



2021

POPULAR ANNUAL FINANCIAL REPORT



Fiscal Year Ending
December 31, 2021

INTRODUCTION FROM THE CITY MANAGER

DEAR RESIDENTS,

As City Officials, we strongly believe that maintaining good communication with our residents is vital in order to have a successful and responsive government. We are pleased to present the 2021 Popular Annual Financial Report (PAFR) for the tenth consecutive year.

The PAFR is a summary of the financial activities of the City and is drawn from information found in the 2021 Annual Comprehensive Financial Report. Please note that the Annual Comprehensive Financial Report discloses detailed information regarding the government-wide, fund level and audited basic financial statements with notes as well as mandatory reporting and other required supplementary information. The Des Plaines Library is a component unit of the City and is included in the Annual Comprehensive Financial Report; however, the Library will not be discussed in this report since it is governed by a separate board.

It is important to note that the information contained in this report is unaudited and presented in accordance with Generally Accepted Accounting Principles. Therefore, it is not intended to replace the fully detailed financial statements and note disclosures contained in the Annual Comprehensive Financial Report.

We thank you for taking an active role in your City and community. We hope the information in this report will provide you with an easy to understand overview of the City's economic and financial outlook.

Sincerely,



Michael G. Bartholomew
City Manager



Dorothy Wisniewski
Assistant City Manager / Director of Finance



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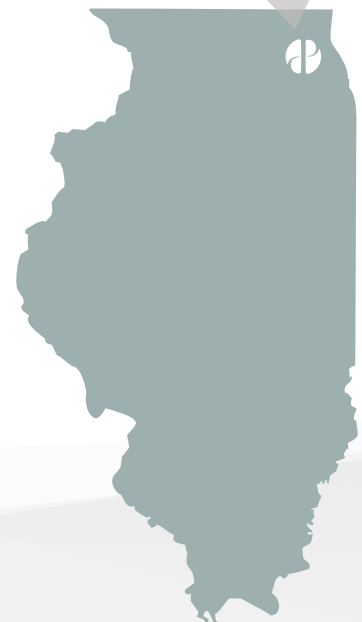
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COMMUNITY AT A GLANCE

The City of Des Plaines is located approximately 17 miles northwest of downtown Chicago, near O’Hare International Airport. It is a vibrant, diverse collection of residential, commercial, and industrial land uses, encompassing roughly 15 square miles of land area. The City of Des Plaines was incorporated in 1857 and operates under the statutory Council-Manager form of government.

The City Manager serves as the City’s Chief Administrative Officer and is responsible to the Mayor and City Council for the efficient management and operation of all of the affairs of the City and its departments. City staff members are committed to exceptional service delivery and maintaining a fiscally responsible approach to City finances.



COMMUNITY SNAPSHOT

- Incorporated: 1857
- Government Type: Council-Manager
- Population: 60,675
- Area: 14.334 square miles
- Number of Households: 21,849
- Full-Time City Employees: 351
- Median Household Income: \$73,639
- Median Home Value: \$267,200
- Household Size: 2.62
- Median Age: 42.8
- Sales Tax Rate: 10.0%





Award for Outstanding Reporting

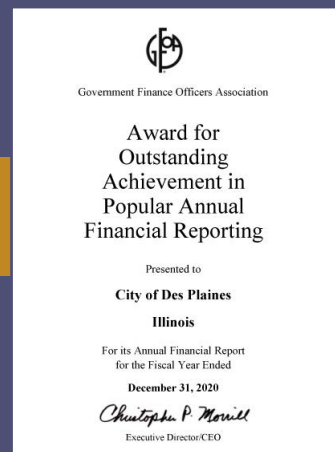
The Popular Annual Financial Report (PAFR) is intended to provide selected information on the City's financial condition in a summarized, easily understandable format.

This PAFR is based on the Annual Comprehensive Financial Report which is a more detailed report containing annually audited financial information pertaining to the City.

The information contained within this report will highlight only the most significant funds of the City of Des Plaines. For a more in-depth look at the City's current financial position, please see the Annual Comprehensive Financial Report at our website: www.desplaines.org.

You can also find additional financial documents, including our Annual Budget and Treasurer's Report at our website.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Des Plaines for its Popular Annual Financial Report for the fiscal year ended December 31, 2020.

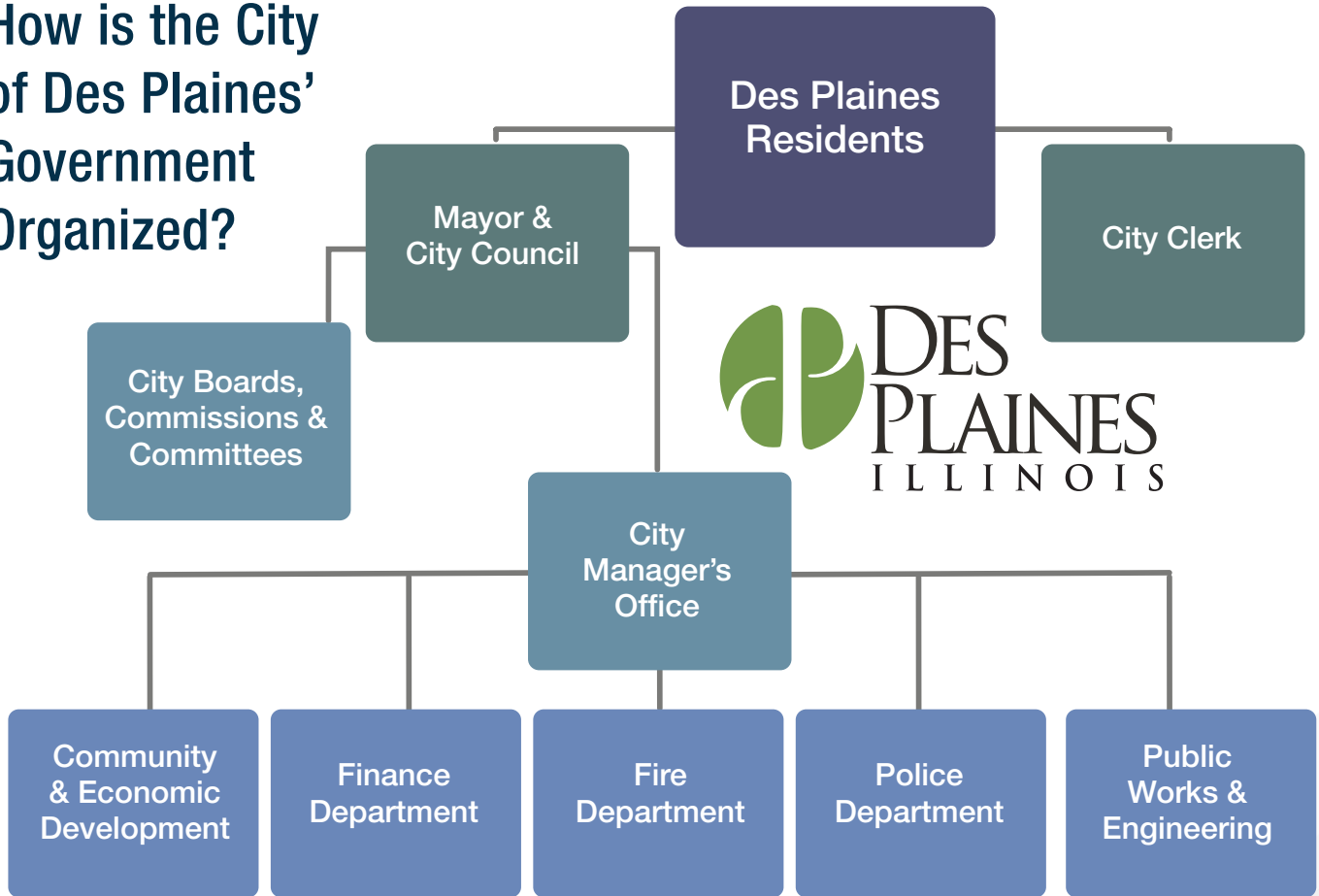


In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, which conforms to the program's standards of creativity, presentation, understandability and reader appeal.

The City of Des Plaines has received a Popular Award for the past nine consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements.

ABOUT THE ORGANIZATION

How is the City of Des Plaines' Government Organized?



Andrew Goczkowski
Mayor



Jessica M. Mastalski
City Clerk

OUR ELECTED OFFICIALS



Mark A. Lysakowski
Alderman - Ward 1



Colt Moylan
Alderman - Ward 2



Sean Oskerka
Alderman - Ward 3



Artur Zadrozny
Alderman - Ward 4



Carla Brookman
Alderman - Ward 5



Malcolm Chester
Alderman - Ward 6



Patsy Smith
Alderman - Ward 7



Shamoan Ebrahimi
Alderman - Ward 8

ECONOMIC SUCCESS STORIES

Development and Investment in 2021

- The Des Plaines Theatre opened for its first show on October 31, 2021, bringing hundreds of weekly visitors to downtown Des Plaines.
- The number of building permits issued increased 16 percent year over year, with 3,193 permits issued compared to 2,750 issued in 2020. The total construction value/declared building permit valuation in 2021 totaled \$127,809,011, sustaining a trend of greater investment than in the late 2000s and early 2010s.
- The City Council approved a large residential development on 11 acres of long-vacant land: 125 townhome units by M/I Homes at 1050 E. Oakton Street. The site is within a 10-minute walk of a proposed Oakton Metra station along the North Central Service / Canadian National rail line and is expected to bolster the increment in TIF District No. 8, created in 2019, by an estimated \$800,000-\$1,000,000 per year. Construction is expected in 2022-2023.
- The City Council also approved support and consent to four new and four renewed Cook County Class 6b industrial tax incentives for approximately 888,000 square feet of building and redevelopment improvements.

Business and Community Assistance

- Through the Business Assistance Program, the City provided a \$47,752.50 grant to the owners of At 7 Bar and Grill, a new restaurant located at 1472 Market Street. This leveraged a \$131,000 total investment by the restaurant owner in a key downtown location: the Metropolitan Square development.
- The City deployed pandemic-related assistance to 21 businesses through a combination of a local Safe Reopening grant program (approximately \$16,000) and federal CARES Act relief, in partnership with local agency Center of Concern (approximately \$150,000).

The City is a Community Development Block Grant (CDBG) entitlement community that receives an annual allocation of funding from the Department of Housing and Urban Development (HUD). This Federal grant is primarily focused on programs that benefit low- and moderate-income residents. The City's CDBG program funds home repair projects, public infrastructure improvements, and social services. The CDBG program also provided CARES Act funding that the City made available in the form of COVID-relief grants for residents and businesses adversely affected by the pandemic. The City typically receives more than \$300,000 of CDBG funding each year.

The Health and Human Services (HHS) Division promotes the health and well-being of Des Plaines residents through information and referrals. HHS funds a variety of local social service agencies and programs on an annual basis.



STATEMENT OF NET POSITION

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?"

The Statement of Net Position reports information about the City as a whole in a way that helps answer this question. The focus of the Statement of Net Position is designed to be similar to bottom line results for the City and its governmental and business-type activities.

Statement of Net Position

(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current & Other Assets	\$ 171.8	\$ 139.2	\$ 15.9	\$ 11.3	\$ 187.7	\$ 150.5
Capital Assets	261.5	256.1	48.7	47.1	310.2	303.2
Total Assets	433.3	395.3	64.6	58.4	497.9	453.7
DEFERRED OUTFLOW OF RESOURCES	21.1	28.3	0.5	0.7	21.6	29.0
LIABILITIES						
Current Liabilities	27.1	15.8	2.1	1.4	29.3	17.2
Noncurrent Liabilities	192.3	212.6	2.0	2.0	194.3	214.6
Total Liabilities	219.5	228.4	4.1	3.4	223.6	231.8
DEFERRED INFLOWS OF RESOURCES	61.8	54.7	4.0	2.3	65.8	57.0
NET POSITION						
Net Investment in Capital Assets	247.6	240.7	48.6	46.8	296.1	287.5
Restricted	8.6	7.3	-	-	8.6	7.3
Unrestricted	(83.1)	(107.5)	8.4	6.6	(74.6)	(100.9)
Total Net Position	\$ 173.1	\$ 140.5	\$ 57.0	\$ 53.4	\$ 230.1	\$ 193.9

**Due to rounding, some figures will have slight variances from the Annual Comprehensive Financial Report.*

Net Position Overview

The statement distinguishes governmental activities (general government, public safety, public works, streets and highways, and economic development) from business-type activities (water & sewer, parking). Total assets for the City as of December 31, 2021, were \$497.9 million, an increase of \$44.2 million or 9.7 percent. Total liabilities as of December 31, 2021, were \$223.6 million, a decrease of \$8.2 million or 3.5 percent.

Net position was \$230.1 million in fiscal 2021, an increase of \$36.2 million. Of the City's net position, \$296.1 million was net investment in capital assets, while \$8.6 million was restricted by the City or other legal requirements and was not available to finance day-to-day operations of the City. Unrestricted net position increased by \$26.3 million or approximately 26.1 percent to negative \$74.6 million.



GENERAL FUND OVERVIEW

The General Fund is the City's primary operating fund and is the foundation for all governmental activities.

The vast majority of revenue for the General Fund is comprised of various types of taxes, the largest source being property taxes.

Sales, income, and other intergovernmental taxes are distributed by the State of Illinois on the basis of population.

The functional expenditures of the General Fund include the operational costs of the following departments/divisions:

- **General Government** – City Administration, Finance, Legal, and other departments.
- **Public Safety** – Police and Fire departments.
- **Public Works** – Facilities and Grounds, Water and Sewer Systems, Vehicle Maintenance, and other divisions.
- **Streets and Highways** – Engineering, Street Maintenance, and other divisions.
- **Economic Development** – Community Development, Building and Code Enforcement, Planning and Zoning, and other departments.

The City of Des Plaines seeks to maintain a minimum General Fund balance equal to at least 25% of the total General Fund expenditures.

WHAT IS A FUND?

An accounting entity with a set of self-balancing accounts that is used to account for financial transactions for specific activities or government functions.



GENERAL FUND REVENUES & EXPENDITURES

While the City has diversified revenue sources, property, sales and income taxes account for over 68% of General Fund revenues.

	2021	2020
Property Tax	\$ 24,228,906	\$ 24,126,474
Municipal Sales Tax	13,931,164	11,634,916
HR Sales Tax	3,887,683	3,309,015
Income Tax	8,311,489	6,531,025
Total	50,359,242	45,601,430
Total Revenues	\$ 73,765,439	\$ 68,015,738

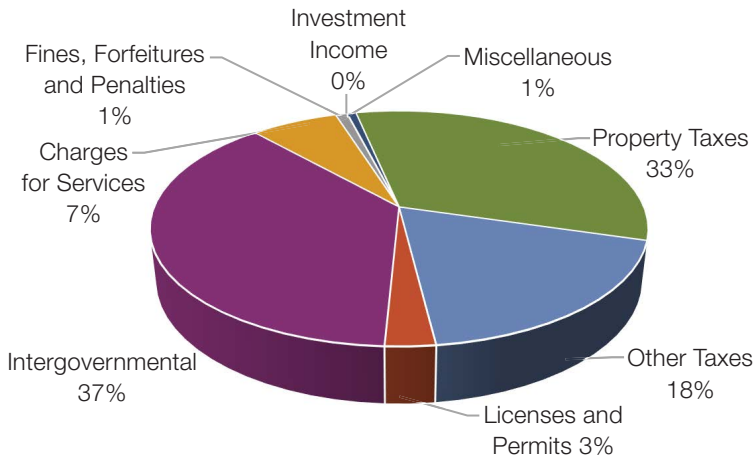


2021 Statement of Revenues, Expenditures, and Changes in Fund Balance (in millions)

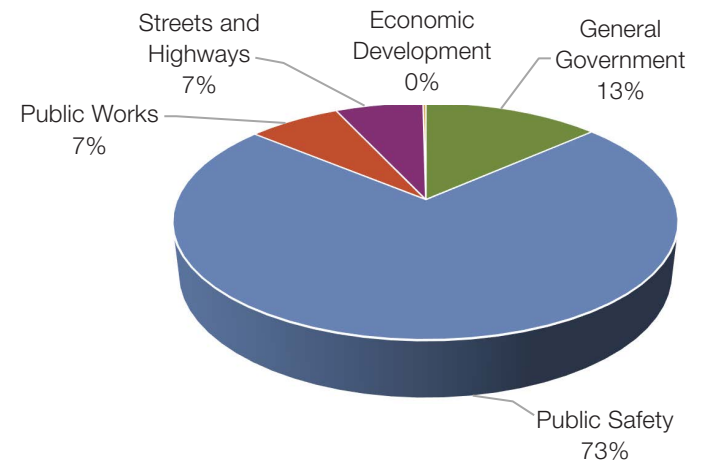
	2021	2020	2019
REVENUES			
Property Taxes	\$ 24.2	\$ 24.1	\$ 24.3
Other Taxes	13.7	11.2	12.2
Licenses and Permits	2.0	2.0	3.8
Intergovernmental	27.7	23.3	23.4
Charges for Service	5.0	6.2	5.6
Fines, Forfeitures and Penalties	0.7	0.7	1.1
Investment Income	0.0	0.3	0.8
Miscellaneous	0.5	0.2	0.3
TOTAL REVENUES	73.8	68.0	71.5
EXPENDITURES			
General Government	8.8	8.5	8.9
Public Safety	47.5	45.6	45.1
Public Works	4.6	6.6	7.0
Streets and Highways	4.4	3.8	4.3
Economic Development	0.1	0.3	0.4
TOTAL EXPENDITURES	65.5	64.8	65.7
EXCESS OF REVENUES OVER EXPENDITURES	8.2	3.2	5.8
Transfers In	0.6	0.4	0.2
Transfers Out	(0.9)	(1.9)	(2.8)
Net Change in Fund Balance	7.9	1.7	3.2
Fund Balance, January 1	61.3	59.5	56.3
Fund Balance, December 31	\$ 69.2	\$ 61.2	\$ 59.5

Due to rounding, there will be slight variances from the Annual Comprehensive Financial Report.

2021 REVENUES



2021 EXPENDITURES



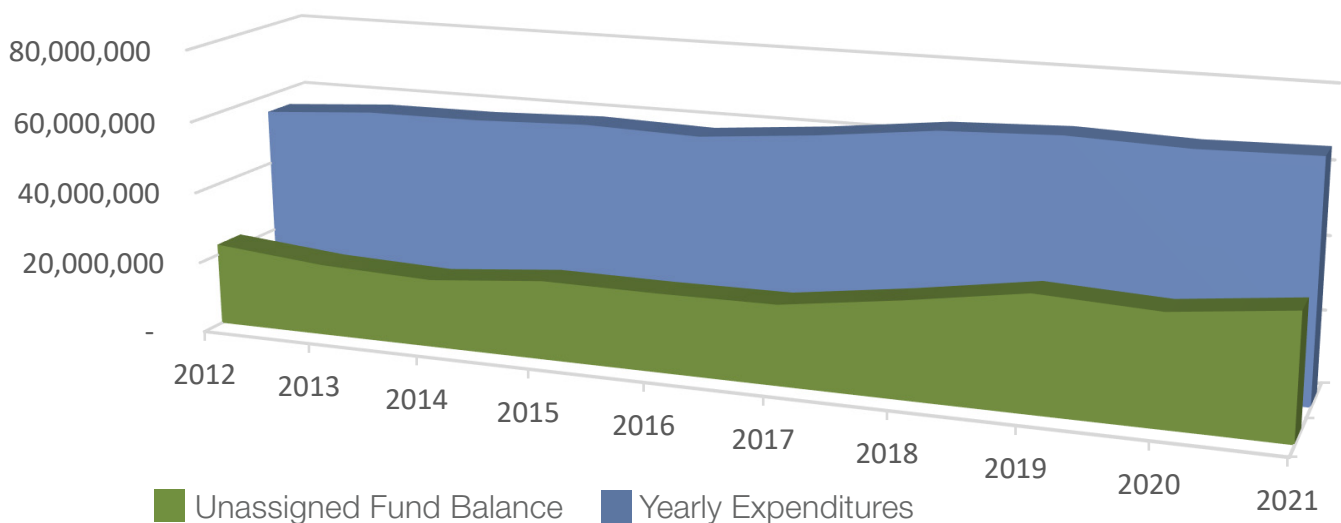
GENERAL FUND REVENUES & EXPENDITURES

General Fund Balance Trend 2012-2021

The fund balance for the General Fund as of December 31, 2021 was \$65.5 million, an increase of \$766 thousand from fiscal 2020, as a result of a conservative approach related to expenditures and anticipation of lower tax revenues due to the COVID-19 pandemic. The nonspendable fund balance was \$25.8 million and the assigned fund balance was \$9.3 million, resulting in the unassigned fund balance of \$34.1 million. The unassigned balance of the General Fund can be used to cover the day-to-day service delivery and was at 52.1 percent of the 2021 General Fund expenditures.

Year	Unassigned Fund Balance	Yearly Expenditures	% of Expenditures
2012	22,966,242	55,182,000	41.6%
2013	20,107,209	57,347,965	35.1%
2014	19,047,354	57,553,839	33.1%
2015	21,989,485	58,685,806	37.5%
2016	21,833,793	57,871,619	37.7%
2017	22,135,880	60,731,332	36.4%
2018	26,643,211	64,482,430	41.3%
2019	31,828,170	65,746,799	48.4%
2020	30,409,850	64,756,085	47.0%
2021	34,149,343	65,521,844	52.1%

General Fund Balance vs. Expenditures



In 2021, the City exceeded the minimum General Fund balance requirement of 25% of total General Fund expenditures.



The Water & Sewer Enterprise Fund

An enterprise fund is a self-supporting government fund that sells goods and services to the public for a fee and should be supported by user fees rather than taxes or other outside sources.

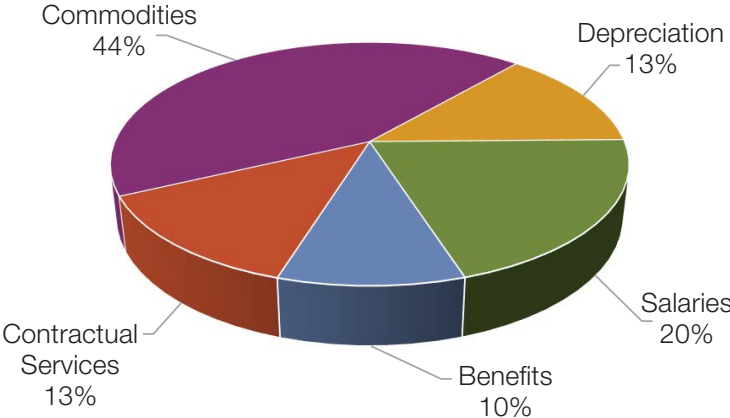
The City's most substantial enterprise fund is the Water & Sewer Fund. This fund accounts for the revenues and expenses associated with the transmission, treatment, storage, and sale of water to residential, commercial, and industrial customers within the City. In addition, this fund is also responsible for the maintenance of the City's sanitary sewer mains and connections.

The Water & Sewer Fund's net position as of December 31, 2021, totaled \$49.2 million, an increase of \$4.4 million from the prior year.

Providing Water to Our Customers

Des Plaines is a wholesale purchaser of water from the City of Chicago and the Northwest Water Commission. Currently, the City provides water and sewer services to over 16,900 customers. The average daily water consumption in the City of Des Plaines is over 6.5 million gallons.

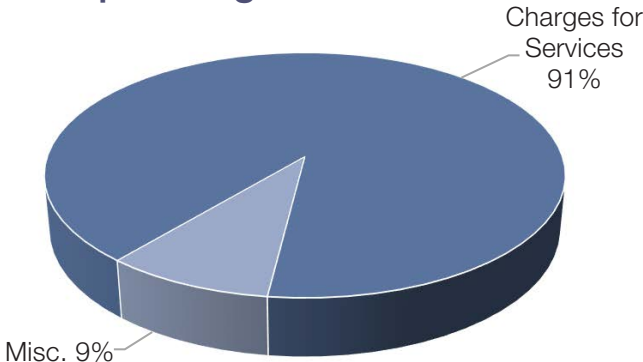
2021 Operating Expenses



2021 Excess Revenues Over Expenses (in millions)

Operating Revenues			
	2021	2020	2019
	19.7	17.4	15.3
Operating Expenses			
	2021	2020	2019
	14.8	13.3	14.4
Operating Income (Loss)			
	2021	2020	2019
	4.8	4.1	0.9

2021 Operating Revenues



GAMING TAX FUND OVERVIEW

About Gaming Taxes

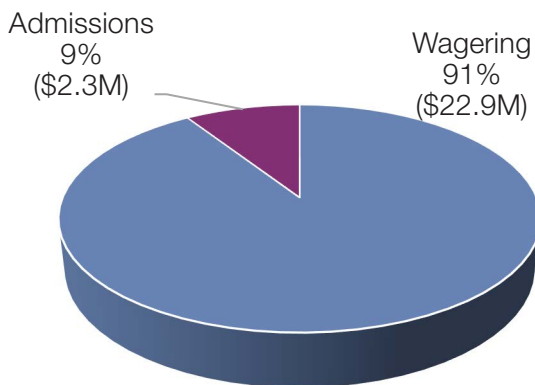
In July 2011, Rivers Casino opened in Des Plaines, elevating the City's financial position. Revenues from Gaming Taxes are allocated to a special revenue fund. As a special revenue fund, this money is limited to specific uses. The city gaming tax policy restricts use of funds primarily for infrastructure improvements and debt repayment. The 2021 gaming tax revenue allocation will be approved during the 2023 Budget process.

The City receives two types of Gaming Taxes related to the casino:

- Admissions Tax - \$1.00 tax for every person entering the casino
- Wagering Tax - 5.00% tax from all wagering activities within the casino

Gaming tax revenues have rebounded in 2021 as a result of the Casino being open more days post the COVID-19 pandemic when comparing to fiscal year 2020.

Gaming Tax



Benefiting Communities

Historically, the State of Illinois has received \$10 million every year from the City's gaming tax proceeds, while 40% of any revenues over \$10 million have been shared amongst 10 benefiting communities. This left 60% of all revenues over \$10 million to be utilized by the City. During fiscal year 2021, as a result of the COVID-19 pandemic, the casino was open for 347 out of the 365 days. As such, the gaming tax payouts for this fiscal year were prorated based on this percentage.

State of Illinois	\$ 9,506,849
City of Chicago Heights	1,839,626
City of Harvey	1,360,574
Village of Riverdale	713,826
City of Markham	780,636
Village of Summit	747,164
Village of Robbins	309,884
Village of Dixmoor	199,025
Village of Ford Heights	121,370
Village of Phoenix	114,340
Village of Hodgkins	100,416
Total Shared Revenues	\$ 15,793,709

The revenue received from Rivers Casino not only benefits the City of Des Plaines, but a host of other Chicagoland communities as well.

After these contractual obligations were fulfilled, the City's portion of the gaming tax revenue was approximately \$9.4 million.

2021 Excess Revenues Over Expenses (in millions)

Revenues

2021	2020	2019
25.2	13.2	26.2

Expenditures

2021	2020	2019
15.9	8.7	16.2

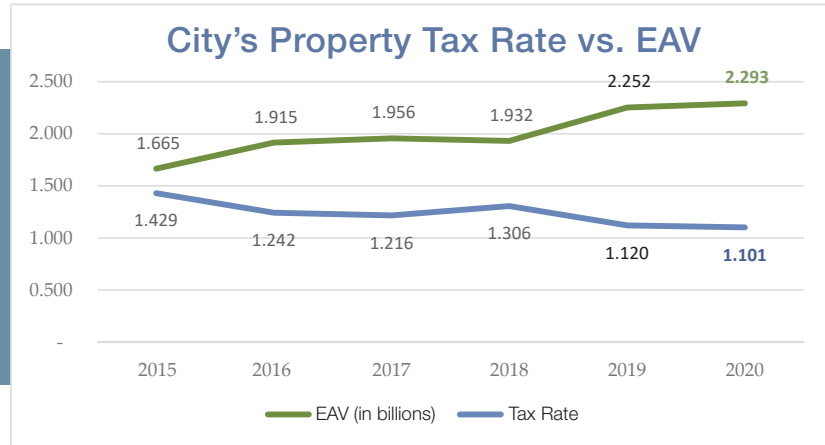
Excess Revenues Over Expenditures

2021	2020	2019
9.4	4.5	10.0

PROPERTY TAXES

The City's primary source of revenue is property taxes. This tax is used to support day-to-day operations, fund public safety pensions, and repay previously committed debts.

The City's tax rate has an inverse relationship with the City's total EAV. In other words, when EAVs decline, the effect is usually an increase to the tax rate.



Tax Levy Allocation

The 2020 Tax Levy amount remained the same as the prior year. In order to maintain sufficient funding for the police and fire pensions without increasing the total levy amount, a portion of the tax levy allocation had to be diverted from general purposes.

Distribution	2016	2017	2018	2019	2020*
General	\$12,830,100	\$12,333,150	\$12,663,150	\$12,578,150	\$9,282,822
Fire Pension	4,900,000	5,200,000	5,732,000	5,796,000	7,349,577
Police Pension	5,250,000	5,550,000	6,094,000	6,115,000	7,856,751
Debt Service	103,050	-	-	-	-
Total Tax Levy	\$23,083,150	\$23,083,150	\$24,489,150	\$24,489,150	\$24,489,150

* 2020 Tax Levy was collected during the 2021 fiscal year.

Where do your property taxes go?

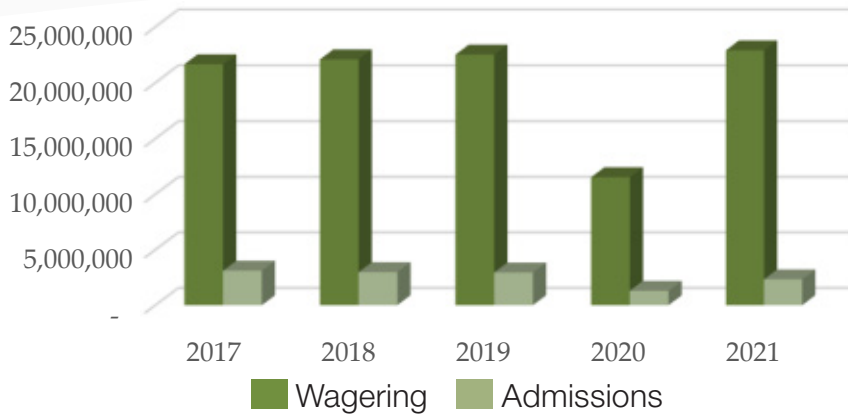


For every dollar of property tax that is collected, the City of Des Plaines receives less than 12 cents.

CITYWIDE REVENUE TRENDS

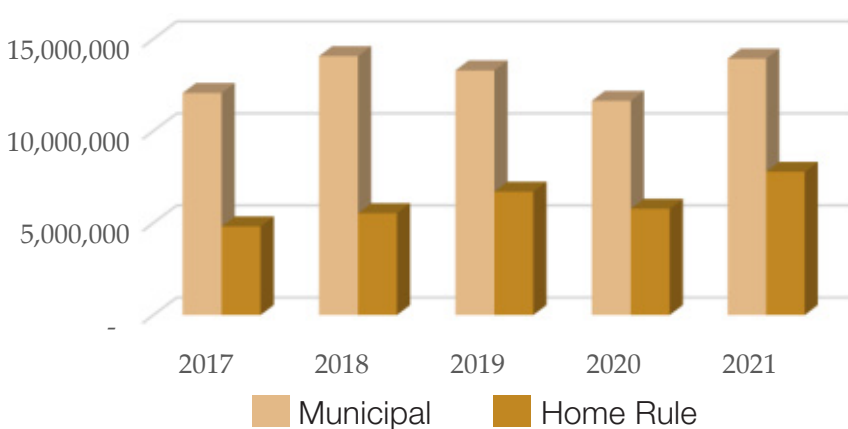
The most significant sources of revenue for the City outside of property taxes are gaming, sales and income taxes.

Gaming Revenue Trends



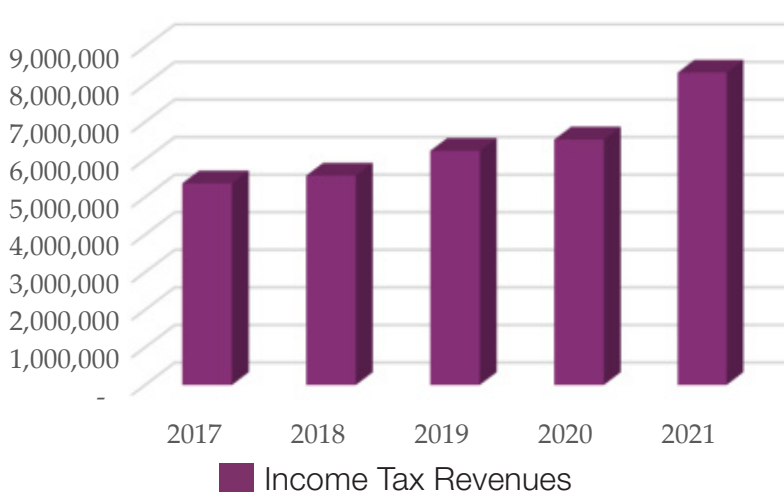
Gaming tax revenues have rebounded in 2021 post the COVID-19 pandemic as a result of the Casino being opened most of the 2021 fiscal year.

Sales Tax Revenue Trends



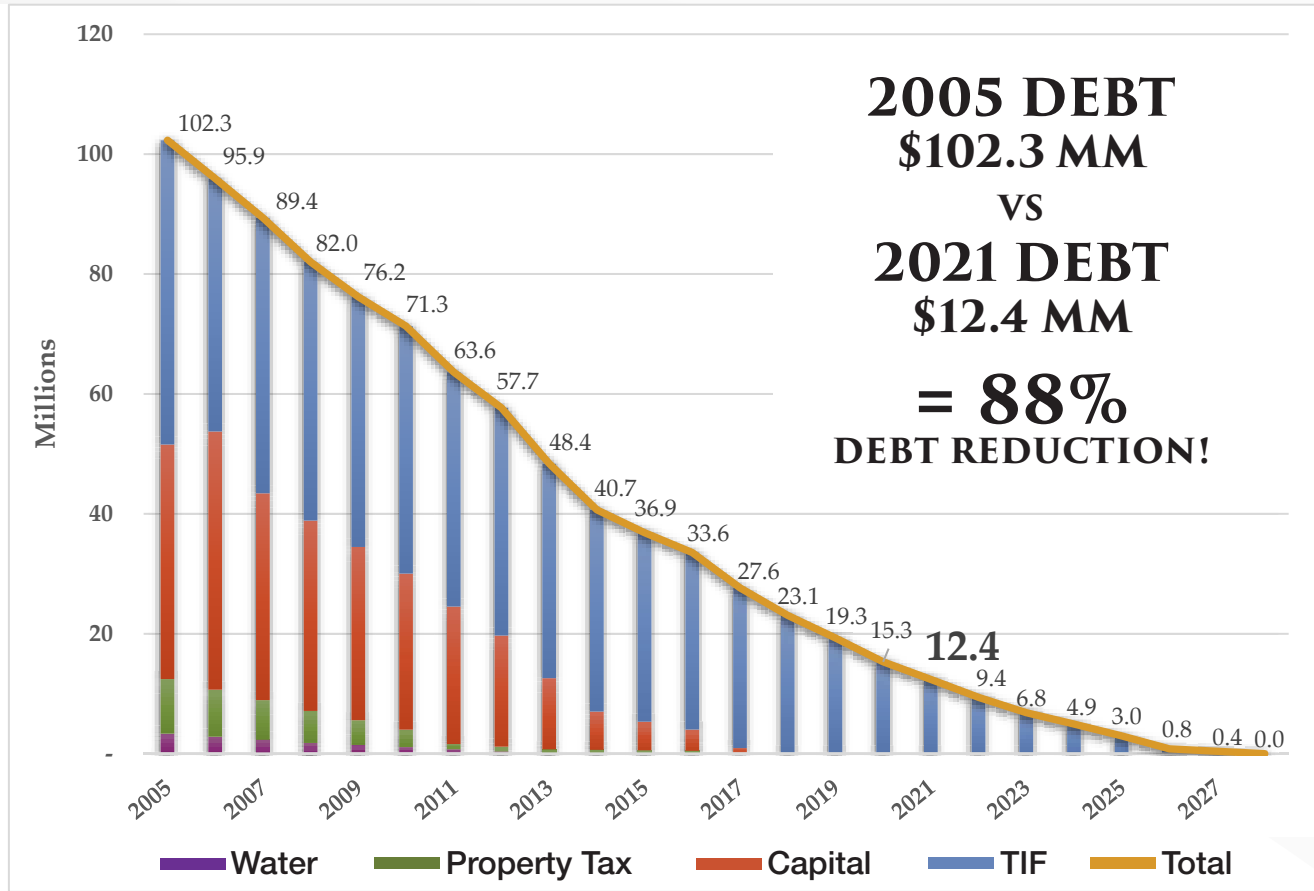
Revenues from both home rule and municipal sales tax have rebounded close to the pre-COVID-19 pandemic levels as a result of more businesses being opened throughout the 2021 fiscal year.

Income Tax Revenue Trends



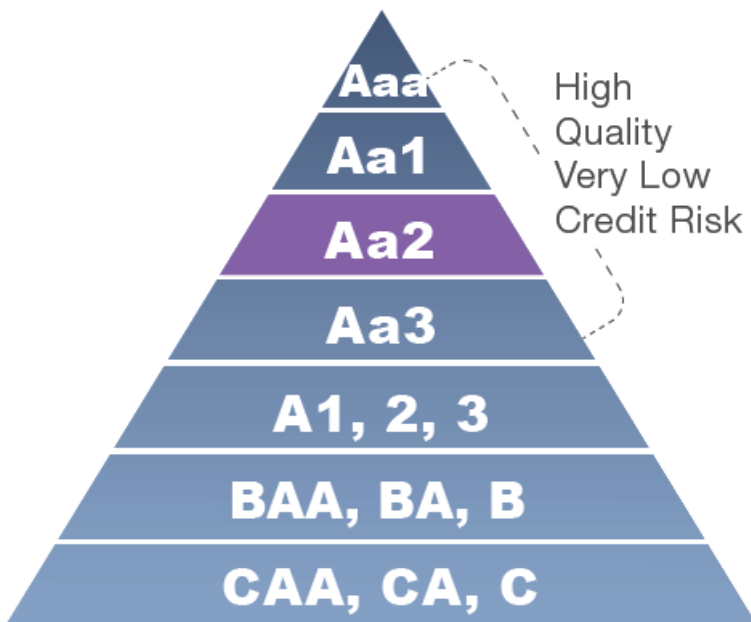
While income tax revenues have slightly fluctuated throughout the years, 2021 fiscal year has seen a significant increase in income taxes.

DEBT STATUS



All general obligation notes and bonds payable are backed by the full faith and credit of the City. The City had \$12.4 million in principal outstanding general obligation debt at the end of 2021. The majority of the City’s debt burden is supported by Tax Increment Financing (TIF) revenues, sales and utility taxes, sewer fees and other fees. The City does not have any property tax supported debt.

All current debt will be retired by the end of 2028.



Moody’s Investors Services Ratings

Moody’s Investors Service has assigned an Aa2 rating to the City’s outstanding municipal bond issues. The City has taken advantage of this rating to refinance its outstanding debt for better interest rates and pay off debt early to save on future interest costs.

KEY TERMS

Deferred Inflow of Resources - An acquisition of net assets by the government that is applicable to a future reporting period. For example, advance collections (revenues collected before a service was rendered).

Deferred Outflow of Resources - A consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items (expenses paid before a service was rendered).

Equalized Assessed Value (EAV) - The product of the assessed value of your property (both land and improvements) and the State equalization factor which is set by the Illinois Department of Revenue.

Net Assets - The difference between an entity's assets and its liabilities.

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net Position - The difference between an entity's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources represents its net position. Net position has the following three components: net investment in capital assets; restricted net position; and unassigned net position.

Restricted Net Position - Net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Tax Abatement - A reduction of taxes granted by a government to encourage economic development.

Tax Increment Financing (TIF) - A public financing method used by municipal governments to stimulate economic development in a targeted geographical area by utilizing future tax revenues to pay for necessary public improvements.

Unassigned Net Position - Net position that is not "restricted" or "net invested in capital assets."

CITY ADMINISTRATION

City Manager.....Michael G. Bartholomew
General Counsel.....Peter Friedman, Elrod Friedman LLP
Assistant City Manager/Director of Finance..... Dorothy Wisniewski
Chief of Police..... David Anderson
Fire ChiefDaniel Anderson
Director of Public Works & EngineeringTimothy Oakley
Director of Community & Economic Development.....John Carlisle

City of Des Plaines

1420 Miner Street, Des Plaines, IL 60016

Phone: 847.391.5300 | 8:30 a.m. - 5:00 p.m. Monday – Friday

Comments or suggestions for improving this document can be addressed to the Finance Department located at City Hall or emailed to finance@desplaines.org.

