

CITY OF DES PLAINES

POPULAR ANNUAL
FINANCIAL REPORT
2014



MOVING **FORWARD**

Popular Annual Financial Report For the Fiscal Year Ended December 31, 2014

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 2014 Popular Annual Financial Report (PAFR) for the third consecutive year.

Downtown Des Plaines, IL

The PAFR is a summary of the financial activities of the City and is drawn from information found in the 2014 Comprehensive Annual Financial Report (CAFR). The Des Plaines Library is a component unit of the City and is included in the CAFR, however, will not be discussed in this report since the Library is governed by a separate board.



It is important to note that the information contained in this report is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis.

Therefore, it is not intended to replace the full financial statements and note disclosures contained in the CAFR. A link to the CAFR is provided at the end of this 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,

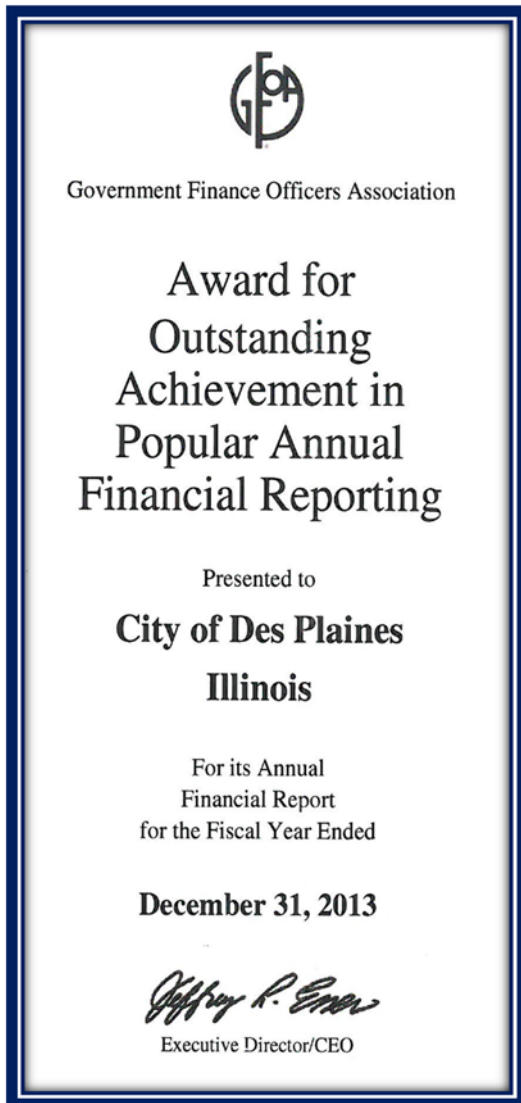
Michael G. Bartholomew
 City Manager

Dorothy Wisniewski
 Assistant City Manager / Director of Finance

TABLE OF CONTENTS

National Recognition.....	Pg. 2
About the City of Des Plaines.....	Pg. 3
City Officials.....	Pg. 4
Major Initiatives.....	Pg. 5
Local Economy and Financial Highlights.....	Pg. 6
Form of Government.....	Pg. 7
General Fund.....	Pg. 8
Gaming Tax Fund.....	Pg. 14
Enterprise Funds.....	Pg. 15
City's Debt.....	Pg. 16
Financial Stability.....	Pg. 17
Contact Information.....	Pg. 19

City of Des Plaines Receives National Recognition



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, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

The Popular Annual Financial Reporting Awards Program is specifically designed to encourage state and local governments to prepare and issue a high quality popular annual financial report to make financial information accessible to ordinary citizens and other interested parties.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

In addition to receiving its second award for Outstanding Achievement in Popular Annual Financial Reporting the City received the following awards this year from the Government Finance Officers Association:

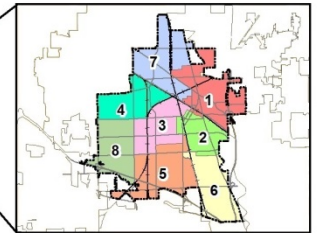
- Certificate of Achievement for Excellence in Financial Reporting for the period ended December 31, 2013 (34 consecutive years).
- Distinguished Budget Presentation Award for the Fiscal Year 2014 Budget (6 consecutive years).

The 2014 CAFR and 2015 Budget have both been submitted to the respective award programs and we believe the documents continue to meet GFOA requirements.

About the City of Des Plaines

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 City 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 of Des Plaines



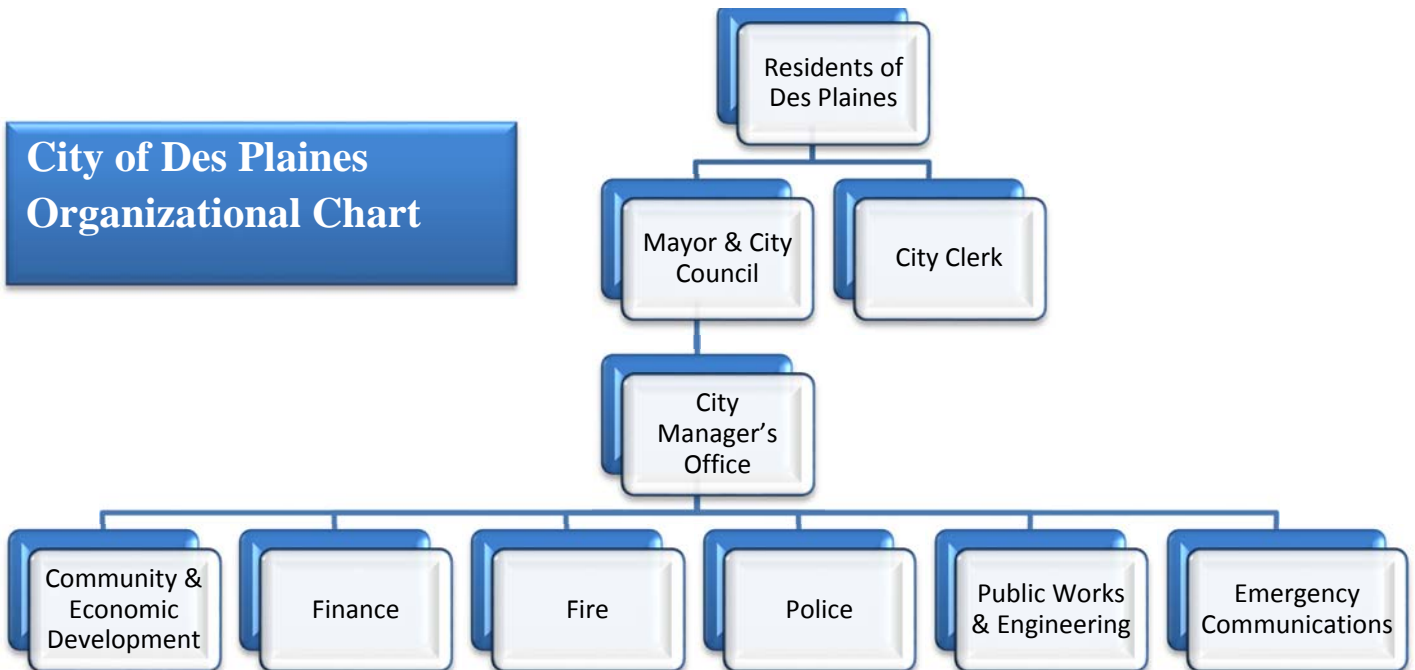
Cook County, Illinois

Table 1	
Quick Facts	
Population	58,364
City Employees	369
Median Income	\$64,347
Median Home Value	\$242,700
2013 Tax Year EAV	\$1,697,287,344

Land Use	
Residential	43.3%
Manufacturing	15.7%
Commercial & Retail	7.8%
Education & Recreation	15.9%
Streets, Alleys & Roadways	12.5%
Vacant	4.7%



City of Des Plaines Organizational Chart



City of Des Plaines Officials

The City Council is comprised of the Mayor and eight Aldermen. The City is divided into 8 wards, with the residents of each ward electing an Alderman to represent the ward. The Council is the legislative body of the City, setting policy direction and enacting legislation affecting the City. The Council meetings are open to the public and are usually held on the 1st and 3rd Monday of each month. Meetings are held at the Des Plaines City Hall and start at 7 p.m.



Matthew J. Bogusz, Mayor



Gloria J. Ludwig, City Clerk



**Patricia Haugeberg
Alderman – Ward 1**



**John Robinson
Alderman – Ward 2**



**Denise Rodd
Alderman – Ward 3**



**Dick Sayad
Alderman – Ward 4**



**James Brookman
Alderman – Ward 5**



**Mark Walsten
Alderman – Ward 6**



**Don Smith
Alderman – Ward 7**



**Michael Charewicz
Alderman – Ward 8**

Major Initiatives

The City Council identified five goals and several strategies to achieve those goals that were formalized into the 2013 Strategic Plan adopted by the City Council on August 5, 2013 via Resolution R-124-13. During 2014 some of the City's accomplishments included:

- Hired an Economic Development Coordinator to Assist the Business Community.
- Downtown Streetscape and Roadway Improvements.
- Established an Action Plan to Attract and Retain Businesses to the City.

- Planted Trees and Installed Brick Paved Sidewalks Along the Ellinwood Street Downtown Corridor.
- Storm Water Master Plan Improvements.
- \$24M will be Invested in 2015 without any New Debt.

- Refinanced GO Bonds for Interest Rate Savings.
- Revised Investment Policy.
- 0 % Increase to Property Tax Levy.
- Redefined Vehicle Licenses Ordinance.

Thriving Economic Development

World Class Infrastructure

Financial Stability

Strategic Goals of the City Council

Sense of Community

High Performance

- Cook County's 6B Tax Incentive Construction Projects Include:
 - ✓ 333 Howard Ave. Industrial Building.
 - ✓ 200 E Touhy Ave. Headquarters for Sky Chefs International.
 - ✓ 901 W Oakton St. Commercial Truck Dealership and Leasing.

- The City Staff Responded Admirably During the Extreme Weather Conditions.
- Hired North Star Destinations to Steer a Re-branding Initiative to Leverage the Community's Strengths and Opportunities.

Local Economy and Financial Highlights

Des Plaines is home to over 2,984 licensed commercial establishments of which 283 are retail. Des Plaines is comprised of 38,510 jobs (2014, IDES, Where Workers Work); of them, 15 percent are in the manufacturing sector, 17 percent are in the wholesale and retail trade and 15 percent are in the healthcare and social assistance sectors. Des Plaines' current unemployment rate has dropped from 8.0 percent in 2013 to 5.6 percent (not seasonally adjusted, IDES, December, 2014). The City's declared valuation totals indicate a positive development trend from 2013 to 2014 at \$40 million to \$92.5 million, respectively while building permits showed a 6.7 percent decrease during the same time frame. This disparity reveals that while fewer construction projects were initiated during 2014, the average value of construction projects increased dramatically. This is largely due to the construction of two new large industrial buildings.

Business	Industry	Employees
Universal Oil Products, Inc.	Chemical Engineering Services	1,500
Rivers Casino	Entertainment and Gaming	1,462
Holy Family Medical Center	Medical Center	1,036
Swissport USA	International Airline Cargo Services	1,000
Oakton Community College	Public Community College	990
Sysco Food Services	Food Wholesalers	650
Wheels, Inc.	Passenger Car and Truck Leasing	650
W Diamond Group Corporation	Manufacturing of Men's Tailored Clothing	550
Abbot Molecular	Medical Laboratories	500
Juno Lighting	Lighting Fixtures	400

Financial Highlights

- The City's General Fund ended the year with total revenues exceeding total expenditures by \$7.3 million. Combined with other financing net uses of \$8.9 million, the December 31, 2014 fund balance decreased by \$1.6 million. This decrease is attributed to increased infrastructure funding which the City Council has previously planned for.
- Economy sensitive local tax revenues, i.e. home rule sales tax, utility, food and beverage, sales, income, real estate transfer tax as well as hotel/motel taxes continue to rebound; however auto rental tax and telecommunication tax declined slightly when compared to last year's revenues.
- Local government state shared revenues, i.e. state income, municipal sales and personal property replacement tax decreased by \$1.6 million. However, in 2013 the City experienced a onetime increase in municipal sales tax revenue due to \$3 million in collections resulting from a state audit.
- The City received \$24.8 million in taxes generated from the revenues at Rivers Casino, \$3.5 million in admission tax (\$1 per admission), and \$21.3 million in wagering tax (5% of all wagering activities). Based on the contractual agreement with Midwest Gaming, the City has distributed \$10 million of the total gaming tax revenue to the State of Illinois with an additional \$5.9 million (40% of the total revenue over \$10 million) amongst the 10 benefiting communities named in the agreement. The remaining amount of \$8.9 million in gaming tax revenue will be discussed by the City Council as part of the 2016 Budget process and allocated towards expenditures approved in the gaming tax revenue and expenditure policy such as capital infrastructure projects and early debt payoff.

City of Des Plaines Form of Government



Des Plaines is a full-service City and its operations are concentrated within seven departments. While most of these operations are recorded in the General Fund, the City maintains 3 additional major governmental funds and 2 major business-type activities funds. Fund accounting demonstrates legal compliance and aids financial management by segregating transactions related to certain government functions or activities. The City’s fund structure is presented below.

General Fund (major)	Special Revenue Funds:		Internal Service Funds:
	Tax Increment Financing(TIF):		Risk Management Fund
Debt Service Fund	TIF #1	TIF #5	Health Benefits Fund
	TIF #3	TIF #6 (major)	
Capital Project Funds:	TIF #4	TIF #7	Enterprise Funds:
Capital Projects (major)	Motor Fuel Tax (MFT)		Water/Sewer Fund (major)
Information Technology (IT) Replacement Fund	Community Development Block Grant (CDBG)		Des Plaines Emergency Communications Center
Equipment Replacement	Grant Projects Fund		Parking System Fund: (major)
	Gaming Tax Fund (major)		City Owned Parking & Metra Leased Parking Funds
Fiduciary Funds:	Asset Seizure Fund		
Fire & Police Pension	Foreign Fire Insurance Tax Fund		
Agency Funds			

Fund financial statements provide additional detail about the City’s financial position and activities. Some information presented in the fund financial statements differs from the government-wide statements due to the perspective and basis of accounting used. Funds are presented on the fund-level statements as major and non-major based on criteria set by the Government Accounting Standards Board (GASB).

A fund is a separate accounting entity with a self-balancing set of accounts. The City uses funds to keep track of sources of funding and spending related to specific activities. All of the City’s funds are divided into three categories: *governmental funds, proprietary funds, and fiduciary funds.*

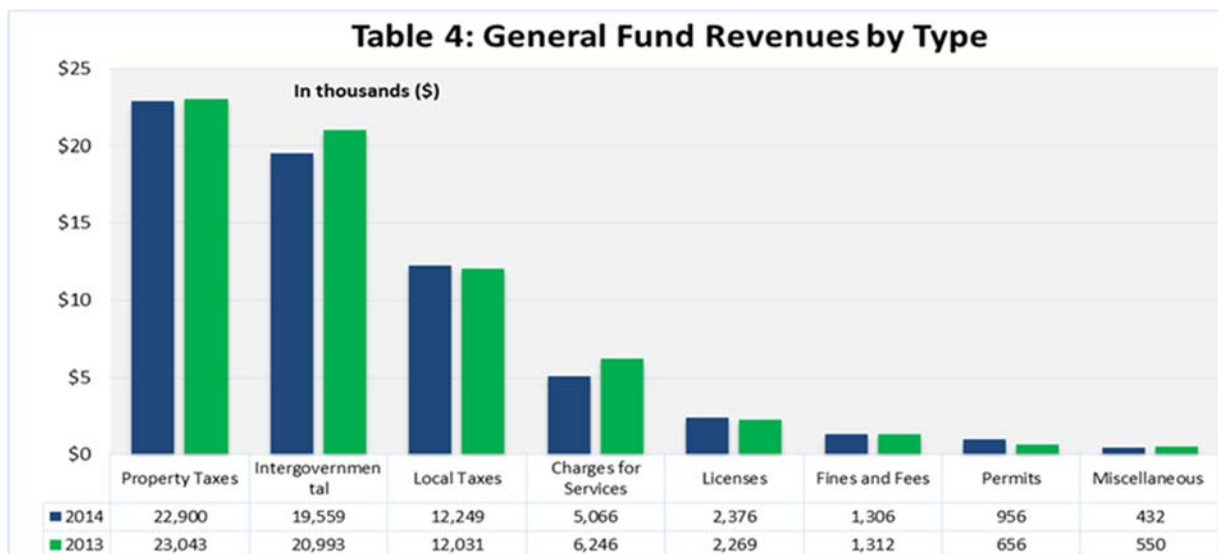
Where Our Money Comes From

The City must raise funds to pay for the services it provides to citizens and businesses. These sources of funds, referred to as revenue, are raised through taxes, charges for services, fees and fines as well as grants.

Table 3: 2014 City of Des Plaines Budget to Actual Revenues and Expenses
Including the inter-fund transfers

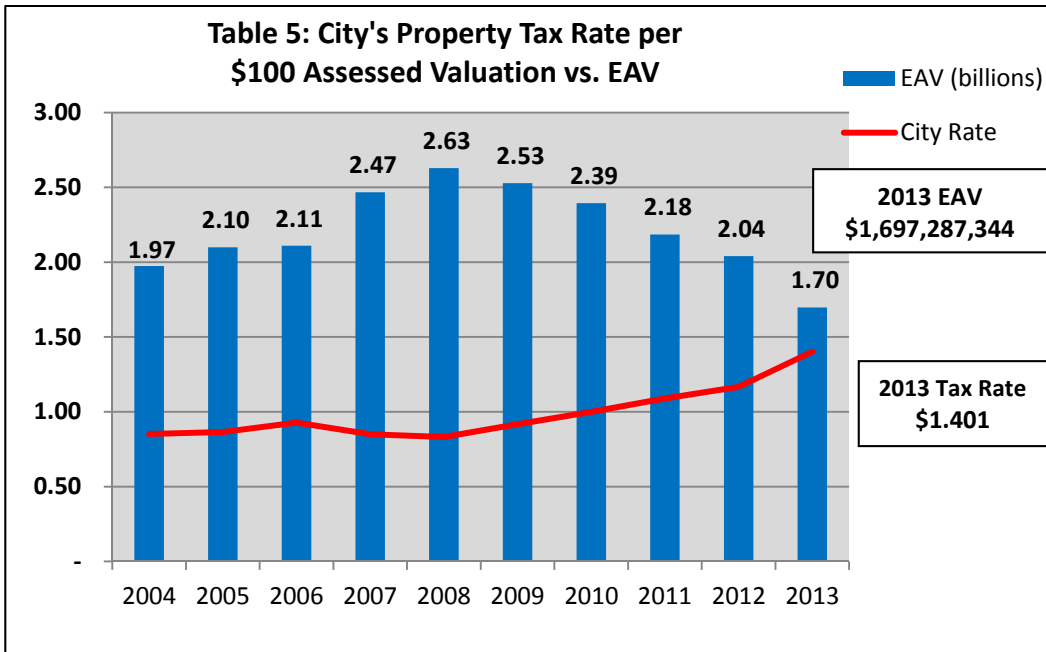
By Fund Type in thousands (\$)	2014 Budgeted Revenues	2014 Actual Revenues	% of 2014 Budget	2014 Budgeted Expenses	2014 Actual Expenses	% of 2014 Actual
General Fund	\$58,423	\$65,197	112%	\$65,010	\$66,755	103%
Special Revenue Funds	32,890	40,395	123%	39,012	42,332	109%
Debt Service Fund	108	100	93%	108	108	100%
Capital Projects Funds	16,202	21,894	135%	17,455	20,210	116%
Enterprise Funds	23,735	19,295	81%	24,465	21,702	89%
Internal Service Funds	11,055	11,129	101%	11,586	10,038	87%
Total	\$142,412	\$158,010	111%	\$157,636	\$161,144	102%

When assessing the financial results of the City, it is important that we focus on the City's **General Fund**. The General Fund is the primary operating fund of the City and supports the regular day-to-day operations. It is used to account for all revenues and expenditures of the City, except those required to be accounted for in another fund. The revenues of the General Fund come from a variety of sources. Revenues received in 2014 and 2013 are as follows:



General Fund Revenues – Property Tax

General Fund Revenues were at \$64.9M, including property taxes of \$22.9M and other taxes of \$12.2M.



The **Equalized Assessed Value (EAV)** has experienced fluctuations over the last 10 years which have directly impacted the City's property tax rate. The City's Tax Rate has an inverse relationship with the City's total EAV (Table 5). In other words, when EAVs decline, the effect is usually an increase to the tax rate.

Table 6: Tax Levy Allocation



Since 2010, the City Council has remained committed to keeping the property tax levy at the same level while continuing to provide high quality services to residents.

Table 7: Property Tax Allocation

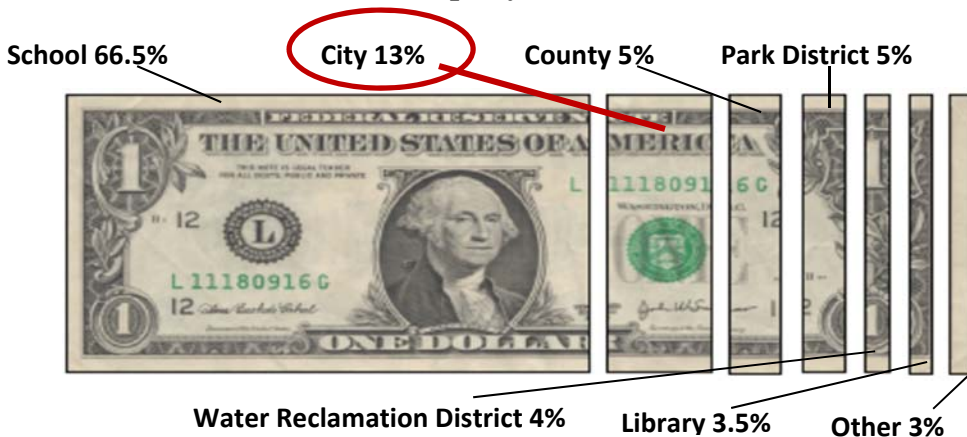


Table 7 shows that the City of Des Plaines only receives 13 cents for every dollar of property tax that is collected. This tax is used to support the day-to-day operations of the City as well as our public safety pension funds and previously committed debt payments.

General Fund Revenue – Other Taxes

Sales Tax is the second largest source of revenue for the City and comprises about 19.5% of total receipts for the General Fund or approximately \$12.7 million from both Municipal and Home Rule sales taxes for FY 2014. A brief summary of other taxes the City imposes is listed below.

Table 8: Selected Tax Information			
Utility Taxes		Sales Tax Rates - as of 01/01/2014	
Utility Tax: Electricity	varies based on kilowatt	State Sales Tax Rate	5.00%
Utility Tax: Natural Gas	3.09% of gross receipts	State Municipal Tax Rate	1.00%
Use Tax: Natural Gas	\$0.025 per therm	State Regional Transportation Authority	0.25%
		Local Home Rule	1.00%
Other		County Home Rule	0.75%
Hotel/Motel Tax	7%	Regional Transportation Authority	1.00%
Food and Beverage Tax	1%	Total	9.00%
Real Estate Transfer Tax	\$2 per \$1,000 value		
Telecommunication Tax	6%		

As noted above in **Table 8**, the total sales tax rate was 9.00% in 2014 of which the City receives 2%. Of the 2% the City receives, 1% is a Municipal Tax on all sales while the other 1% is from sales subject to the Home Rule sales tax. 75% of Home Rule sales tax revenue is devoted to capital projects while 25% is used for operations.

Table 9 below summarizes revenues received from the Local Taxes including Home Rule Sales Tax.

Table 9: Local Taxes Revenue		
(in thousands \$)	2014	2013
Utility Taxes	\$3,358	\$3,264
Gas & Use Tax	430	401
Franchise Tax	741	721
Food & Beverage Tax	1,191	1,178
Telecommunication Tax	2,387	2,741
Hotel/Motel Tax	1,988	1,752
Auto Rental Tax	56	126
Parking Tax	3	2
Real Estate Transfer Tax	611	436
Home Rule Sales Tax	1,484	1,410
	\$12,249	\$12,031

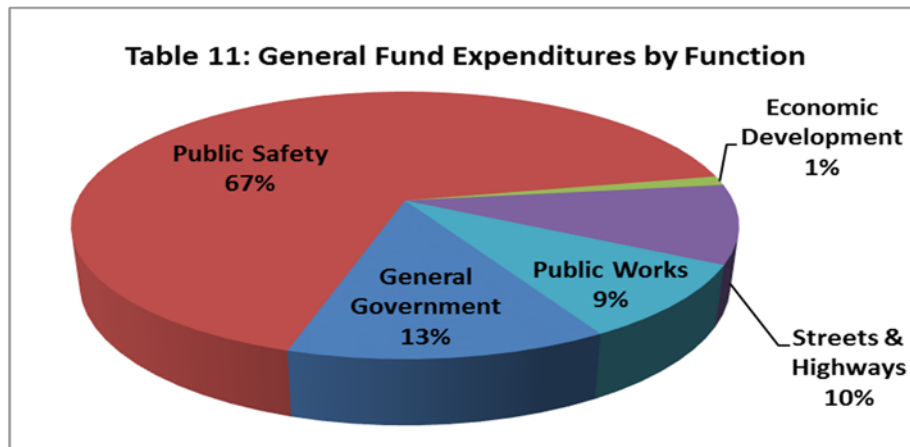
Table 10: Intergovernmental Revenue		
(in thousands \$)	2014	2013
State Income Tax	\$5,588	\$5,864
Local Use Tax	1,121	987
Personal Property Replacement	1,304	1,342
Municipal Sales Tax	11,214	12,481
Road and Bridge Tax	212	204
Federal, State, and Local Grants	120	115
	\$19,559	\$20,993

Table 10 presents Intergovernmental Revenue received from the Local Government Shared Revenues as well as state and federal grants.

Where Your Money Goes

Once the City collects taxes and other revenues, the money must be spent efficiently to provide services to the citizens and businesses of the City. As this section will further detail, the City provides a variety of services to its residents and businesses.

The **General Fund** finances the regular day-to-day operations of the City. The expenditures of the General Fund are broken into departments, made up of 5 major functions. As you can see from the table below, public safety (Police and Fire) expenditures account for the majority (67%) of the General Fund operations. Total actual expenditures were \$66,755,129, including \$57,553,839 in operating expenditures and \$9,201,298 in transfers to other funds.



The General Fund expenditures increased by \$7.2 million compared to 2013 primarily due to a 3% increase in personnel costs (salaries and benefits) and \$9.2 million in transfers to other funds.

General Fund Expenditures by Department				
in thousands (\$)	Aggregate		Per Capita*	
	2014	2013	2014	2013
Elected Office	\$ 570	\$ 568	\$ 10	\$ 10
City Administration	2,907	3,121	50	53
Finance	1,098	1,050	19	18
Community Development	2,205	1,902	38	33
Public Works & Engineering	10,972	11,658	200	200
Police Department	20,059	19,475	344	334
Emergency Management Agency (EMA)	102	90	2	2
Fire Department	18,459	18,041	316	309
Fire & Police Commission	30	33	1	1
Overhead (including transfers to other funds)	10,353	3,627	177	62
Total General Fund Expenditures	\$66,755	\$59,565	\$1,144	\$1,021

*Expenditures per capita represent aggregate expenditures divided by 2010 population (58,364)

General Fund Expenditures by Department

General Fund departments are classified by the type of service they provide and include the Police, Fire, Public Works, Community and Economic Development as well as Administrative and Financial Support.

Public Safety is a major responsibility of local government. The City of Des Plaines Police and Fire departments together comprise about 67% of all General Fund expenditures. Presented below are the operating indicators supplied by each department and a summary of each department’s accomplishments.

Police Services	FY 2014
Physical Arrests	892
Compliance & Parking Violations	10,973
Traffic Violations	4,590

- Began transition to the Wheeling Communications Center for 911 dispatching for Des Plaines Police.
- Re-started a DPPD canine unit.
- Strengthened relationships with the Skokie Court and other law enforcement agencies.
- Implemented security and inventory control.



Fire Services	FY 2014
Emergency Medical Calls	5,647
Fires/Reports of Fires	2,256
Inspections	4,177

- Transitioned to the Regional Emergency Dispatch (RED) Center for 9-1-1 dispatching services.
- Continued Hazard Zone Management Training.
- Converted ladder trucks into paramedic-capable vehicles.
- Settled a labor contract with the International Association of Firefighters, Local 4211 through December 31, 2016.

Board of Fire and Police Commissions – provides the citizens of Des Plaines with professional Fire & Police personnel through fair and impartial hiring, promotional, and disciplinary processes.

Homeland Security and Emergency Management – saves lives, prevents injuries, and protects property and the environment in the event a natural or man-made disaster occurs.

General Fund Expenditures by Department



The Public Works and Streets/Highways functions are performed by the Public Works and Engineering Department and reflect the operating costs of the streets, sewers, forestry, building maintenance, street maintenance and street lighting as well as infrastructure design, construction, operation and maintenance within one consolidated department. In 2014 the Public Works & Engineering department:

Public Works and Engineering Services	FY 2014
Street resurfacing (square yards)	167,781
Sidewalks removed & replaced (sq. ft.)	173,959
Snow and ice control (tons of salt)	4,290

- Renegotiated a 7 year franchise agreement for refuse disposal with annual savings of \$1M.
- Completed construction of all capital improvement projects and secured grant funding for 3 major infrastructure enhancement projects.

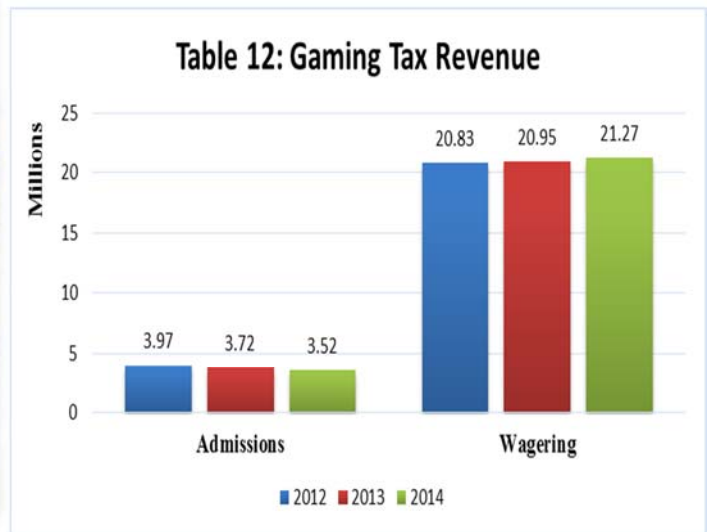


General Government expenditures reflect the cost for the legislative, administrative and financial functions of the City. Following is a brief description of each department.

- ❖ **Elected Office** – consists of the Legislative and City Clerk divisions and is composed of the Mayor and 8 Aldermen. The department is responsible for establishing goals and policies to address community needs.
- ❖ **City Manager’s Office** – is responsible for the overall management of the City’s departments and provides administrative services.
- ❖ **Finance Department** – manages all the City’s programs related to general finance, accounting and revenue collection functions.
- ❖ **Community & Economic Development Department** – is responsible for current and long-range planning, enforcement of the Building Code, and administration of the federally funded CDBG.

Gaming Tax Fund

In July 2011, Rivers casino opened in Des Plaines. This was the third full year that the City was able to utilize casino revenue, which has greatly impacted the City’s financial position. The City receives two types of **Gaming Taxes** related to the casino. The first is a \$1 admissions tax that is received for every person entering the casino while the second is a 5% tax on all wagering activities. In 2014 Des Plaines received about \$24.8 million from operations at the Rivers casino making it the City’s second largest source of revenue behind property taxes. This is slightly higher than the \$24.7M in revenue from 2013.



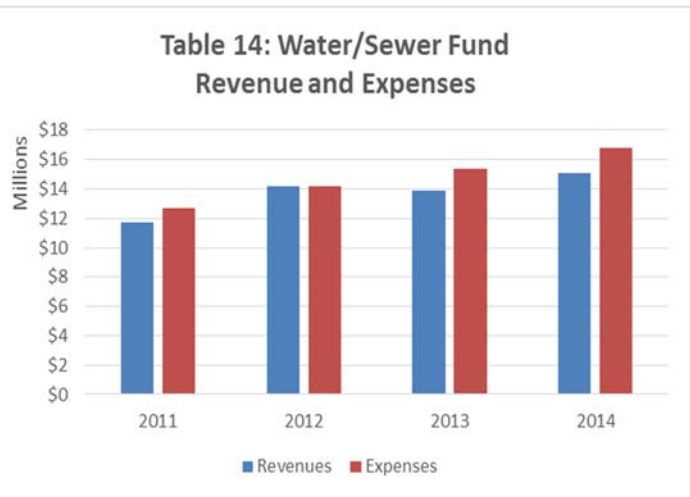
Based on the current agreement with Midwest Gaming, the State of Illinois receives \$10 million every year from the City’s gaming proceeds. Additionally, 40% of any revenues over \$10 million are shared amongst 10 benefitting communities. This leaves 60% of all revenues over \$10 million to be utilized by the City. After these contractual obligations were fulfilled, the City’s portion of the gaming tax revenue was approximately \$8.8 million. The 2014 gaming tax revenue allocation will be approved during the 2016 Budget process.

Table 13: Where Casino Revenue Goes?			
2012 Revenue used in 2014		2013 Revenue to be used 2015	
Storm Water Master Plan Phase II	\$1.745M	Street and Drainage System Improvements	\$4.3M
Capital Projects Debt Repayment	\$3.555M	Alternate Water Source	\$4.5M
		River Rd Water Main (Carry-over)	\$2.5M
		Alternate Water Source (Carry-over)	\$1M
	\$5.3M		\$12.3M

Enterprise Funds

The significant attribute of **Enterprise Funds** is that they are financed primarily by charges to consumers and that the accounting for them makes it possible to show whether they are operated at a profit or loss similar to comparable private enterprises. The City has four Enterprise Funds: Water/Sewer Fund, two Parking Systems Funds and Des Plaines Emergency Communications Center (DPECC).

The Water/Sewer Fund is the City’s largest enterprise fund and it accounts for the revenue and expenses associated with the transmission, treatment, storage, and sale of water to residential, commercial and industrial customers within the City. There are currently more than 17,000 customers in the system. The water distribution network has a total of 221 miles of water mains and the average daily water consumption is over 7M gallons. As noted in Table 14, expenses continue to exceed revenues for several years.



Utility Billing Rates (Per 100 cubic feet)	
Water Rate – Inside City Limits	\$4.679
Sanitary Sewer Rate	\$0.910
Storm Sewer Rate	\$0.900

The water rate has 2 components; the City of Chicago purchase rate (the amount Des Plaines pays Chicago for treated Lake Michigan water, or the product cost), and the City of Des Plaines O&M rate (operation and maintenance, or the delivery cost). These two components

are used to calculate the rate Des Plaines charges its customers. In addition, the Water/Sewer Fund is responsible for the maintenance of the City’s sanitary sewer mains

City Owned and Metra Leased Parking funds account for the revenue and expenses associated with the maintenance of the City’s two parking facilities (Metropolitan Square and Prairie Avenue) and parking lots leased from the Union Pacific Railroad. The revenue is generated through daily charges. The payment machines allow commuters to pay for parking by credit card at the machine as well as utilizing a smart phone.

Des Plaines Emergency Communications Center (DPECC) is responsible for providing 9-1-1 services to Des Plaines and Park Ridge. Revenues include transfers from the Des Plaines General Fund, a contractual agreement with Park Ridge and 9-1-1 surcharge fees.

City's Debt

General Obligation Debt: All general obligation notes and bonds payable are backed by the full faith and credit of the City. The City had \$40.7 million in principal outstanding general obligation debt at the end of 2014. The majority of the City's debt burden is supported by TIF revenues, sales and other taxes and only \$645 thousand is supported by property taxes. **Table 15** below shows the relative pace with which the City has been paying its outstanding debt, as well as early pay-off of callable debt.

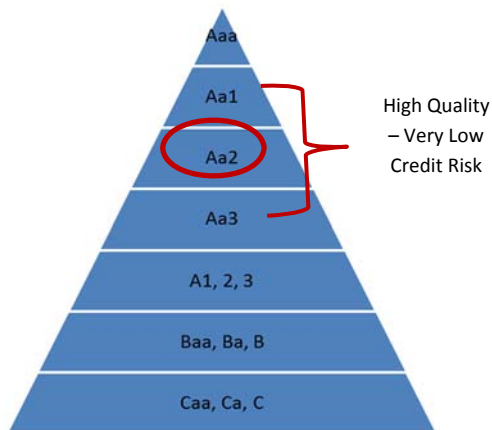
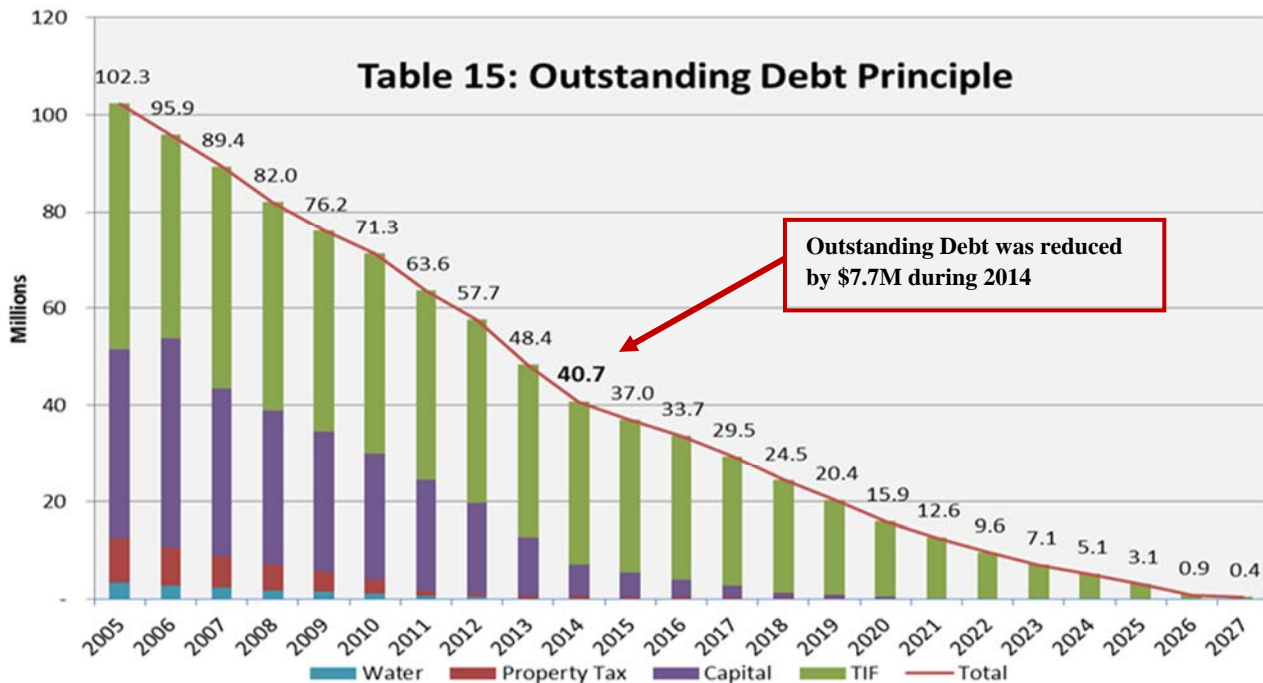


Table 16: Moody's Investors Service Ratings

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.

During the current fiscal year, the City issued \$7.62 million in Series 2014A and 2014B G.O. Refunding Bonds in order to take advantage of interest rate savings. Additionally the City paid off the Series 2005D bonds from the general fund resources. Approximately \$7.7 million in bonded debt was retired or refunded. The City's net direct debt ratio to equalized assessed value (EAV) continues to be less than 1%.

Financial Stability

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 (Table 17)** reports information about the City as a whole in a way that helps answer this question. The focus of the Statement of Net Position (the "Total Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. The statement distinguishes governmental activities (general government, public safety, highways & streets, sanitation, and economic development) from business -type activities (water & sewer, parking, emergency communications). Total assets of the City as of December 31, 2014, were \$359 million, an increase of \$3.2 million or 0.9 percent. Total liabilities as of December 31, 2014, were \$71.6 million, a decrease of \$16.3 million or 18.5 percent.

Table 17: Statement of Net Position						
December 31, 2014 and 2013						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current & Other Assets	\$ 128,861,783	\$ 129,903,344	\$ 3,268,136	\$ 5,299,409	\$ 132,129,919	\$ 135,202,753
Capital Assets	197,246,448	190,802,919	29,636,936	29,853,240	226,883,384	220,656,159
Total Assets	<u>326,108,231</u>	<u>320,706,263</u>	<u>32,905,072</u>	<u>35,152,649</u>	<u>359,013,303</u>	<u>355,858,912</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>541,551</u>	<u>523,867</u>	<u>-</u>	<u>-</u>	<u>541,551</u>	<u>523,867</u>
LIABILITIES						
Current Liabilities	22,229,033	23,573,175	2,315,405	2,118,706	24,544,438	25,691,881
Noncurrent Liabilities	46,375,252	61,399,493	638,531	724,478	47,013,783	62,123,971
Total Liabilities	<u>68,604,285</u>	<u>84,972,668</u>	<u>2,953,936</u>	<u>2,843,184</u>	<u>71,558,221</u>	<u>87,815,852</u>
DEFERRED INFLOWS OF RESOURCES	<u>27,873,362</u>	<u>28,359,634</u>	<u>-</u>	<u>-</u>	<u>27,873,362</u>	<u>28,359,634</u>
NET POSITION						
Net Investment in Capital Assets	156,111,648	141,973,412	29,636,936	29,853,240	185,748,584	171,826,652
Restricted	7,201,606	14,869,706	-	-	7,201,606	14,869,706
Unrestricted	66,858,881	51,054,710	314,200	2,456,225	67,173,081	53,510,935
Total Net Position	<u>\$ 230,172,135</u>	<u>\$ 207,897,828</u>	<u>\$ 29,951,136</u>	<u>\$ 32,309,465</u>	<u>\$ 260,123,271</u>	<u>\$ 240,207,293</u>

Net position was \$260.1 million in fiscal 2014, an increase of \$19.9 million or 8.3 percent. Of the City's net position, \$185.7 million was net investment in capital assets, while \$7.2 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 was \$67.2 million. The majority of the net position increase is primarily due to a decrease of \$7.7 million in the restricted net position.

Financial Stability

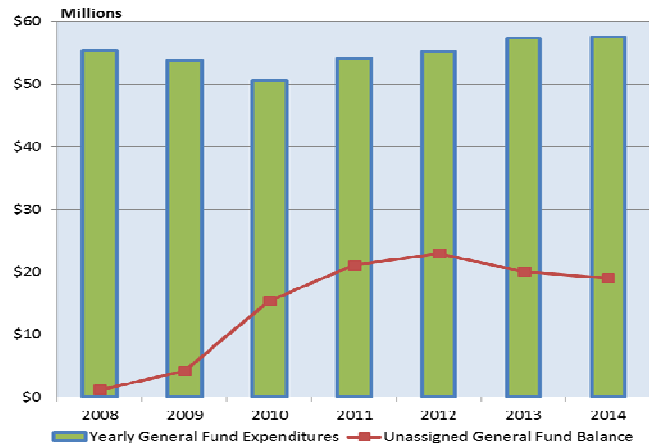
Similar to the Unrestricted Net Position, the **Unassigned General Fund balance** is an indicator of the city's day to day financial security. The Unassigned General Fund balance has increased over recent years from a dangerously low level of \$1.1 million in 2007 to a more stable \$19 million in 2014. The ratio of the unassigned fund balance to General Fund expenditures in 2014 is 33.1%. This is significant because it demonstrates that the City can maintain general operations for a sustained period of time without additional revenues.



Table 18: Unassigned Fund

Year	Unassigned Fund Balance	% of Expenditures
2007	\$1,075,635	2.2%
2008	\$1,230,256	2.2%
2009	\$4,174,231	7.8%
2010	\$15,413,074	30.5%
2011	\$21,080,549	39.0%
2012	\$27,128,060	41.7%
2013	\$20,107,209	35.1%
2014	\$19,047,354	33.1%

Table 19: General Fund Balance vs. Expenditures



The total fund balance for the general fund as of December 31, 2014 was \$42.1 million, a decrease of \$1.6 million from fiscal 2013, mostly due to advances to the tax increment financing funds (TIF#3 and TIF#6) as well as the water/sewer fund.

Key Terms

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.

Restricted – 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.

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

Contact Information

For more detailed financial information about the City of Des Plaines, please visit www.desplaines.org.

To view electronic versions of the Comprehensive Annual Financial Report, Annual Budget, and the Popular Annual Financial Report, visit the *Budget & Financials* section at www.desplaines.org. Any questions about city services can be directed to:

City of Des Plaines
1420 Miner Street
Des Plaines, IL 60016
Phone: 847-391-5300
8:00 am - 5:00 pm Monday – Friday

Administration

- City Manager Michael G. Bartholomew
- General Counsel Peter Friedman, Holland & Knight, LLP
- Assistant City Manager/Director of Finance Dorothy Wisniewski
- Chief of Police William Kushner
- Fire Chief Alan Wax
- Director of Public Works & Engineering Timothy Oakley
- Director of Community & Economic Development George Sakas

