

2018 POPULAR ANNUAL FINANCIAL REPORT



Fiscal Year Ending
December 31, 2018

POPULAR ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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 2018 Popular Annual Financial Report (PAFR) for the seventh consecutive year.

The PAFR is a summary of the financial activities of the City and is drawn from information found in the 2018 Comprehensive Annual Financial Report (CAFR). Please note that the Comprehensive Annual Financial Report (CAFR) 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 CAFR, however, the Library will not be discussed in this report since it is governed by a separate board.



Downtown Des Plaines, IL

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 reference to the CAFR is provided on page 21 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

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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, 2017.



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 in order 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 fifth 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, 2018 (the City has received this recognition for 38 consecutive years).
- Distinguished Budget Presentation Award for the Fiscal Year 2018 Budget (received for the past 10 consecutive years).

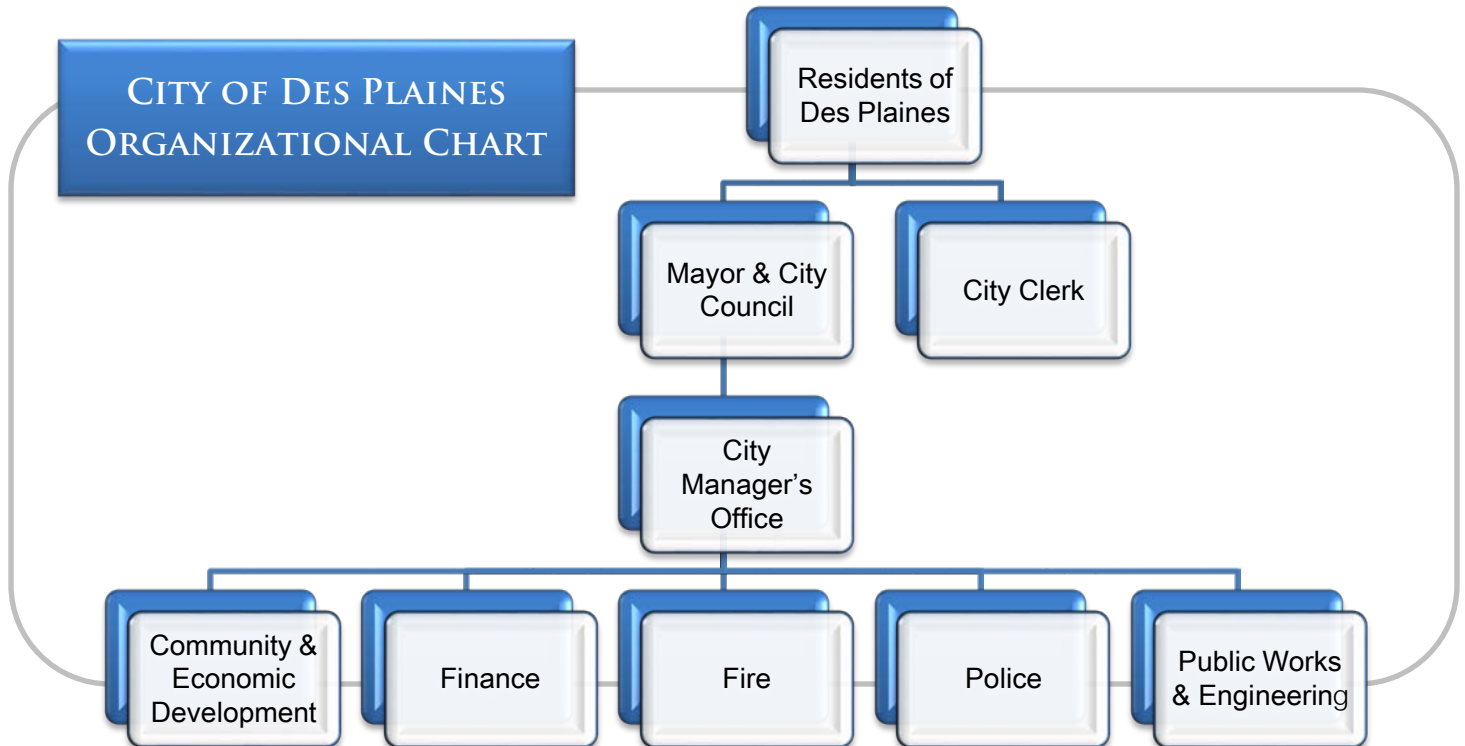
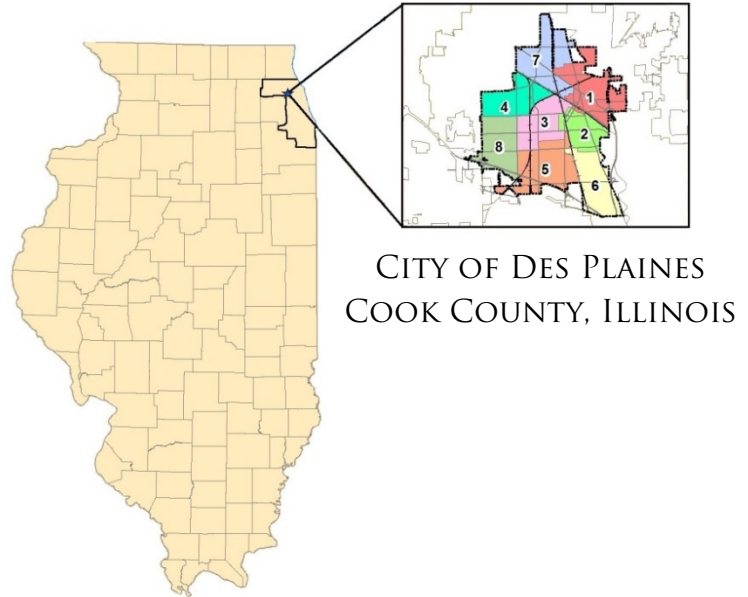
The 2018 CAFR and 2019 Budget have both been submitted to the respective award programs, and we believe the documents continue to meet GFOA requirements.

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.

TABLE 1 QUICK FACTS	
Population	58,364
City Employees	357
Median Income	\$60,057
Median Home Value	\$279,442
2017 Tax Year EAV	\$1,955,916,247

LAND USE	
Residential	43.3%
Manufacturing	15.7%
Commercial & Retail	7.8%
Institutional	15.9%
Streets, Alleys & Roadways	12.5%
Vacant & Open Space	4.7%



CITY OF DES PLAINES ELECTED OFFICIALS

The City Council is comprised of the Mayor and eight Aldermen. All residents of the City elect the Mayor. The City is divided into eight 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 City Clerk is also elected by all residents. 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 7:00 P.M.



MATTHEW J. BOGUSZ
MAYOR



JENNIFER TSALAPATANIS
CITY CLERK



MARK LYSAKOWSKI
ALDERMAN – WARD 1



JOHN ROBINSON
ALDERMAN – WARD 2



DENISE RODD
ALDERMAN – WARD 3



DICK SAYAD
ALDERMAN – WARD 4



CARLA BROOKMAN
ALDERMAN – WARD 5



MALCOLM CHESTER
ALDERMAN – WARD 6



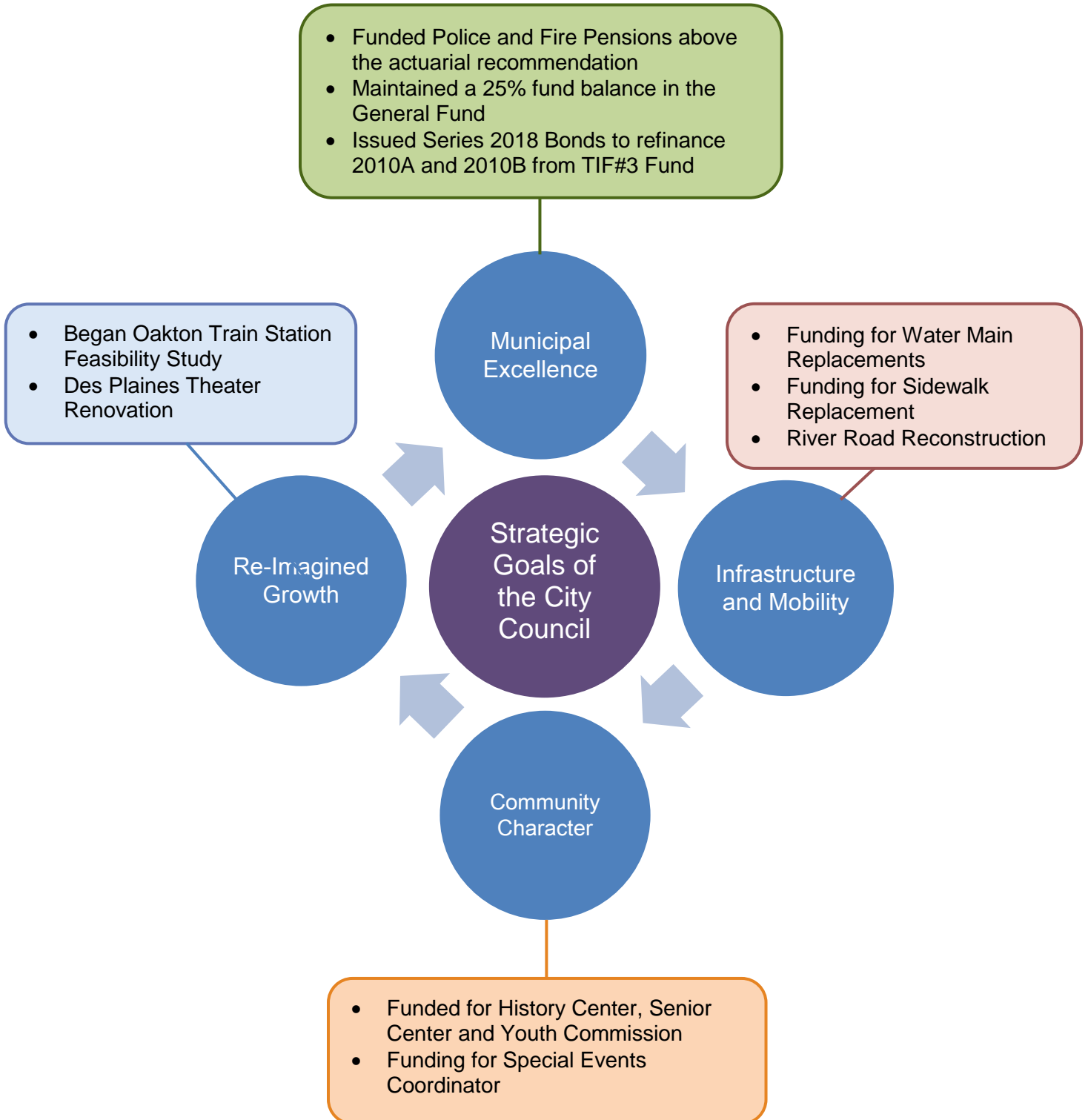
DON SMITH
ALDERMAN – WARD 7



MICHAEL CHAREWICZ
ALDERMAN – WARD 8

MAJOR INITIATIVES

The City Council identified four goals and several strategies to achieve those goals that were formalized into the 2017 Strategic Plan adopted by the City Council on February 5, 2018 via Resolution R-31-18. During 2018 some of the City's accomplishments related to these goals included the following:



LOCAL ECONOMY AND FINANCIAL HIGHLIGHTS

Des Plaines is home to 2,534 commercial establishments of which 877 of these establishments contain a retail component. Des Plaines is comprised of 39,136 jobs; of them, 12.3 percent are in the manufacturing sector, 10.3 percent are in the wholesale sector, 10.85 percent are in the transportation and warehousing sector, 8.4 percent are in retail trade and 11.8 percent are in the healthcare and social assistance (2018, IDES, "Where Workers Work"). Many of Des Plaines major employers have committed to hiring Des Plaines residents, which contribute to maintaining a low unemployment rate (3.6 percent for December 2018, down from December 2017's rate of 4.3 percent according to the U.S. Bureau of Labor Statistics). Building permit issuance increased, with 3,258 permits issued in 2018 compared to 2,994 issued in 2017. This total is also above the 3,105 permits issued in 2016. The declared building permit valuation from 2018 totals \$123,519,182 representing a decrease from \$141,923,310 in building permit valuation during 2017. Despite the slight construction value decrease, the overall construction investment signals a strong local economy and validation that the efficient entitlement process and economic development incentives offered in the City of Des Plaines are working.

TABLE 2: PRINCIPAL EMPLOYERS

Business Name	Industry Type	# Employees
Universal Oil Products, Inc.	Chemical Engineering Services	1,600
Rivers Casino	Entertainment and Gaming	1,450
Holy Family Medical Center	Medical Center	1,069
LSG SkyChefs	Airline Catering	1,000
Oakton Community College	Public Community College	990
Sysco Food Services	Food Wholesalers	715
Wheels, Inc.	Passenger Car and Truck Leasing	700
Juno Lighting	Light Fixture Manufacturer	475
Abbot Molecular	Medical Laboratories	400
W Diamond Group Corporation	Manufacturing of Men's Tailored Clothing	400

FINANCIAL HIGHLIGHTS

- The City's General Fund ended the year with total revenues exceeding total expenditures by \$4.8 million. Combined with other financing net uses of \$1.8 million, the December 31, 2018 fund balance increased by \$3.1 million.
- Local government state shared revenues, i.e. state income, municipal sales and personal property replacement tax increased by \$2.4 million over the prior year.
- The City received \$25.1 million in taxes generated from the revenues at Rivers Casino, \$3.0 million in admission tax (\$1 per admission), and \$22.1 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 \$6 million (40% of the total revenue over \$10 million) amongst the 10 benefiting communities named in the agreement. The remaining amount of \$9 million in gaming tax revenue will be discussed by the City Council as part of the 2020 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
DEBT SERVICE FUND	TIF #1	TIF #6 (major)	Health Benefits
	TIF #3	TIF #7	
CAPITAL PROJECT FUNDS:	TIF #5		ENTERPRISE FUNDS:
Capital Projects (major)	Motor Fuel Tax (MFT)		Water/Sewer (major)
Information Technology (IT) Replacement	Community Development Block Grant (CDBG)		Parking System: (major) City-Owned Parking & Metra Leased Parking
Equipment Replacement	Grant Projects (major)		
Facilities Replacement	Gaming Tax (major)		
	Asset Seizure		
FIDUCIARY FUNDS:	Foreign Fire Insurance Tax		
Fire & Police Pension			
Agency			

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

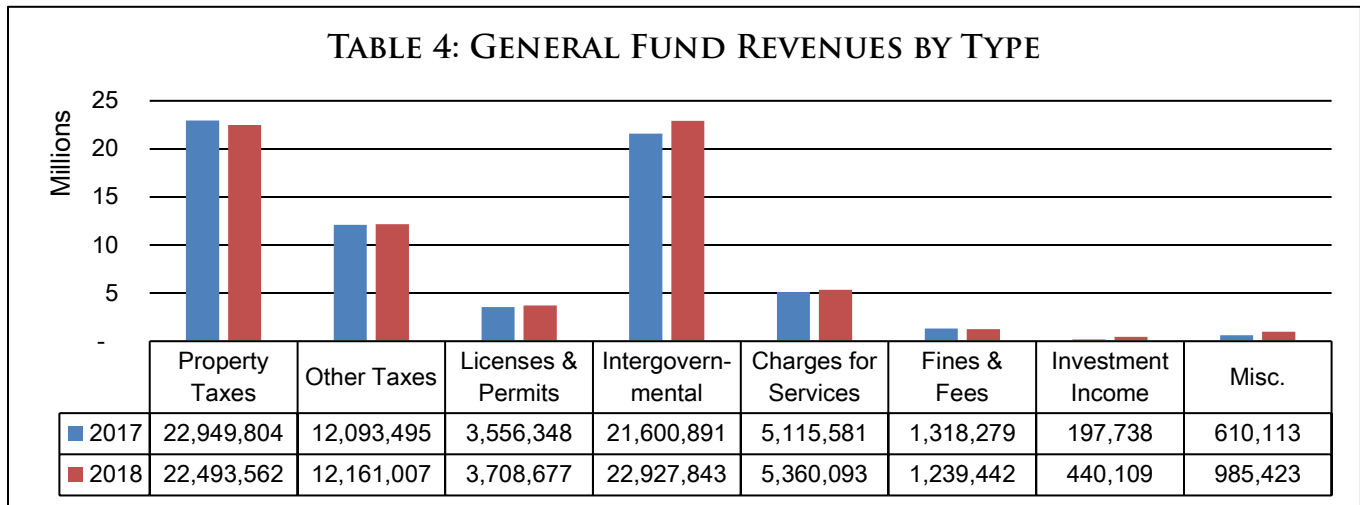
The City must raise funds to pay for the services it provides to citizens and businesses. These sources of funds, referred to as revenue, are raised through taxes, charges for services, fees and fines as well as grants. Table 3 represents City's Budget to Actual Revenues and Expenditures. The Actual Revenue received in 2018 is \$8.5M lower than the Budget amounts mainly due to decrease in Capital Grants as a result of completion of the Phase I Hazard Mitigation Grant Program. The expenditures were below the budget expectations based on the City's conservative approach to spending. Please refer for details in the CAFR (Comprehensive Annual Financial Report).

TABLE 3: 2018 BUDGET TO ACTUAL REVENUES AND EXPENDITURES

(Including the Inter-Fund Transfers)

BY FUND TYPE IN THOUSANDS (\$)	2018 Budget Revenues	2018 Actual Revenues	% of 2018 Budget	2018 Budgeted Expenditures	2018 Actual Expenditures	% of 2018 Budget
General Fund	61,854	69,526	112%	69,228	66,453	96%
Special Revenue Funds	61,227	41,595	68%	66,971	45,660	68%
Debt Service Fund	-	93	N/A	-	-	N/A
Capital Projects Funds	17,460	20,145	115%	19,498	18,637	96%
Enterprise Funds	20,948	23,082	110%	19,451	14,733	76%
Internal Service Funds	11,971	10,485	88%	12,409	11,067	89%
Total	\$173,460	\$164,925	95%	\$187,558	\$156,550	83%

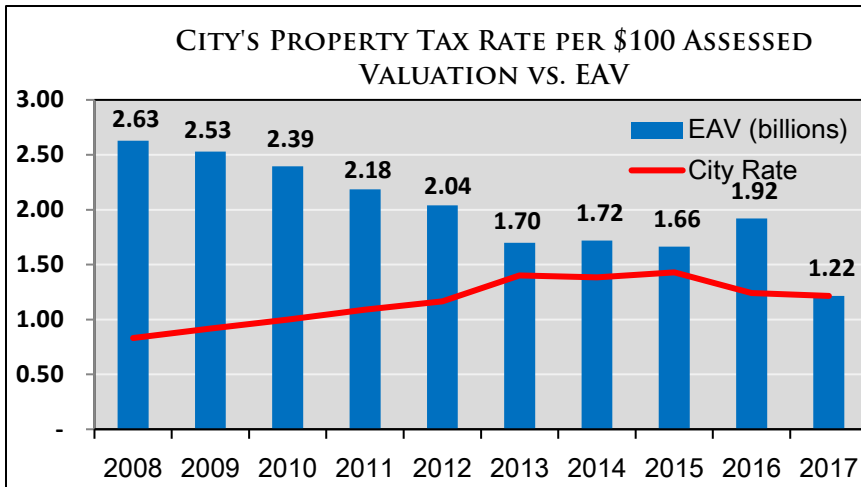
When assessing the financial results of the City, it is important to focus on the City's **General Fund**. The General Fund is the primary operating fund of the City and supports the regular day-to-day operations. It is used to account for all revenues and expenditures of the City, except those required to be accounted for in other funds. The revenues of the General Fund come from a variety of sources. Revenues received in 2017 and 2018 are as follows:



2018 General Fund Revenues were at \$69.3M, including property taxes of \$22.5M and other taxes of \$12.2M.

GENERAL FUND REVENUES – PROPERTY TAX

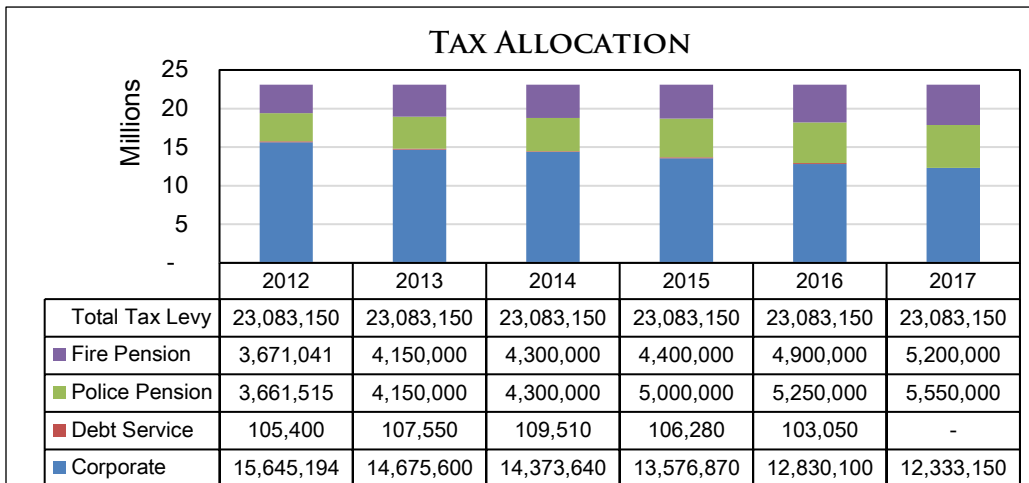
TABLE 5: VALUATION VS EAV



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.

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 6**).

TABLE 7: PROPERTY TAX

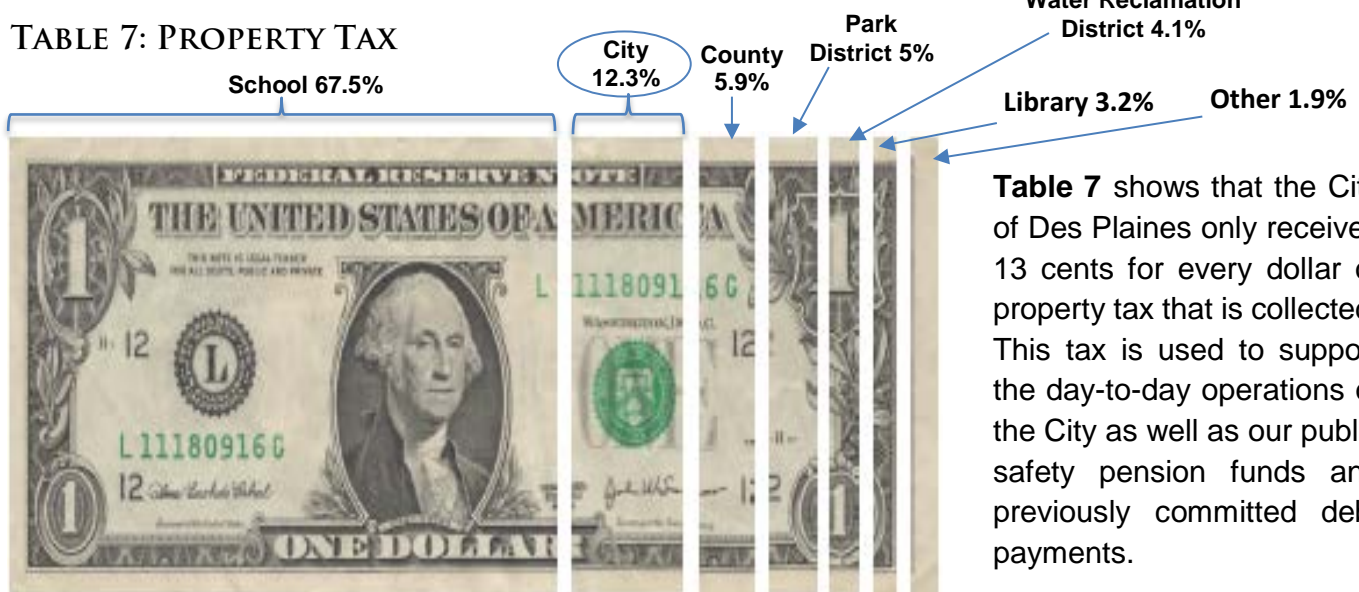


Table 7 shows that the City of Des Plaines only receives 13 cents for every dollar of property tax that is collected. This tax is used to support the day-to-day operations of the City as well as our public safety pension funds and previously committed debt payments.

GENERAL FUND REVENUES – OTHER TAXES

Sales Tax is the second largest source of revenue for the City and comprises about 22.76% of total receipts in the General Fund. Approximately \$15.7 million was received in both Municipal and Home Rule sales taxes in FY 2018. A brief summary of other taxes is listed below:

TABLE 8: SELECTED TAX INFORMATION

Utility Taxes		Sales Tax Rates - as of 12/31/2018	
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%
		County Home Rule	1.75%
		Regional Transportation Authority	1.00%
		Total	10.00%
Other			
Hotel/Motel Tax	7%		
Food and Beverage Tax	1%		
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% in 2018 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 10 presents Intergovernmental Revenue received from the Local Government Shared Revenues as well as state and federal grants.

TABLE 9: LOCAL TAXES REVENUE

(in thousands)	2018	2017
Utility Taxes	\$3,121	\$3,007
Gas & Use Tax	403	363
Franchise Tax	832	835
Food & Beverage Tax	1,346	1,330
Telecommunication Tax	1,870	2,053
Hotel/Motel Tax	1,995	1,909
Auto Rental Tax	82	108
Parking Tax	1	2
Real Estate Transfer Tax	809	883
Home Rule Sales Tax	1,701	1,603
	\$12,161	\$12,093

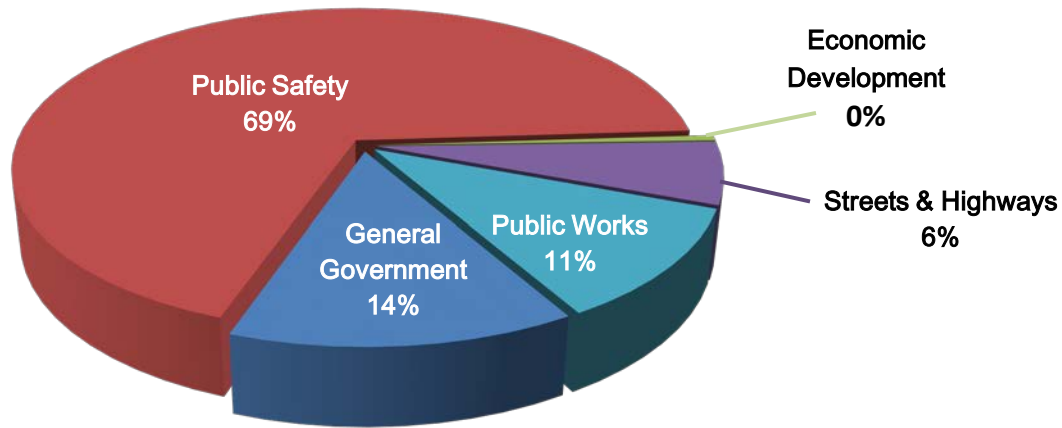
TABLE 10: INTERGOVERNMENTAL REVENUE

(in thousands)	2018	2017
State Income Tax	\$5,571	\$6,446
Local Use Tax	1,690	1,508
Personal Property Replacement	1,214	1,258
Municipal Sales Tax	14,065	12,063
Road and Bridge Tax	224	224
Federal, State, and Local Grants	164	102
	\$22,928	\$21,601

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 dispersed amount departments, made up of five 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 \$66,453,377 including \$64,482,430 in operating expenditures and \$1,970,947 in transfers to other funds.



The General Fund expenditures increased by \$2.2 million compared to 2017 primarily due to an increase in transfers to other funds.

in thousands (\$)	Aggregate		Per Capita*	
	2018	2017	2018	2017
Elected Office	\$ 652	\$ 665	\$ 11	\$ 11
City Administration	3,649	3,489	63	60
Finance	1,253	1,187	21	20
Community Development	2,528	2,412	43	41
Public Works & Engineering	11,299	11,498	194	197
Police Department	23,659	22,341	405	383
Emergency Management Agency (EMA)	134	138	2	2
Fire Department	20,416	20,270	350	347
Fire & Police Commission	63	53	1	1
Overhead (including transfers to other funds)	2,800	2,222	48	38
Total General Fund Expenditures	\$ 66,453	\$ 64,276	\$ 1,139	\$ 1,101

*Expenditures per capita represent aggregate expenditures divided by 2010 population (58,364) and are in dollars, not thousands.

GENERAL FUND EXPENDITURES BY DEPARTMENT

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

Public Safety is a major responsibility of local government. The City of Des Plaines Police and Fire Departments together with the Emergency Management Agency, 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 2018
Physical Arrests	594
Compliance & Parking Violations	11,329
Traffic Violations	3,420

- Upgraded the departmental Field Based Reporting (FBR) software for officers in the field.
- Added an additional Task Force Officer who is detached to work with the DEA Air Wing.
- Reutilized the department sally port area for increased officer safety while processing arrestees.

FIRE SERVICES	FY 2018
Emergency Medical Calls	6,720
Fires/Reports of Fires	1,158
Other Emergency Calls	1,063
Inspections	3,211

- The Fire Department was awarded a \$158,000 FEMA grant for new portable radios and related personnel accountability software.
- A comprehensive organizational analysis of the Fire Department was commissioned.
- The Fire Department's breathing air packs were replaced with new state-of-the-art units with advanced features.

GENERAL FUND EXPENDITURES BY DEPARTMENT

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

The Homeland Security and Emergency Management Agency (EMA) saves lives, prevents injuries, and protects property and the environment in the event a natural or man-made disaster occurs, both during incidents and during recovery. Additionally, EMA provides daily assistance to the Police and Fire Departments in many ways through the use of citizen volunteers.



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 City department. In 2018 the Public Works & Engineering Department achieved the following:

PUBLIC WORKS AND ENGINEERING SERVICES	FY 2018
Street resurfacing (square yards)	21,942
Sidewalks removed & replaced (sq. ft.)	126,882
Snow and ice control (tons of salt)	4,738

- Continued sidewalk grinding program to reduce trip and falls.
- Started the Des Plaines Theater renovation project.
- Continued water meter replacements to ensure accurate billing.



GENERAL FUND EXPENDITURES BY DEPARTMENT



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

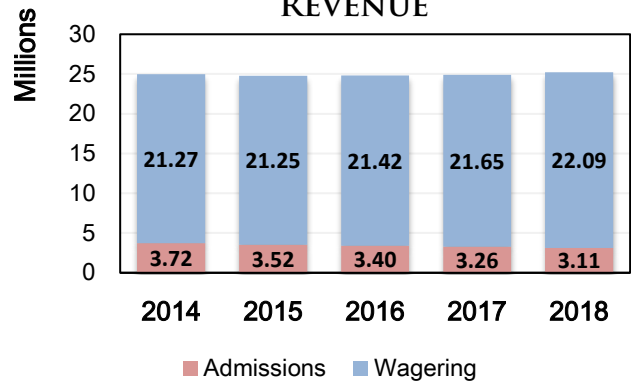
- **Elected Office** consists of the Legislative and City Clerk Divisions and is composed of the Mayor and eight Aldermen. The Department is responsible for establishing goals and policies to address community needs.
- **The City Manager's Office** is responsible for the overall management of the City's departments and provides administrative services.
- **The Finance Department** manages all the City's programs related to general finance, accounting and revenue collection functions.
- **The 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. 2018 was the sixth 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 2018 Des Plaines received about \$25.1 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 \$24.8 million in revenues.



TABLE 13: 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 \$9.04 million. The 2018 gaming tax revenue allocation will be approved during the 2020 Budget process.

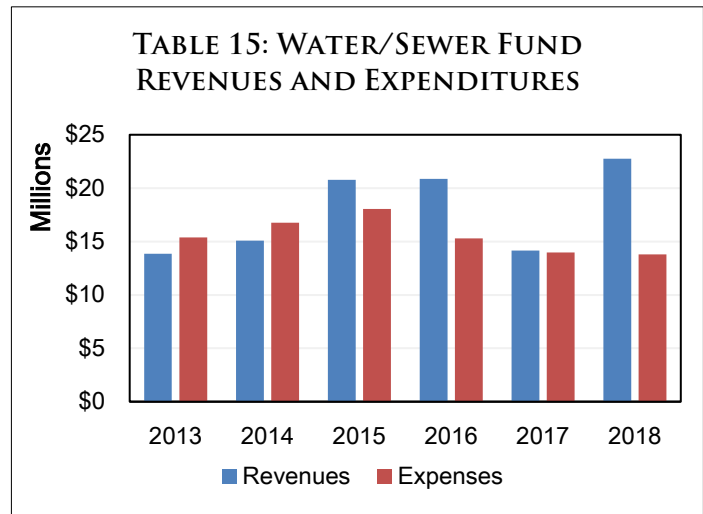
TABLE 14: 2016-2019 INFRASTRUCTURE IMPROVEMENT PROJECTS FUNDED MOSTLY BY CASINO REVENUES

2016 - \$9.0M	2018 - \$10.4M
<ul style="list-style-type: none"> Street & Drainage System \$3.5M 	<ul style="list-style-type: none"> Street & Drainage System \$5.0M
<ul style="list-style-type: none"> Alternate Water Source \$5.3M 	<ul style="list-style-type: none"> Water System Improvements \$2.9M
<ul style="list-style-type: none"> River Rd Water Main \$168K 	<ul style="list-style-type: none"> Facilities Fund Transfer \$500K
	<ul style="list-style-type: none"> River Rd Water Main (Carryover) \$2.0M
2017 - \$10.15M	2019 - \$8.4M
<ul style="list-style-type: none"> Street & Drainage System \$3.85M 	<ul style="list-style-type: none"> Street & Drainage System \$2.53M
<ul style="list-style-type: none"> Debt Payoff \$1.7M 	<ul style="list-style-type: none"> Water System Improvements \$5.38M
<ul style="list-style-type: none"> River Rd Water Main \$2.0M 	<ul style="list-style-type: none"> Facilities Fund Transfer \$500K
<ul style="list-style-type: none"> 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 revenues 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 15, 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 of water used)	
Water Rate – Inside City Limits	\$5.104
Sanitary Sewer Rate	\$0.91
Storm Sewer Rate	\$0.57

The water rate has 2 components: the purchase rate (the amount Des Plaines pays Chicago and Northwest Water Commission 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 Parking Garages) 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 cards at the machines as well as utilizing a smart phone application.

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 \$23.1 million in principal outstanding general obligation debt at the end of 2018. 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. **Table 16** 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: OUTSTANDING DEBT PRINCIPLE

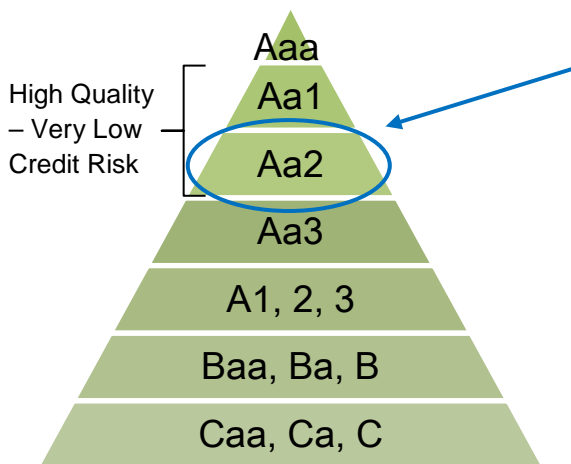
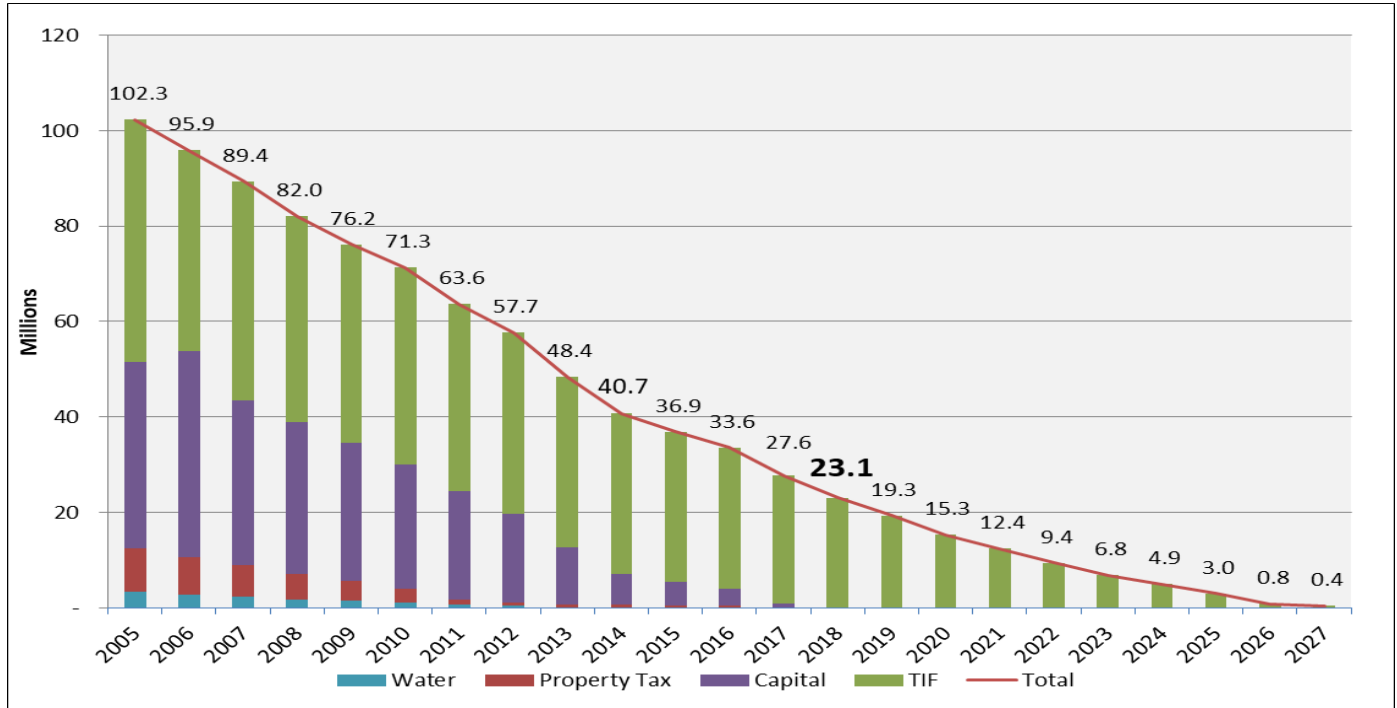


TABLE 17: MOODY'S INVESTORS SERVICE RATINGS

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 2018, Series 2018A Bond was issued to refinance 2010A and 2010B from TIF #3 Fund. 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 18)** 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, 2018, were \$437.1 million, an increase of \$34.5 million or 8.6 percent. Total liabilities as of December 31, 2018, were \$265.5 million, an increase of \$60.4 million or 29.4 percent.

Table 18: Statement of Net Position						
December 31, 2018 and 2017						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current & Other Assets	\$ 159,868,766	\$ 142,859,964	\$ 4,566,509	\$ (884,656)	\$ 164,435,275	\$ 141,975,308
Capital Assets	228,445,557	220,208,895	44,262,265	40,412,151	272,707,822	260,621,046
Total Assets	<u>388,314,323</u>	<u>363,068,859</u>	<u>48,828,774</u>	<u>39,527,495</u>	<u>437,143,097</u>	<u>402,596,354</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>17,823,543</u>	<u>13,821,225</u>	<u>1,891,721</u>	<u>76,401</u>	<u>19,715,264</u>	<u>13,897,626</u>
LIABILITIES						
Current Liabilities	39,655,270	25,048,533	2,730,083	1,278,411	42,385,353	26,326,944
Noncurrent Liabilities	218,963,432	178,337,042	4,155,044	457,534	223,118,476	178,794,576
Total Liabilities	<u>258,618,702</u>	<u>203,385,575</u>	<u>6,885,127</u>	<u>1,735,945</u>	<u>265,503,829</u>	<u>205,121,520</u>
DEFERRED INFLOWS OF RESOURCES	<u>49,126,482</u>	<u>41,072,717</u>	<u>402,501</u>	<u>1,762,286</u>	<u>49,528,983</u>	<u>42,835,003</u>
NET POSITION						
Net Investment in Capital Assets	205,869,137	196,250,010	44,262,265	40,412,151	250,131,402	236,662,161
Restricted	10,381,412	9,570,315	-	-	10,381,412	9,570,315
Unrestricted	<u>(117,857,867)</u>	<u>(73,388,533)</u>	<u>(829,398)</u>	<u>(4,306,486)</u>	<u>(118,687,265)</u>	<u>(77,695,019)</u>
Total Net Position	<u>\$ 98,392,682</u>	<u>\$ 132,431,792</u>	<u>\$ 43,432,867</u>	<u>\$ 36,105,665</u>	<u>\$ 141,825,549</u>	<u>\$ 168,537,457</u>

Net position was \$141.8 million in fiscal 2018, a decrease of \$26.7 million. Of the City's net position, \$250.1 million was net investment in capital assets, while \$10.4 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 \$118.7 million primarily due to decreased deferred pension outflows and increased deferred pension inflows.

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 \$26.6 million in 2018.

The ratio of the unassigned fund balance to General Fund expenditures in 2018 is 41.3%. This is significant because it demonstrates that the City can maintain general operations for a sustained period of time without additional revenues.

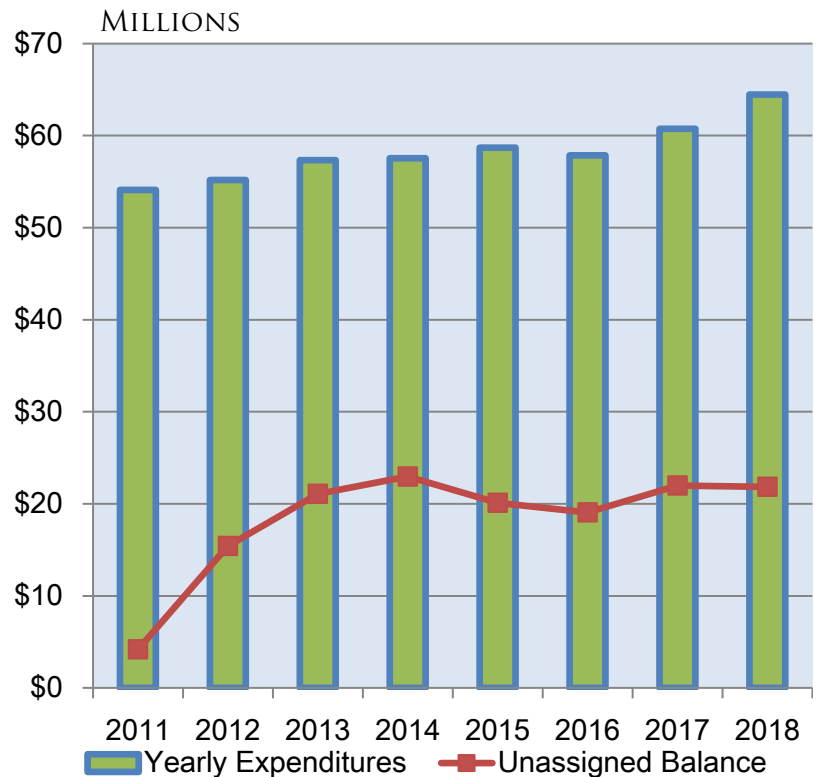


TABLE 19: GENERAL FUND UNASSIGNED FUND BALANCES

YEAR	UNASSIGNED FUND BALANCE	% OF EXPENDITURES
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%
2017	\$22,135,880	36.4%
2018	\$26,643,211	41.3%

The total fund balance for the general fund as of December 31, 2018 was \$56.3 million, an increase of \$3.07 million from fiscal 2017, mostly due to higher than anticipated state shared revenues.

TABLE 20: GENERAL FUND BALANCE VS. EXPENDITURES



FINANCIAL STABILITY

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."

Deferred Inflow of Resources - Acquisition of net assets by the government that is applicable to a future reporting period.

Deferred Outflow of Resources - Consumption of net assets by the government that is applicable to a future reporting period.

CONTACT INFORMATION

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

To view electronic versions of the City's Financial Reports, please visit www.desplaines.org. Choose *Budget & Financial Reports* under the Government/Finance Tab. The following reports are available for viewing: Comprehensive Annual Financial Report, the Annual Budget, the Popular Annual Financial Report, and Annual Treasurer's Report.

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 CounselPeter Friedman, Holland & Knight, LLP

Assistant City Manager/Director of Finance Dorothy Wisniewski

Chief of Police..... William Kushner

Fire ChiefAlan Wax

Director of Public Works & Engineering Timothy Oakley

Director of Community & Economic Development..... Michael McMahon