



2016 POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ending
December 31, 2016



www.desplaines.org

Popular Annual Financial Report For the Fiscal Year Ended December 31, 2016

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 2016 Popular Annual Financial Report (PAFR) for the fifth consecutive year.

The PAFR is a summary of the financial activities of the City and is drawn from information found in the 2016 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.

Downtown Des Plaines, IL



Sincerely,



Michael G. Bartholomew
City Manager

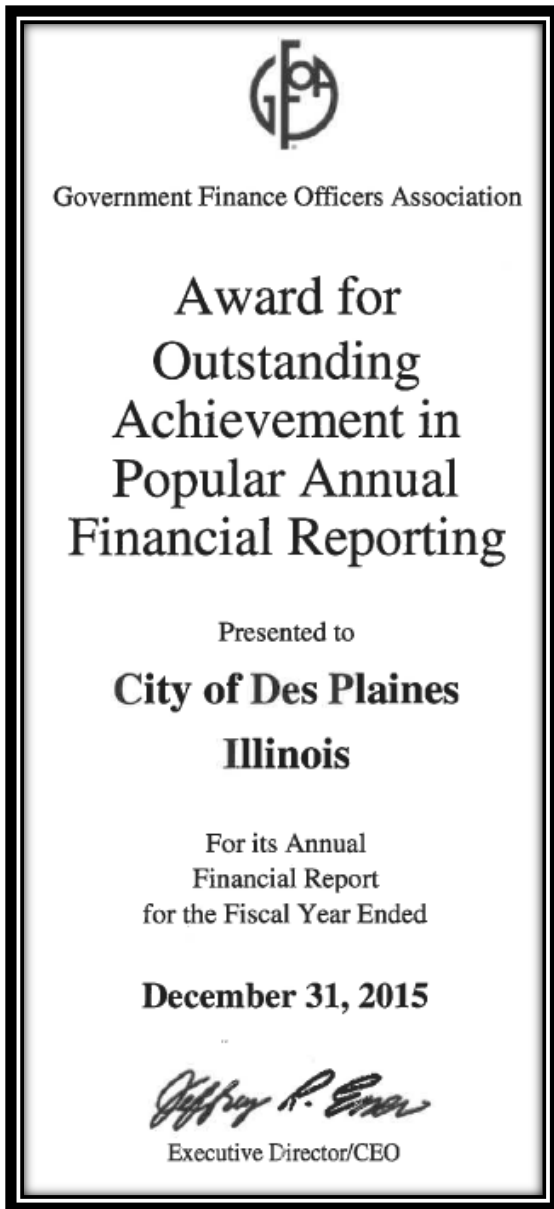


Dorothy Wisniewski
Assistant City Manager / Director of Finance

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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, 2015. 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 third award for Outstanding Achievement in Popular Annual Financial Reporting the City received the following awards this year from the Government Finance Officers Association:

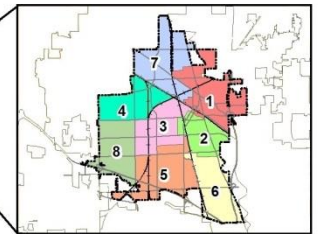
- Certificate of Achievement for Excellence in Financial Reporting for the period ended December 31, 2015 (36 consecutive years).
- Distinguished Budget Presentation Award for the Fiscal Year 2016 Budget (8 consecutive years).

The 2016 CAFR and 2017 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



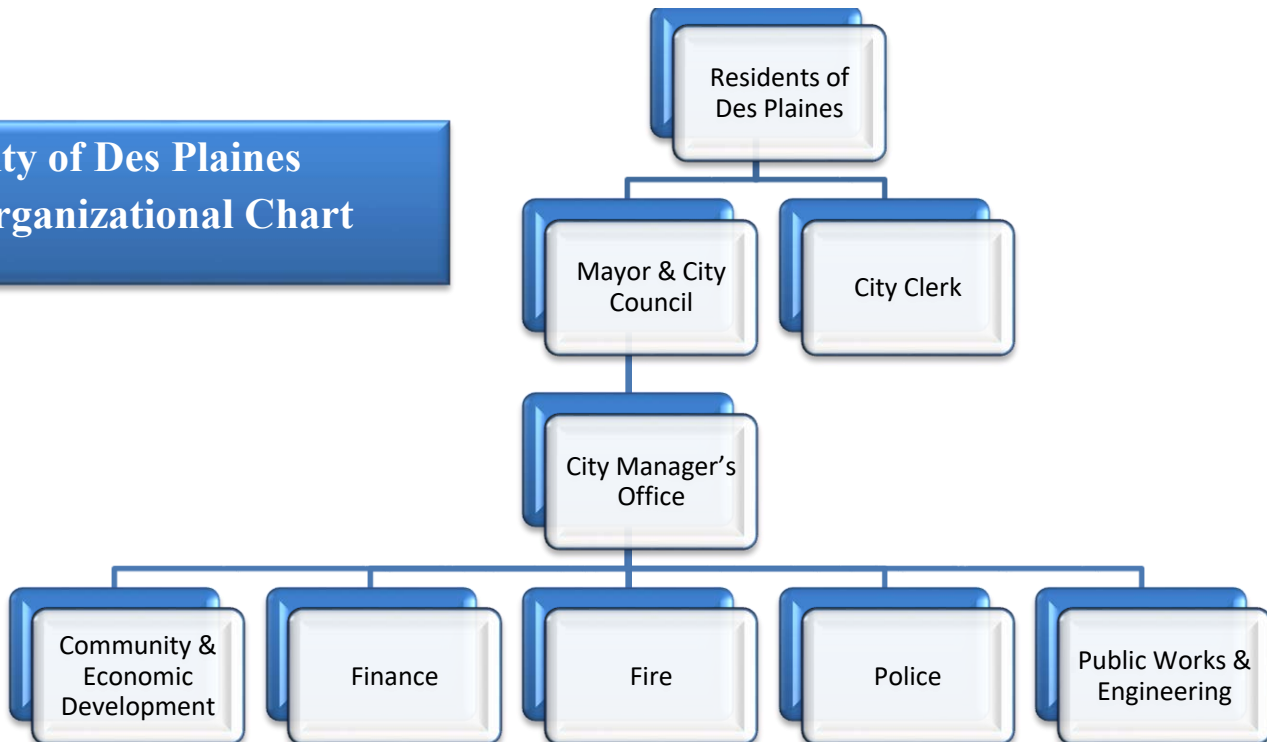
Cook County, Illinois



Table 1	
Quick Facts	
Population	58,364
City Employees	369
Median Income	\$64,347
Median Home Value	\$242,700
2015 Tax Year EAV	\$1,664,720,171

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**



**Malcom Chester
Alderman – Ward 6**



**Don Smith
Alderman – Ward 7**



**Michael Charewicz
Alderman – Ward 8**

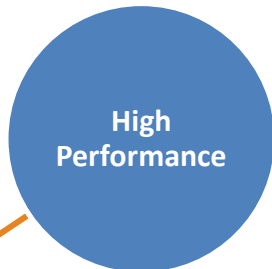
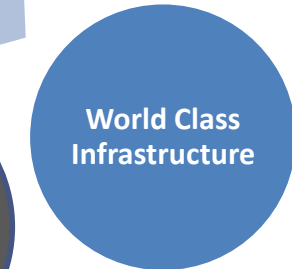
Major Initiatives

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 2016 some of the City's accomplishments included:

- Received zoning approval for the redevelopment of 10 acres of city owned land in TIF #7.
- Awarded \$47K in Business Assistance Grants to support \$258K in building improvements.
- Utilized Cook County's Property Tax Incentive Program to promote \$350M in construction projects.

- Completed construction of an Alternate Water Source and River Road Reconstruction.
- \$22M invested in 2016 without any new debt.

- 93% increase in investment income.
- 0 % Increase to Property Tax Levy.
- \$2.2M saved on purchase of water.



- Continued replacement of manual read water meters.
- Centralized the routing and response to citizen requests.
- Began consolidation of the Des Plaines Emergency Telephone System Board with the Village of Wheeling.

- Launched a new user friendly website.
- Hosted the 2016 Taste of Des Plaines and Friday Nights Live! community events.
- Implemented a new DP311 mobile app to better connect with residents.

Local Economy and Financial Highlights

Des Plaines is home to 2,795 commercial establishments of which 452 are retail. Des Plaines is comprised of 39,504 jobs; of them, 13.2 percent are in the manufacturing sector, 10.6 percent are in the wholesale sector, 9.3 percent are in the transportation and warehousing sector, 6.8 percent are in retail trade and 13.5 percent are in the healthcare and social assistance (2016, IDES, Where Workers Work). Many of Des Plaines major employers have committed to hiring Des Plaines residents contributing to maintaining a low unemployment rate which is currently at just 5.2 percent for 2016, down from 2015's average of 6.0 percent (not seasonally adjusted, IDES, 2016 annual average). Building permit issuance has increased with 3,105 building permits issued in 2016, well above the 2,758 and 2,766 permits issued in 2014 and 2015 respectively. The declared valuation from 2016 totals \$91,643,460, representing a 62 percent increase over \$56,544,957 in building permit valuation during 2015. This increase signals a strong local economy and validation that the economic development incentives offered in the City of Des Plaines are working.

Table 2: Principal Employers

Business	Industry	Employees
Universal Oil Products, Inc.	Chemical Engineering Services	1,500
Rivers Casino	Entertainment and Gaming	1,460
Holy Family Medical Center	Medical Center	1,040
Swissport USA	International Airline Cargo Services	1,000
Oakton Community College	Public Community College	990
LSG SkyChefs	Airline Catering	900
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

Financial Highlights

- The City's General Fund ended the year with total revenues exceeding total expenditures by \$7.8 million. Combined with other financing net uses of \$2.1 million, the December 31, 2016 fund balance increased by \$5.7 million.
- Local government state shared revenues, i.e. state income, municipal sales and personal property replacement tax increased by \$379 thousand.
- The City received \$24.7 million in taxes generated from the revenues at Rivers Casino, \$3.3 million in admission tax (\$1 per admission), and \$21.4 million in wagering tax (5% of all wagering activities). Pursuant to the contractual agreement with Midwest Gaming, the City is required and 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 \$8.8 million in gaming tax revenue will be discussed by the City Council as part of the 2018 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 4 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 #6 (major)	Health Benefits Fund	
	TIF #3	TIF #7		
Capital Project Funds:	TIF #5		Enterprise Funds:	
Capital Projects (major)	Motor Fuel Tax (MFT)		Water/Sewer Fund (major)	
Information Technology (IT) Replacement Fund	Community Development Block Grant (CDBG)		Parking System Fund: (major)	
			City Owned Parking & Metra Leased Parking Funds	
Equipment Replacement	Grant Projects Fund (major)			
	Gaming Tax Fund (major)			
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.*

General Fund Revenues

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.

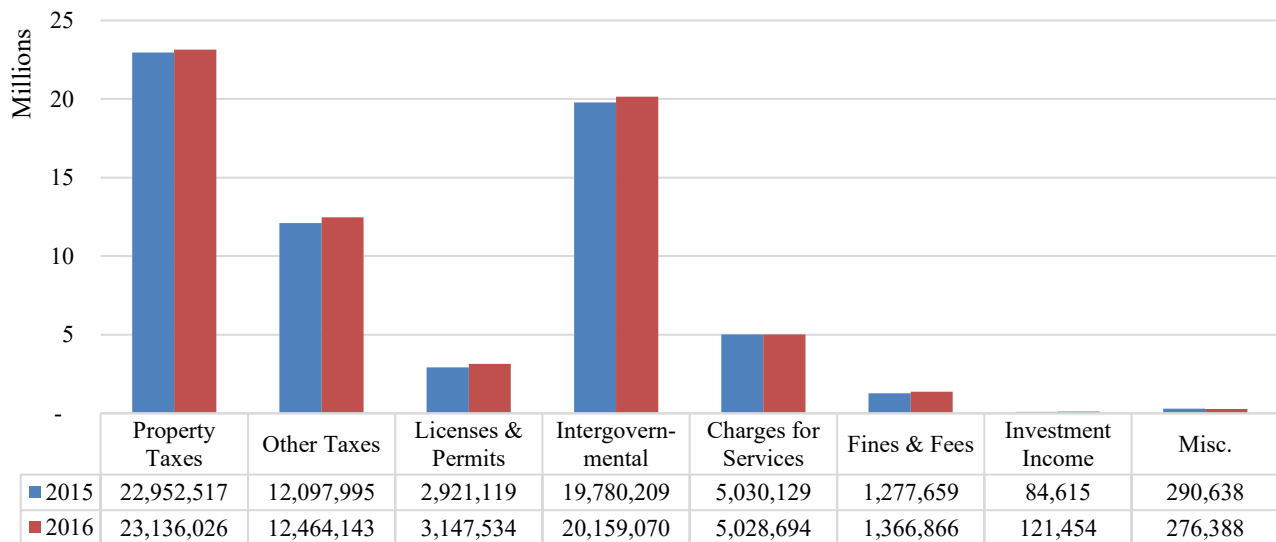
Table 3: 2016 Budget to Actual Revenues and Expenses

Including the inter-fund transfers

By Fund Type in thousands (\$)	2016 Budget Revenue	2016 Actual Revenues	% of 2016 Budget	2016 Budgeted Expenses	2016 Actual Expenses	% of 2016 Actual
General Fund	59,600	65,904	111%	63,522	60,217	95%
Special Revenue Funds	39,707	41,080	103%	50,999	42,393	83%
Debt Service Fund	106	107	101%	107	107	100%
Capital Projects Funds	12,018	12,163	101%	12,458	13,204	106%
Enterprise Funds	20,871	21,217	102%	23,645	16,176	68%
Internal Service Funds	11,856	10,779	91%	12,080	11,010	91%
Total	\$144,159	\$151,249	105%	\$162,811	\$143,106	88%

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 2016 and 2015 are as follows:

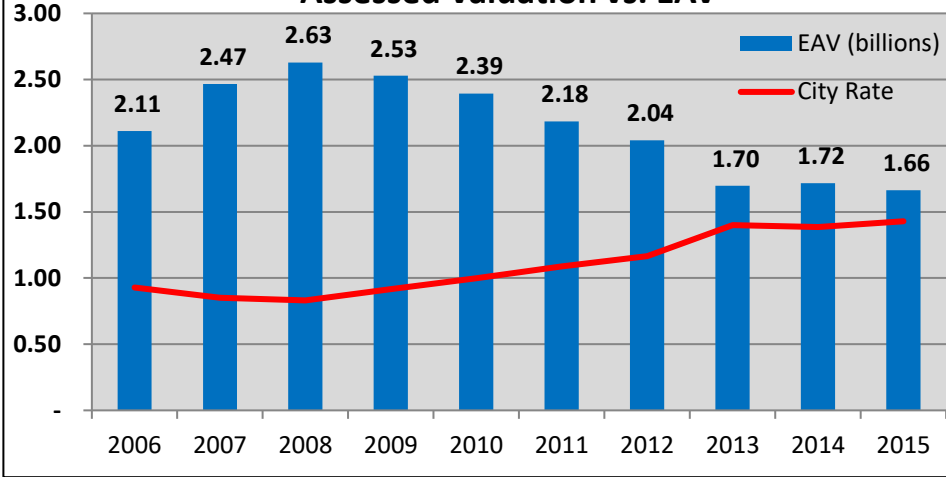
Table 4: General Fund Revenues by Type



General Fund Revenues were at \$64.4M, including property taxes of \$23M and other taxes of \$12.1M.

General Fund Revenues – Property Tax

Table 5: City's Property Tax Rate per \$100 Assessed Valuation vs. EAV



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.

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 6: Tax Levy Allocation

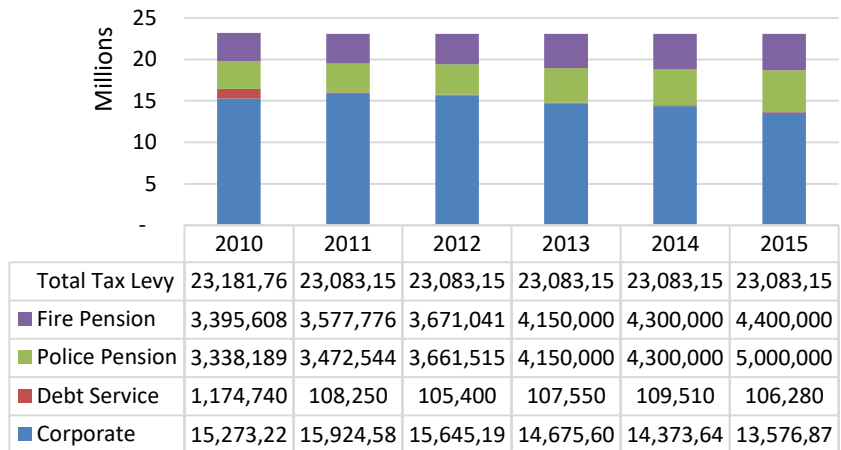


Table 7: Property Tax Allocation

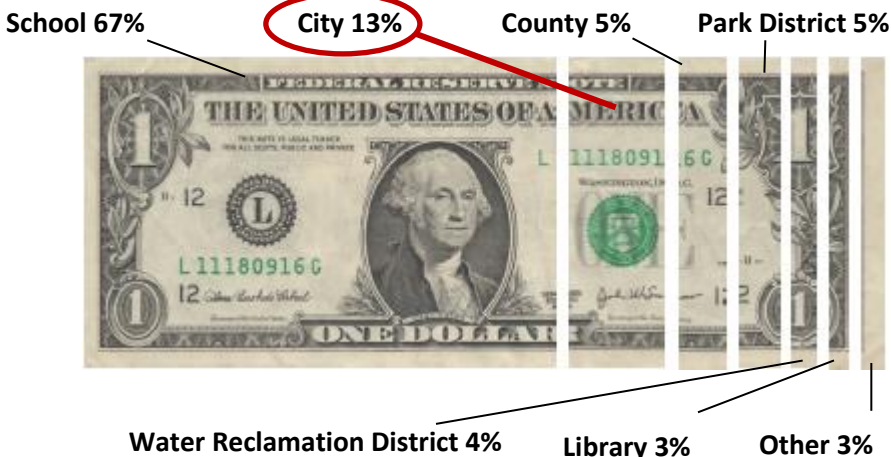


Table 7 shows that the City of Des Plaines only receives 13 cents for every dollar of property tax that is collected. This tax is used to support the day-to-day operations of the City as well as our public safety pension funds and previously committed debt payments.

General Fund Revenues – Other Taxes

Sales Tax is the second largest source of revenue for the City and comprises about 19.7% of total receipts for the General Fund or approximately \$12.9 million from both Municipal and Home Rule sales taxes for FY 2016. A brief summary of other taxes the City imposes is listed below.

Table 8: Selected Tax Information			
Utility Taxes		Sales Tax Rates - as of 12/31/2016	
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	1.75%
Hotel/Motel Tax	7%	Regional Transportation Authority	1.00%
Food and Beverage Tax	1%	Total	10.00%
Real Estate Transfer Tax	\$2 per \$1,000 value		
Telecommunication Tax	6%		

As noted above in **Table 8**, the total sales tax rate was 10.00% in 2016 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 general operations.

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

Table 9: Local Taxes Revenue		
(in thousands)	2016	2015
Utility Taxes	\$3,069	\$3,034
Gas & Use Tax	357	389
Franchise Tax	852	846
Food & Beverage Tax	1,269	1,229
Telecommunication Tax	2,392	2,347
Hotel/Motel Tax	2,070	2,146
Auto Rental Tax	85	80
Parking Tax	2	1
Real Estate Transfer Tax	842	598
Home Rule Sales Tax	1,526	1,428
	\$12,464	\$12,098

Table 10: Intergovernmental Revenue		
(in thousands)	2016	2015
State Income Tax	\$5,681	\$6,210
Local Use Tax	1,393	1,289
Personal Property Replacement	1,286	1,245
Municipal Sales Tax	11,388	10,745
Road and Bridge Tax	225	231
Federal, State, and Local Grants	186	60
	\$20,159	\$19,780

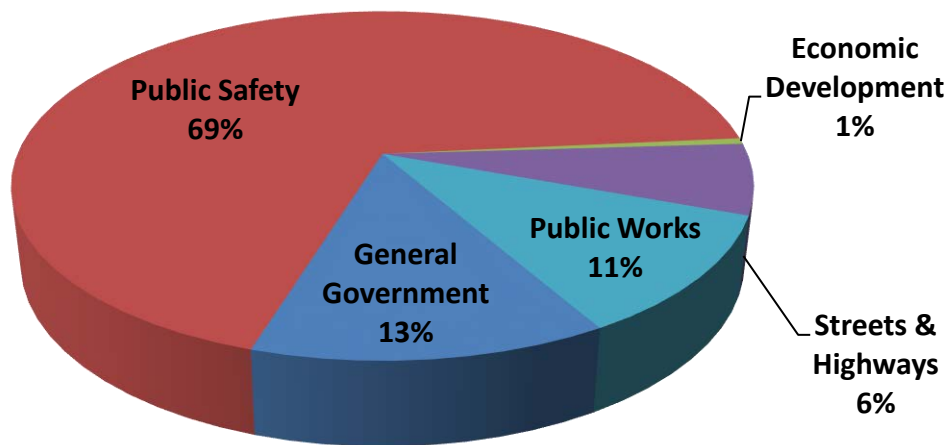
Table 10 presents Intergovernmental Revenue received from the Local Government Shared Revenues as well as state and federal grants.

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 (69%) of the General Fund operations. Total actual expenditures were \$60,229,807 including \$57,871,619 in operating expenditures and \$2,358,188 in transfers to other funds.

Table 11: General Fund Expenditures by Function



The General Fund expenditures decreased by \$2.3 million compared to 2015 primarily due to a reduction in transfers to other funds.

General Fund Expenditures by Department				
	Aggregate		Per Capita*	
in thousands (\$)	2016	2015	2016	2015
Elected Office	\$ 592	\$ 582	\$ 10	\$ 10
City Administration	3,234	3,092	55	53
Finance	1,173	1,285	20	22
Community Development	2,206	2,276	38	39
Public Works & Engineering	10,444	11,705	179	201
Police Department	21,284	20,759	365	356
Emergency Management Agency (EMA)	125	103	2	2
Fire Department	19,866	20,125	340	345
Fire & Police Commission	95	46	2	1
Overhead (including transfers to other funds)	1,211	2,600	21	45
Total General Fund Expenditures	\$ 60,230	\$ 62,573	\$ 1,032	\$ 1,072

*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 69% of all General Fund expenditures. Presented below are the operating indicators supplied by each department and a summary of their accomplishments.

Police Services	FY 2016
Physical Arrests	885
Compliance & Parking Violations	7,407
Traffic Violations	2,083

- Installed an updated security camera system throughout the Police Department and City Hall.
- Implemented a body camera program and policy for uniformed officers.
- Implemented the truck enforcement program with a dedicated traffic officer.



Fire Services	FY 2016
Emergency Medical Calls	6,060
Fires/Reports of Fires	979
Other Emergency Calls	955
Inspections	3,233

- Transitioned to a quartermaster system for employee uniforms.
- All Command Staff completed Hazard Zone Management Training.
- Developed and implemented a more efficient permitting process for fire alarm and sprinkler systems.

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 2016 the Public Works & Engineering department:

Public Works and Engineering Services	FY 2016
Street resurfacing (square yards)	17,016
Sidewalks removed & replaced (sq. ft.)	54,635
Snow and ice control (tons of salt)	2,983

- Completed alternate water source design and construction.
- Continued collecting American Disability Act data to ensure City compliance.
- Continued with the Emerald Ash Borer Plan and reforestation of the City.



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

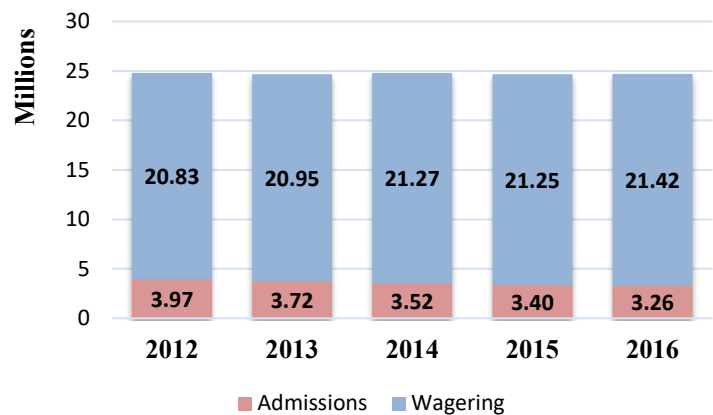
- ❖ **Elected Office** – consists of the Legislative and City Clerk divisions and is composed of the Mayor and 8 Aldermen. The department is responsible for establishing goals and policies to address community needs.
- ❖ **City Manager’s Office** – is responsible for the overall management of the City’s 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 2016 Des Plaines received about \$24.7 million from operations at the Rivers casino making it the City’s second largest source of revenue behind property taxes. This amount has remained consistent since the first full year of operations in 2012 which provided \$24.8M in revenues.



Table 12: Gaming Tax Revenue



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 2016 gaming tax revenue allocation will be approved during the 2018 Budget process.

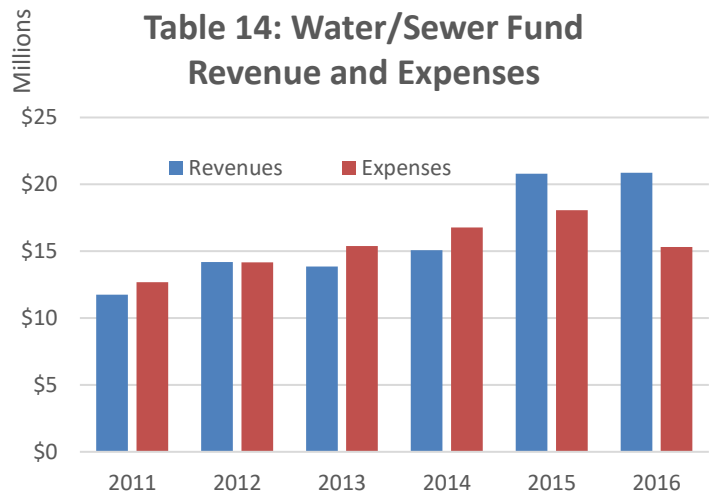
Table 13

2014 – \$5.3M	2016 - \$9.0M
• Debt Payoff \$3.6M	• Street & Drainage System \$3.5M
• Storm Water Master Plan Phase II \$1.7M	• Alternate Water Source \$5.3M
	• River Rd Water Main \$168K
2015 - \$9.8M	2017 - \$10.15M
• Street & Drainage System \$4.3M	• Street & Drainage System \$3.85M
• Alternate Water Source \$3.2M	• Debt Payoff \$1.7M
• River Rd Water Main \$2.3M	• River Rd Water Main \$2.0M
	• Water System \$2.6M

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 three Enterprise Funds: Water/Sewer Fund and two Parking Systems Funds.

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 exceeded revenues for several years but have begun to turn positive as improvements are funded from other funds and the cost of water decreases.



Utility Billing Rates (Per 100 cubic feet)	
Water Rate – Inside City Limits	\$5.05
Sanitary Sewer Rate	\$0.91
Storm Sewer Rate	\$0.57

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 cash or credit card at the machine as well as utilizing a smart phone app.

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 \$33.6 million in principal outstanding general obligation debt at the end of 2016. The majority of the City's debt burden is supported by TIF revenues, sales and other taxes and only \$475 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.

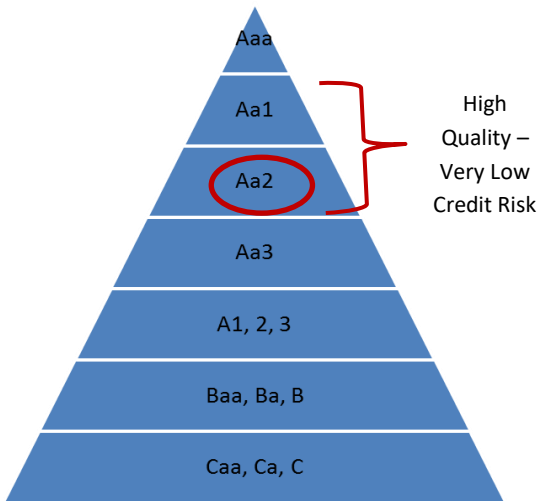
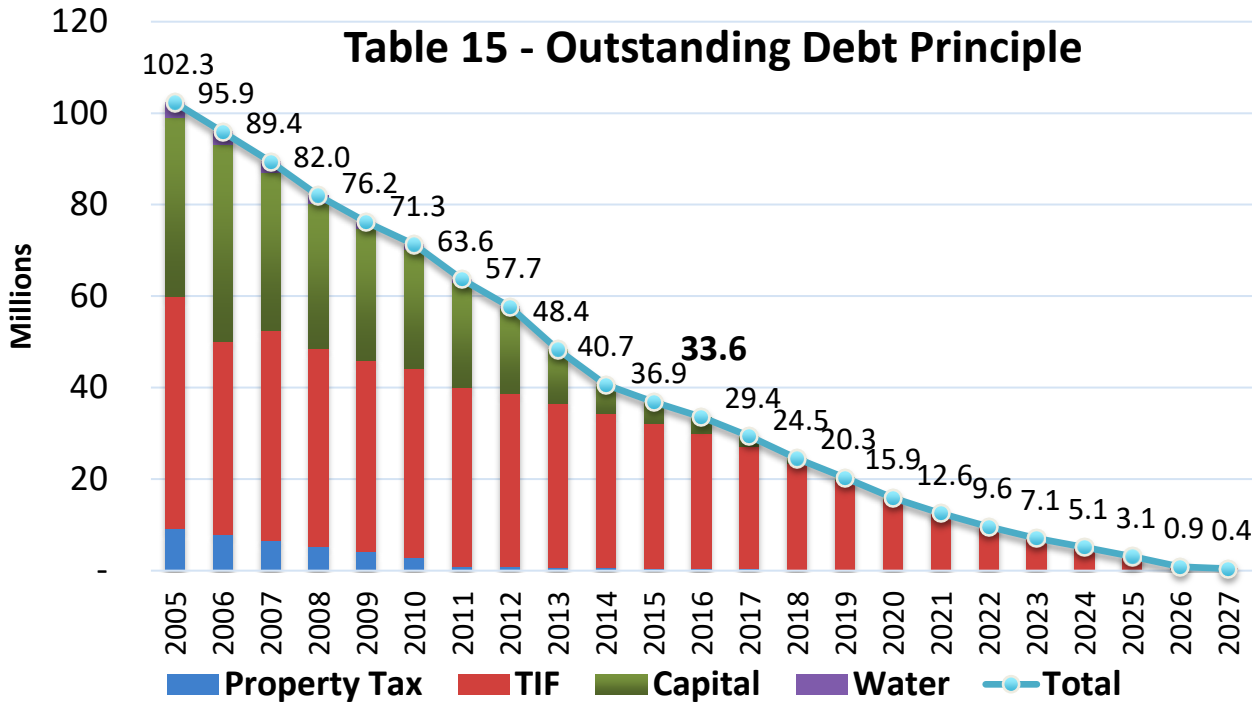


Table 16: Moody's Investors Service Ratings

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 approximately \$3.3 million in bonded debt was retired. 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). Total assets of the City as of December 31, 2016, were \$391.3 million, an increase of \$15.9 million or 4.2 percent. Total liabilities as of December 31, 2016, were \$223.1 million, a decrease of \$2.0 million.

Table 17: Statement of Net Position						
December 31, 2016 and 2015						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current & Other Assets	\$ 139,154,684	\$ 134,915,397	\$ (528,234)	\$ 2,337,072	\$ 138,626,450	\$ 137,252,469
Capital Assets	212,544,265	204,429,680	40,123,012	33,676,322	252,667,277	238,106,002
Total Assets	<u>351,698,949</u>	<u>339,345,077</u>	<u>39,594,778</u>	<u>36,013,394</u>	<u>391,293,727</u>	<u>375,358,471</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>18,108,357</u>	<u>20,174,715</u>	<u>1,110,042</u>	<u>1,775,766</u>	<u>19,218,399</u>	<u>21,950,481</u>
LIABILITIES						
Current Liabilities	27,145,322	23,807,651	1,244,257	3,100,075	28,389,579	26,907,726
Noncurrent Liabilities	192,165,970	191,233,441	2,513,046	2,958,437	194,679,016	194,191,878
Total Liabilities	<u>219,311,292</u>	<u>215,041,092</u>	<u>3,757,303</u>	<u>6,058,512</u>	<u>223,068,595</u>	<u>221,099,604</u>
DEFERRED INFLOWS OF RESOURCES	<u>31,568,489</u>	<u>30,644,597</u>	<u>373,000</u>	<u>152,823</u>	<u>31,941,489</u>	<u>30,797,420</u>
NET POSITION						
Net Investment in Capital Assets	182,246,337	167,177,408	40,123,012	33,676,322	222,369,349	200,853,730
Restricted	8,933,922	7,229,324	-	-	8,933,922	7,229,324
Unrestricted	<u>(72,252,734)</u>	<u>(60,572,629)</u>	<u>(3,548,495)</u>	<u>(2,098,497)</u>	<u>(75,801,229)</u>	<u>(62,671,126)</u>
Total Net Position	<u>\$ 118,927,525</u>	<u>\$ 113,834,103</u>	<u>\$ 36,574,517</u>	<u>\$ 31,577,825</u>	<u>\$ 155,502,042</u>	<u>\$ 145,411,928</u>

Net position was \$155.5 million in fiscal 2016, an increase of \$10.1 million. Of the City’s net position, \$222.4 million was net investment in capital assets, while \$8.9 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 a negative \$75.8 million.

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 \$21.8 million in 2016. The ratio of the unassigned fund balance to General Fund expenditures in 2016 is 38%. 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 Balances

Year	Unassigned Fund Balance	% of Expenditures
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%
2015	\$21,989,485	37.5%
2016	\$21,833,793	37.7%

The total fund balance for the general fund as of December 31, 2015 was \$49.8 million, an increase of \$5.7 million from fiscal 2015, mostly due to intergovernmental and local taxes coming in higher than expected.

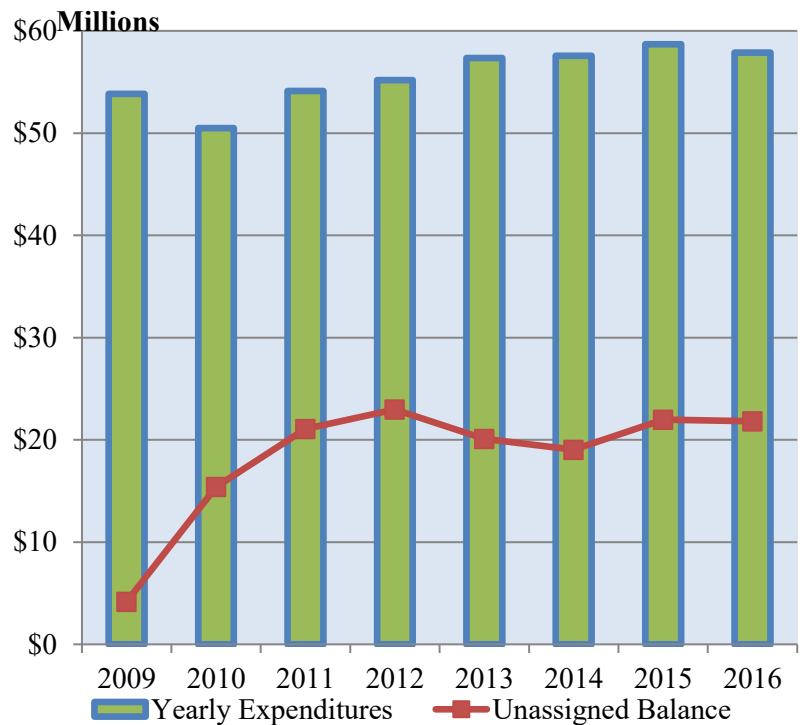
Key Terms

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."

Table 19: General Fund Balance vs. Expenditures



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 & Financial Reports* section at <http://www.desplaines.org/budget>.

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	Michael McMahon