

City of Des Plaines

Popular
Annual Financial
Report **2013**

Popular Annual Financial Report For the Fiscal Year Ended December 31, 2013

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 2013 Popular Annual Financial Report (PAFR) for the second 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 2013 Comprehensive Annual Financial Report (CAFR). The information contained in this report is intended to provide you with an easy to understand overview of the City’s economic outlook, an analysis of the City’s financial position, and key financial information.



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 you find this report interesting and enjoyable to read.

Sincerely,

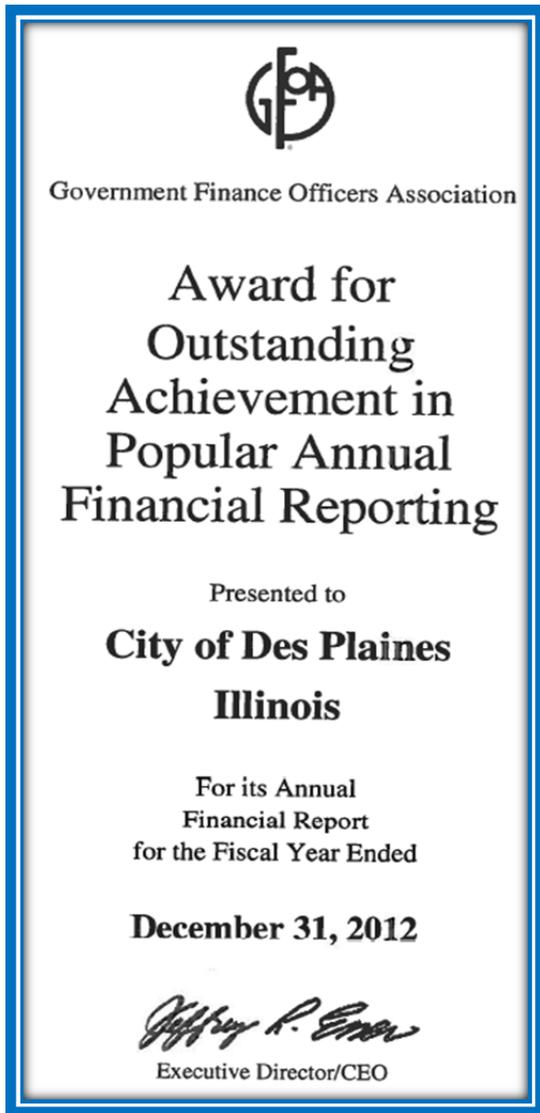

 Michael G. Bartholomew
 City Manager


 Dorothy Wisniewski
 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, 2012. 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 first 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, 2012 (33 consecutive years).
- Distinguished Budget Presentation Award for the Fiscal Year 2013 Budget (5 consecutive years).

The 2013 CAFR and 2014 Budget have both been submitted to the respective award programs and we believe the documents continue to meet GFOA requirements.

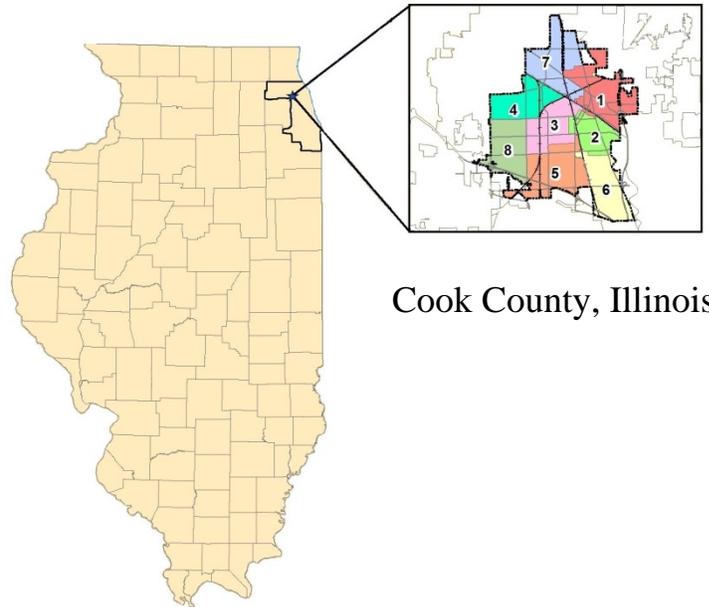
About the City of Des Plaines

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

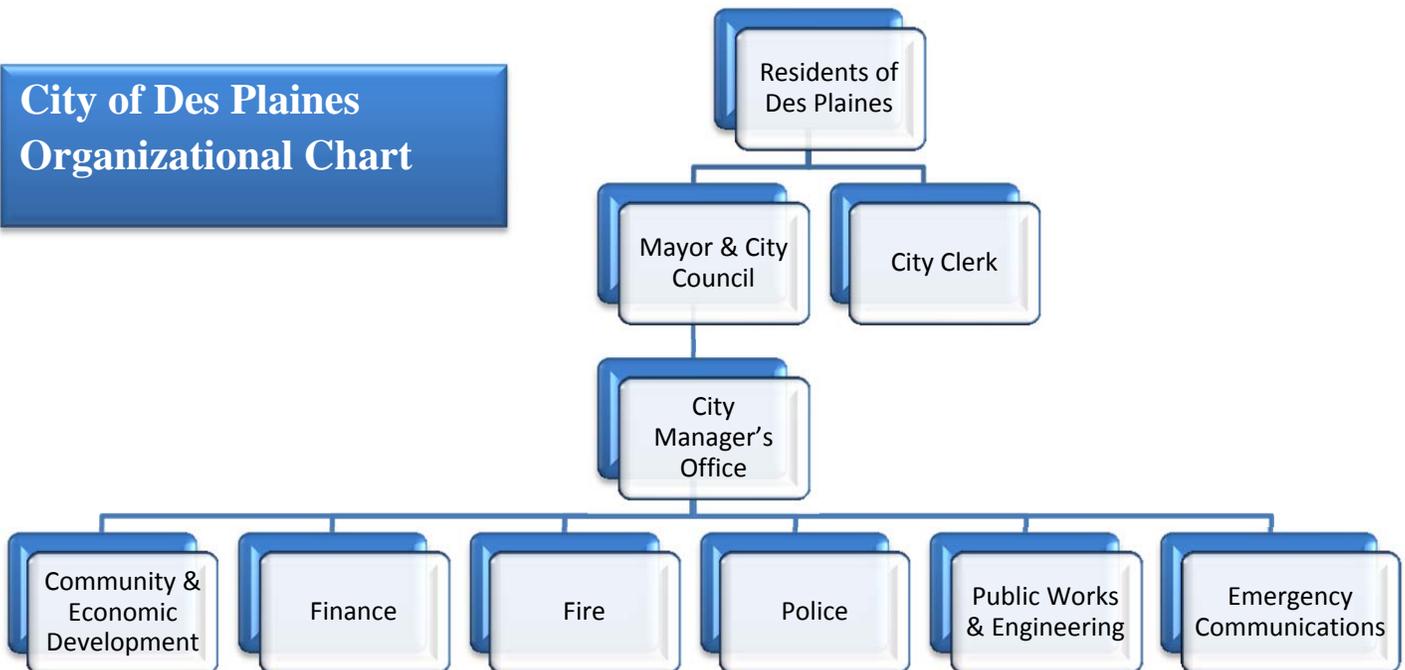
Table 1	
Quick Facts	
Population	58,364
City Employees	343
Median Income	\$63,528
Median Home Value	\$269,400
2012 Tax Year EAV	\$2,039,939,367

Land Use	
Residential	43.3%
Manufacturing	15.7%
Commercial & Retail	7.8%
Education & Recreation	15.9%
Streets, Alleys & Roadways	12.5%
Vacant	4.8%



Cook County, Illinois

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**



**Joanna Sojka
Alderman – Ward 7**



**Michael Charewicz
Alderman – Ward 8**

Strategic Goals

As part of the 2013 Strategic Planning Sessions, the City Council identified five goals and several strategies in order to attain them. During the budget development process, City staff identified different tactics or actions that could be implemented into the 2014 Budget that would align with the City Council's goals. These goals and priorities form the foundation of the 2014 Budget.



Local Economy and Financial Highlights

Des Plaines is home to over 1,400 licensed commercial establishments of which 225 are retail. Des Plaines is comprised of 38,106 jobs (2013, IDES, Where Workers Work); of them, 16 percent are in the manufacturing sector, 16 percent are in the wholesale and retail trade and 15 percent are in the healthcare and social assistance sectors. Des Plaines' current not seasonally adjusted unemployment rate is 8.0 percent (IDES, December, 2013). The City's declared valuation totals indicate a positive development trend from 2012 to 2013 at \$30 million to \$40 million, respectively. Building permits showed a 15 percent increase during the same time frame.

Table 2: Principal Employers		
Business	Industry	Employees
Universal Oil Products, Inc.	Chemical Engineering Services	1,500
Rivers Casino	Entertainment and Gaming	1,449
Holy Family Medical Center	Medical Center	1,036
Swissport USA	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
Hart Schaffner & Marx	Men's Apparel	550
Abbot Molecular	Diagnostics	500
Juno Lighting	Recessed Lighting	400

Financial Highlights

- The City's General Fund ended the year with total revenues exceeding total expenditures by \$9.8M. Combined with other financing net uses of (\$1.9M), the December 31, 2013 fund balance increased by \$7.9M.
- Economy sensitive revenues, i.e. sales, income, real estate transfer tax as well as hotel/motel taxes continue to rebound; however food and beverage tax, auto rental tax and telecommunication tax declined slightly when compared to last year's revenues.
- Revenue from charges for services reported in the General Fund declined by \$444K due to the E-911 fees now being reported in DPECC (Des Plaines Emergency Communication Center), which was restructured after the dissolution of a four community Joint Emergency Telephone System center (JETS) in June 2013.
- The City received \$24.7M in taxes generated from the revenues at Rivers casino, \$3.7M in admission tax (\$1 per admission), and \$20.9M in wagering tax (5% of all wagering activities). Pursuant to the contractual agreement with Midwest Gaming, the City distributed \$10M to the State of Illinois with an additional \$5.9M (40% of the total revenue over \$10M) amongst the 10 benefiting communities named in the agreement. The remaining amount of \$8.8M will be utilized by the City in the 2015 Budget for early debt payoff and capital infrastructure projects.
- The City paid off \$9.725M of general obligation debt from governmental activities (\$4.17M due to the early pay off) and \$365K of business-type activities during the year. The City issued \$7.945M of new general obligation refunding debt to refund \$8.03M of TIF bonds that were paid off in January of 2014. As of December 31, 2013 the City had a total of \$56.1M of general obligations debt outstanding.

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 funds and 15 non-major funds to account for all budgeted activity. 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	Health Benefits Fund
	TIF #5	
Capital Project Funds:	TIF #3	Enterprise Funds:
Capital Projects (major)	TIF #6 (major)	Water/Sewer Fund (major)
Information Technology (IT) Replacement Fund	TIF #4	Des Plaines Emergency Communications Center (DPECC)
Equipment Replacement	Motor Fuel Tax (MFT)	City Owned Parking Fund
	Community Development Block Grant (CDBG)	Metra Leased Parking Fund
	Grant Projects Fund	
	Gaming Tax Fund (major)	

Table 3: 2013 City of Des Plaines Budget to Actual Revenues and Expenses
Including the inter-fund transfers

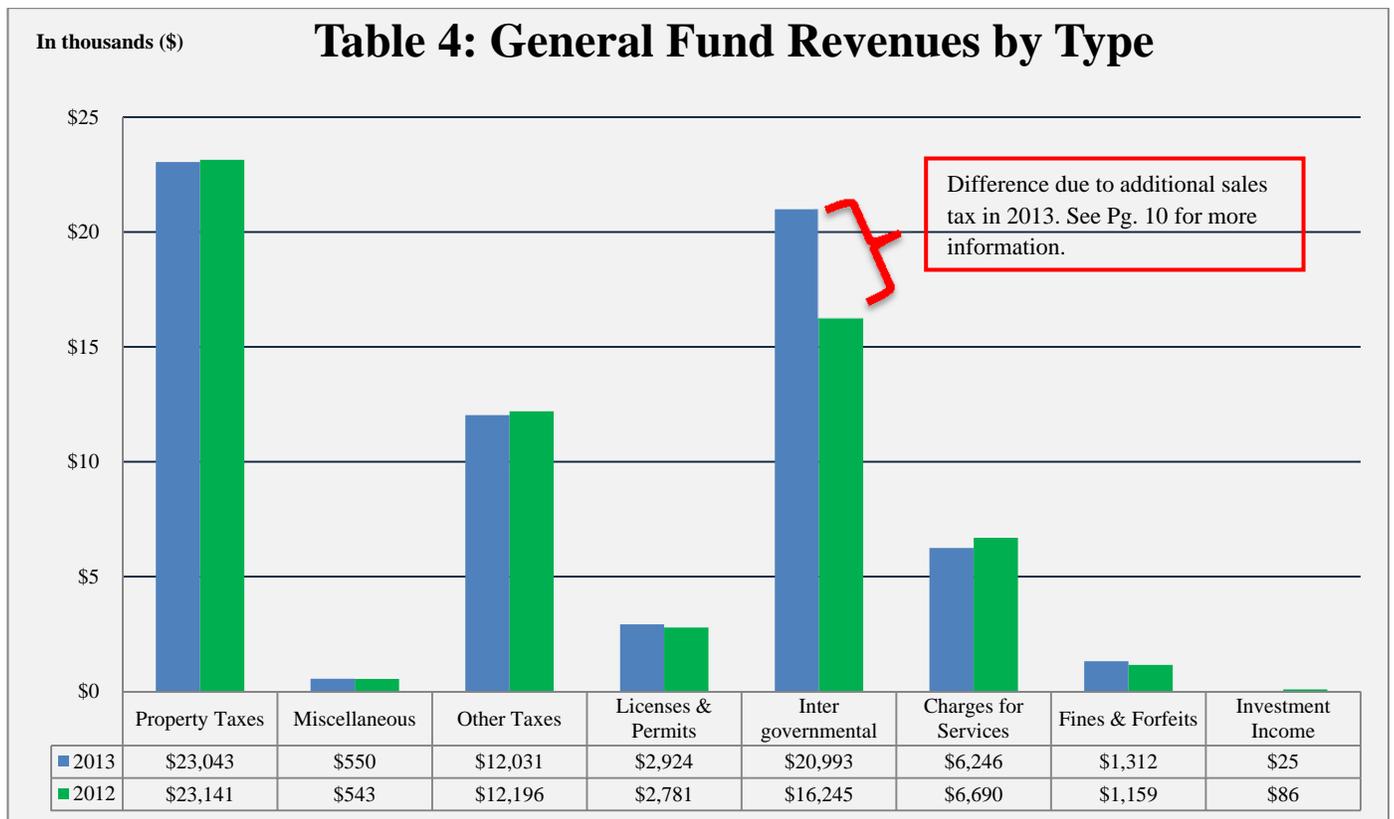
By Fund Type in thousands (\$)	2013 Budgeted Revenues	2013 Actual Revenues	% of 2013 Budget	2013 Budgeted Expenses	2013 Actual Expenses	% of 2013 Actual
General Fund	\$58,744	\$67,471	115%	\$60,228	\$59,565	99%
Special Revenue Funds	27,476	41,000	149%	32,400	34,953	108%
Debt Service Fund	105	108	102%	106	106	100%
Capital Projects Funds	13,414	17,636	131%	13,089	16,312	125%
Enterprise Funds	13,703	16,338	119%	16,642	18,477	111%
Internal Service Funds	11,679	11,683	100%	12,413	11,599	93%
Total	\$125,121	\$154,236	123%	\$134,878	\$141,012	105%

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.

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.

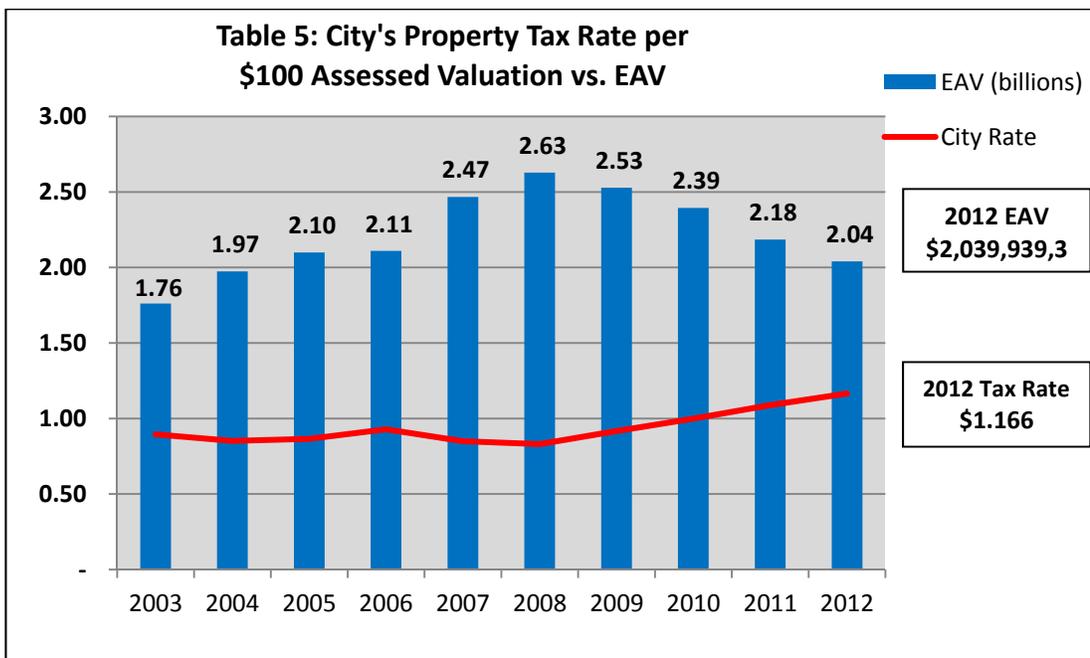
Revenues received in 2013 and 2012 are as follows:



Total General Fund revenues for FY2013 were \$67.1M. Most of that revenue comes from property taxes (34.3%) followed by the intergovernmental payments (31.3%) and local taxes (17.9%).

General Fund Revenues – Property Tax

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



Since 2003 the **Equalized Assessed Value** (EAV) has experienced fluctuations which have directly impacted the city's property tax rate. As seen in Table 5, the City's Tax Rate has an inverse relationship with the City's total EAV. In other words, when EAVs decline, the effect is usually an increase to the tax rate. Since 2010, the City Council has remained committed to keeping the property tax levy at the same level while offering a high quality of services to its residents.

The Table 6 shows a gradual change in the tax levy despite fluctuations in EAV and tax rates.

Table 6: Tax Levy Allocation

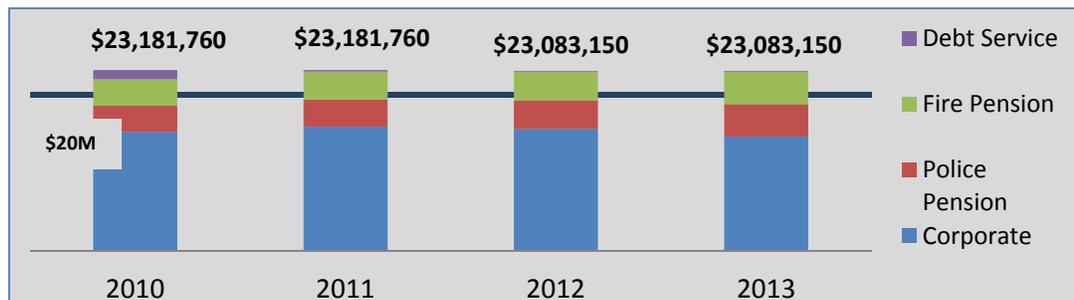


Table 7: Property Tax Allocation

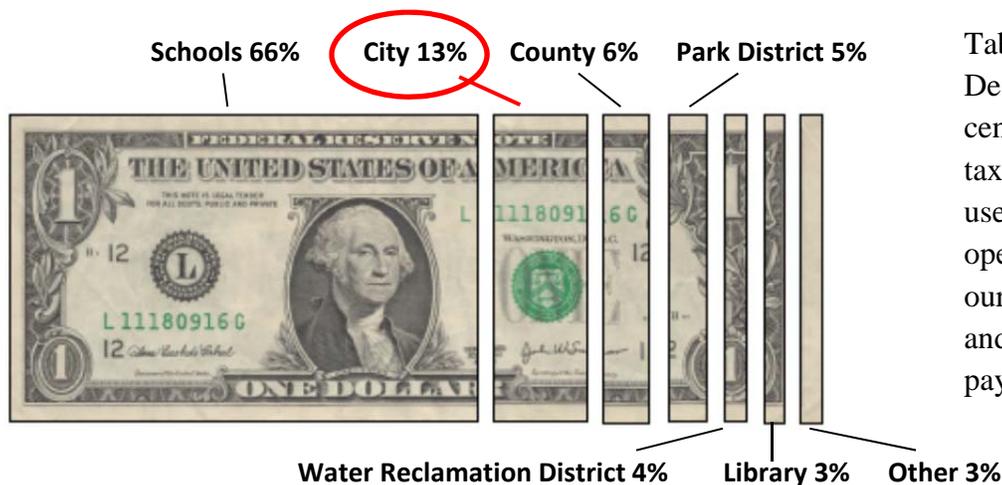


Table 7 shows that the City of Des Plaines only receives 13 cents for every dollar of property tax that is collected. This tax is used to support the day-to-day operations of the City as well as our public safety pension funds and previously committed debt payments.

General Fund Revenue – Other Taxes

Sales Tax is the third largest source of revenue for the City and comprises about 21% of total receipts for the General Fund or approximately \$13.9 million from both Municipal and Home Rule sales taxes for FY 2013. A brief summary of other taxes the City imposes is listed below.

Table 8: Selected Tax Information			
Utility Taxes		Sales Tax Rates - as of 01/01/2013	
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 2013 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.

In 2013 the City received an additional \$3M in Municipal Tax resulting from an Illinois Department of Revenue audit of a local business. Historically, the City has averaged about \$8.5M annually in Municipal Sales Tax revenue.

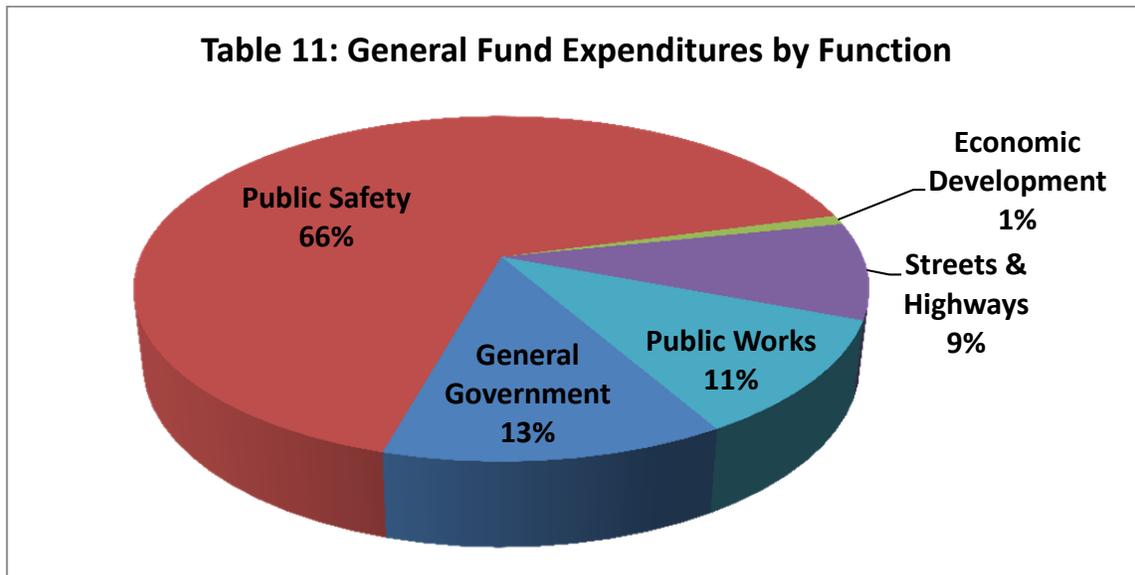
Table 9: Local Taxes Revenue		
(in thousands \$)	2013	2012
Utility Taxes	\$3,264	\$3,239
Gas & Use Tax	401	309
Franchise Tax	721	681
Food & Beverage Tax	1,178	1,237
Telecommunication Tax	2,741	3,061
Hotel/Motel Tax	1,752	1,676
Auto Rental Tax	126	168
Parking Tax	2	31
Real Estate Transfer Tax	436	408
Home Rule Sales Tax	1,410	1,386
	\$12,031	\$12,196

Table 10: Intergovernmental Revenue		
(in thousands \$)	2013	2012
State Income Tax	\$5,864	\$5,128
Local Use Tax	987	911
Personal Property Replacement	1,342	1,143
Municipal Sales Tax	12,481	8,777
Road and Bridge Tax	204	199
Federal, State, and Local Grants	115	86
	\$20,993	\$16,244

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 (66%) of the General Fund operations. Total actual expenditures for the entire fund totaled \$57,347,965.



The General Fund expenditures increased by \$2.9 million compared to 2012 primarily due to an increase in personnel costs (salaries and benefits).

General Fund Expenditures by Department				
Not including transfers to other funds	Aggregate		Per Capita*	
in thousands (\$)	2013	2012	2013	2012
Elected Office	\$ 569	\$ 579	\$ 10	\$ 10
City Administration	3,120	3,122	53	53
Finance	1,050	1,027	18	18
Community Development	2,332	2,223	40	38
Public Works & Engineering	11,657	10,490	200	180
Police Department	19,727	19,210	338	329
Emergency Management Agency (EMA)	90	85	2	1
Fire Department	18,291	17,880	313	306
Fire & Police Commission	33	56	1	1
Overhead (including transfers to other funds)	479	511	8	9
Total General Fund Expenditures	\$57,348	\$55,183	\$983	\$945

*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 66% 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 2013
Physical Arrests	1,150
Compliance & Parking Violations	12,871
Traffic Violations	5,506

- The Policy and Procedures manual was updated to increase department's consistency and accountability.
- All volunteer programs were reviewed and reorganized making it more streamlined & efficient.



Fire Services	FY 2013
Emergency Medical Calls	5,487
Fires/Reports of Fires	2,046
Inspections	4,312

- Led the City's transition from an independent multi-agency 9-1-1 and police/fire dispatching center to a City-owned and operated 9-1-1 dispatch center.
- Initiated a transition to a more secure and heavy-duty key box for department access to buildings throughout the community.

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 2013 the Public Works & Engineering department:

Public Works and Engineering Services	FY 2013
Street resurfacing (square yards)	60,903
Sidewalks removed & replaced (sq. ft.)	141,162
Snow and ice control (tons of salt)	6,350

- Completed the scheduled Capital Improvement Projects including the Storm Water Master Plan.
- Completed the purchase and installation of an upgrade to the Fleet Maintenance Software.

General Government expenditures reflect the cost for the legislative, administrative and financial functions of the City and include elected office, City manager’s office, finance department as well as the community and economic development department. 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 Community Development Block Grant program.

Gaming Tax Fund



In July 2011, Rivers casino opened in Des Plaines. This is the second full year that the City is 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 2013 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 is slightly less than the \$24.8M in revenue from 2012.

Based on 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.

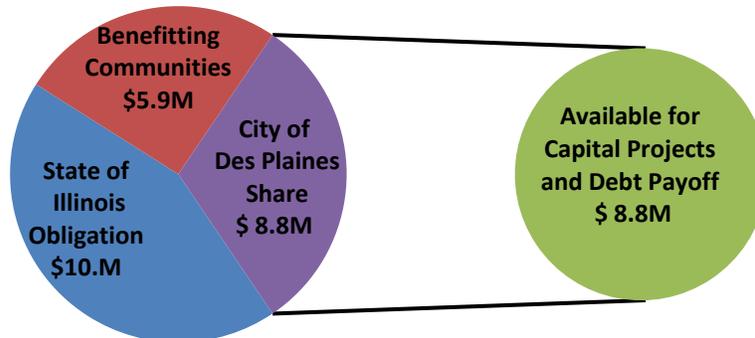
Table 12: Gaming Tax Revenue



Table 13: Where Casino Revenue Goes?

2011 Revenue used in 2013		2012 Revenue used in 2014	
Storm Water Master Plan Phase II	\$2.4M	Storm Water Master Plan Phase II	\$1.745M
Capital Projects Debt Repayment	\$1.2M	Capital Projects Debt Repayment	\$3.555M
	\$3.6M	River Rd Water Main	\$2.5M
		Alternate Water Source	\$1M
			\$8.8M

2013 Revenues to be used in 2015



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 goal of these funds is to be self-supporting by relying on the revenues received from user charges. The City has four Enterprise Funds: Water/Sewer Fund, two Parking Systems Funds and DPECC.



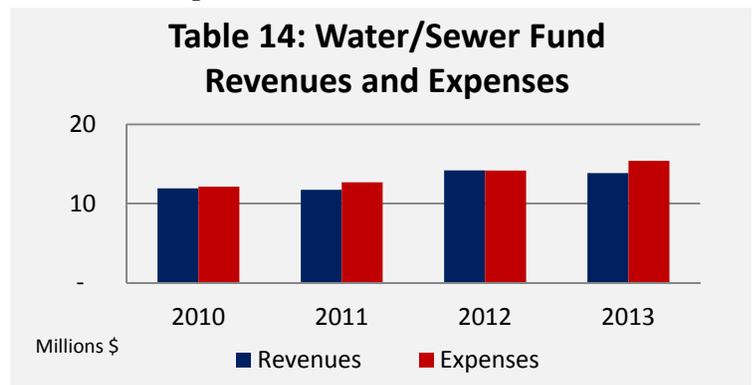
The Water/Sewer Fund is the City’s largest enterprise fund and it accounts for the revenue and expenses associated with the transmission, treatment, storage, and sale of water to residential, commercial and industrial customers within the City. There are currently more than 17,000 customers in the system. The water distribution network has a total of 248 miles of water mains and water can be stored in 8 facilities with a total capacity of 19 million gallons. The average daily water consumption is over 6.5M gallons.

Des Plaines is a wholesale purchaser of water from the City of Chicago.

The water rate has two 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.

Utility Billing Rates (Per 100 cubic feet)	
Water Rate – Inside City Limits	\$4.356
Sanitary Sewer Rate	\$0.910
Storm Sewer Rate	\$0.900

In addition, the Water/Sewer Fund is responsible for the maintenance of the City’s sanitary sewer mains. As noted in Table 14, expenses continue to exceed revenues for several years.

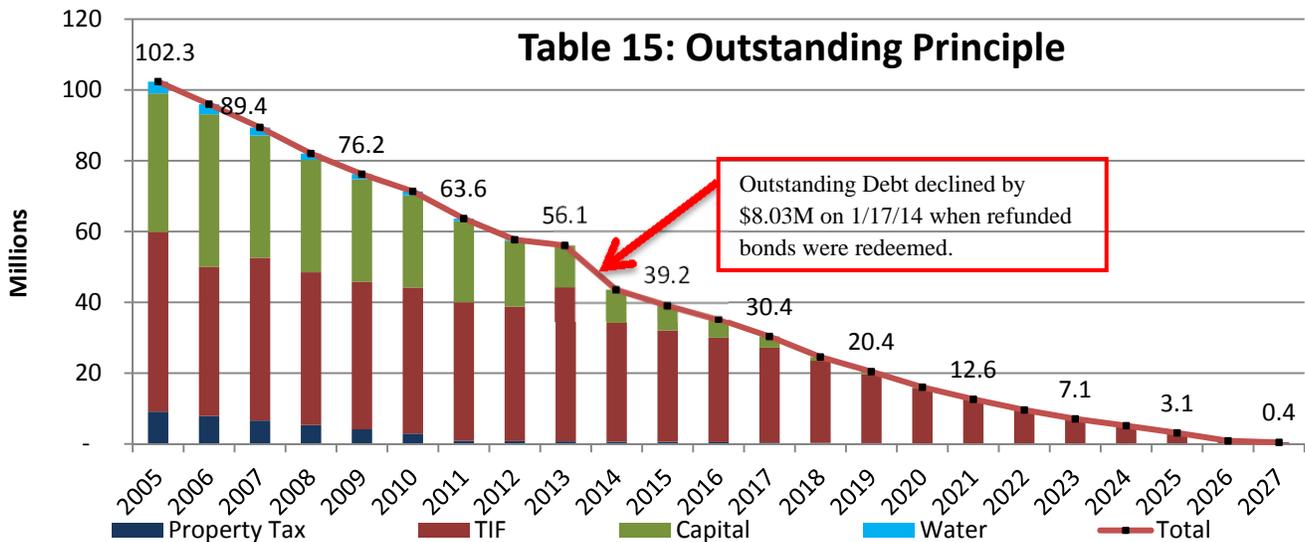


Des Plaines Emergency Communications Center (DPECC) was formed in June of 2013 following the dissolution of the Joint Emergency Telephone System (JETS) and is responsible for providing 9-1-1 services to Des Plaines and Park Ridge. Revenues include transfers from the Des Plaines General Fund, a contractual agreement with Park Ridge and 9-1-1 surcharge fees.

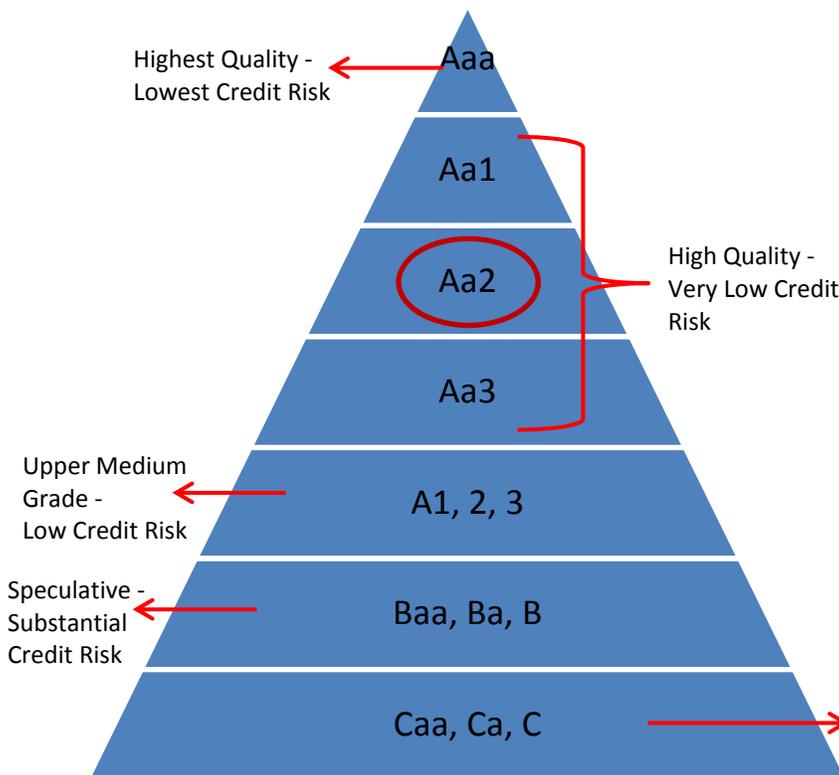
City Owned and Metra Leased Parking funds account for the revenue and expenses associated with the maintenance of the City’s two parking facilities (Metropolitan Square and Prairie Avenue) and parking lots leased from the Union Pacific Railroad. The revenue is generated through daily charges. The City installed new payment machines in 2013 which allow commuters to pay for parking by credit card at the machine as well as utilizing a smart phone.

City's Debt

General Obligation Debt: All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies, tax increments accumulated by the TIF funds, or other sources of revenue as defined in the bond documents.



The City makes principal and interest payments on bonds issued for approved projects. The table “Outstanding Principle” shows the relative pace with which the City has been paying its outstanding debt, as well as early pay-off of callable debt.



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. Some positive highlights from the last ratings call include:

- ✓ Sizable tax base
- ✓ Ongoing operating surpluses
- ✓ Healthy general fund reserves
- ✓ Manageable debt burden

Table 16: Moody’s Investors Service Ratings

City's Debt

Issuance of refunding bonds and early payoff of debt since 2009 has allowed the City to save \$3 million of future interest costs. This allows the City greater flexibility in funding capital projects and preserving a healthy fund balance.

Interest Savings	Recent Refunding Opportunities
\$145K	• 2008A Series Refunding
\$280K	• 2009B Series Refunding
\$270K	• 2011A Series Refunding
\$430K	• 2012A Series Refunding
\$806K	• 2013A Series Refunding
\$1.9M	• Total Interest Savings on Refunding Opportunities

Interest Savings	Recent Pay Off Opportunities
\$200K	• 2011 - \$825K Principle Paid Off
\$237K	• 2012 - \$1.165M Principle Paid Off with Gaming Funds
\$603K	• 2013 - \$3.555M Principle Paid Off with Gaming Funds
\$105K	• 2013 - \$615K Principle Paid Off with TIF Funds
\$1.1M	• \$6.16M Principle Paid Off Since 2011

**\$3.0 Million in Savings
of Future Interest Costs**

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).

Table 17: Statement of Net Position As of December 31, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013 *	2012	2013	2012
Assets						
Current & Other Asset	\$ 129,903,344	\$ 111,143,293	\$ 5,299,409	\$ 6,126,318	\$ 135,202,753	\$ 117,269,611
Capital Assets	190,802,919	185,152,027	29,853,240	30,072,545	220,656,159	215,224,572
Total Assets	320,706,263	296,295,320	35,152,649	36,198,863	355,858,912	332,494,183
Deferred Outflows of Resources						
Deferred Amounts						
Refunding of Debt	523,867	693,335	-	7,243	523,867	700,578
Liabilities						
Current Liabilities	23,573,175	20,846,062	2,118,706	1,354,128	25,691,881	22,200,190
Long-term Liabilities	61,399,493	63,214,825	724,478	759,468	62,123,971	63,974,293
Total Liabilities	84,972,668	84,060,887	2,843,184	2,113,596	87,815,852	86,174,483
Deferred Inflows of Resources						
Deferred Property Revenue	28,359,634	27,493,679	-	-	28,359,634	27,493,679
Net Position						
Net Invested in						
Capital Assets	141,973,412	127,408,625	29,853,240	29,713,208	171,826,652	157,121,833
Restricted	14,869,706	10,266,294	-	-	14,869,706	10,266,294
Unrestricted	51,054,710	47,759,170	2,456,225	4,379,302	53,510,935	52,138,472
Total Net Position	\$ 207,897,828	\$ 185,434,089	\$ 32,309,465	\$ 34,092,510	\$ 240,207,293	\$ 219,526,599

- Beginning assets, liabilities, and net position were restated due to the merger of the Joint Emergency Telephone System with the City. See Note 12 to 2013 CAFR.

The City's combined net position increased by \$20.7 million from the prior year. The governmental activities net position was up by \$22.5 million due to a \$14.6 million increase in capital assets and a \$3.3 million increase from additional tax revenues. The Business-type activities net position decreased by \$1.8 million since the fees are not able to cover the operational and capital expenses.

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 \$20.1 million in 2013. The ratio of the unassigned fund balance to General Fund expenditures in 2013 is 35.1%. This is significant because it demonstrates that the City can maintain general operations for a sustained period of time without additional revenues.

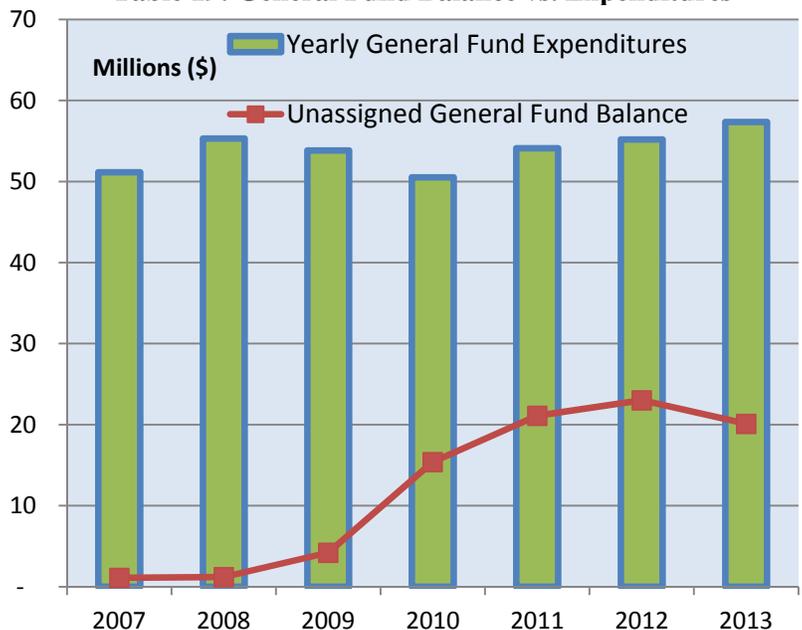


Maintaining a healthy fund balance is particularly important in order to manage events like the flood in April 2013, which cost the City upwards of \$1.3M.

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%

Table 19: General Fund Balance vs. Expenditures



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:

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Chief of Police William Kushner
Fire Chief Alan Wax
Director of Public Works & Engineering Timothy Oakley
Director of Community & Economic Development George Sakas

