



Delivering on Our Strategic Goals



MUNICIPAL
EXCELLENCE



INFRASTRUCTURE
& MOBILITY



COMMUNITY
CHARACTER



RE-IMAGINED
GROWTH

2023 POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2023



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 2023 Popular Annual Financial Report (PAFR) for the twelfth consecutive year.

The PAFR is a summary of the financial activities of the City and is drawn from information found in the 2023 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,



Dorothy Wisniewski
City Manager



Agnes Podbial
Director of Finance



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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 1869 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: 1869
- Population: 60,675
- Median Age: 42.3
- Household Size: 2.58
- Area: 14.33 square miles
- Sales Tax Rate: 10.0%
- Government Type: Council-Manager
- Number of Households: 22,887
- Median Household Income: \$86,552
- Median Home Value: \$304,100
- Full-Time City Employees: 357

Source: United States Census Bureau



ABOUT THE PAFR



POPULAR ANNUAL FINANCIAL REPORT

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, 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: desplaines.org/budget.

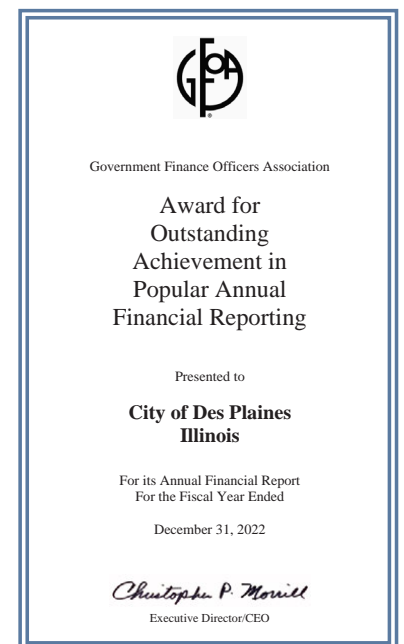
By visiting our website at desplaines.org/budget, you can also find additional financial documents, including our Annual Budget and Treasurer's Report.

AWARD FOR OUTSTANDING REPORTING

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 ending December 31, 2022.

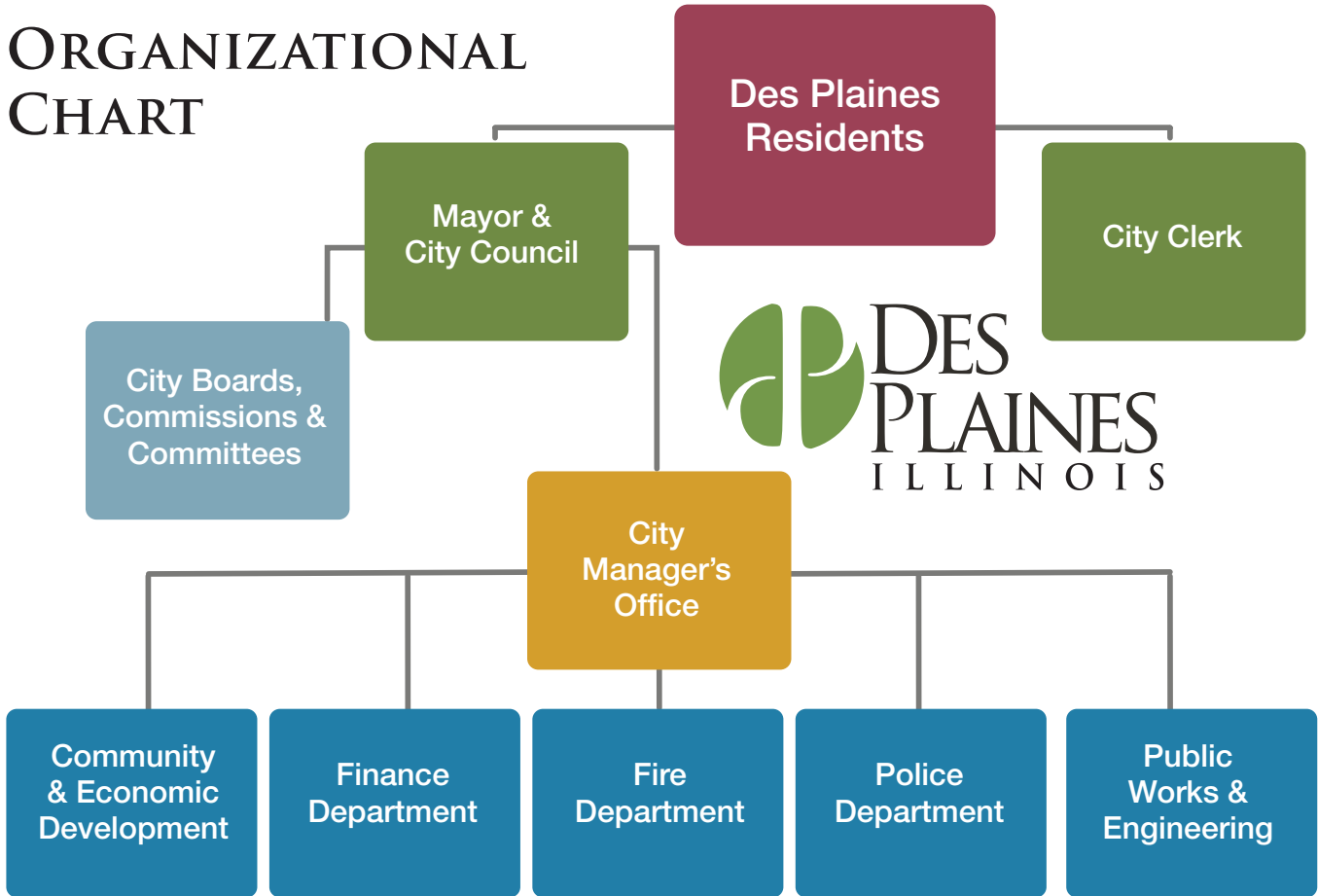
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, which conforms to the program's standards of creativity, presentation, understandability and reader appeal.

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



ABOUT THE ORGANIZATION

ORGANIZATIONAL CHART



OUR ELECTED OFFICIALS



MAYOR
Andrew Goczkowski



CITY CLERK
Jessica M. Mastalski



FIRST WARD
Mark A. Lysakowski



SECOND WARD
Colt Moylan



THIRD WARD
Sean Oskerka



FOURTH WARD
Dick Sayad



FIFTH WARD
Carla Brookman



SIXTH WARD
Mark Walsten



SEVENTH WARD
Patsy Smith



EIGHTH WARD
Mike Charewicz

*As of December 31, 2023

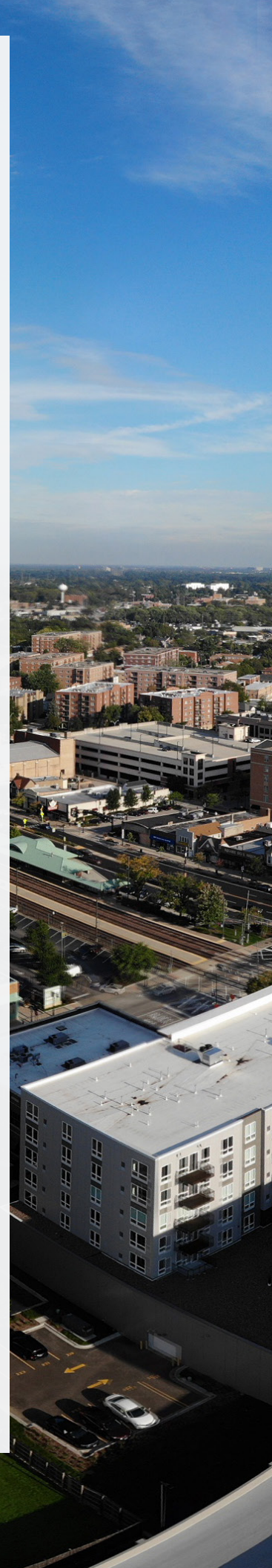
ECONOMIC SUCCESS STORIES

DEVELOPMENT AND INVESTMENT IN 2023

- The City welcomed 129 new registered businesses in 2023, up from 81 in 2022.
- Permitted construction value exceeded \$100 million for the seventh consecutive year, with approximately 3,000 construction permits issued.
- Various sectors of development saw key projects hit construction benchmarks:
 - **Completed (Occupancy):**
 - **Multifamily residential:** The Welkin, a 212-unit apartment building at 1425 Ellinwood St. was completed and completely approved for residential occupancy.
 - **Restaurant:** The Foxtail on the Lake Restaurant at 1177 Howard Ave. completed its redevelopment of an old church building and opened its doors to the public in November of 2023.
 - **Cannabis:** The City's first cannabis infuser, Culinary Cannabis Company at 1245 Forest Ave., completed construction.
 - **Began:**
 - **Industrial:** Highlander Transportation's new approximately 63,000 sq-ft headquarters located at 580 S. Wolf Rd.
 - **Restaurant:** Three separate restaurants will be located in the previous Café La Cave site at 2777 Mannheim Rd. The restaurants will include Raising Cane's, Cava Mediterranean Grill, and Guzman Y Gomez.
- The City Council approved local support for two new Cook County 6b property tax incentives and approved local support for three renewals. The approved incentives will facilitate industrial redevelopment and renovation of the sites, amounting to approximately \$4.4 million of investment.

BUSINESS AND COMMUNITY ASSISTANCE

- In May 2023, the City Council approved a revamped Business Assistance Program. The new program consists of two grant types: the BOOST and GROWTH grants. In 2023, the City Council awarded two GROWTH grants and five BOOST grants totaling \$330,000. Projects included a complete restaurant build out, replacing awnings, façade renovations, and exterior groundwork.
- The City is a Community Development Block Grant (CDBG) entitlement community that receives an annual allocation of more than \$300,000 from the Department of Housing and Urban Development (HUD) primarily to benefit low-to-moderate income residents. The City utilized CDBG funds for four home repair projects, baseball field improvements at Seminole Park, and street improvements on Irwin Ave., Koehler Dr., and Wayne Dr.
- The Human Services Division administers annual funding approved by the City Council for local services agencies and programs that benefit Des Plaines residents. In addition, Human Services provides regular information and referrals to residents in need.



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	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current & Other Assets	\$ 207.9	\$ 189.2	\$ 14.9	\$ 17.1	\$ 222.8	\$ 206.3
Capital Assets	265.6	251.3	67.8	64.7	333.4	316.0
Total Assets	473.5	440.5	82.7	81.8	556.2	522.3
DEFERRED OUTFLOW OF RESOURCES	30.8	45.5	2.3	2.9	33.1	48.4
LIABILITIES						
Current Liabilities	25.5	27.8	3.8	2.6	29.3	30.4
Noncurrent Liabilities	216.7	231.3	2.0	3.3	218.7	234.6
Total Liabilities	242.2	259.1	5.8	5.9	248.0	265.0
DEFERRED INFLOWS OF RESOURCES	37.7	39.3	3.7	3.8	41.4	43.1
NET POSITION						
Net Investment in Capital Assets	256.2	240.1	66.6	63.5	322.8	303.6
Restricted	9.7	9.2	-	-	9.7	9.2
Unrestricted	(41.5)	(61.7)	9.0	11.5	(32.5)	(50.2)
Total Net Position	\$ 224.4	\$ 187.6	\$ 75.6	\$ 75.0	\$ 300.0	\$ 262.6

**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). The increase in net position of governmental activities was primarily attributable to an increase in total assets of \$33.0 million and a decrease in deferred inflows of \$1.6 million. Total assets for the City as of December 31, 2023, were \$556.2 million, an increase of \$33.9 million or 6.5 percent. Total liabilities as of December 31, 2023,

were \$248.0 million, a decrease of \$17.0 million or 6.4 percent.

Net position was \$300.0 million in fiscal 2023, an increase of \$37.4 million. Of the City's net position, \$322.8 million was net investment in capital assets, while \$9.7 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 \$17.7 million or approximately 35.3 percent to negative \$32.5 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 67% of General Fund revenues.

	2023	2022
Property Tax	\$ 24,528,612	\$ 25,010,610
Municipal Sales Tax	15,726,617	14,798,322
HR Sales Tax	4,516,123	4,388,470
Income Tax	9,778,492	9,825,188
Total	54,549,844	54,024,612
Total Revenues	\$ 81,011,244	\$ 81,583,279

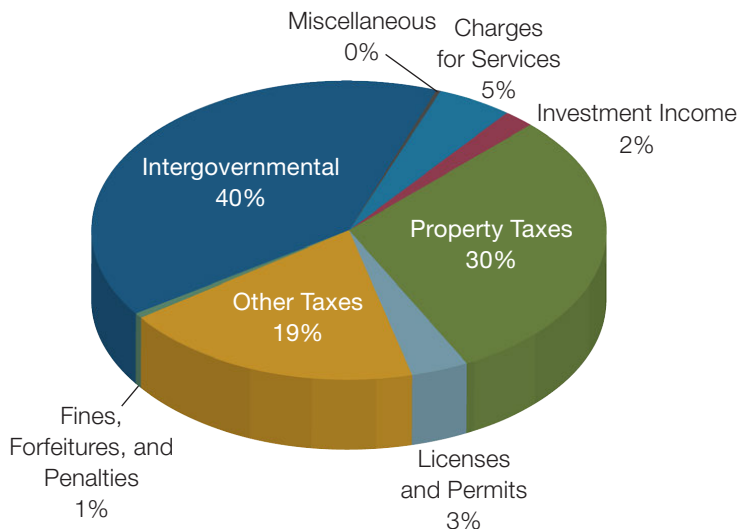


2023 Statement of Revenues, Expenditures, and Changes in Fund Balance (in millions)

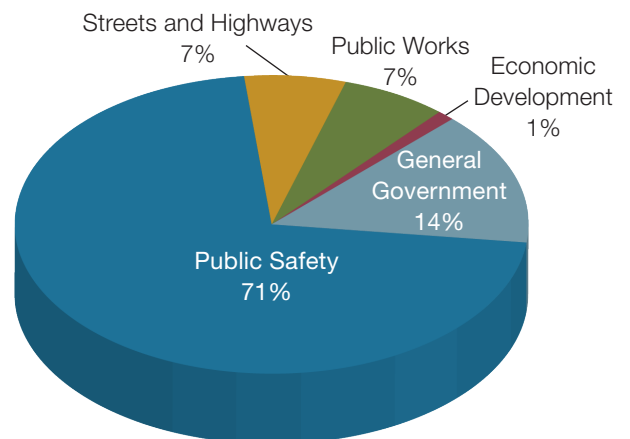
	2023	2022	2021
REVENUES			
Property Taxes	\$ 24.5	\$ 25.0	\$ 24.2
Other Taxes	15.3	15.5	13.7
Licenses and Permits	2.8	1.8	2.0
Intergovernmental	32.3	32.8	27.7
Charges for Service	3.9	5.4	5.0
Fines, Forfeitures and Penalties	0.5	0.5	0.7
Investment Income	1.5	0.2	0.0
Miscellaneous	0.2	0.4	0.5
TOTAL REVENUES	81.0	81.6	73.8
EXPENDITURES			
General Government	10.2	9.3	8.8
Public Safety	50.4	50.6	47.5
Public Works	4.6	4.2	4.6
Streets and Highways	4.8	4.5	4.4
Economic Development	0.6	0.2	0.1
TOTAL EXPENDITURES	70.6	68.8	65.5
EXCESS OF REVENUES OVER EXPENDITURES	10.4	12.8	8.3
Transfers In	0.1	0.1	0.6
Transfers Out	(7.0)	(1.9)	(0.9)
Net Change in Fund Balance	3.5	11.0	8.0
Fund Balance, January 1	80.2	69.2	61.3
Fund Balance, December 31	\$ 83.7	\$ 80.2	\$11.0

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

2023 REVENUES



2023 EXPENDITURES



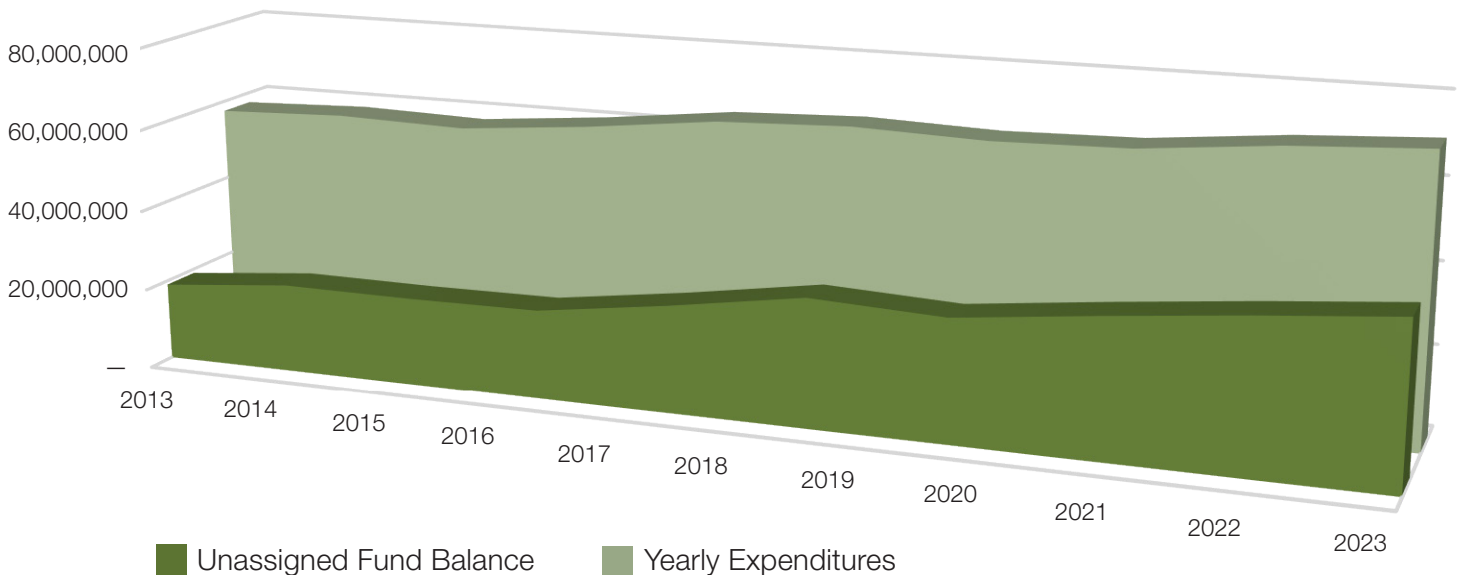
GENERAL FUND REVENUES & EXPENDITURES

GENERAL FUND UNASSIGNED BALANCE TREND 2014-2023

The fund balance as indicated on page 9, for the General Fund as of December 31, 2023 was \$83.7 million, an increase of \$3.5 million from fiscal 2022. The nonspendable fund balance was \$22.2 million and the assigned fund balance was \$20.8 million, resulting in the unassigned fund balance of \$40.6 million. The unassigned balance of the General Fund can be used to cover the day-to-day service delivery and was at 57.5 percent of the 2023 General Fund expenditures.

Year	Unassigned Fund Balance	Yearly Expenditures	% of Expenditures
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%
2022	37,607,773	68,763,545	54.7%
2023	40,627,087	70,609,485	57.5%

GENERAL FUND UNASSIGNED BALANCE VS. EXPENDITURES



In 2023, the City exceeded the minimum General Fund unassigned balance requirement of 25% of total General Fund expenditures.



WATER & SEWER FUND OVERVIEW

THE WATER & SEWER ENTERPRISE FUND

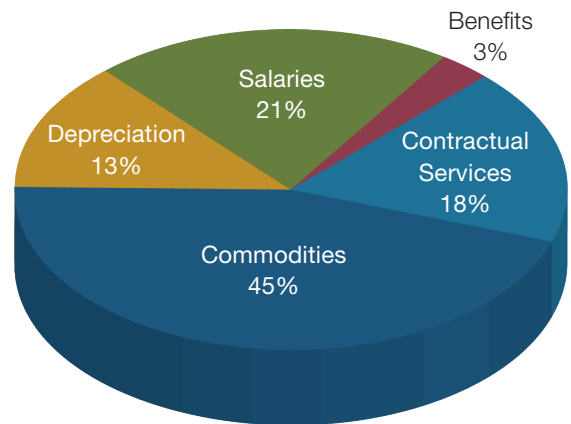
An enterprise fund is a self-supporting government fund that sells goods and services to the public for a fee and should be supported by user fees rather than taxes or other outside sources.

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.

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 17,600 customers. The average daily water consumption in the City of Des Plaines is over five million gallons. In 2023, higher costs for water purchased from the City of Chicago and a rise in water main breaks led to an increase of \$3.8 million in operating expenses.

2023 OPERATING EXPENSES



2023 EXCESS REVENUES OVER EXPENSES (IN MILLIONS)

Operating Revenues

2023	2022	2021
19.7	18.5	19.7

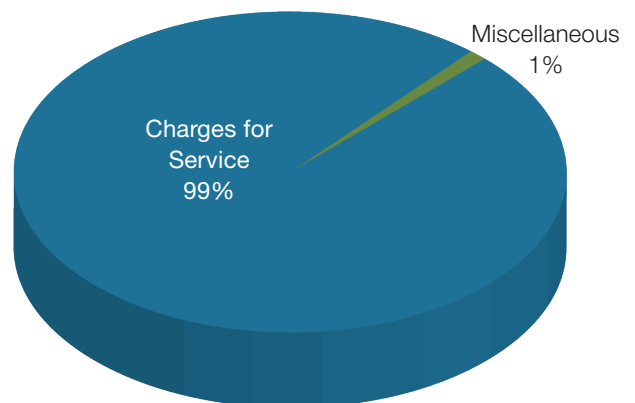
Operating Expenses

2023	2022	2021
18.0	14.2	14.8

Operating Income (Loss)

2023	2022	2021
1.7	4.3	4.8

2023 OPERATING REVENUES



GAMING TAX FUND OVERVIEW

ABOUT GAMING TAXES

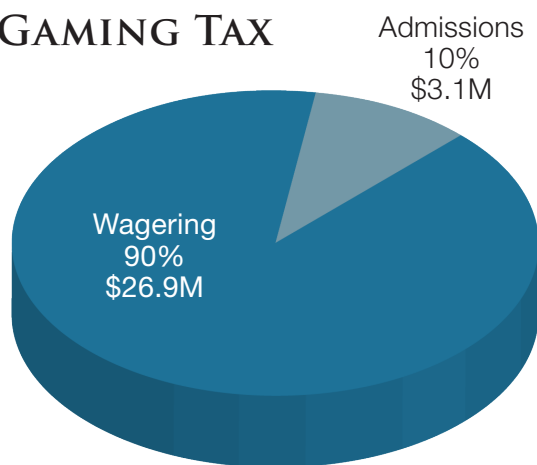
In July 2011, Rivers Casino opened in Des Plaines, elevating the City's financial position. Revenues from Gaming Taxes are allocated to a special revenue fund. As a special revenue fund, this money is limited to specific uses. The city gaming tax policy restricts use of funds primarily for infrastructure improvements and debt repayment. The 2023 gaming tax revenue allocation will be approved during the 2025 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



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. Additionally, pursuant to Section 13 (b-4) of the Illinois Gambling Act, 230 ILCS 10/13 (b-4), the State of Illinois is required to make annual payments to the City in the amount of \$5 million from the tax revenue deposited.

State of Illinois	\$ 10,000,000
City of Chicago Heights	2,343,364
City of Harvey	1,733,134
Village of Riverdale	909,290
City of Markham	994,394
Village of Summit	951,757
Village of Robbins	394,739
Village of Dixmoor	253,523
Village of Ford Heights	154,604
Village of Phoenix	145,650
Village of Hodgkins	127,913
Total Shared Revenues	\$ 18,008,368

2023 EXCESS REVENUES OVER EXPENSES (IN MILLIONS)

Revenues

2023	2022	2021
32.1	29.3	25.2

Expenditures

2023	2022	2021
13.1	17.7	15.9

Excess Revenues Over Expenditures

2023	2022	2021
19.0	11.6	9.4

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

After these contractual obligations were fulfilled, the City's portion of the gaming tax revenue, inclusive of the \$5 million from the State, was approximately \$17.0 million.

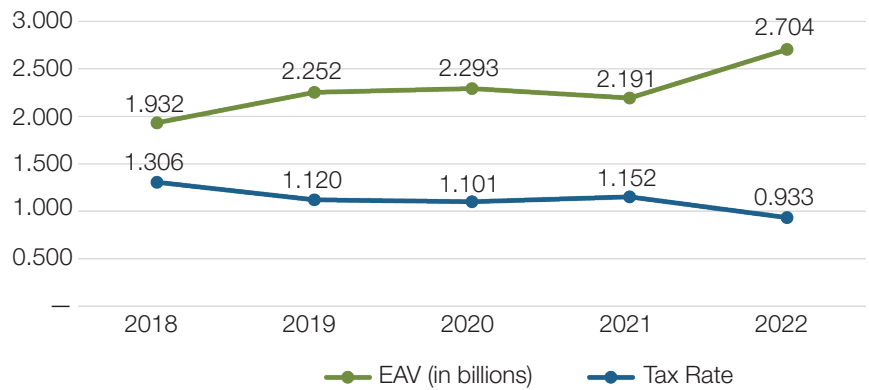
The 2023 gaming tax revenue allocation will be approved during the 2025 Budget process.

PROPERTY TAXES

The City has a diverse revenue base with only 21.5 percent of its revenue derived from property taxes. This is still considered a major source of revenue that is used to support day-to-day operations and fund public safety pensions.

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.

CITY'S PROPERTY TAX RATE VS. EAV



TAX LEVY ALLOCATION

The 2022 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	2018	2019	2020	2021	2022*
General	\$12,663,150	\$12,578,150	\$9,282,822	\$8,190,198	\$8,190,198
Fire Pension	5,732,000	5,796,000	7,349,577	7,997,490	7,823,497
Police Pension	6,094,000	6,115,000	7,856,751	8,301,462	8,475,455
Debt Service	-	-	-	-	-
Total Tax Levy	\$24,489,150	\$24,489,150	\$24,489,150	\$24,489,150	\$24,489,150

* 2022 Tax Levy was collected during the 2023 fiscal year.

WHERE DO YOUR PROPERTY TAXES GO?

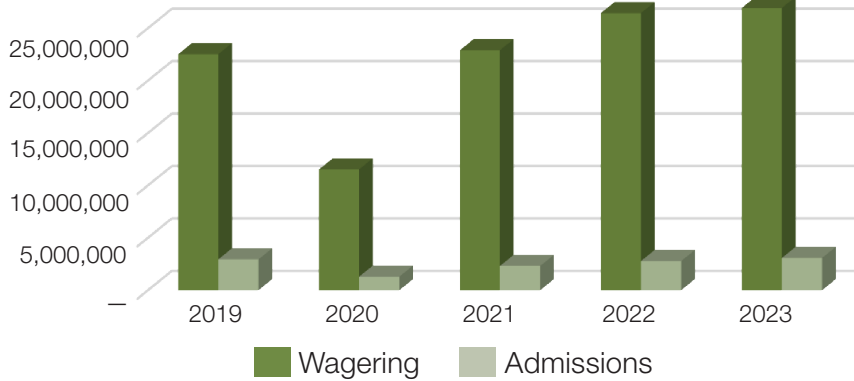


For every dollar of property tax that is collected, the City of Des Plaines only receives approximately 11 cents.

CITYWIDE REVENUE TRENDS

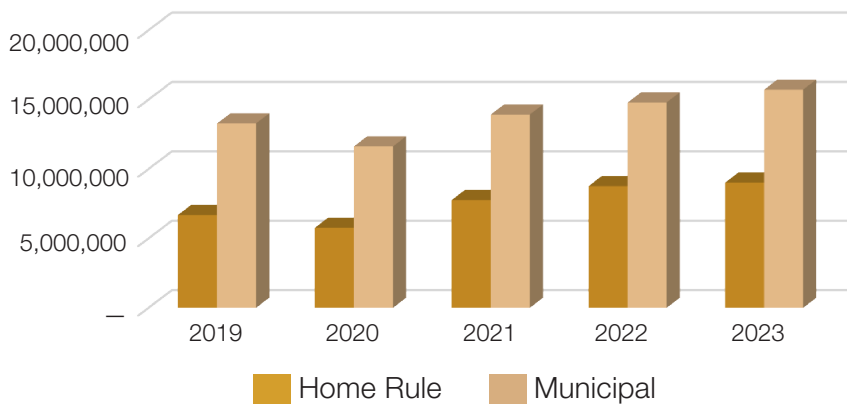
The most significant sources of revenue for the City outside of property taxes are gaming, sales and income taxes.

GAMING REVENUE TRENDS



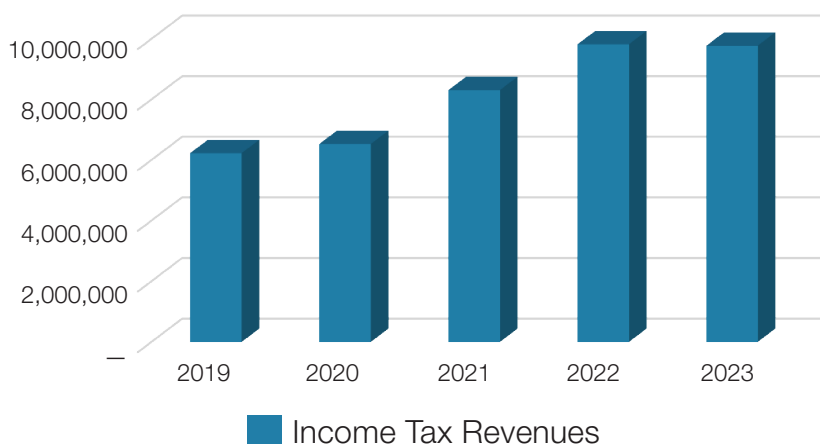
Gaming tax revenue from both wagering and admissions has increased consistently over the past three years.

SALES TAX REVENUE TRENDS



The increase in home rule and municipal sales taxes was attributed to economic growth, higher consumer spending, and potential population growth.

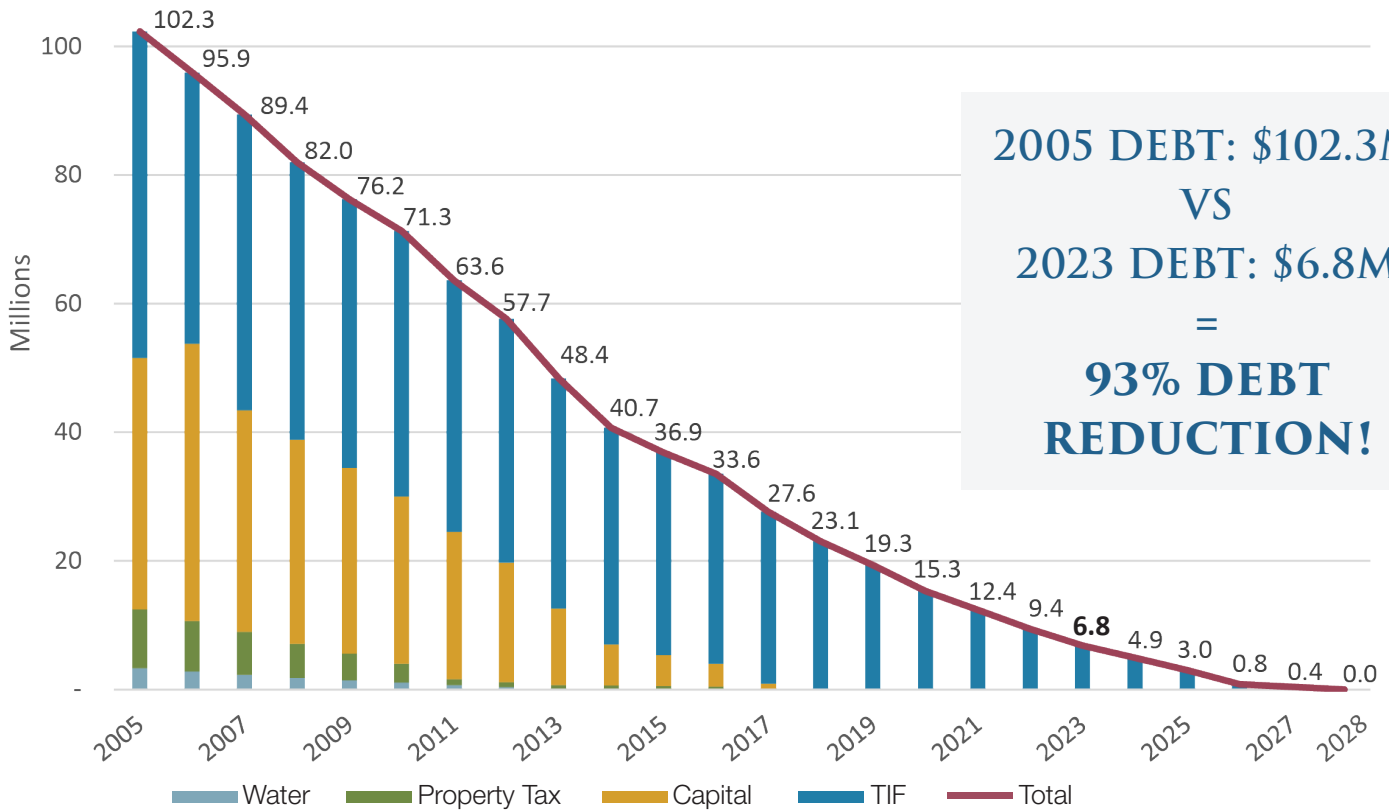
INCOME TAX REVENUE TRENDS



Income tax revenues decreased slightly from 2022 to 2023; nevertheless, they remain higher than in previous years indicating a positive overall trend despite the minor decrease.

DEBT STATUS

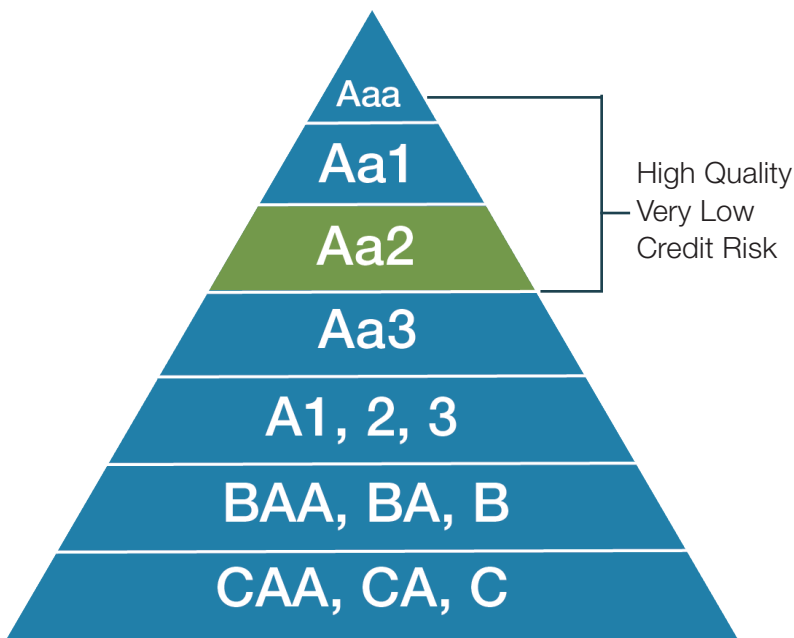
DEBT SERVICE PAYOFF (IN MILLIONS)



2005 DEBT: \$102.3M
 VS
 2023 DEBT: \$6.8M
 =
93% DEBT REDUCTION!

All general obligation notes and bonds payable are backed by the full faith and credit of the City. The City had \$6.8 million in principal outstanding general obligation debt at the end of 2023. 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.....	Dorothy Wisniewski
General Counsel.....	Peter Friedman, Elrod Friedman LLP
Director of Finance.....	Agnes Podbial
Chief of Police.....	David Anderson
Fire Chief.....	Matt Matzl
Director of Public Works & Engineering.....	Timothy Oakley
Director of Community & Economic Development.....	Jeffrey Rogers

*As of the date this report was released

City of Des Plaines
 1420 Miner Street, Des Plaines, IL 60016
 Phone: 847.391.5300 | Monday–Friday, 8:30 a.m.–5:00 p.m.

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

