**

April 30, 2020

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, 2019. The status of these is included in Appendix A.

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

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

Naperville, Illinois
August 13, 2020

OTHER INFORMATION

Future Accounting Pronouncements

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

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

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improved required note disclosures. This statement is effective for fiscal year ending April 30, 2021.

GASB Statement No. 92, *Omnibus 2020*, addresses a variety of topics including: The effective date of Statement No. 87 for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73 to Certain Provisions of GASB Statement Nos. 67 and 68, as amended, and No. 74, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The requirements of this Statement are effective for the fiscal years ending April 30, 2022 and thereafter, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued to address the financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). The statement clarifies the existing guidance under Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended and Statement No. 87, *Leases*. The statement preserves the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. This statement is effective for the fiscal year ending April 30, 2022.

OTHER INFORMATION (Continued)

Future Accounting Pronouncements (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued to address tissues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for fiscal year ending April 30, 2024.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued to provide temporary relief to governments and other stakeholders due to the COVID-19 pandemic.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

OTHER INFORMATION (Continued)

Future Accounting Pronouncements (Continued)

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96, *Solution-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This Statement is effective for fiscal year ending April 30, 2024. 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.

APPENDIX A
STATUS OF COMMENTS FROM APRIL 30, 2019

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, 2020. Audit adjustments in prior years were proposed to record revenue in the proper period, to record expenditures in the proper period, to adjust capital asset and to long-term debt accounts to proper balances. Audit adjustments as of April 30, 2020 were proposed to adjust certain accrual balances and to record pension activity at year end.

2. Segregation of Duties

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

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

Status - Comment still applicable as of April 30, 2020.

DEFICIENCIES (Continued)

3. Rental Income

During our review of rental income, we noted the City was not collecting the correct revenue based on a lease amendment from prior periods. As a result, a prior period adjustment was proposed to record a receivable and revenue of approximately \$219,000. We recommend the City maintain, in a central file, a copy of all contracts and leases. The file should contain a current index that includes the following information for each contract: type, terms, renewal options, and important provisions. We further recommend that all contracts that may have a financial statement impact be forwarded to the finance department. Finally, important contract dates that require timely attention, such as renewal clauses, rate changes, option dates, and expiration dates should be flagged for management's attention.

Status - Comment considered implemented as of April 30, 2020.

FIRM PROFILE



ORGANIZATION

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has 1,000+ professionals throughout the country. Founded in 1982, Sikich now ranks within the country's top 30 largest Certified Public Accounting firms and is among the top one percent of all enterprise resource planning solution partners in the world. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

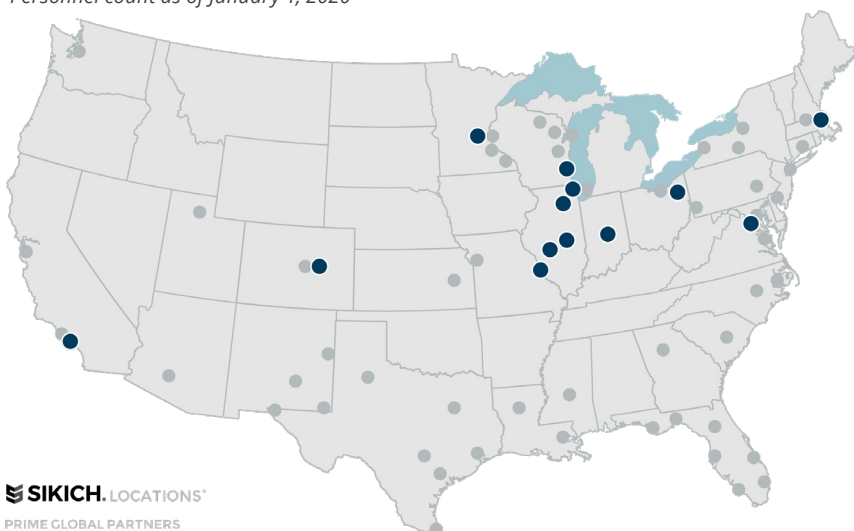
INDUSTRIES

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

AGRICULTURE	AUTOMOTIVE	CONSTRUCTION & REAL ESTATE
DISTRIBUTION & SUPPLY CHAIN	GOVERNMENT	HIGH-TECH
LIFE SCIENCES	MANUFACTURING	NOT-FOR-PROFIT
PRIVATE EQUITY	PROFESSIONAL SERVICES	

STATISTICS

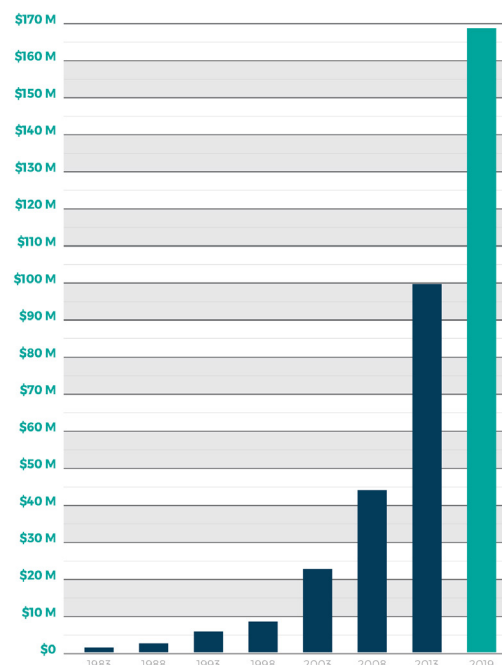
2019 Revenue \$167.4M
 Total Partners 100+
 Total Personnel 1,000+
Personnel count as of January 1, 2020



● SIKICH LOCATIONS*
 ● PRIME GLOBAL PARTNERS

Alexandria, VA (703) 836-1350	Chicago, IL (312) 648-6666	Denver, CO (720) 200-0142	Milwaukee, WI (262) 754-9400	Springfield, IL (217) 793-3363
Akron, OH (330) 864-6661	Crofton, MD (410) 451-5150	Indianapolis, IN (317) 842-4466	Minneapolis, MN (331) 229-5235	St. Louis, MO (314) 275-7277
Boston, MA (508) 485-5588	Decatur, IL (217) 423-6000	Los Angeles, CA (877) 279-1900	Naperville, IL (630) 566-8400	

SIKICH TOTAL REVENUE



SERVICES

ACCOUNTING, TAX & ASSURANCE

TECHNOLOGY

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

ADVISORY

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

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

** Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.

CERTIFICATIONS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality

Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2017 Sikich LLP received its 10th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

AWARDS

2018-2020 AWARDS

- 2020 & 2019 Oracle® NetSuite 5 Star Award
- 2019/2020 & 2018/2019 Inner Circle for Microsoft Dynamics
- *Accounting Today* Top 100 Firms - ranked top 30 nationally
- Best Places to Work in Illinois
- Best Places to Work in Indiana
- Milwaukee's Best and Brightest Companies to Work For®
- Chicago's Best and Brightest Companies to Work For®
- Boston's Best and Brightest Companies to Work For®
- Bob Scott's Top 100 Value Added Reseller Stars (VARs) 2020 -ranked #5

2017 AWARDS

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

2019/2020
INNERCIRCLE
for Microsoft Business Applications

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.



**CITY OF DARIEN
DARIEN, ILLINOIS**

ILLINOIS GRANT ACCOUNTABILITY AND
TRANSPARENCY ACT - CONSOLIDATED YEAR END
FINANCIAL REPORT

For the Year Ended April 30, 2020

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.

**CITY OF DARIEN
DARIEN, ILLINOIS
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

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) as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated August 13, 2020, which expressed unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Consolidated Year-End Financial Report is presented for purposes of additional analysis, as required by the Illinois Grant Accountability and Transparency Act, and are not a required part of the basic 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 basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Naperville, Illinois
August 13, 2020

CITY OF DARIEN, ILLINOIS

**Preliminary and Tentative
For Discussion Purposes Only**

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended April 30, 2020

CSFA Number	Program Name	State	Federal	Other	Total
494-00-1488	Motor Fuel Tax Program	\$ 611,366	\$ -	\$ -	\$ 611,366
444-26-1565	Tobacco Enforcement Program	935	-	-	935
	Other grant programs and activities	-	27,981	-	27,981
	All Other Costs not Allocated	-	-	26,684,061	26,684,061
	TOTALS	<u>\$ 612,301</u>	<u>\$ 27,981</u>	<u>\$ 26,684,061</u>	<u>\$ 27,324,343</u>

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, 2020, 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
August 13, 2020

City of Darien
Minutes of the Administrative/Finance Committee
February 3, 2020

The Meeting was called to order by Chairwoman/Alderswoman Sullivan at 6:00 pm. Committee members Aldermen Schauer and Gustafson were present. Mayor Marchese, Treasurer Coren, and City Administrator Vana were also present.

MUNIWEB – UPDATE CITY’S WEBSITE

Staff advised that during the October 2019 Goal Setting session, the council requested staff to update the City’s website with advanced features including an emergency notification banner that would allow the City to post various communications while the website ‘refresh’ would provide the benefit of displaying additional content, eliminating a lot of the scrolling. The staff solicited a proposal from our current website company to discuss in the FYE21 budget. However, given the modest cost and propriety given by the Council, staff is recommending this update be done immediately and not wait until May. Further, the combination of Metro Strategies along with an updated and easy to use website will provide a better avenue of communication to the residents/businesses. The proposed expenditure would be disbursed from Contingency Fund, 01-10-4330. The Committee unanimously recommended approval of a motion to accept a proposal from MuniWeb to update and refresh the City’s website in the amount of \$3,900.

NIMEC – WATER PUMPING

Staff advised that NIMEC will be holding its annual bid for electric services to our water pumping facilities. NIMEC is setting our annual bid date for March 3. To accept a bid on March 3, the City will need to execute our winning supplier’s agreement by the end of the day. As such, staff will need to have signing authority delegated by a resolution from the City Council prior to March 3. The Committee unanimously recommended approval of a resolution authorizing the participation in the Northern Illinois Municipal Electric Collaborative (NIMEC) bid for water pumping facilities and authorizing the city administrator to approve a contract with the lowest cost electricity provider for a period up to 36 months

FYE 2021 BUDGET OVERVIEW

Staff provided the Committee with a verbal overview of the FYE 2021 budget and budget schedule.

MINUTES – JANUARY 6, 2020- The Committee unanimously approved the minutes.

Adjournment - The meeting adjourned at 6:49 pm.

Approved:

Mary Sullivan, Chairwoman _____

Eric Gustafson, Member _____

Ted Schauer, Member _____