CITY OF DES PLAINES

TAX INCREMENT FINANCING DISTRICT NO. 6
MANNHEIM RD / HIGGINS RD TIF DISTRICT

ANNUAL REPORT FOR FISCAL YEAR
BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014

City of Des Plaines

Tax Increment Financing District No. 6
Mannheim Rd / Higgins Rd TIF District
Table of Contents

SECTION	TITLE	PAGE
1.0	Name of Redevelopment Project Area and Contact Information	1
2.0	Redevelopment Project Information	3
Attachment A	Amendments to the Redevelopment Plan, the Redevelopment Project and/or Area Boundary	4
Attachment B	Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the TIF Statute (the "Act") during the reporting Fiscal Year.	5
Attachment C	Opinion of legal counsel that the municipality is in compliance with the Act	6
Attachment D	Statement setting forth all activities undertaken in furtherance of the objectives of the Redevelopment Plan	8
Attachment E	Description of Agreements Regarding Property Disposition or Redevelopment	9
Attachment F	Additional Information on Uses of Funds Related to Achieving Objectives of the Redevelopment Plan	10
Attachment G	Information Regarding Contracts with TIF Consultants	11
Attachment H	Reports Submitted by Joint Review Board	12
Attachment I	Summary of any obligations issued by the municipality and official statements	13
Attachment J	Financial Analysis: TIF Obligations	14
Attachments K and L	For special tax allocation funds that have experienced cumulative deposits of incremental tax revenues of $100,000 or more, a certified audit report reviewing compliance with the Act .	15

SECTION	TITLE	PAGE
Attachment M	Intergovernmental Agreements	16
3.1	Analysis of Special Tax Allocation Fund	17
3.2	Itemized List of Expenditures from Special Tax Allocation Fund	19
3.3	Special Tax Allocation Fund Balance (end of reporting period)	24
4.0	Property purchased by the municipality within the Redevelopment Project Area	26
5.0	Review of Public and Private Investment	28
6.0	Optional Sections	30
Exhibit A	TIF 6 Amendment Ordinances	
Exhibit B	Joint Review Board Minutes	
Exhibit C	Official Statement	
Exhibit D	Audit and Compliance Letter	

Section 1. Name of Redevelopment Project Area and Contact Information

Refer to chart attached.

FY 2014
ANNUAL TAX INCREMENT FINANCE REPORT

STATE OF ILLINOIS
COMPTROLLER
JUDY BAAR TOPINKA

Name of Municipality:	Des Plaines	Reporting Fiscal Year:	**2014**
County:	Cook	Fiscal Year End:	12/31/2014
Unit Code:	016/140/30		

TIF Administrator Contact Information

First Name:	Michael	Last Name:	Bartholomew		
Address:	1420 Miner Street	Title:	City Manager		
Telephone:	847/391-5488	City:	Des Plaines	Zip:	60016
Mobile		E-mail	mbartholomew@desplaines.org		
Mobile Provider		Best way to contact	___x___ Email _____Mobile	___x___Phone _____Mail	

I attest to the best of my knowledge, this report of the redevelopment project areas in: City/Village of Des Plaines

is complete and accurate at the end of this reporting Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

Written signature of TIF Administator _____ Date _____

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTICT

Name of Redevelopment Project Area	Date Designated	Date Terminated
TIF No. 1 Downtown	7/15/1985	
TIF No. 3 Willie Road Mt. Prospect Road	8/7/2000	
TIF No. 4 Five Corners Rand Road	10/2006	11/19/2014
TIF No. 5 Lee Street Perry Street	4/21/2001	
TIF No. 6 Mannheim - Higgins Road*	10/15/2001	
TIF No. 7 Higgins Road and Pratt Avenue	10/20/2014	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]
FY 2014

Name of Redevelopment Project Area:	TIF 6 Mannheim Higgins
Primary Use of Redevelopment Project Area*:	Commercial
If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act __x___ Industrial Jobs Recovery Law _____	

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] **If yes, please enclose the amendment labeled Attachment A**		X
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6 22 (d) (3)] **Please enclose the CEO Certification labeled Attachment B**		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] **Please enclose the Legal Counsel Opinion labeled Attachment C**		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] **If yes, please enclose the Activities Statement labeled Attachment D**		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] **If yes, please enclose the Agreement(s) labeled Attachment E**	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] **If yes, please enclose the Additional Information labeled Attachment F**	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] **If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G**	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] **If yes, please enclose the Joint Review Board Report labeled Attachment H**		X
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] **If yes, please enclose the Official Statement labeled Attachment I**		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] **If yes, please enclose the Analysis labeled Attachment J**	X	
Cumulatively, have deposits equal or greater than $100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) **If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K**		X
Cumulatively, have deposits of incremental revenue equal to or greater than $100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] **If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L**		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] **If yes, please enclose list only of the intergovernmental agreements labeled Attachment M**	X	

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

Attachment A Amendments to the Redevelopment Plan, the Redevelopment Project and/or the Area Boundary

The City amended the Redevelopment Plan and the Redevelopment Project Area in order to remove property within the reporting Fiscal Year. The amendment ordinances are attached as Exhibit A.

Attachment B Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the reporting Fiscal Year.

Re: City of Des Plaines Certificate of Compliance
Tax Increment Financing District #6 – Mannheim Rd / Higgins Rd Redevelopment Project Area
For Fiscal Year Ending December 31, 2014

I, Matthew J. Bogusz, the duly elected Chief Executive Officer of the City of Des Plaines, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the City of Des Plaines complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2014 and ending December 31, 2014.

_____ _____

MAYOR DATE

Attachment C Opinion of legal counsel that the municipality has complied with the Act.

RE: Attorney Review City of Des Plaines Mannheim Rd / Higgins Rd TIF District #6

To Whom It May Concern:

This will confirm that I am the General Counsel for the City of Des Plaines, Illinois. I have reviewed all information provided to me by the City staff and consultants, and I find that the City of Des Plaines has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2014 and ending December 31, 2014, to the best of my knowledge and belief.

Sincerely,

General Counsel

Attachment D Statement setting forth all activities undertaken in furtherance of the objectives of the Redevelopment Plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken [65 ILCS 5/11-74.4-5(d)(7)(A & B) and 5/11-74.6-22(d)(7)(A & B)]

TIF #6

The City of Des Plaines' sixth TIF District was established in October, 2001. The creation of this approximately 40.5 acre TIF District was in response to the City's desire to respond to the problem conditions within an important commercial intersection within the City of Des Plaines and to revitalize the area. The Plan was established to promote the development of potentially four (4) new hotels, and separate redevelopment agreements were approved in 2007 and 2008 (each agreement included two hotel projects). A commercial strip center was completed in 2007 including Starbuck's and Potbelly's as tenants. Bonds were previously issued in 2004 on behalf of this project in order to address land acquisition needs within the area, which the City completed in 2007. The City refunded a portion of debt in the reporting Fiscal Year.

However, due to current economic conditions, and restrictions in the capital markets, the hotel projects have not been initiated, and the City undertook an amendment to TIF 6 in order to remove certain properties south of Pratt Avenue into an adjacent, newly created TIF 7. This will allow the City to evaluate new projects utilizing a lower Base EAV and additional time to amortize project costs. The City enlisted the participation of the taxing districts as part of an intergovernmental agreement as part of the TIF #7 designation.

Attachment E Description of any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary [65 ILCS 5/11-74.4-5(d)(7)(C) and 5/11-74.6-22(d)(7)(C)]

TIF #6

Currently, the City has several outstanding financial obligations which have been issued for public purposes or on behalf of private investors, all of which are payable with the current TIF District's existing and future revenues (and are summarized in Section 3.3).

Attachment F Additional Information on use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan [65 ILCS 5/11-74.4-5 (d)(7)(D) and 5/11-74.6-22 (d)(7)(D)]

The City of Des Plaines continued to implement the primary objectives of the TIF #6 Redevelopment Plan and Project by assisting in "outlining a framework for future land use and development that will enhance economic activity and strengthen the economic well-being of the Area and the City by increasing the value of the property".

Attachment G Information regarding contracts that TIF advisors or consultants have entered into with entities or persons receiving payments financed by tax increment revenues produced by the same TIF [65 ILCS 5/11-74.4-5 (d)(7)(E) and 5/11-74.6-22 (d)(7)(E)]

The City utilized the services of Kane, McKenna and Associates, Inc. during the previous fiscal year in order to assist in monitoring the TIF Districts regarding their financial condition, with respect to the annual JRB meeting and with respect to development project negotiations. Fees were based upon hourly rates for services rendered and did not include contingent payments.

Attachment H Reports Submitted by Joint Review Board.

The Board met on November 5, 2014 to review the annual report and on August 20, 2014 in order to consider the TIF #6 amendments. Minutes of the meetings are attached as Exhibit B.

Attachment I Summary of any obligations issued by the municipality and official statements

The City issued $2,020 and $ 5,600,000 of General Obligation Refunding Bonds, Series 2014A and Series 2014B, respectively, to refund portions of obligations related to TIF No. 3 and TIF No. 6. ($1,940,000 was allocated to TIF 6) .The Official Statement is attached as Exhibit C.

Attachment J Financial Analysis: TIF Obligations

The City continued to monitor debt existing obligations. Outstanding principal amounts, as well as future interest payments, associated with existing debt are summarized in Section 3.3 below.

Attachments K and L

For special tax allocation funds that have experienced cumulative deposits of incremental tax revenues of $100,000 or more, a certified audit report reviewing compliance with the Act performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3.

Relevant portions of the City's audit and the compliance letter are attached as Exhibit D.

Attachment M Intergovernmental Agreements

Not applicable.

Section 3.1 Analysis of Special Tax Allocation Fund

Refer to table attached.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
Provide an analysis of the special tax allocation fund.

FY 2014
TIF NAME: TIF No. 6 Mannheim Higgins

Fund Balance at Beginning of Reporting Period	$ (2,384,245)

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	$ 9,550	$ 918,501	5%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	$ 149	$ 546,083	3%
Land/Building Sale Proceeds		$ 26,029	0%
Bond Proceeds	$ 2,021,707	$ 16,650,249	88%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)	-	$ 768,729	4%

***must be completed where 'Reporting Year' is populated**

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period	$ 2,031,406	
Cumulative Total Revenues/Cash Receipts	$ 18,909,591	100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)	$ 7,728,131	
Distribution of Surplus		
Total Expenditures/Disbursements	$ 7,728,131	
NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS	$ (5,696,725)	
FUND BALANCE, END OF REPORTING PERIOD*	$ (8,080,970)	

* if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SURPLUS*/(DEFICIT)(Carried forward from Section 3.3)	$ (18,188,418)

Section 3.2 Itemized List of Expenditures from Special Tax Allocation Fund

Refer to tables attached.

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

FY 2014

TIF NAME: TIF No. 6 Mannheim Higgins

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND

(by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Professional costs/services	48,418	
TIF Transfers reimbursements	49,527	
		$ 97,945
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)		
		$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings. Subsection (q)(3) and (o)(4)		
		$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
		$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		$ -

SECTION 3.2 A		
PAGE 2		
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Transfers out Refunding Bond Escrow	6,440,489	
Debt Service	1,189,697	
		$ 7,630,186
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		$ -

SECTION 3.2 A		
PAGE 3		
14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		$ -

TOTAL ITEMIZED EXPENDITURES		$ 7,728,131

Section 3.2 B

FY 2014

TIF NAME: TIF No. 6 Mannheim Higgins

List all vendors, including other municipal funds, that were paid in excess of $10,000 during the current reporting year.

_____ There were no vendors, including other municipal funds, paid in excess of $10,000 during the current reporting period.

Name	Service	Amount
Des Plaines, City of	Auction Deposit-Land Acquisition	110,000.00
Holland & Knight LLP	Legal Services	31,857.50
Kane McKenna & Associates Inc	TIF Research, Analysis, Reporting	12,128.50
Bond Fund	Debt Service	1,189,697.00

Section 3.3 Special Tax Allocation Fund Balance (end of reporting period).

Refer to table attached.

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period

FY 2014

TIF NAME: TIF No. 6 Mannheim Higgins

FUND BALANCE, END OF REPORTING PERIOD	$ (8,080,970)

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
Bonds Series 2003 C	$ 2,250,000	
Bonds Series 2004 B	$ 7,500,000	
Bonds Series 2009 A	$ 5,430,000	$ 3,418,391
Bonds Series 2011 A	$ 250,000	$ 191,499
Bonds Series 2013	$ 4,390,000	$ 4,390,172
Bonds Series 2014	$ 2,020,000	$ 2,057,386
Total Amount Designated for Obligations	$ 21,840,000	$ 10,057,448

2. Description of Project Costs to be Paid	
Contractual Services	$ 50,000
Total Amount Designated for Project Costs	$ 50,000

TOTAL AMOUNT DESIGNATED	$ 10,107,448
SURPLUS*/(DEFICIT)	$ (18,188,418)

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing

Section 4.0 A description of all property purchased by the municipality within the Redevelopment Project Area including:

A. Street Address
B. Approximate size or description of property
C. Purchase Price
D. Seller of property

Refer to table attached.

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2014

TIF NAME: TIF No. 6 Mannheim Higgins

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

__X___ No property was acquired by the Municipality Within the Redevelopment Project Area

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Section 5.0 Review of Public and Private Investment.

Refer to table attached.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)
PAGE 1

FY 2014

TIF NAME: TIF No. 6 Mannheim Higgins

SECTION 5 PROVIDES PAGES 1-3 TO ACCOMMODATE UP TO 25 PROJECTS. PAGE 1 MUST BE INCLUDED WITH TIF REPORT. PAGES 2-3 SHOULD BE INCLUDED ONLY IF PROJECTS ARE LISTED ON THESE PAGES

Check here if **NO** projects were undertaken by the Municipality Within the Redevelopment Project Area: None			
ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below*.			
TOTAL:	**11/1/99 to Date**	**Estimated Investment for Subsequent Fiscal Year**	**Total Estimated to Complete Project**
Private Investment Undertaken (See Instructions)		$ -	
Public Investment Undertaken		$ -	$ -
Ratio of Private/Public Investment			0

Project 1: *IF PROJECTS ARE LISTED NUMBER MUST BE ENTERED ABOVE			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 2:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. *even though optional MUST be included as part of complete TIF report

SECTION 6

FY 2014

TIF NAME: TIF No. 6 Mannheim Higgins

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
2001	$ 6,802,764	$ 3,996,057

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

__X___ The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District		

EXHIBIT A

RECEIVED BY
COOK CO. CLERKS OFFICE

OCT 24 2014

DAVID ORR
TAX EXTENSION DIVISION

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CLERK'S CERTIFICATE

I, GLORIA J. LUDWIG, do hereby certify that I am the qualified and acting CITY CLERK* of the City of Des Plaines, Cook County, Illinois, AND THAT AS SUCH, I am the officer duly designated by law to keep the minutes, ordinances, resolutions and proceedings of the City Council of the City of Des Plaines.

I further certify that the attached and foregoing copy of ORDINANCE M-38-14; AN ORDINANCE APPROVING AN AMENDED TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT FOR THE HIGGINS ROAD / MANNHEIM ROAD REDEVELOPMNET PROJECT AREA is a true and correct copy of the records of the City of Des Plaines.

IN WITNESS WHEREOF, I hereunto affix my signature and impress hereon the corporate seal of the said City of Des Plaines, Cook County, Illinois, this 21st day of October, 2014.

Gloria J. Ludwig

GLORIA J. LUDWIG, City Clerk
City of Des Plaines, County of Cook

By:

KRISTEN M. LINQUIST, Deputy City Clerk
City of Des Plaines, County of Cook

*Per the provisions of 65 ILCS 5/3.1-20-5
of the Illinois Compiled Statues (2012)

CITY OF DES PLAINES

ORDINANCE M – 38 - 14

AN ORDINANCE APPROVING AN AMENDED TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT FOR THE HIGGINS ROAD/MANNHEIM ROAD REDEVELOPMENT PROJECT AREA.

WHEREAS, on October 15, 2001, the City Council of the City of Des Plaines (***"Corporate Authorities"***) passed Ordinance No. M-57-01, approving: (i) a tax increment redevelopment plan and project for the Higgins Road/Mannheim Road Redevelopment Project Area (***"Redevelopment Plan and Project"***) for an area generally bounded by Mannheim Road to the west, Higgins Road to the south, and railroad right-of-way to the east (***"Redevelopment Project Area"***); (ii) designating the Redevelopment Project Area as a redevelopment project area; and (iii) adopting tax increment allocation financing (***"TIF"***) for the Redevelopment Plan and Project, all pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (***"TIF Act"***); and

WHEREAS, because of the economic recession that began shortly after the designation of the Redevelopment Plan and Project: (i) certain parcels located within the Redevelopment Project Area remain underutilized and suffer from a variety of economic development impediments, such as excessive vacancies, obsolescence, and inadequate utilities (***"Underperforming Property"***); and (ii) the valuation of the Underperforming Property has lagged behind the average annual growth rate of all real property within the City, and has declined, in four of the previous five years; and

WHEREAS, certain other parcels located within the Redevelopment Project Area have been redeveloped as part of the Redevelopment Plan and Project and have experienced increased valuation and growth (***"Performing Property"***); and

WHEREAS, the Underperforming Property is located predominantly within the C-2 Limited Office Commercial District and C-3 General Commercial District of the City; and

WHEREAS, the City depends heavily on its commercial districts to maintain the fiscal integrity of the City; and

WHEREAS, the City does not anticipate that the Underperforming Property will be redeveloped: (i) as part of the Redevelopment Plan and Project within the limited remaining term of the Redevelopment Plan and Project; and (ii) without the implementation by the City of a new redevelopment plan and project for the economic redevelopment of the Underperforming Property; and

WHEREAS, the City has explored various methods by which sufficient private investment can be attracted to the Underperforming Property, so that the Underperforming Property can be redeveloped for the long-term growth and benefit of the City and its residents; and

WHEREAS, one means by which the City could attract the private investment necessary for the redevelopment of the Underperforming Property is: (i) the amendment of the Redevelopment Project Area to remove the Underperforming Property; and (ii) the use of TIF and the establishment of a new redevelopment project area comprising the Underperforming Property as authorized under the TIF Act; and

WHEREAS, the City Council has determined that it also would be appropriate to amend the Redevelopment Project Area to remove the Performing Property so that the City and other taxing districts can receive the benefit of the increased valuation and growth thereof; and

WHEREAS, the Redevelopment Project Area, as amended by removing the Underperforming Property and the Performing Property, would comprise the real property located in the area generally bounded by Lunt Avenue to the north, Pratt Avenue to the south, Mannheim Road to the west, and railroad right-of-way to the east (***"Amended Redevelopment Project Area"***)

WHEREAS, the City Council has commissioned Kane, McKenna and Associates, Inc. (***"KMA"***), to prepare an amended plan and project for the redevelopment of the Amended Redevelopment Project Area in accordance with the TIF Act (***"Amended Redevelopment Plan and Project"***); and

WHEREAS, the Amended Redevelopment Plan and Project has been on file and available at City Hall since June 27, 2014; and

WHEREAS, pursuant to Section 11-74.4-5 of the TIF Act, the Corporate Authorities convened a meeting of the joint review board on August 20, 2014; and

WHEREAS, at its meeting on August 20, 2014, the joint review board: (i) reviewed the public record, planning documents, and proposed ordinance approving the Amended Redevelopment Plan and Project; and (ii) approved a resolution recommending to the Corporate Authorities (a) the amendment of the existing Redevelopment Project Area to remove the Underperforming Property and the Performing Property and (b) the approval of the Amended Redevelopment Plan and Project (***"JRB Resolution"***); and

WHEREAS, pursuant to Section 11-74.4-5 of the TIF Act, the Corporate Authorities held a public hearing relative to the Redevelopment Plan and Project and Redevelopment Project Area on September 15, 2014 (***"Public Hearing"***), at which hearing the Corporate Authorities: (i) reviewed the Amended Redevelopment Project Area, the Amended Redevelopment Plan and Project, and the JRB Resolution; (ii) heard testimony and received written information concerning the Amended Redevelopment Plan and Project; and (iii) reviewed other information, documentation, and studies so as to be generally informed about the conditions of the Redevelopment Project Area, the Underperforming Property, and the Performing Property; and

WHEREAS, the Corporate Authorities have reviewed the proposed Amended Redevelopment Project Area, the proposed Amended Redevelopment Plan and Project, and the existing comprehensive planning process for development of the City as a whole and have

determined that the proposed Amended Redevelopment Plan and Project conforms to the existing comprehensive planning process of the City; and

WHEREAS, all notices required pursuant to the TIF Act were provided in accordance with the TIF Act; and

WHEREAS, pursuant to the findings and determinations as provided in this Ordinance, the Corporate Authorities have determined that it is desirable and in the best interest of the public and the City to approve the Amended Redevelopment Project Area and the Amended Redevelopment Plan and Project;

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Des Plaines, Cook County, Illinois, in the exercise of its home rule powers as follows:

SECTION 1: RECITALS. The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

SECTION 2: FINDINGS. The Corporate Authorities hereby find that the following facts have been established by the preponderance of the evidence:

A. The Underperforming Property is legally described in **Exhibit A** attached to and, by this reference, made a part of this Ordinance. The map of the Underperforming Property is depicted on **Exhibit B** attached to and, by this reference, made a part of this Ordinance. The general street location of the Underperforming Property is described in **Exhibit C** attached to and, by this reference, made a part of this Ordinance.

B. The Performing Property is legally described in **Exhibit D** attached to and, by this reference, made a part of this Ordinance. The map of the Performing Property is depicted on **Exhibit E** attached to and, by this reference, made a part of this Ordinance. The general street location of the Performing Property is described in **Exhibit F** attached to and, by this reference, made a part of this Ordinance.

C. The Amended Redevelopment Project Area is legally described in **Exhibit G** attached to and, by this reference, made a part of this Ordinance. The map of the Amended Redevelopment Project Area is depicted on **Exhibit H** attached to and, by this reference, made a part of this Ordinance. The general street location of the Amended Redevelopment Project Area is described in **Exhibit I** attached to and, by this reference, made a part of this Ordinance.

D. The Amended Redevelopment Plan and Project conforms to the existing comprehensive planning process for the development of the City as a whole.

E. As set forth in the Amended Redevelopment Plan and Project, it is anticipated that all obligations incurred to finance redevelopment project costs, if any, as defined in the Amended Redevelopment Plan and Project, will be retired no later than December 31st of the year in which the payment to the City Treasurer, pursuant to

the TIF Act, is to be made with respect to the ad valorem taxes levied in the twenty-third calendar year after the Redevelopment Project Area was initially designated.

F. The parcels of real property in the proposed Amended Redevelopment Project Area are contiguous, and only those contiguous parcels of real property and improvements thereon that will be substantially benefited by the proposed Amended Redevelopment Plan and Project improvements are included in the proposed Amended Redevelopment Project Area.

G. All other findings and certifications set forth in the Amended Redevelopment Plan and Project are hereby adopted as the findings and certifications of the Corporate Authorities as if fully set forth in this Ordinance.

SECTION 3: APPROVAL OF AMENDED REDEVELOPMENT PROJECT AREA. The Corporate Authorities hereby approve and authorize the removal of the Underperforming Property and the Performing Property from the Redevelopment Project Area to form the Amended Redevelopment Project Area.

SECTION 4: ADOPTION OF AMENDED REDEVELOPMENT PLAN AND PROJECT. The Corporate Authorities hereby adopt and approve the Amended Redevelopment Plan and Project. A copy of the Amended Redevelopment Plan and Project is set forth in **Exhibit J** attached to and, by this reference, made a part of this Ordinance.

SECTION 5: AFFIRMATION OF PROJECT AREA DESIGNATION. The Corporate Authorities hereby affirm that:

A. Pursuant to Ordinance No. M-57-01, the Corporate Authorities designated the Redevelopment Project Area as a redevelopment project area pursuant to Section 11-74.4-4 of the TIF Act; and

B. The Amended Redevelopment Project Area remains designated as a redevelopment project area pursuant to Section 11-74.4-4 of the TIF Act and will continue to be known as the Higgins Road/Mannheim Road Redevelopment Project Area.

SECTION 6: AFFIRMATION OF TAX INCREMENT FINANCING. The Corporate Authorities hereby affirm that:

A. Pursuant to Ordinance No. M-57-01, the Corporate Authorities adopted tax increment allocation financing to pay for redevelopment project costs, as defined in the TIF Act and as set forth in the redevelopment Plan and Project, within the Redevelopment Project Area; and

B. Tax increment allocation financing remains adopted and effective to pay for redevelopment project costs, as defined in the TIF Act and as set forth in the Amended Redevelopment Plan and Project, within the Amended Redevelopment Project Area.

SECTION 7: AUTHORIZATION FOR TRANSMITTALS AND OTHER ACTION. The Corporate Authorities hereby authorize and direct the City Manager to take any and all

statutorily required steps in connection with the approval of the Amended Redevelopment Project Area and the Amended Redevelopment Plan and Project, including, without limitation, the transmission of a certified copy of this Ordinance to the County Clerk of Cook County, Illinois.

SECTION 8: SEVERABILITY. If any provision of this Ordinance or part thereof is held invalid by a court of competent jurisdiction, the remaining provisions of this Ordinance are to remain in full force and effect, and are to be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Ordinance to the greatest extent permitted by applicable law.

SECTION 9: EFFECTIVE DATE. This Ordinance will be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

PASSED this 20th day of October, 2014.

APPROVED this 20th day of October, 2014.

VOTE: AYES 7 NAYS 0 ABSENT 1

MAYOR

ATTEST:

Gloria J. Ludwig
CITY CLERK

Published in pamphlet form this
20th day of October, 2014.

Gloria J. Ludwig
CITY CLERK

Approved as to form:

Peter M. Friedman, General Counsel

#32311766_v2

EXHIBIT A

LEGAL DESCRIPTION OF UNDERPERFORMING PROPERTY

THAT PART OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION ON THE NORTH LINE OF PRATT AVENUE WITH THE WEST LINE OF WISCONSIN CENTRAL LTD. RAILROAD, AKA MINNEAPOLIS, ST. PAUL AND SAULT STE. MARIE RAILROAD, AKA SOO RAILROAD COMPANY; THENCE SOUTHEASTERLY ALONG SAID WEST LINE TO THE NORTH LINE OF HIGGINS ROAD; THENCE NORTHWESTERLY ALONG SAID NORTH LINE TO THE WEST LINE OF ORCHARD PLACE ROAD, AKA WEST RAILROAD AVENUE; THENCE NORTH ALONG SAID WEST LINE TO THE CENTER OF HIGGINS CREEK, AKA WILLOW CREEK; THENCE NORTHWESTERLY ALONG SAID CENTERLINE TO THE EAST LINE OF MANNHEIM ROAD; THENCE NORTH ALONG SAID EAST LINE TO THE NORTH LINE OF PRATT AVENUE; THENCE EAST ALONG SAID NORTH LINE TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PREPARED June 19, 2014
SPACECO, INC., cbl

EXHIBIT B

MAP OF UNDERPERFORMING PROPERTY

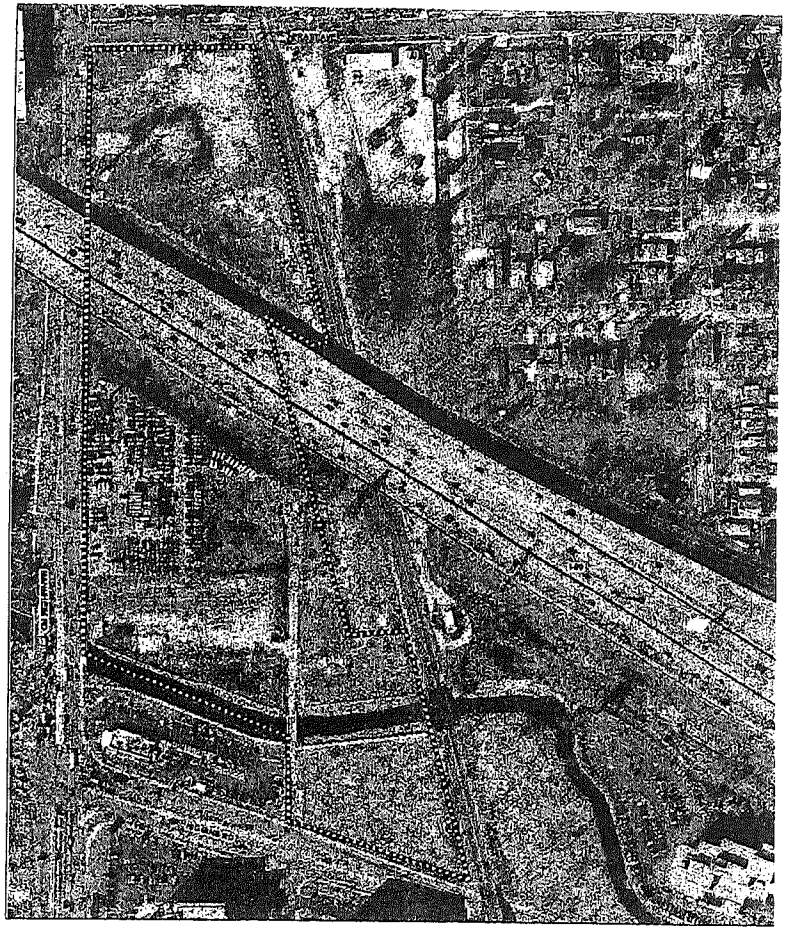


EXHIBIT C

GENERAL STREET LOCATION OF UNDERPERFORMING PROPERTY

North of Higgins Rd, East of Mannheim Rd., South of Pratt Ave. and West of the Wisconsin Central Railroad

EXHIBIT D
LEGAL DESCRIPTION OF PERFORMING PROPERTY

PARCEL1:
THE WEST 125 FEET OF THAT PART OF THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT OF THE INTERSECTION OF THE CENTERLINE OF HIGGINS ROAD AND THE WEST LINE OF SAID SECTION 33; THENCE NORTH 0° 03' 14" EAST (RECORDED NORTH) ALONG SAID WEST LINE OF SECTION 33 FOR A DISTANCE 274.78 FEET (RECORD 275.60 FEET) TO THE CENTER OF HIGGINS CREEK (WILLOW CREEK); THENCE SOUTH 68° 26' 47" EAST (RECORD EASTERLY) ALONG SAID CENTER OF HIGGINS CREEK (WILLOW CREEK) FOR A DISTANCE OF 506.14 FEET (RECORD 505.62 FEET) TO THE CENTERLINE OF ORCHARD PLACE ROAD; THENCE SOUTH 1° 32' 29" WEST (RECORD SOUTH) ALONG SAID CENTERLINE OF ORCHARD PLACE ROAD FOR A DISTANCE OF 234.00 FEET (RECORD 242 FEET) TO SAID CENTERLINE HIGGINS ROAD; THENCE NORTH 72° 39' 43" WEST (RECORD WESTERLY) ALONG SAID CENTERLINE OF HIGGINS ROAD FOR A DISTANCE OF 486.83 FEET (RECORD 495 FEET) TO SAID POINT OF BEGINNING; LYING EAST OF AND ADJOINING THE EAST RIGHT-OF-WAY LINE OF MANNHEIM ROAD AS DEDICATED PER DOCUMENT NUMBER 2008837, RECORDED MARCH 20, 1967IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS AND LYING NORTHERLY OF, AND ADJOINING, THE NORTHERLY RIGHT-OF-WAY LINE OF HIGGINS ROAD AS DEDICATED PER SAID DOCUMENT NUMBER 2008837.
ALSO,

PARCEL 2:
THAT PART OF THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT OF THE INTERSECTION OF THE CENTERLINE OF HIGGINS ROAD AND THE WEST LINE OF SAID SECTION 33; THENCE NORTH 0° 03' 14" EAST (RECORDED NORTH) ALONG SAID WEST LINE OF SECTION 33 FOR A DISTANCE 274.78 FEET (RECORD 275.60 FEET) TO THE CENTER OF HIGGINS CREEK (WILLOW CREEK); THENCE SOUTH 68° 26' 47" EAST (RECORD EASTERLY) ALONG SAID CENTER OF HIGGINS CREEK (WILLOW CREEK) FOR A DISTANCE OF 506.14 FEET (RECORD 505.62 FEET) TO THE CENTERLINE OF ORCHARD PLACE ROAD; THENCE SOUTH 1° 32' 29" WEST (RECORD SOUTH) ALONG SAID CENTERLINE OF ORCHARD PLACE ROAD FOR A DISTANCE OF 234.00 FEET (RECORD 242 FEET) TO SAID CENTERLINE HIGGINS ROAD; THENCE NORTH 72° 39' 43" WEST (RECORD WESTERLY) ALONG SAID CENTERLINE OF HIGGINS ROAD FOR A DISTANCE OF 486.83 FEET (RECORD 495 FEET) TO SAID POINT OF BEGINNING; LYING EAST OF AND ADJOINING THE EAST RIGHT-OF-WAY LINE OF MANNHEIM ROAD AS DEDICATED PER DOCUMENT NUMBER 2008837, RECORDED MARCH 20, 1967IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS AND LYING NORTHERLY OF, AND ADJOINING, THE NORTHERLY RIGHT-OF-WAY LINE OF HIGGINS ROAD AS DEDICATED PER SAID DOCUMENT NUMBER 2008837; EXCEPT THEREFROM THE WEST 126 FEET.

EXHIBIT E

MAP OF PERFORMING PROPERTY

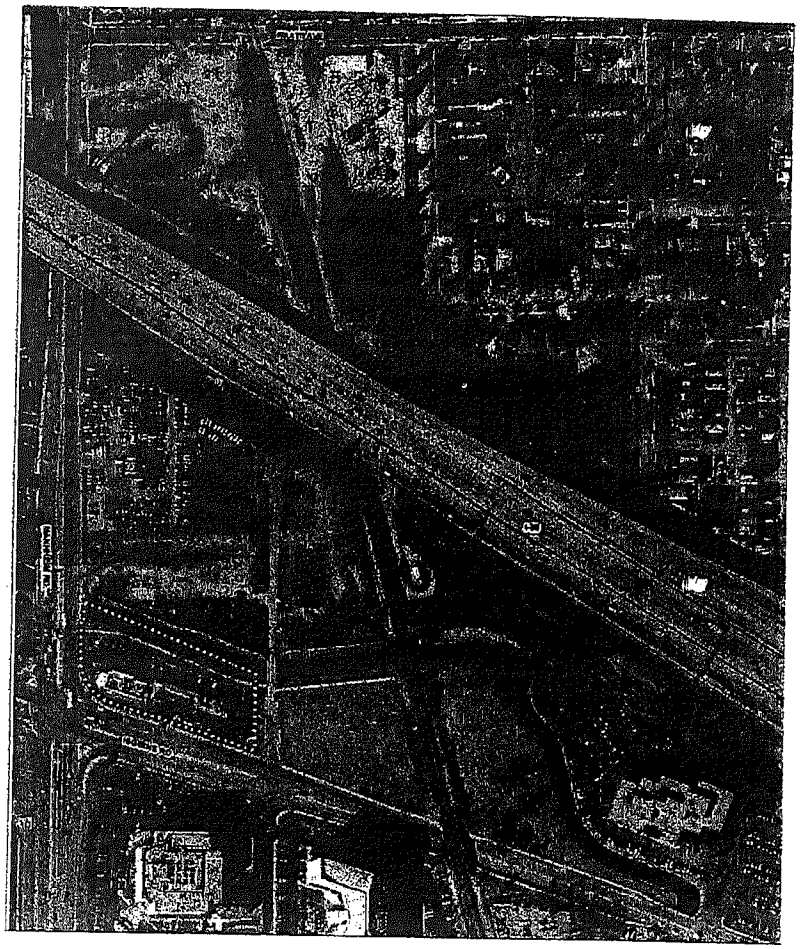


EXHIBIT F

GENERAL STREET LOCATION OF PERFORMING PROPERTY

North of Higgins Rd, East of Mannheim Rd., South of the creek and West of Orchard Place

EXHIBIT G

LEGAL DESCRIPTION OF AMENDED REDEVELOPMENT PROJECT AREA

THAT PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

LOTS 8 THROUGH 19, BOTH INCLUSIVE, IN BLOCK 8 IN OLIVER SALINGER & COMPANY'S GLEN ACRES SUBDIVISION IN THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 3, 1939 AS DOCUMENT NUMBER 12335452,

AND

LOT 1 IN MANNHEIM NORTH ROAD RESUBDIVISION OF LOTS 1, 2, 3, 4, 5, 6 & 7 IN BLOCK 8 IN OLIVER SALINGER & COMPANY'S GLEN ACRES SUBDIVISION, RECORDED APRIL 8, 2007 AS DOCUMENT NUMBER 0709660106,

ALL IN COOK COUNTY, ILLINOIS.

PREPARED June 19, 2014
SPACECO, INC., cbl

EXHIBIT H

MAP OF AMENDED REDEVELOPMENT PROJECT AREA

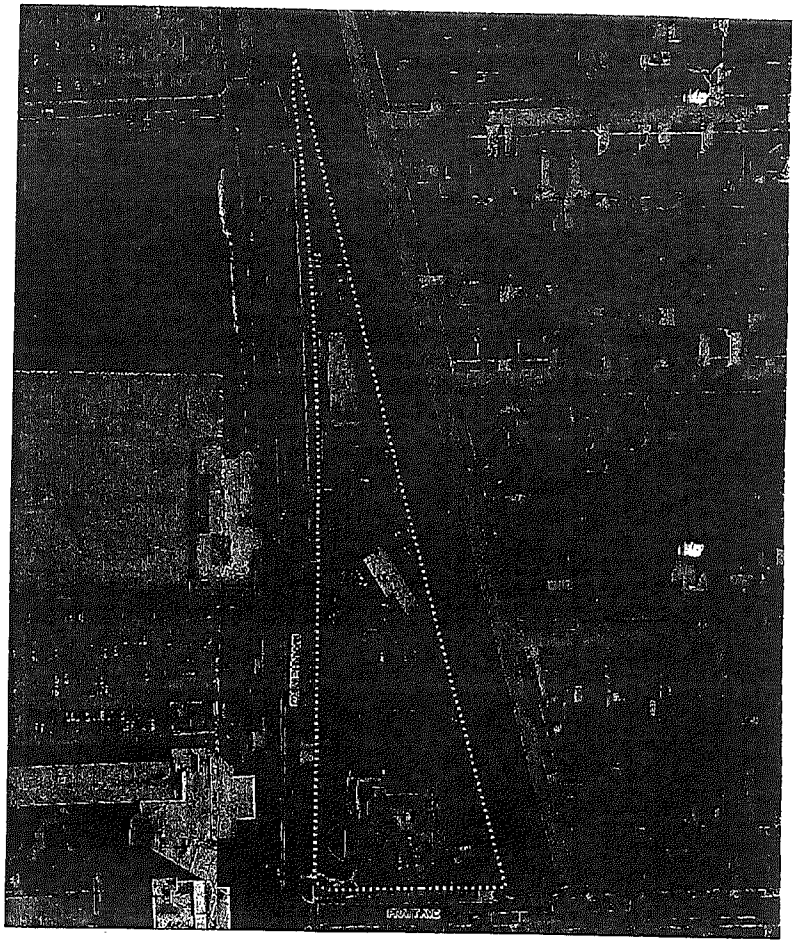


EXHIBIT I

GENERAL STREET LOCATION OF AMENDED REDEVELOPMENT PROJECT AREA

North of Pratt Ave., East of Mannheim Road and West of the Wisconsin Central Railroad

CITY OF DES PLAINES

TIF NO. 6 REDEVELOPMENT PLAN

MANNHEIM/HIGGINS TIF DISTRICT NO. 6
1st AMENDMENT

"Redevelopment plan" means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended ("TIF Act").

Prepared for: City of Des Plaines, Illinois

Prepared Jointly by: Kane, McKenna and Associates, Inc.

and

The City of Des Plaines

Original TIF Plan – October, 2001
Draft 1st Amendment – May, 2014

CITY OF DES PLAINES
TIF NO. 6 REDEVELOPMENT PLAN
MANNHEIM/HIGGINS TIF DISTRICT– 1ST AMENDMENT

TABLE OF CONTENTS

SECTION	TITLE	PAGE
I.	Introduction	1
II.	The Proposed TIF District, as Amended	2
III.	Amendments to TIF Plan	3
Exhibit 1	Original TIF Plan	
Exhibit 2	TIF District Maps as Amended	
Exhibit 3	Legal Description for TIF District as Amended	

I. INTRODUCTION

In 2001, the City of Des Plaines (the "City") adopted the *Mannheim/Higgins Redevelopment Plan and Project* (the "Original TIF Plan," contained in Exhibit 1). The purpose of this report is to update and amend the Original TIF Plan principally by removing all property located south of Pratt Avenue from the TIF District. A secondary goal is to re-state certain Original TIF Plan goals and other matters for the remaining property within the TIF District, as amended. The City is pursuing the proposed amendment as part of its strategy to promote the continued revitalization of key under-utilized properties located south of Pratt Avenue.

Kane, McKenna and Associates, Inc. (KMA) has been retained by the City to assist the City in drafting this amendment to the Plan.

Objectives. The City's general economic development objectives are to enhance commercial, retail, and mixed use opportunities within the City, including the Mannheim/Higgins TIF District, as amended.

By the establishment and utilization of a TIF redevelopment plan, as amended, the City intends to continue efforts to provide the assistance required to eliminate conditions detrimental to successful redevelopment of the TIF District.

The use of TIF relies upon induced private redevelopment in the TIF District to create higher real estate values that would otherwise decline without such investment. By so doing, it would result in increased property taxes compared to the previous land use (or lack of use). In this way, the existing tax base for all tax districts would be protected and a portion of future increased taxes pledged to attract the requisite private investment.

It is found, and certified by the City, in connection to the process required for the amendment of this Plan and Project pursuant to 65 ILCS Sections 5/11-74.4-3(n)(5) and 5/11-74.4-5(c) of the TIF Act, that this Plan and Project will not result in the displacement of 10 or more inhabited residential units. Therefore, this Plan and Project does not include a housing impact study. If at a later time the City does decide to dislocate more than ten (10) inhabited residential units, this Plan would have to be amended and a housing impact study would be completed.

II. THE PROPOSED TIF DISTRICT, AS AMENDED

The purpose of this report is to amend the TIF Plan principally by removing all properties located south of Pratt Avenue from the TIF District A secondary goal is to re-state certain Original TIF Plan goals and other matters for the remaining property within the TIF District, as amended.

The TIF District, as amended, is generally bounded by Lunt Avenue on the north, Pratt Avenue on the south, Mannheim Road on the west, and railroad right of way on the east.

The Original TIF Plan contained in Exhibit 1 provides a boundary map and legal description of the original TIF District.

III. AMENDMENTS TO THE TIF PLAN

In this section, amendments to the Original TIF Plan are presented. Collectively, the amendatory language and revised exhibits comprise the "1st Amendment."

Section 1 Introduction: Amendments

Page 1, paragraph 1 – Replace second to last sentence with – "The Area is generally bounded by Lunt Avenue on the north, Mannheim Road on the west, railroad right of way on the east and Pratt Avenue on the south."

Page 2, paragraphs 4 and 5 – Replace the paragraphs with – "The Area consists of fifteen (15) tax parcels located on one (1) tax block."

Section 2 Project Area Description: Amendments

Page 5, paragraph 1 – Delete the first sentence of the first paragraph and replace with – "The Area is described in Figure 1: Amended Boundary Maps and an amended legal description is included in Exhibit B."

Page 5, subtitle "Current Area Land Use" – Amend subtitle to read as follows: "Current Area Land Use (At Time of Original Plan)".

Page 6, subtitle "Access and Circulation" – Amend subtitle to read as follows: "Access and Circulation (At Time of Original Plan)".

Section 3 Eligibility of the Redevelopment Project Area for Designation as a Blighted Area: Amendments

Page 8, last paragraph – Amend paragraph to read as follows: "In 1992, a car wash was built, approved by the City of Des Plaines as a "temporary use" until a more substantial development project was initiated. Additional development has occurred since 2001. However, given the conditions which have been documented within the Area, the overall and continued redevelopment of the Area would not reasonably be expected to occur without public intervention and the adoption of this Plan.

Section 7 General Land Use Plan: Amendments

Page 14 – Remove references to hotel and office uses as proposed uses here, and remove reference to hotel, office, and restaurant uses as proposed uses throughout the Original TIF Plan.

Section 9 Redevelopment Plan Financing: Amendments

Page 21, paragraph 1 – Delete first sentence.

Page 22, paragraph 2 – Delete second sentence.

Page 22, paragraph 1 – Replace $6,885,376 in paragraph 1 with $2,136,843 and replace Table 2 with

PIN #	1999 EAV
09-33-108-003	$ 48,548
09-33-108-004	63,665
09-33-108-005	90,565
09-33-108-006	143,380
09-33-108-007	138,337
09-33-108-008	56,048
09-33-108-009	91,264
09-33-108-010	103,413
09-33-108-011	57,671
09-33-108-012	24,676
09-33-108-013	25,154
09-33-108-014	48,483
09-33-108-020	168,982
09-33-108-022	702,759
09-33-108-023	373,862

Page 22 – Delete all paragraphs included under the heading – "Anticipated Equalized Assessed Valuation" and replace with "Upon completion of the anticipated private development of the RPA by the year 2024, it is estimated that the equalized assessed valuation of the property within the Redevelopment Project Area will be approximately $3,500,000 to $4,500,000."

Other Amendments

Appendix B of the Original TIF Plan (Legal Description) – Amended as attached hereto as Exhibit 2.

Figures 1, 2, and 3 of the Original TIF Plan – Amended as attached hereto as Exhibit 3. The TIF District boundary maps, existing land use map, and intended land use map are replaced by the maps enclosed herein.

Exhibit 1
Original TIF Plan

ORDINANCE NO. M-57-01

AN ORDINANCE OF THE CITY OF DES PLAINES, COOK COUNTY, ILLINOIS, APPROVING A TAX INCREMENT REDEVELOPMENT PLAN AND REDEVELOPMENT PROJECT FOR THE MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA

WHEREAS, the Mayor and City Council (the "Corporate Authorities") of the City of Des Plaines, Cook County, Illinois (the "Municipality"), have heretofore determined that as a result of the existence of blighted areas and areas requiring conservation within the Municipality, there is an excessive and disproportionate expenditure of public funds, inadequate public and private investment, and unmarketability of property, together with an abnormal stagnation or decline in business so that the deterioration of these areas impairs the value of private investments and threatens the sound growth and the tax base of the Municipality and the taxing districts having the power to tax real property in the Municipality (the "Taxing Districts"), and threatens the health, safety, morals and welfare of the public; and

WHEREAS, the Corporate Authorities have heretofore determined that in order to promote and protect the health, safety, morals and welfare of the public, that blighting conditions in the Municipality need to be eradicated and conservation measures instituted and that redevelopment of a portion (the "Proposed Area") of the Municipality be undertaken, and that to remove and alleviate adverse conditions in the Proposed Area it is necessary to encourage private investment and restore and enhance the tax base of the Municipality and the Taxing Districts by such redevelopment; and

WHEREAS, the Municipality has heretofore evaluated various lawfully available programs to provide such assistance and has determined that the use of tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), is necessary to achieve the redevelopment goals of the Municipality for the Proposed Area; and

WHEREAS, the Municipality has heretofore caused to be conducted an eligibility study to determine whether the Proposed Area qualifies as a "blighted area" pursuant to the TIF Act, which study was conducted by Camiros, Ltd., Chicago, Illinois ("Camiros"); and

WHEREAS, Camiros is a planning services firm having a national reputation for expertise in tax increment allocation and redevelopment financing in the State of Illinois; and

WHEREAS, Camiros has heretofore concluded and has advised the Municipality by means of a written Eligibility Report that the Proposed Area qualifies as a "blighted area" under Section 11-74.4-3 of the TIF Act; and

WHEREAS, the Municipality has further caused the preparation of and made available for public inspection and distribution a proposed redevelopment plan and project for the Proposed Area (the "Plan" and "Project"); and

WHEREAS, the Plan and Project sets forth in writing the program to be undertaken to accomplish the objectives of the Municipality and includes estimated redevelopment project costs proposed for the Proposed Area, evidence indicating that the Proposed Area on the whole has not been subject to growth and development through investment by private enterprise, an assessment of the financial impact of the Proposed Area on or any increased demand for services from any taxing district affected by the Plan and, if necessary, any program to address such financial impact or increased demand, the sources of funds to pay costs, the nature and term of the obligations to be issued, the most recent available equalized assessed valuation of the Proposed Area, an estimate as to the equalized assessed valuation after redevelopment, the general land uses to apply in the Proposed Area, and a commitment to fair employment practices and an affirmative action plan, and the Plan and Project accordingly complies in all respects with the requirements of the TIF Act; and

WHEREAS, pursuant to Section 11-74.4-5 of the TIF Act, the Corporate Authorities by ordinance called a public hearing (the "Hearing") relative to the Plan and Project and the designation of the Proposed Area as a redevelopment project area under the TIF Act and fixed the time and place for such Hearing, being September 4, 2001 and continued to September 17, 2001, at the Des Plaines City Hall, Des Plaines, Illinois; and

WHEREAS, due notice in respect to such Hearing was given pursuant to Section 11-74.4-6 of the TIF Act, said notice, together with a copy of the Plan, and the name of a person to contact for further information, being given to taxing districts and to the Department of Commerce and Community Affairs of the State of Illinois by certified mail on July 20, 2001, by publication on August 8, 2001, and August 10, 2001, and by certified mail to taxpayers within the Proposed Area on July 20, 2001 and on August 29, 2001; and

WHEREAS, the Municipality has heretofore convened a joint review board as required by and in all respects in compliance with the provisions of the TIF Act; and

WHEREAS, the joint review board has met at the times and as required by the TIF Act and has reviewed the public record, planning documents and a form of proposed ordinance approving the Plan and Project; and

WHEREAS, the joint review board has adopted by a majority vote a recommendation that the Municipality proceed to implement the Plan and Project and to designate the Proposed Area as a redevelopment project area under the TIF Act; and

WHEREAS, the joint review board based its decision to approve the proposal on the basis of the Proposed Area satisfying certain of the eligibility criteria defined in Section 11-74.4-3 of the TIF Act, all as provided in Section 11-74.4-5(b) of the TIF Act; and

WHEREAS, the Municipality held the Hearing on September 4, 2001 and continued to September 17, 2001, at the Des Plaines City Hall, Des Plaines, Illinois; and

WHEREAS, at the Hearing any interested person or affected taxing district was permitted to file with the Municipal Clerk written objections and was heard orally in respect to any issues embodied in the notice of said Hearing, and the Municipality heard all protests and objections at the Hearing; and

WHEREAS, the Plan and Project sets forth in writing the program to be undertaken to accomplish the objectives of the Municipality, and the Corporate Authorities have reviewed the information concerning such factors presented at the Hearing and have reviewed other studies and are generally informed of the conditions in the Proposed Area which could cause the area to be a "blighted area" as defined in the TIF Act; and

WHEREAS, the Corporate Authorities have reviewed evidence indicating that the Proposed Area on the whole has not been subject to growth and development through investment by private enterprise and have reviewed the conditions pertaining to lack of private investment in the Proposed Area to determine whether the Proposed Area would reasonably be anticipated to be developed in accordance with public goals stated in the Plan and Project without the adoption of the proposed Plan and Project; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to real property in the Proposed Area to determine whether the Proposed Area is contiguous and whether it exhibits conditions that cause the Proposed Area to be classified as a blighted area under the TIF Act; and

WHEREAS, the Corporate Authorities have made an assessment of any financial impact of the Proposed Area on or any increased demand for services from any taxing district affected by the Plan and Project and any program to address such financial impact or increased demand; and

WHEREAS, the Corporate Authorities have reviewed the proposed Plan and Project and also the existing comprehensive plan for development of the Municipality as a whole to determine whether the proposed Plan and Project conform to such comprehensive plan of the Municipality; and

WHEREAS, the Corporate Authorities have heretofore, and it hereby expressly is, determined that the Municipality has in all respects complied with the requirements of the TIF Act in such actions taken to date as hereinabove recited:

NOW, THEREFORE, be it ordained by the Mayor and City Council of the City of Des Plaines, Cook County, Illinois, in the exercise of its home rule powers, as follows:

SECTION 1: Findings. The Corporate Authorities hereby make the following findings:

(a) The Proposed Area is described in Exhibit A attached hereto and incorporated herein as if set out in full by this reference. The street location (as near as practicable) for the Proposed Area is described in Exhibit B attached hereto and incorporated herein as if set out in full by this reference. The map of the Proposed Area is depicted on Exhibit C attached hereto and incorporated herein as if set out in full by this reference.

(b) There exist conditions which cause the Proposed Area to be subject to designation as a redevelopment project area under the TIF Act and to be classified as a blighted area as defined in Section 11-74.4-3(a) of the TIF Act, which conditions include but are not limited to obsolescence, deterioration, inadequate utilities, deleterious land use or layout, lack of community planning and excessive vacancies as to the improved area, and chronic flooding as to the vacant area.

(c) The Proposed Area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed in accordance with public goals stated in the Plan without the adoption of the Plan.

(d) The Plan and Project conform to the comprehensive plan for the development of the Municipality as a whole.

(e) As set forth in the Plan and in the data presented at the public hearing, the estimated date of completion of the Project is not later than December 31, 2025, and the estimated date of the retirement of all obligations incurred to finance redevelopment project costs as defined in the Plan is not later than December 31, 2025.

(g) The parcels of real property in the Proposed Area are contiguous, and the Proposed Area is not less in the aggregate than 1 and ½ acres.

SECTION 2: Exhibits Incorporated by Reference. The Plan and Project which were the subject matter of the public hearing held on September 4, 2001 and September 17, 2001, are hereby adopted and approved. A copy of the Plan and Project is set forth in Exhibit D attached hereto and incorporated herein as if set out in full by this reference.

SECTION 3: Invalidity of any Section. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

SECTION 4: Superseder and Effective Date. All ordinances, resolutions, motions or orders in conflict herewith be, and the same hereby are, repealed to the extent of such conflict, and this ordinance shall be in full force and effect upon its passage by the Corporate Authorities and approval as provided by law.

PASSED this 15 day of October, 2001.

AYES: Beauvais, Christiansen, Murphy, Sayad, Becker, Smith, Argus

NAYS: None

ABSENT: Brookman

APPROVED this 16 day of October, 2001.

Mayor

ATTEST:

City Clerk

SLE/sjp/A:\APPRVTIF.WPD\

EXHIBIT "A"

MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA TIF #6

LEGAL DESCRIPTION

That part of the West ½ of the Southwest ¼ and the Northwest ¼ of Section 33, in Township 41 North, Range 12, East of the Third Principal Meridian in Cook County, Illinois described as follows:

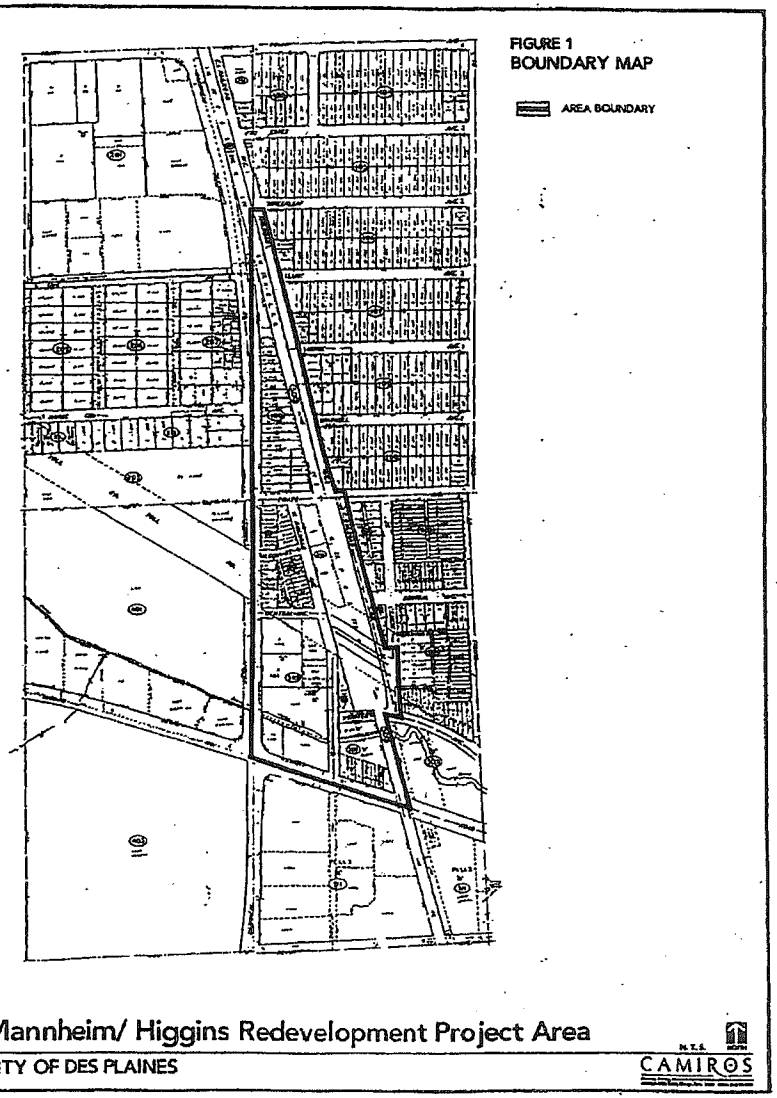
Beginning at the intersection of the center lines of Mannheim Road and Higgins Road; thence northerly along the center line of Mannheim Road, 50 feet normally distant from the Easterly right of way line of Mannheim Road, to the point of intersection with the West line of the Southwest ¼ of said Section 33 and the Westerly line extension of the Northerly right of way line of Central Avenue; thence Northerly along the said West line of the Southwest ¼ and West line of the Northwest ¼ of said Section 33 to the point of intersection with the Westerly line extension of the South right of way line of Greenleaf Avenue; thence Easterly along the Westerly line extension of Greenleaf Avenue to the point of intersection with the Northwesterly line extension of the Easterly right of way line of a public road known locally as Greco Avenue at the Northwest corner of Block 4 in Oliver Salinger and Co's Glen Acres Subdivision in the Northwest ¼ of said Section 33, recorded June 3, 1939 as document number 12335452; thence Southeasterly along the said Northeasterly line extension and Easterly right of way line of Greco Avenue extended Southeasterly to a point of intersection with the South line of the Northwest ¼ of said Section 33; thence Easterly along the said South line of the Northwest ¼ of said Section 33 to the point of intersection with the Northwesterly line extension of the Easterly right of way line of Greco Avenue in Block 2 of Scott's Resubdivision of Blocks 1, 2, 4 & 6 in Orchard Place (except Lots 7, 9 thru 14 in Block 4 and Lots 1, 2, 3, 7 and 8 of Block 6) in said Section 33, recorded February 25, 1892 as document number 1617466; thence Southeasterly along the said Easterly right of way line of Greco Avenue to the point of intersection with the Westerly line extension of the Southerly line of Lot 10, in Block 4 in Orchard Place, a subdivision (except the right of way and grounds of the Wisconsin Central Railroad) of that part of the Southwest ¼ of said Section 33, recorded May 9, 1888, Book 29, Page 30 as Document Number 955011; thence Easterly along the said Westerly line extension of the Southerly line of said Lot 10 to the Southwest corner of said Lot 10 on the Easterly right of way line of Scott Street; thence Southerly along the Easterly right of way line of Scott Street to the center line of Webster Avenue; thence Northwesterly along the center line curve to the left of Webster Avenue having a radius of 815 feet to the point of intersection with the Easterly right of way line of Wisconsin Central Railway and Westerly line of Block 5 in said Orchard Place in the Southwest ¼ of said Section 33; thence Southeasterly along the said Easterly right of way line of Wisconsin Central Railway to the center line of Higgins Road; thence Northwesterly along the center line of Higgins Road to the Point of Beginning at the center line of Mannheim Road.

EXHIBIT B

Mannheim/Higgins TIF street locations are approximately Higgins Road on the South, Mannheim Road on the West, and Greco (Railroad) Avenue on the East.. This area is a triangle generally located on the SouthEast side of the City of Des Plaines.

ORDINANCE M-57-01
ORDINANCE M-58-01
ORDINANCE M-59-01

EXHIBIT "C"



ORDINANCE M-57-01
ORDINANCE M-58-01
ORDINANCE M-59-01

EXHIBIT "D"

MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA

TAX INCREMENT FINANCING DISTRICT #6 REDEVELOPMENT PLAN AND PROJECT

Prepared for:
The City of Des Plaines

By:
Camiros, Ltd.

July 6, 2001

This plan is subject to review and may be revised after comment and public hearing.

TABLE OF CONTENTS

1. INTRODUCTION 1
2. PROJECT AREA DESCRIPTION 5
3. ELIGIBILITY OF THE REDEVELOPMENT PROJECT AREA FOR DESIGNATION AS A BLIGHTED AREA 7
4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES 9
5. REDEVELOPMENT PLAN 10
6. REDEVELOPMENT PROJECT DESCRIPTION 13
7. GENERAL LAND USE PLAN 14
8. HOUSING IMPACT AND RELATED MATTERS 15
9. REDEVELOPMENT PLAN FINANCING 16
10. PROVISIONS FOR AMENDING THE REDEVELOPMENT PLAN 24
11. CITY OF DES PLAINES COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION 25

APPENDIX A (FIGURES) A-1
APPENDIX B (LEGAL DESCRIPTION) B-1
APPENDIX C (ELIGIBILITY STUDY) C-1

LIST OF FIGURES AND TABLES

FIGURE 1. BOUNDARY MAP A-2

FIGURE 2. EXISTING LAND USE A-3

FIGURE 3. GENERAL LAND USE PLAN A-4

FIGURE A. BOUNDARY MAP C-2

FIGURE B. EXISTING LAND USE C-6

FIGURE C. FLOODPLAIN DESIGNATIONS C-17

TABLE 1. ESTIMATED REDEVELOPMENT PROJECT COSTS 20

TABLE 2. EAV BY PIN 22

TABLE A. COMPARATIVE INCREASES IN EAV – IMPROVED PROPERTY C-14

TABLE B. DISTRIBUTION OF BLIGHTING FACTORS C-20

1. INTRODUCTION

This document presents a Tax Increment Financing Redevelopment Plan and Project (hereinafter referred to as the "Plan") pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended (the "Act") for the Mannheim/Higgins Redevelopment Project Area in the City of Des Plaines, Illinois (the "City"). The Redevelopment Project Area (the "Area") includes land identified as the Triangle Subarea in the 1994 Des Plaines Comprehensive Plan. The Area is generally bounded by Mannheim Road on the west, Higgins Road on the south and East Railroad Avenue on the east. The Plan responds to problem conditions within the Area and reflects a commitment by the City to revitalize the Area.

This Plan presents research and analysis undertaken to document the eligibility of the Area for designation as a "blighted area" tax increment financing ("TIF") district. The need for public intervention, goals and objectives, land use policies and other policy materials are presented in this Plan. The results of a study documenting the eligibility of the Area as a blighted area are presented in Appendix C, Eligibility Study, (the "Study").

Tax Increment Financing

In adopting the Act, the Illinois State Legislature found at 5/11-74.4-2(a) that:

> ... there exist in many municipalities within this State blighted, conservation and industrial park conservation areas as defined herein; that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked...

and at 5/11-74.4-2(b) that:

> ... in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken... The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas by redevelopment projects is hereby declared to be essential to the public interest.

In order to use the tax increment financing technique, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a "blighted area," a "conservation area" or an "industrial park conservation area." A redevelopment plan must then be prepared which describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the redevelopment project area as a "blighted area," "conservation area," or combination thereof, or "industrial park

conservation area," and thereby enhance the tax bases of the taxing districts which extend into the redevelopment project area. The statutory requirements are set out at 65 ILCS 5/11-74.4-3, et seq.

The Act provides that, in order to be adopted, a Plan must meet the following conditions under 5/11-74.4-3(n):

> (1) the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the redevelopment plan, (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality, (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs (which dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted), (4) in the case of an industrial park conservation area, also that the municipality is a labor surplus municipality and that the implementation of the redevelopment plan will reduce unemployment, create new jobs and by the provision of new facilities enhance the tax base of the taxing districts that extend into the redevelopment project area, and (5) if any incremental revenues are being utilized under Section 8a(1) or 8a(2) of this Act in redevelopment project areas approved by ordinance after January 1, 1986 the municipality finds (a) that the redevelopment project area would not reasonably be developed without the use of such incremental revenues, and (b) that such incremental revenues will be exclusively utilized for the development of the redevelopment project area.

Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan.

The City authorized an evaluation to determine whether a portion of the City to be known as the Mannheim/Higgins Redevelopment Area, qualifies for designation as a "blighted area," pursuant to the provisions contained in the Act. If the Area so qualified, the City requested the preparation of a redevelopment plan for the Area in accordance with the requirements of the Act.

Redevelopment Project Area Overview

The Area is approximately 40.5 acres in size, and consists of 47 tax parcels located on seven tax blocks. The Area is a triangle that is generally bounded by Higgins Road on the south, Mannheim Road on the west, and Greco (East Railroad) Avenue on the east.

The Area is zoned for commercial use and contains a mix of unrelated uses that include two restaurants, a strip commercial center, a car wash, two car rental agencies, a contractors office and storage facility, a restaurant/banquet facility, a former mobile home sales operation and a

motel. The age of buildings ranges from approximately 1960 to 1992. The Northwest Tollway (I-90) bisects the Area.

The Area has suffered from a lack of private investment in property improvement as evidenced by deterioration, inadequate utilities and by functionally obsolete commercial buildings.

The Area, as a whole, has not been subject to growth and development by private enterprise and is not reasonably anticipated to be developed without the adoption of the Plan. There has been no significant new investment in the Area since a car wash was approved as a "temporary use" in 1992. The Study, attached hereto as Appendix C, concluded that property in the Area suffers from deterioration, obsolescence, deleterious land use or layout, lack of community planning, inadequate utilities, and other negative conditions.

The purpose of this Plan is to provide the stimulus needed to revitalize the Area. To accomplish that, the Plan will create a mechanism to:

1. Promote the development of new hotel, office and other commercial uses.
2. For land within the Area, promote land use compatibility and synergy with emerging development trends along the Higgins and Mannheim corridors.
3. Improve the Area's physical environment and infrastructure so that anticipated levels of development can be accommodated.

Summary of Findings

The Area is appropriate for designation as a "blighted area" in accordance with the Act, based on the following summary of findings:

1) The Area has not been subject to growth and development through private enterprise.
2) A continuing lack of growth and development will exacerbate conditions of obsolescence, causing further disinvestment and blight.
3) The Area is not reasonably anticipated to be redeveloped by private enterprise without public intervention and the adoption of this Plan.
4) The Area meets the requirements for designation as a "blighted area" because nine of the required eligibility criteria with respect to improved property are meaningfully present and reasonably distributed in the Area. The presence of five eligibility factors is required. These conditions are:

   - Dilapidation (minor)
   - Obsolescence (major)
   - Deterioration (major)
   - Presence of structures below minimum code standards (major)
   - Excessive vacancies (minor)
   - Inadequate utilities (major)
   - Excessive land coverage or overcrowding of structures and community facilities (minor)
   - Deleterious land use or layout (major)

- Lack of community planning (major)

In addition, the following factors are present with respect to vacant land within the Area:

- Obsolete platting
- Tax and special assessment delinquencies
- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- The area is subject to chronic flooding
- The area qualified as blighted improved property immediately before becoming vacant

5). The conditions outlined above are meaningfully present and reasonably distributed throughout the Area.

This Plan summarizes the analyses and findings of the consultant's work, which unless otherwise noted, is solely the responsibility of Camiros, Ltd. Camiros, Ltd. has prepared this Plan, and the related Study, with the understanding that the City would rely on (1) the findings and conclusions of the Plan and the related Study in proceeding with the designation of the Area as a redevelopment project area pursuant to the Act and the adoption and implementation of the Redevelopment Plan and Project, and (2) the fact that Camiros, Ltd. has obtained the necessary information to ensure that the Plan and the related Study comply with the Act.

The Plan has been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and City-assisted private actions in the Area.

2. PROJECT AREA DESCRIPTION

The Mannheim/Higgins Redevelopment Project Area is approximately 40.5 acres in size, including public rights-of-way. The land to be designated as the Area is shown in *Figure 1: Boundary Map*. A legal description of the Area is included as Appendix B of this document. The proposed Area includes only those contiguous parcels which are anticipated to be substantially benefited by the proposed redevelopment project improvements and which qualify for designation as a "blighted area."

Current Area Land Use

The Area was identified in the 1994 Des Plaines Comprehensive Plan as the "Triangle Subarea" one of several potential redevelopment areas in the city. The Area contains a mix of unrelated uses that include two restaurants, a strip commercial center, a car wash, two car rental agencies, a contractors office and storage facility, a restaurant/ banquet facility, a former mobile home sales lot, and a motel. The age of buildings in the Area ranges from approximately 1960 to 1992. The existing land use pattern is shown in *Figure 2: Existing Land Use*.

Most of the Area is zoned C-2 Limited Office Commercial. The Higgins Road frontage to Willow Creek is zoned C-3 General Commercial as is the Ace Rental Car Property, immediately south of the Tollway, along Mannheim Road. The current uses are incompatible with the market potential of the Area, which should be oriented toward airport-related hotel, office and commercial uses as is the surrounding area. Much of the Area is devoted to a collection of marginal commercial uses that are inconsistent with the up-scale image of the new office, hotel, entertainment and commercial uses found along the Mannheim/Higgins corridor.

Development of the Study Area began in the 1960s with a series of commercial service uses, and gradually evolved to include strip commercial and airport related uses. Two of the most recent developments, the McDonalds (1988) and the car wash (1992), have little relation to the regional focus of the developments taking place in the Village of Rosemont, immediately adjacent to the Study Area. Only Café La Cave (1991), which provides banquet facilities, is consistent with the regional focus of the surrounding area.

The 1994 Des Plaines Comprehensive Plan recommended redevelopment of the Study Area, which was identified as the "Triangle Subarea." The Comprehensive Plan recommended that the redevelopment emphasis for the area north of the Tollway should be on airport related uses and that the southern portion of the Triangle Subarea be recognized as a major gateway into Des Plaines. Because much of the land located south of the Tollway is located in the Willow Creek floodway, the Comprehensive Plan recognized that significant flood control improvements,

including dredging, would be required to allow redevelopment to take place. These improvements were seen as an opportunity to establish an attractive setting with a significant water feature that could become the backdrop for an up-scale office or hotel complex, similar to the developments taking place in Rosemont.

The Travelodge and McDonald's properties are both located within the Willow Creek floodway. Development within designated floodways is severely limited under the City's floodplain regulations. Significant infrastructure investment will be required to allow major private developments to occur.

The Area borders the Village of Rosemont on the west and south. Chicago O'Hare International Airport is approximately one mile to the southwest. Within the regional context, the Area serves as the eastern gateway to the "Illinois Golden Corridor." Just outside of the Area, hotels, office and entertainment uses have been built in the Village of Rosemont.

Access and Circulation

Mannheim Road and Higgins Road provide primary access to the Area. Both streets are major arterials that carry significant traffic volumes. The Northwest Tollway (I-90) separates the Area into two sections. North of the Tollway, Pratt Avenue serves as the only east west street that crosses the railroad tracks and provides access between Mannheim Road and the residential neighborhood to the east. Between Pratt Avenue and the Tollway, Alger Street and Orchard Place provide access to parcels. Greco Avenue forms the eastern boundary north of Pratt Avenue. South of Pratt Avenue, the eastern edge of the Area is formed by the East Railroad Avenue right-of-way which has not been improved as a public street.

South of the Tollway, Orchard Place has been reduced to a one-lane access road, with a one-lane bridge crossing Willow Creek, beginning just north of the entrance to the McDonald's restaurant. This roadway does not meet contemporary standards for public infrastructure and, consequently, does not provide proper access to property it is intended to serve. It is anticipated that all or part of Orchard Place may be vacated to facilitate efforts to redevelop adjacent property.

3. ELIGIBILITY OF THE REDEVELOPMENT PROJECT AREA FOR DESIGNATION AS A BLIGHTED AREA

In November and December 2000, a study was undertaken by Camiros, Ltd. to determine whether the proposed Area is eligible for designation as a blighted area in accordance with the requirements of the Act. This analysis, updated in April 2001, concluded that the Area so qualifies.

The presence of five of the 13 conditions set forth in the Act is required for designation of improved property as a blighted area. These factors must be meaningfully present and reasonably distributed within the Area. *Of the 13 factors cited in the Act for improved property, nine factors are present within the Area.* Six of these factors are present to a major extent. Three factors are present to a minor extent.

The following factors were found to be present with respect to improved property within the Area:

- Dilapidation (minor)
- Obsolescence (major)
- Deterioration (major)
- Presence of structures below minimum code standards (major)
- Excessive vacancies (minor)
- Inadequate utilities (major)
- Excessive land coverage or overcrowding of structures and community facilities (minor)
- Deleterious land use or layout (major)
- Lack of community planning (major)

In addition, the following factors are present with respect to vacant land within the Area:

- Obsolete platting
- Tax and special assessment delinquencies
- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- The area is subject to chronic flooding
- Property was blighted immediately before becoming vacant.

For more detail on the basis for eligibility, refer to the study in Appendix C.

Need for Public Intervention

The Area, as a whole, has not been subject to significant growth and development through investment by private enterprise. Based on present conditions, the Area is not likely to be developed without the adoption of the Plan. Further decline in the Area will occur in the absence of private-sector investment, and conditions within the Area will continue to have a blighting effect on adjacent uses.

As part of the determination of the eligibility of the Area for designation as a "blighted area," the changes in the equalized assessed value (EAV) of the Area over the last five years were documented. The EAV of the Area declined or grew at a slower rate than the City of Des Plaines for three of the last five years for the Area as a whole. However, because of differences in EAV growth for improved versus vacant property, stagnant or declining EAV was not used as one of the factors for establishing eligibility of the Area as a "blighted area" under the Act with respect to improved property, as shown in *Table A: Comparative Increases in EAV – Improved Property* on page C-15 of the Eligibility Study.

There has been no new construction in the Area since 1992, when a car wash was built, approved by the City of Des Plaines as a "temporary use" until a more substantial development project was initiated. Given the conditions which have been documented within the Area, the overall redevelopment of the Area would not reasonably be expected to occur without public intervention and the adoption of this Plan.

4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The following goals and redevelopment objectives serve as the policy framework for this Plan.

Redevelopment Plan Goals:

- Reduce or eliminate those conditions that qualify the Area as a blighted area.
- Strengthen the economic well-being of the Area and the City by increasing the value of property.
- Outline a framework for future land use and development that will enhance economic activity in the Area.
- Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Plan and contemporary development needs and standards.
- Undertake regional storm water management improvements to allow the Area to realize its full market potential.

Redevelopment Objectives:

- Reconfigure or vacate streets and alleys to create contiguous tracts of land for development.
- Attract high-quality commercial uses such as hotel or office development to the Area.
- Encourage redevelopment that substantially increases sales tax, hotel/motel tax and/or property tax revenues.
- Undertake flood control improvements along Willow Creek to provide for stormwater detention to serve desirable development in the Area.
- Provide public green space within the Area to provide an attractive setting for new development and meet public open space goals and objectives.

5. REDEVELOPMENT PLAN

The City proposes to achieve the Plan's goals through the use of public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

Property Assembly, Site Preparation and Environmental Remediation

To meet the goals and objectives of this Plan, the City may acquire and assemble property throughout the Area. While any property not already under public ownership may be acquired, the City is not obligated to purchase all private property within the Area. Land assemblage by the City may be by purchase, exchange, donation, lease, or eminent domain and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers or local taxing districts before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

Intergovernmental and Redevelopment Agreements

The City may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as "Redevelopment Projects"). Such redevelopment agreements may be needed to support the rehabilitation or construction of allowable private improvements, in accordance with the Plan; incur costs or reimburse developers or local taxing districts for other eligible redevelopment project costs as provided in the Act in implementing the Plan; and provide public improvements and facilities which may include, but are not limited to utilities, street closures or realignment, transit improvements, streetscape enhancements, signalization, parking, surface right-of-way improvements, parks and storm water detention.

Terms of redevelopment as part of this redevelopment project may be incorporated in appropriate redevelopment agreements. For example, the City may agree to reimburse a redeveloper for incurring certain eligible redevelopment project costs under the Act. Such agreements may contain specific development controls as allowed by the Act.

Provision of Public Improvements and Facilities

Adequate public improvements and facilities may be provided to service the Area. Public improvements and facilities may include, but are not limited to, street closures to facilitate assembly of development sites, upgrading streets, signalization improvements, provision of streetscape amenities, park and open space improvements, parking improvements, storm water management facilities, and utility improvements. It is expected that storm water sewers and regional storm water detention facilities will be account for a significant portion of the public improvement costs in the Area. Expansion of water and sanitary sewer lines that serve the Area are also expected to be needed to support the anticipated level of development.

Job Training

To the extent allowable under the Act, job training costs may be directed toward training and job readiness activities designed to enhance the competitive advantages of the Area and attract additional employers to the Area. Working with employers and local school districts, job training, job readiness advanced vocational education or career education programs coupled with general educational instruction may be provided that meet employers' hiring needs, as allowed under the Act.

Analysis, Professional Services, Administrative Activities and Marketing of Sites

The City may undertake or engage professional consultants, engineers, architects, attorneys, and others to conduct various analyses, studies, administrative or legal services to establish, implement and manage this Plan. The City may also determine that it is necessary to market sites within the Area to prospective businesses, developers and investors in order to further the objectives of this Plan.

Payment in Lieu of Taxes

Pursuant to the provisions of the Act, payment in lieu of taxes may be made to all taxing districts within the Area which is proportional to the current collections of property tax revenues by the taxing districts for properties acquired by the municipality, which according to the Plan, are to be used for a private use. Such payments are intended to reflect estimated tax revenues that would have been generated by the property resulting from levies made after the time of adoption of tax increment allocation financing until the current equalized assessed value of real property exceeds the total initial equalized assessed value of the Area.

Financing Costs Pursuant to the Act

Interest on any obligations issued under the Act accruing during the estimated period of construction of the redevelopment project and other financing costs may be paid from the incremental tax revenues pursuant to the provisions of the Act.

Interest Costs Pursuant to the Act

Pursuant to the Act, the City may allocate a portion of the incremental tax revenues to pay or reimburse redevelopers for interest costs incurred in connection with redevelopment activities in order to enhance the redevelopment potential of the Area.

6. REDEVELOPMENT PROJECT DESCRIPTION

The Plan seeks to create a strong and active regional commercial area with hotels, offices, restaurants and other commercial services and facilities. Physical improvements to the Area are seen as a critical component of its overall improvement.

This Plan recognizes that new investment in commercial property is needed to achieve revitalization. Attracting new private investment may require the redevelopment of existing properties. Proposals for new private development and related infrastructure improvements will stress projects that will serve and benefit Des Plaines, are consistent with the surrounding development pattern, and make the Area more suitable for new private development.

Based on this assessment, goals of the redevelopment projects to be undertaken in the Area are: 1) to improve the economic function of the Area by maximizing commercial use of the Area, and undertaking infrastructure projects; and 2) to make the Area more appealing to business by improving its character and suitability for development. The major physical improvement elements anticipated as a result of implementing the proposed Plan are outlined below.

Public Improvements

Improvements to public infrastructure and facilities are expected to be needed to complement and attract private sector investment. Infrastructure improvements may include, but are not limited to street vacations and/or reconfigurations to create large tracts of land for commercial development, traffic signal improvements, utility improvements needed to accommodate the anticipated level of development, and provision of open space and storm water detention facilities.

Commercial Development

The types of commercial development recommended for this area are hotel, office and other related regional commercial uses. It is expected that restaurants and ancillary retail facilities may be included as components of larger hotel or office developments. To the extent that such uses currently exist in the Area, they may be incorporated into new private development projects.

7. GENERAL LAND USE PLAN

The General Land Use Plan is intended to provide a guide for future land use improvements and developments within the Area. The land uses proposed in the Area are consistent with current zoning and the Des Plaines Comprehensive Plan. *Figure 3: General Land Use Plan*, in Appendix A, identifies land uses expected to result from implementation of the Plan in the Area. The land use designation for the Area is commercial. It is anticipated that hotel and office uses will account for the majority of redevelopment in the Area. Restaurants and ancillary retail uses may be incorporated into larger development projects. The intent of this land use policy is to support regional development trends by reconfiguring the commercial land use pattern for the Area.

This land use strategy is intended to direct development toward the most appropriate land use pattern and enhance the overall development of the Area in accordance with the goals and objectives of the Plan. Locations of specific uses, or public infrastructure improvements, may vary from the General Land Use Plan as a result of more detailed planning and site design activities. Such variations are permitted without amendment to this Plan as long as they are consistent with the Plan's goals and objectives and the City's official land use policies as reflected in the Zoning Ordinance and Comprehensive Plan.

8. HOUSING IMPACT AND RELATED MATTERS

Amendments to the Act that became effective November 1, 1999, indicate that the preparation of a housing impact study is required if the area contains 75 or more inhabited residential units unless the City certifies in the Plan displacement will not result from the Plan or the Plan would not result in the displacement of ten or more inhabited residential units.

The Area contains no residential units. Therefore, housing impact study is not a required element of this Plan.

9. REDEVELOPMENT PLAN FINANCING

Tax increment financing is an economic development tool designed to facilitate the redevelopment of blighted areas and to arrest decline in areas that may become blighted without public intervention. It is expected that tax increment financing will be an important means, although not necessarily the only means, of financing improvements and providing development incentives in the Area throughout its twenty-three year life.

Tax increment financing can only be used when private investment would not reasonably be expected to occur without public assistance. The Act sets forth the range of public assistance that may be provided.

It is anticipated that expenditures for redevelopment project costs will be carefully staged in a reasonable and proportional basis to coincide with expenditures for redevelopment by private developers and the projected availability of tax increment revenues.

Eligible Project Costs

Redevelopment project costs include the sum total of all reasonable, or necessary, costs incurred, or estimated to be incurred, and any such costs incidental to this Plan. Some of the costs listed below became eligible costs under the Act pursuant to an amendment to the Act which became effective November 1, 1999. Eligible costs may include, without limitation, the following:

1. Professional services including: costs of studies and surveys, development of plans and specifications, implementation and administration of the Plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however, that no charges for professional services may be based on a percentage of the tax increment collected and the terms of such contracts do not extend beyond a period of three years. Redevelopment project costs may not include general overhead or administrative costs of the City that would still have been incurred if the City had not designated a redevelopment project area or approved a redevelopment plan.
2. The cost of marketing sites within the Area to prospective businesses, developers and investors.
3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground

level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.

4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the cost of replacing an existing public building, if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.
5. Costs of the construction of public works or improvements, but not including the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building unless the City makes a reasonable determination, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the Plan.
6. Costs of job training and retraining projects including the cost of "welfare-to-work" programs implemented by businesses located within the Area, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts as provided in the Act.
7. Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and, which may include payment of interest on any obligations issued under the Act, including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and not exceeding 36 months thereafter and including reasonable reserves related thereto.
8. All, or a portion, of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred, or to be incurred, in furtherance of the Plan, to the extent the City, by written agreement, accepts and approves such costs.
9. An elementary, secondary or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided for in the Act.
10. Relocation costs, to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by state or federal law or in accordance with the requirements of the Act.
11. Payment in lieu of taxes.
12. Interest costs incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project provided that:
    - such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
    - such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
    - if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
    - the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such

redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and

- up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low income households, as defined in Section 3 of the Illinois Affordable Housing Act.

13. Up to 50% of the cost of construction, renovation and/or rehabilitation of all low-income and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low-income and very low-income households, only the low-income and very low-income households shall be eligible for benefits under the Act.
14. Up to 75% of the interest incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
15. The cost of day care services for children of employees from low-income families working for businesses located within the Area and all or a portion of the cost of operation of day care centers established by Area businesses to serve employees from low-income families working in businesses located in the Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

The cost of constructing new privately-owned buildings is not an eligible redevelopment project cost, unless specifically authorized by the Act.

Estimated Project Costs

A range of activities and improvements may be required to implement the Plan. The proposed eligible activities and their estimated costs over the life of the Area are briefly described below and also shown in *Table 1: Estimated Redevelopment Project Costs*.

1. Professional services including planning, legal, surveys, fees and other related development costs. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, architectural and engineering, financial and special service costs. *(Estimated cost: $1,000,000)*

2. The cost of marketing sites within the Area to prospective businesses, developers and investors. *(Estimated cost: $900,000)*

3. Property assembly costs, including acquisition of land and other property, real or personal, or rights or interests therein, and other appropriate and eligible costs needed to prepare the property for redevelopment. These costs may include the reimbursement of acquisition costs incurred by private developers. Land acquisition may include acquisition of both improved and vacant property in order to create development sites, accommodate public rights-of-way or to provide other public facilities needed to achieve the goals and objectives of this Plan. Property assembly costs also include: demolition of existing improvements, including clearance of blighted properties or clearance required to prepare sites for new development, site preparation, including grading, and other appropriate and eligible site activities needed to facilitate new construction, and environmental remediation costs associated with property assembly which are required to render the property suitable for redevelopment including the construction of parking lots and other concrete or asphalt barriers. *(Estimated cost: $16,500,000)*

4. Construction of public improvements, infrastructure and facilities. These improvements are intended to improve access within the Area, stimulate private investment and address other identified public improvement needs, including but not limited to street and signalization improvements, utility relocation and improvements, and storm water detention facilities. *(Estimated cost: $6,000,000)*

5. Costs of job training and retraining projects, including the costs of "welfare-to-work" programs implemented by Area businesses, and advanced vocational education or career education incurred by one or more taxing districts as provided in the Act. *(Estimated cost: $2,350,000)*

6. Payment in lieu of taxes. *(Estimated cost: $100,000)*

7. Financing costs, as judged by the City to be appropriate or required to further implementation of the Plan. *(Estimated cost: $650,000)*

8. Interest costs associated with redevelopment project financing, pursuant to the provisions of the Act. *(Estimated cost: $2,500,000)*

The estimated gross eligible project cost over the life of the Area is $30 million. All project cost estimates are in 2001 dollars. Any bonds issued to finance portions of the redevelopment project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations, as well as to provide for capitalized interest and reasonably required reserves. The total project cost figure excludes any costs for the issuance of bonds. Adjustments to estimated line items, which are upper estimates for these costs, are expected and may be made without amendment to this Plan.

Table 1
ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvement	Budget	
Planning, Legal, Surveys and Related Development Costs	$1,000,000	
Site Marketing Costs	$900,000	
Property Assembly, Site Preparation and Environmental Remediation	$16,500,000	
Public Improvements	$6,000,000	*(1)*
Job Training	$2,350,000	
Payment in Lieu of Taxes	$100,000	
Financing Costs	$650,000	
Interest Costs	$2,500,000	
TOTAL	$30,000,000	*(2) (3)*

(1) This category may also include reimbursing eligible costs of taxing districts impacted by the redevelopment of the Area and school district costs pursuant to the Act. As permitted by the Act, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from the Redevelopment Project pursuant to a written agreement by the City accepting and approving such costs.

(2) The total Estimated Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. The amount of the Total Redevelopment Costs that can be incurred in the Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Area only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Area, but will not be reduced by the amount of redevelopment project costs incurred in the Area which are paid from incremental taxes generated from contiguous redevelopment project areas.

(3) The total Estimated Redevelopment Project Costs provides an upper limit on expenditures and adjustments may be made in line items without amendment to this Plan.

Sources of Funds

Funds necessary to pay for redevelopment project costs and municipal obligations, which have been issued to pay for such costs, are to be derived principally from tax increment revenues and proceeds from municipal obligations, which have as their source of payment tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The tax increment revenue, which will be used to fund tax increment obligations and redevelopment project costs, shall be the incremental real property taxes. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Area over and above the initial equalized assessed value of each such property in the Area. Other sources of funds, which may be used to pay for redevelopment costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the City may, from time to time, deem appropriate. The City may incur Redevelopment Project Costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes.

The Area is not presently contiguous to any other redevelopment project areas within the City of Des Plaines. However, the Area is contiguous to two tax increment financing districts established by the Village of Rosemont. Rosemont's Higgins-Mannheim TIF borders the Area on the south along the center line of Higgins Road. Village of Rosemont TIF No. 5 abuts the northern edge of the Area along Mannheim Road between Lunt Avenue and Greenleaf Avenue.

The Area may, in the future, be contiguous to, or be separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Area to pay eligible project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Area, shall not at any time exceed the total Redevelopment Project Costs described in this Plan.

Development of the Area would not be reasonably expected to occur without the use of the incremental revenues provided by the Act. Redevelopment project costs include those eligible project costs set forth in the Act. Tax increment financing or other public sources will be used only to the extent needed to secure commitments for private redevelopment activity.

Nature and Term of Obligations to be Issued

The City may issue obligations secured by the tax increment special tax allocation fund established for the Area pursuant to the Act or such other funds or security as are available to the City by virtue of its powers, available under the Act, pursuant to the Illinois State Constitution. Should the City be successful in attracting one or more hotel developments to the Area, the City may also pledge a portion of incremental sales tax or hotel/motel tax revenues generated by such redevelopment projects to repay any obligations incurred.

All obligations issued by the City in order to implement this Plan shall be retired not later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted. The final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issuance. One or more series of obligations may be sold at one or more times in order to implement this Plan. The City may also issue obligations to a developer as reimbursement for project costs incurred by the developer on behalf of the City.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that the real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Area in the manner provided by the Act. The City hopes to be able to structure debt service requirements to allow distribution of surplus incremental revenues to other taxing districts prior to the completion of the redevelopment project and the retirement of all obligations issued to finance redevelopment costs.

Most Recent Equalized Assessed Valuation

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Area is to provide an estimate of the initial EAV, which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Area. The 1999 EAV of all taxable parcels in the Area is $6,885,376. This total EAV is listed in Table 2. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Area will be calculated by Cook County.

This Plan has utilized EAV values for the 1999 tax year. If the 2000 EAV values become available prior to the date of the adoption of this Plan by the City Council, the City may update the Plan by replacing the 1999 EAV with the 2000 EAV.

Table 2
EAV BY PIN

PIN #	1999 EAV
09-33-108-003	$49,140
09-33-108-004	$64,441
09-33-108-005	$91,670
09-33-108-006	$145,121
09-33-108-007	$140,017
09-33-108-008	$56,728
09-33-108-009	$92,372
09-33-108-010	$104,669
09-33-108-011	$58,371
09-33-108-012	$24,976
09-33-108-013	$25,460
09-33-108-014	$49,072
09-33-108-020	$171,033
09-33-108-022	$711,293
09-33-108-023	$378,401
09-33-300-001	$32,070
09-33-300-002	$48,167
09-33-300-003	$35,940
09-33-300-004	$85,771
09-33-300-005	$18,465
09-33-300-006	$31,487
09-33-300-007	$21,468
09-33-300-008	$12,997
09-33-300-009	$14,606

PIN#	1999 EAV
09-33-301-008	$168,279
09-33-301-011	Exempt
09-33-301-012	Exempt
09-33-301-013	Exempt
09-33-301-014	$114,929
09-33-301-015	$186,616
09-33-305-002	$85,033
09-33-305-005	$47,092
09-33-305-006	$29,040
09-33-305-009	$1,782
09-33-305-010	$1,624,856
09-33-305-011	$307,150
09-33-305-012	$705,759
09-33-305-013	$276,026
09-33-305-014	$450,885
09-33-306-001	$157,206
09-33-309-001	$32,866
09-33-309-002	$62,456
09-33-309-003	$71,840
09-33-309-004	$23,945
09-33-309-005	$64,664
09-33-309-010	$10,697
09-33-500-005	Railroad
Total	$6,885,376

Anticipated Equalized Assessed Valuation

Once the redevelopment project has been completed and the property is fully assessed, the EAV of real property within the Area is estimated at $50 million. This estimate has been calculated assuming that the Area will be developed in accordance with *Figure 3: General Land Use Plan*, of this Plan.

The estimated EAV assumes that the assessed value of property within Area will increase substantially as a result of new development and public improvements within the Area.

Calculation of the estimated EAV is based on several assumptions, including: 1) redevelopment of the Area will occur in a timely manner; 2) the application of a State Multiplier of 2.1711 to the projected assessed value of property within the Redevelopment Project Area; and 3) an annual inflation factor of 2.5%. The projected State Multiplier was calculated by averaging the State Multipliers for Cook County for the most recent five-year period (1995-1999).

Financial Impact on Taxing Districts

The Act requires an assessment of any financial impact of the Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

The proposed revitalization of the Area is not expected to create new residential development that would increase demand for schools, parks and other population-based services. Thus, no new demand on services provided by the City, the local school district, the park district, or the Metropolitan Water Reclamation District is anticipated.

Redevelopment of the Area may result in changes to the level of required public services. The required level of these public services will depend upon the uses that are ultimately included within the Area. Although the specific nature and timing of the private investment expected to be attracted to the Area cannot be precisely quantified at this time, a general assessment of financial impact can be made based upon the level of development and timing anticipated by the proposed Plan.

When completed, developments in the Area will generate property tax revenues for all taxing districts. Other revenues may also accrue to the City in the form of sales tax, hotel/motel tax, business fees and licenses, and utility user fees. The costs of some services such as water and sewer service, building inspections, etc. are typically covered by user charges. However, others are not and should be subtracted from the estimate of property tax revenues to assess the net financial impact of the Plan on the affected taxing districts.

For the taxing districts levying taxes on property within the Area, increased service demands are expected to be negligible because they are already serving the Area. One possible exception may be police and fire protection services provided by the City, depending on the density of new development. However, since certain public nuisances and other potential safety hazards are expected to be eliminated as a result of implementation of the Plan, the net increase in public

safety costs may be minimal. It is expected that any increase in demand for the services and programs of the aforementioned taxing districts, associated with the Area, can be adequately handled by the existing services and programs maintained by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts. Should demand increase so that it exceeds existing service and program capabilities, the City will work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

Upon completion of the Plan, all taxing districts are expected to share the benefits of a substantially improved tax base. However, prior to the completion of the Plan, certain taxing districts may experience an increased demand for services.

Real estate tax revenues resulting from increases in the EAV, over and above the certified initial EAV established with the adoption of this Plan, will be used to pay eligible redevelopment costs in the Area. Following termination of the Area, the real estate tax revenues, attributable to the increase in the EAV over the certified initial EAV, will be distributed to all taxing districts levying taxes against property located in the Area. Successful implementation of this Plan is expected to result in new development and private investment on a scale sufficient to overcome blighted conditions and substantially improve the long-term economic value of the Area.

Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs

This Plan will be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this Plan is adopted (By December 31, 2025). While the Plan sets forth the maximum duration for the proposed tax increment financing district, the City hopes that the Plan can be fully implemented and all obligations can be retired in a shorter time period than that allowed for in the Act.

10. PROVISIONS FOR AMENDING THE REDEVELOPMENT PLAN

This Plan may be amended pursuant to the provisions of the Act.

11. CITY OF DES PLAINES COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION

As part of any Redevelopment Agreement entered into by the City and the private developer, both will agree to establish and implement an affirmative action program that serves appropriate sectors of the City. With respect to this Plan, the City is committed to and will affirmatively implement the assurance of equal opportunity in all personnel and employment actions, including, but not limited to, hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.

Anyone involved with employment or contracting activities in connection with this Plan will be responsible for conformance with this policy and the compliance requirements of applicable state and federal regulations.

The City and the private developers involved in the implementation of this Plan will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level for this project being undertaken in the Area. Any public/private partnership established for the development project in the Area will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals. The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

APPENDIX A

MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA

FIGURES 1 - 3

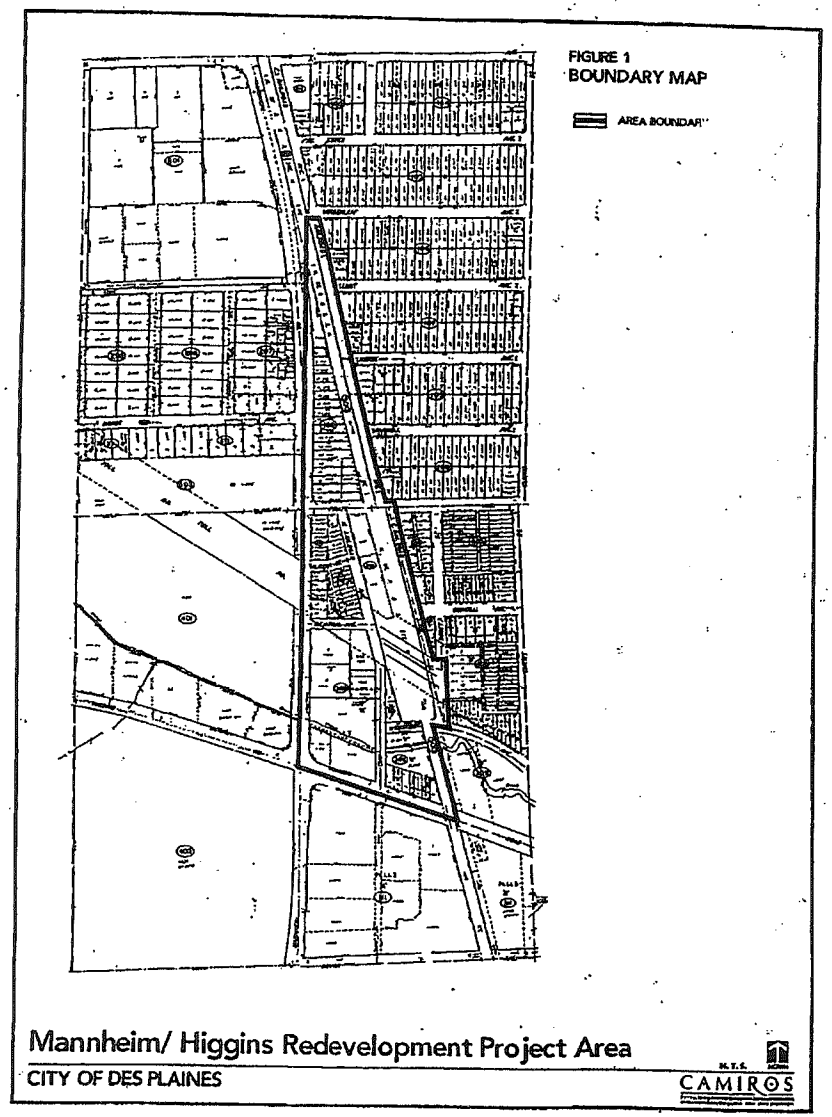


FIGURE 1
BOUNDARY MAP
AREA BOUNDARY
Mannheim/ Higgins Redevelopment Project Area
CITY OF DES PLAINES
N.T.S.
CAMIROS

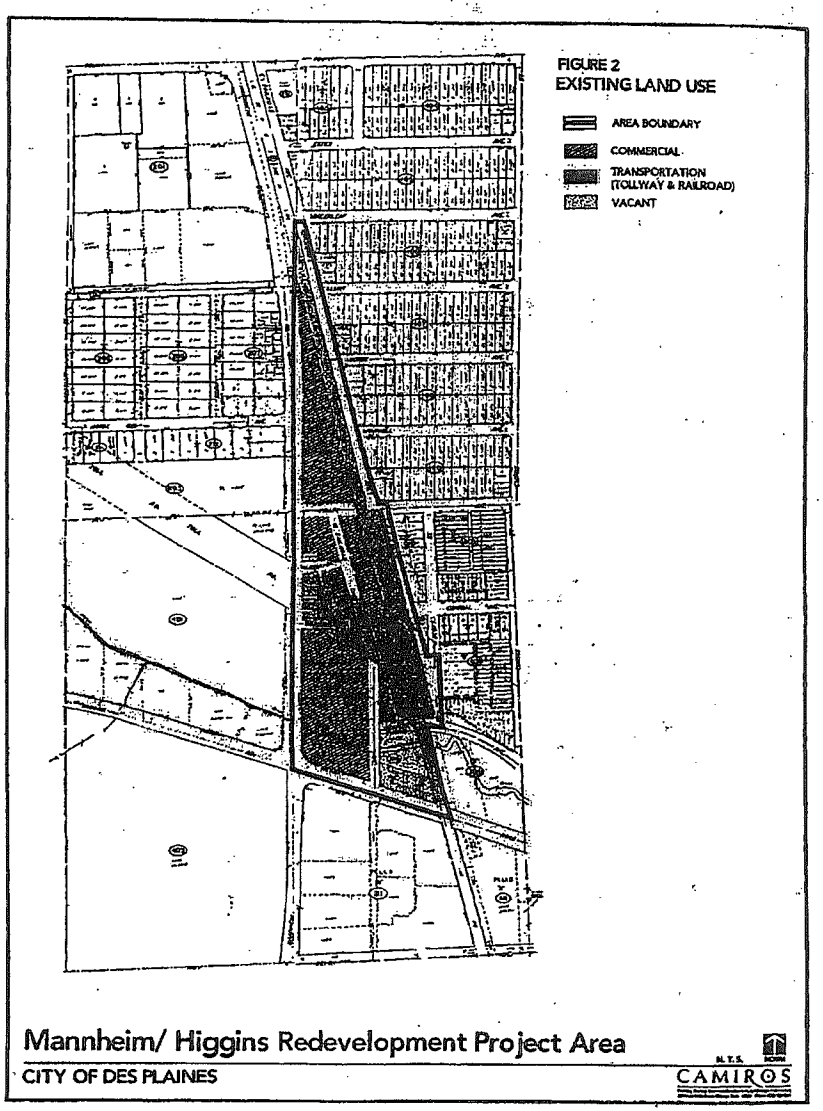
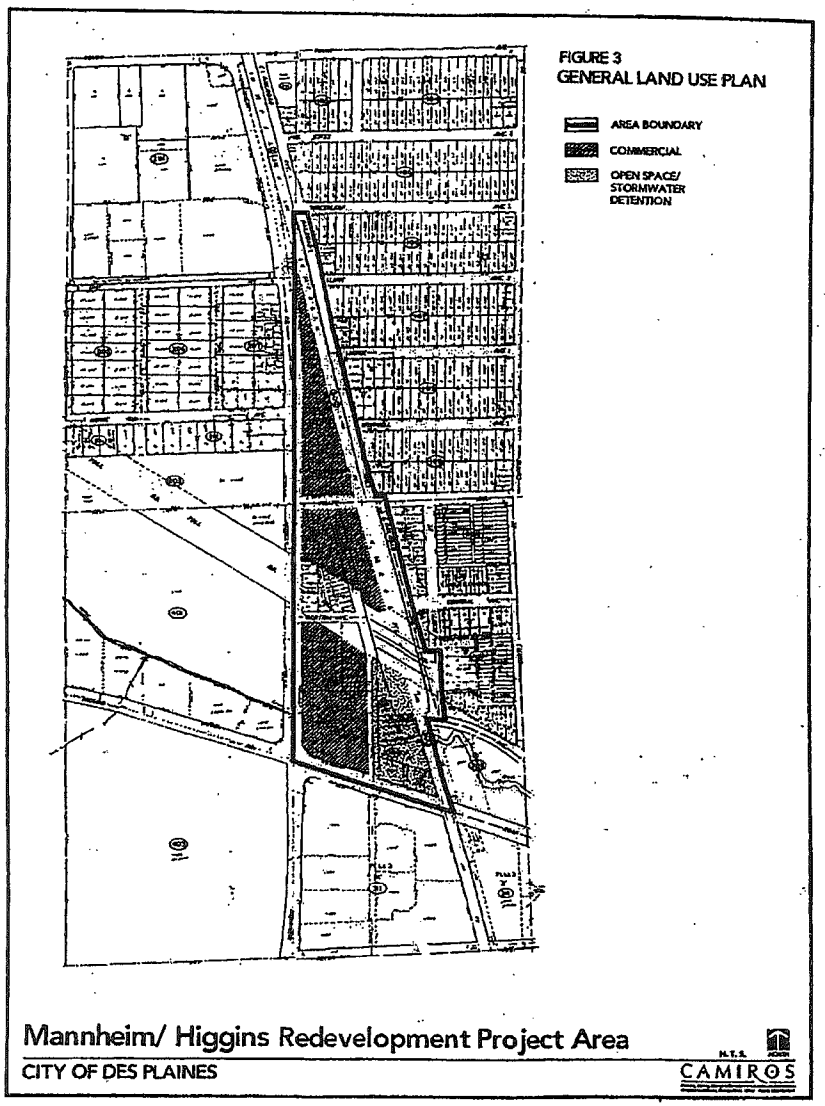


FIGURE 2
EXISTING LAND USE
AREA BOUNDARY
COMMERCIAL
TRANSPORTATION (TOLLWAY & RAILROAD)
VACANT
Mannheim/ Higgins Redevelopment Project Area
CITY OF DES PLAINES
N.T.S.
CAMIROS



APPENDIX B

MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA TIF #6

LEGAL DESCRIPTION

That part of the West ½ of the Southwest ¼ and the Northwest ¼ of Section 33, in Township 41 North, Range 12, East of the Third Principal Meridian in Cook County, Illinois described as follows:

Beginning at the intersection of the center lines of Mannheim Road and Higgins Road; thence northerly along the center line of Mannheim Road, 50 feet normally distant from the Easterly right of way line of Mannheim Road, to the point of intersection with the West line of the Southwest ¼ of said Section 33 and the Westerly line extension of the Northerly right of way line of Central Avenue; thence Northerly along the said West line of the Southwest ¼ and West line of the Northwest ¼ of said Section 33 to the point of intersection with the Westerly line extension of the South right of way line of Greenleaf Avenue; thence Easterly along the Westerly line extension of Greenleaf Avenue to the point of intersection with the Northwesterly line extension of the Easterly right of way line of a public road known locally as Greco Avenue at the Northwest corner of Block 4 in Oliver Salinger and Co's Glen Acres Subdivision in the Northwest ¼ of said Section 33, recorded June 3, 1939 as document number 12335452; thence Southeasterly along the said Northeasterly line extension and Easterly right of way line of Greco Avenue extended Southeasterly to a point of intersection with the South line of the Northwest ¼ of said Section 33; thence Easterly along the said South line of the Northwest ¼ of said Section 33 to the point of intersection with the Northwesterly line extension of the Easterly right of way line of Greco Avenue in Block 2 of Scott's Resubdivision of Blocks 1, 2, 4 & 6 in Orchard Place (except Lots 7, 9 thru 14 in Block 4 and Lots 1, 2, 3, 7 and 8 of Block 6) in said Section 33, recorded February 25, 1892 as document number 1617466; thence Southeasterly along the said Easterly right of way line of Greco Avenue to the point of intersection with the Westerly line extension of the Southerly line of Lot 10, in Block 4 in Orchard Place, a subdivision (except the right of way and grounds of the Wisconsin Central Railroad) of that part of the Southwest ¼ of said Section 33, recorded May 9, 1888, Book 29, Page 30 as Document Number 955011; thence Easterly along the said Westerly line extension of the Southerly line of said Lot 10 to the Southwest corner of said Lot 10 on the Easterly right of way line of Scott Street; thence Southerly along the Easterly right of way line of Scott Street to the center line of Webster Avenue; thence Northwesterly along the center line curve to the left of Webster Avenue having a radius of 815 feet to the point of intersection with the Easterly right of way line of Wisconsin Central Railway and Westerly line of Block 5 in said Orchard Place in the Southwest ¼ of said Section 33; thence Southeasterly along the said Easterly right of way line of Wisconsin Central Railway to the center line of Higgins Road; thence Northwesterly along the center line of Higgins Road to the Point of Beginning at the center line of Mannheim Road.

APPENDIX C

MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA

ELIGIBILITY STUDY

The purpose of this analysis is to determine whether a portion of the City identified as the Mannheim/Higgins Redevelopment Project Area qualifies for designation as a tax increment financing district pursuant to the "Tax Increment Allocation Redevelopment Act" (65 ILCS 5/11-74.4-1 et seq.), as amended (the "Act"). This legislation focuses on the elimination of blight or rapid deterioration through the implementation of a redevelopment plan. The Act authorizes the use of tax increment revenues derived in a redevelopment project area for the payment or reimbursement of eligible redevelopment project costs.

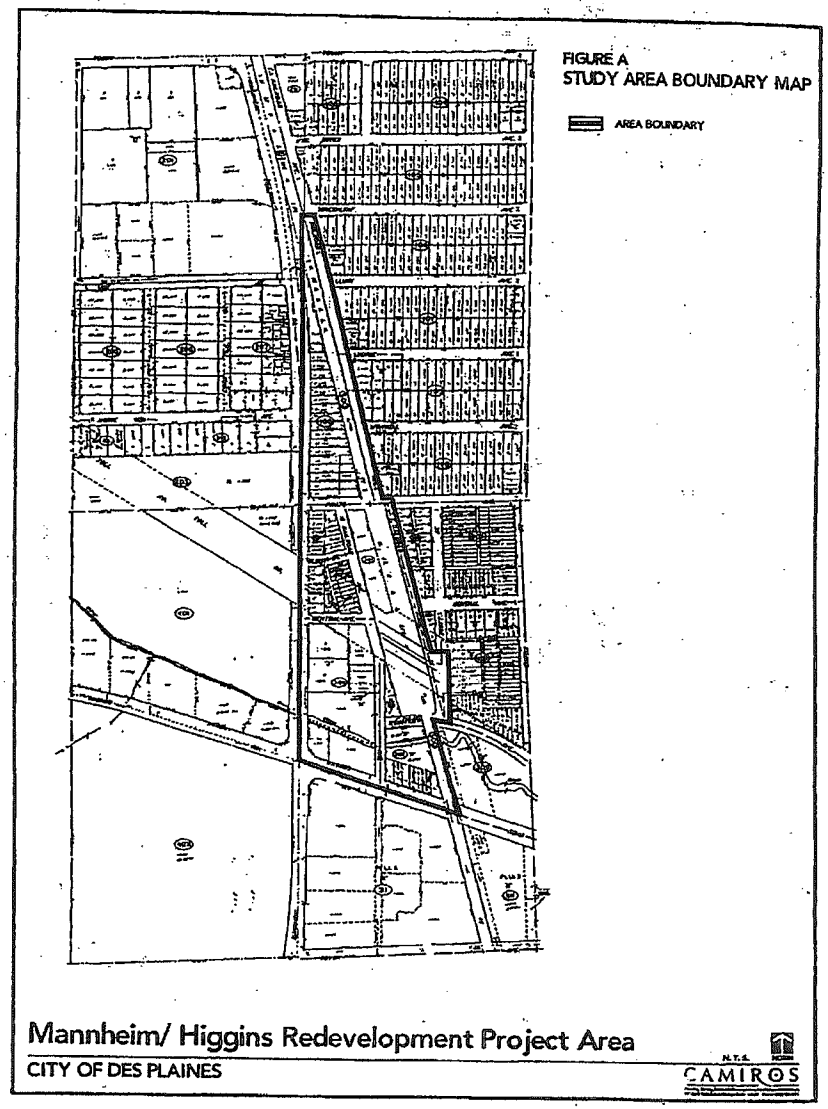
The area proposed for designation as the Mannheim/Higgins Redevelopment Project Area is hereinafter referred to as the "Study Area" and is shown in Figure A. The Study Area was identified in the 1994 Des Plaines Comprehensive Plan as the Triangle Subarea, one of several potential redevelopment areas in the city. It is bounded by Mannheim Road on the west, Higgins Road on the south and Greco (East Railroad) Avenue on the east.

The Study Area borders the Village of Rosemont on the west and south. Chicago O'Hare International Airport is approximately one mile to the southwest. Within the regional context, the Study Area serves as the eastern gateway to the "Illinois Golden Corridor." Just outside of the Study Area, hotels, office and entertainment uses have been built in the Village of Rosemont. The Study Area contains a mix of unrelated uses that include two restaurants, a strip commercial center, a car wash, two car rental agencies, a contractor's office and storage facility, a restaurant/banquet facility, a mobile home sales facility and a motel.

The Study Area is approximately 40.5 acres in size. The Study Area consists of 47 tax parcels located on seven tax blocks and includes only contiguous parcels and street rights-of way. The age of buildings in the Study Area ranges from approximately 1960 to 1992.

Most of the Study Area is zoned C-2 Limited Office Commercial. The Higgins Road frontage to Willow Creek is zoned C-3 General Commercial as is the Ace Rental Car Property, immediately south of the Tollway along Mannheim Road.

This report summarizes the analyses and findings of the consultant's work, which, unless otherwise noted, is solely the responsibility of Camiros, Ltd. and does not necessarily reflect the views and opinions of potential developers or the City. However, the City is entitled to rely on the findings and conclusions of this report in designating the Study Area as a redevelopment project area under the Act.



1. INTRODUCTION

The Tax Increment Allocation Redevelopment Act permits municipalities to induce redevelopment of eligible "blighted," "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act stipulates specific procedures that must be adhered to in designating a redevelopment project area. One of those procedures is the determination that the area meets the statutory eligibility requirements. At 65 Sec 5/11-74.4-3(p), the Act defines a "redevelopment project area" as:

> ... an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or combination of both blighted areas and conservation areas.

In adopting the Act, the Illinois General Assembly found:

1. (at 65 Sec 5/11-74.4-2(a)) That there exists in many municipalities within the State blighted and conservation areas...; and
2. (at 65 Sec 5/11-74.4-2(b)) That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects is hereby declared to be essential to the public interest.

The legislative findings were made on the basis that the presence of blight, or conditions which lead to blight, is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements which must be met before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Before the tax increment financing technique can be used, the municipality must first determine that the proposed redevelopment area qualifies for designation as a "blighted area," "conservation area," or an industrial park conservation area. Based on the conditions present, this eligibility report finds that the Study Area qualifies for designation as a blighted area.

Blighted Areas

Blighted areas are areas which are rapidly deteriorating and declining. Blighted areas may contain either improved or vacant property, or a combination of vacant and improved land. Establishing an area as a "blighted area" under the Act requires the meaningful presence and reasonable distribution of *five or more* of the following 13 factors for improved property:

- Dilapidation
- Obsolescence
- Deterioration

- Presence of structures below minimum code standards
- Illegal use of individual structures
- Excessive vacancies
- Lack of ventilation, light or sanitary facilities
- Inadequate utilities
- Excessive land coverage and overcrowding of structures and community facilities
- Deleterious land use or layout
- Environmental clean-up
- Lack of community planning
- Declining or stagnant equalized assessed value

With respect to vacant land, for the area to qualify as a blighted area, the sound growth of the Study Area must be impaired by a combination of two or more of the following factors:

- Obsolete platting
- Diversity of ownership
- Tax and special assessment delinquencies
- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- Environmental contamination
- Declining or stagnant equalized assessed value

Vacant land also qualifies as a blighted area if one of the following conditions is present:

- The area consists of one or more unused quarries, mines or strip mine ponds
- The area consists of unused railyards, rail tracks, or railroad rights-of-way
- The area, prior to its designation, is subject to chronic flooding as certified by a registered professional engineer or appropriate regulatory agency
- The area consists of an unused or illegal disposal site containing earth, stone, building debris or similar material that were removed from construction, demolition, excavation or dredge sites
- The area is between 50 and 100 acres in size, 75% of which is vacant, and the area was designated as a town or village center before January 1, 1982
- The area qualified as a blighted improved area immediately prior to becoming vacant

The Act defines conservation areas and blighted areas, and 1999 amendments to the Act also provide guidance as to when the factors present qualify an area for such designation. Where any of the factors identified above are found to be present in a Study Area, they must be documented to be present to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and reasonably distributed throughout the Study Area.

The test of eligibility of the Study Area is based on the conditions of the area as a whole. The Act does not require that eligibility be established for each and every property in the Study Area.

2. ELIGIBILITY STUDIES AND ANALYSIS

An analysis was undertaken to determine whether any or all of the blighting factors listed in the Act are present in the Study Area and, if so, to what extent and in which locations.

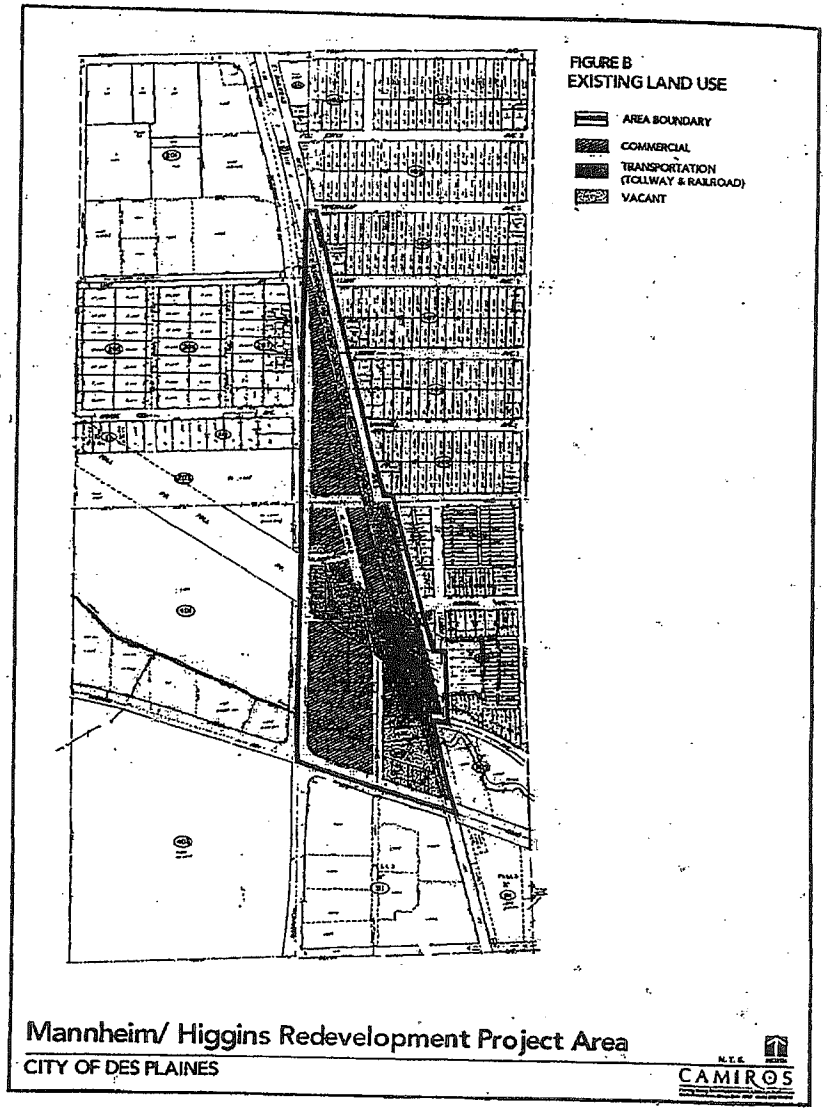
In order to accomplish this evaluation the following tasks were undertaken:

1. Exterior survey of the condition and use of each building.
2. Field survey of environmental conditions involving parking facilities, public infrastructure, site access, fences and general property maintenance.
3. Analysis of existing land uses and their relationships.
4. Comparison of surveyed buildings to zoning regulations.
5. Analysis of the current platting, building size and layout.
6. Analysis of building floor area and site coverage.
7. Review of previously prepared plans, studies, inspection reports and other data.
8. Analysis of real estate assessment data.
9. Review of building code violations.

An exterior building condition survey and a site conditions survey of the Study Area were undertaken in November and December, 2000, and updated in April, 2001. The analysis of conditions is organized by tax parcel. The Study Area contains 47 tax parcels on seve... tax blocks. Existing land use is shown in Figure B.

Where a factor is described as being present to a *major extent*, the factor is present throughout significant portions of the Study Area. The presence of such conditions have a major adverse impact or influence on adjacent and nearby property. A factor described as being present to a *minor extent* indicates that the factor is present, but that the distribution or impact of the condition is more limited. A statement that a factor is *not present* indicates that either no information was available or that no evidence was documented as a result of the various surveys and analyses. Factors whose presence could not be determined with certainty were not considered in establishing eligibility.

Each factor identified in the Act for determining whether an area qualifies as a blighted area is discussed in the next section and a conclusion is presented as to whether or not the factor is present in the Study Area to a degree sufficient to warrant its inclusion in establishing the eligibility of the area as a "blighted area" under the Act. These findings describe the conditions that exist and the extent to which each factor is present.



3. PRESENCE AND DISTRIBUTION OF ELIGIBILITY FACTORS

The Act establishes different eligibility factors for designating blighted areas consisting of improved property versus vacant land. Property within the Study Area contains a combination of vacant and developed property. Improved property includes parcels that contain buildings, structures, parking or other physical improvements. Improved property may include single parcels or multiple parcels under single or common ownership. Landscaped yards, open space or other ancillary functions may also be classified as improved property for the purposes of the eligibility analysis if they are obviously accessory to an adjacent building/primary use.

In order to establish the eligibility of a redevelopment project area under the "blighted area" criteria established in the Act, at least five of 13 eligibility factors must be meaningfully present and reasonably distributed throughout the Study Area with respect to improved property. For vacant land, the presence of two of six of one set of conditions or one of several other conditions must be meaningfully present and reasonably distributed with respect to the vacant land.

The Study Area contains 47 tax parcels, with 36 classified as improved property for the purposes of this analysis. This improved property includes three tax parcels that are part of the Northwest Tollway (I-90) operated by the Illinois Tollway Authority. There are 11 tax parcels that consist of vacant land as defined by the Cook County Assessor's Office. Although evaluated as vacant land for the purposes of this analysis, four of the tax parcels appear to be used for overflow parking associated with Café La Cave and the Enterprise car rental operation.

This eligibility study finds that the Study Area qualifies for designation as a combination of a blighted improved and vacant area under the criteria contained in the Act. The following conditions cited in the Act are meaningfully present and reasonably distributed within the improved portions of the Study Area:

- Dilapidation (minor)
- Obsolescence (major)
- Deterioration (major)
- Presence of structures below minimum code standards (major)
- Excessive vacancies (minor)
- Inadequate utilities (major)
- Excessive land coverage and overcrowding of structures and community facilities (minor)
- Deleterious land use or layout (major)
- Lack of community planning (major)

In addition, five factors that apply to the vacant land in the Study Area are meaningfully present and reasonably distributed. Where a combination of two or more conditions must be present for designation as a blighted area, the following are present:

- Obsolete platting (minor)
- Tax and special assessment delinquencies (major)
- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land (major)

Where only one eligibility factor is required, the following condition is present with respect to each of the eleven tax parcels classified as vacant land by the Cook County Assessors Office:

- The area is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

In addition, one tax parcel that contained a dilapidated and obsolete Quonset hut building during the original eligibility analysis also qualifies as blighted vacant land. This property was recently acquired by the Rosemont Park District. The building was demolished between the original building condition survey and the completion of the eligibility analysis. This property qualifies as blighted because it qualified as a blighted improved area immediately prior to becoming vacant by virtue of the presence of the following eligibility factors:

- Dilapidation
- Obsolescence
- Deterioration
- Excessive vacancies
- Inadequate utilities
- Deleterious land use or layout
- Lack of community planning

The presence and distribution of all eligibility factors are discussed below. The thirteen conditions that were analyzed with respect to the improved portion of the Study Area are presented in two sections: factors present within the Study Area and factors not found to be present or whose presence could not be determined. Following this discussion, the eligibility factors related to vacant land are discussed.

Factors Present within the Study Area

Dilapidation

Dilapidation exists when buildings are in an advanced state of disrepair and neglect of necessary repairs to the primary structural components of buildings result in the necessity of major repairs or demolition.

This factor is present to a minor extent within the Study Area. A dilapidated Quonset hut and storage shed were present in the southern half of the Study Area during the initial eligibility analysis conducted in November and December 2000. The Quonset hut has since been demolished. The open storage shed is located along the train tracks that form the eastern boundary of the Study Area. The northern portion of the Study Area also includes several dilapidated house trailers that appear to be associated with the mobile home sales use.

Obsolescence

Obsolescence refers to the condition, or process, of falling into disuse as evidenced by structures that have become ill-suited for their original use. Functional obsolescence is characterized by buildings designed for a single, or specific, purpose or use, buildings of inadequate size to accommodate alternative uses, or buildings using a type of construction that limits long term use and marketability. Site improvements such as water and sewer lines, public utility lines, roadways, parking areas, parking structures, sidewalks, curbs and gutters, and lighting may be inadequate or obsolete in relation to contemporary standards for such improvements. Functional obsolescence includes poor design or layout, improper orientation of the building on the site, inadequate loading facilities, height or other factors which detract from the overall usefulness or desirability of the property. As an inherent deficiency, functional obsolescence results in a loss of property value.

Economic obsolescence may be evidenced by a variety of factors including deterioration of the physical environment, streets of inadequate width, or parcels of inadequate size or irregular shape which prevent reasonable development. This condition is often a result of adverse conditions, which cause some degree of market rejection and, therefore, a depreciation of market values.

This factor is present to a major extent within the Study Area. The current uses do not reflect the market potential of the area, which is oriented toward airport-related office and commercial uses. Much of the Study Area is devoted to a collection of marginal commercial uses that are inconsistent with the up-scale image of the new office, hotel, entertainment and commercial uses found along the Mannheim/Higgins corridor. For example, the mobile home sales center is clearly an obsolete retail type along the Mannheim Road corridor. The office building for the Ace Rental Car facility is a converted two-story house to which a large canopy has been added to protect customers during inclement weather. The converted house is an obsolete building type for this kind of commercial use, and coupled with the addition of the canopy, represents a development pattern that is unsuited for alternative uses.

The design and layout of the commercial strip at the northern end of the Study Area does not provide sufficient room for off-street parking and access drives. For example, during the field survey limousines were observed parked in front of the fast food restaurant at 2695 Mannheim Road that completely blocked access to adjacent commercial uses. Uses along Orchard Place, both north and south of the Illinois Tollway also are located in obsolete building types given the nature of surrounding uses. These obsolete structures include small brick and concrete block building, trailers and at the time of the original eligibility analysis a metal Quonset hut (now demolished).

South of the Tollway, Orchard Place has been reduced to a one-lane access road, with a one lane bridge crossing Willow Creek, beginning just north of the entrance to the McDonald's restaurant. This roadway does not meet contemporary standards for public infrastructure and, consequently, does not provide proper access to the pavement stripping contractor.

Deterioration

This condition is present when there are physical deficiencies in buildings or surface improvements requiring treatment or repair. Any deficiency beyond normal maintenance

qualifies as deterioration. Moderate levels of deterioration may be present in basically sound buildings that contain defects that can be corrected. More advanced deterioration that is not easily correctable and cannot be accomplished during the course of normal maintenance may also be evident. Advanced deterioration is clearly a greater blighting influence. Consequently, the incidence of advanced deterioration need not be widespread to qualify this condition as being present to a major extent. Examples of conditions that indicate deterioration include buildings that are not weather-tight, loose or missing materials, defects in exterior walls, rusted support beams and columns, and deteriorated roofs requiring replacement or major repair. Such defects may involve either primary building components (foundations, walls, roofs) or major defects in secondary building components (doors, windows, porches, fascia materials, gutters and downspouts). In terms of surface improvements, including sidewalks, off-street parking and surface storage areas, deterioration may take the form of surface cracking, loose paving material, depressions, streets with pitted pavement/potholes, crumbling curbs, crumbled or heaved sidewalks and pavement, and weeds protruding through paved surfaces.

This factor is present to a major extent within the Study Area, especially with respect to surface improvements. Nearly all of the parking lots in the Study Area are deteriorated. In addition, the streets serving the interior of the Study Area (Pratt Avenue, Alger Street and Orchard Place) are deteriorated.

This factor is also present with respect to buildings. The deteriorated buildings identified during the condition survey are located north of the Tollway and include the Enterprise car rental building on Mannheim Road, a small concrete block building on Alger Street and a deteriorated metal building (demolished) on Orchard Place.

Presence of Structures Below Minimum Code Standards

This factor is present when structures do not conform with local standards of building, fire, housing, zoning, subdivision or other applicable governmental codes, but not including housing and property maintenance codes. Structures below minimum code standards include all buildings which do not meet the standards of zoning, subdivision, building, housing, fire, property maintenance or other governmental codes applicable to the property. The principal purposes of such codes are to require that buildings be constructed in such a way that they can sustain the loads expected from the type of occupancy and are safe for occupancy against fire and similar hazards, and/or to establish minimum standards for safe and sanitary habitation. Buildings below minimum code are characterized by defects or deficiencies which threaten health and safety.

This factor is present to a major extent within the Study Area, particularly with respect to structures located to the north of the Tollway. Violations include 1) deteriorated storage facilities and fences, 2) deteriorated building components such as metal trim and other exterior finishes, lack of weathertight windows, need for tuckpointing, and deteriorated stairs, 3) the presence of commercial signage for a business that is no longer in operation, 4) unscreened open storage, 5) improper electrical installations, and 6) lack of proper business licenses. In addition to the code violations with respect to individual buildings, numerous violations were also observed with respect to the maintenance of the grounds of improved property. These include debris such as broken concrete, trash, old signs, abandoned vehicles, deteriorated parking lots, weeds in excess of six inches in height, and overflowing dumpsters.

This factor also exists to a more limited extent with respect to property located south of the Tollway, affecting property recently acquired by the Rosemont Park District. Code violations involve the condition of the open shelter located on the property, as well as code violations involving sanitation, landscaping, and condition of driveways and parking areas. Because of the size of this property, the code violations that are present have an adverse impact on adjacent properties.

Excessive Vacancies
This condition is present when buildings are vacant, or partially vacant, such that they are underutilized and represent an adverse influence on the Study Area because of the frequency, extent or duration of the vacancies. Excessive vacancies can also be evidenced by vacant lots. The presence of buildings or sites which are unoccupied or underutilized generally signifies a lack of economic viability of the property and, by extension, of the surrounding area. Excessive vacancies include abandoned properties which evidence no apparent effort directed toward their occupancy or utilization. A relatively small amount of vacant/abandoned property can affect the value and perceived viability of the surrounding area. Consequently, the presence of this condition would represent a significant blighting influence.

This factor is present to a minor extent within the Study Area. Vacant property is limited to the mobile home sales facility to the north of the Tollway and the former auto repair shop (now demolished) on Orchard Place south of the Tollway.

Inadequate Utilities
This factor exists in the absence of one or more of the following utilities serving the site: gas, electricity, telephone, water, sanitary sewer, storm sewer or storm drainage. This factor is also present when the existing utilities are inadequate to accommodate the level of development permitted under current zoning or envisioned under the comprehensive plan, or adopted redevelopment plan, for the area.

This factor is present to a major extent within the Study Area. Property in the Study Area is currently served by water and sanitary sewer. However, the existing water and sanitary sewer lines are inadequate for the level of redevelopment activity anticipated by the Des Plaines Comprehensive Plan. One of the two six-inch water mains that serve existing uses deadends at the Horizon House restaurant property; the other deadends at Higgins Road. While the Pratt Avenue sanitary sewer is of sufficient capacity to support new development, the tributary sewers that serve the Study Area will all need to be replaced and upgraded. Separate storm sewers are also needed to support new development.

Excessive Land Coverage and Overcrowding of Structures and Community Facilities
This factor refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. This condition is present when buildings occupy all, or most, of the lot, leaving little or no space for off-street parking, off-street loading and open space amenities. Problem conditions include buildings that are improperly situated on the parcel, the presence of multiple buildings on a single parcel, or buildings that are located on parcels of inadequate size and shape in relation to contemporary standards of development for health or

safety. For there to be a finding of excessive land coverage, parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of the spread of fires due to the close proximity of nearby buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service. Excessive land coverage frequently has an adverse or blighting influence on nearby development.

This factor is present to a major extent within the northern portion of the Study Area, especially with respect to the strip commercial development located north of Pratt Avenue. These uses have inadequate parking and service drives. In the southern portion of the Study Area, this condition is present only to a limited extent, with vehicle storage for the pavement stripping company spilling out onto adjacent property.

Deleterious Land Use or Layout
This factor is characterized by inappropriate or incompatible land use relationships, inappropriate mixed uses within buildings or uses which are considered to be noxious, offensive, or unsuitable for the surrounding area.

This factor is present to a major extent within the Study Area, affecting property north and south of the Tollway. The mobile home sales facility and remnant trailers are incompatible with the large scale entertainment and hotel uses located in the Village of Rosemont east of Mannheim Road. There are also several buildings including the Travelodge and McDonald's that are located in the Willow Creek floodway. Development within designated floodways is severely limited under the City's floodplain regulations. The contractors storage and office facilities and tire recycler are also inappropriate uses given the regional orientation of the current land use pattern along the Mannheim Road and Higgins Road commercial corridors.

Lack of Community Planning
This factor is present if the proposed redevelopment project area developed prior to, or without the benefit and guidance of, a community plan. This means that the area was developed prior to the adoption of a comprehensive or other community plan by the municipality or that the plan was not followed at the time of the area's development. The presence of this condition must be documented by evidence of adverse or incompatible land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet modern development standards, or other evidence demonstrating an absence of effective community planning.

This factor is also indicated when there are inadequate public utilities, or plans for utility improvements, that would allow the property to be developed in accordance with the intensity of use identified in the municipality's comprehensive plan or zoning ordinance, or other economic development plans for the area. This factor is also present if public improvements serving the site, including streets, streetlights and other utility systems, do not meet current municipal standards. Similarly, lack of community planning is indicated if private improvements, including parking lots, screening and organization of buildings within the site, do not meet accepted community development standards.

This factor is present to a major extent, affecting the entire Study Area. Development of the Study Area began in the 1960s with a series of commercial service uses, and gradually evolved to include strip commercial and airport related uses. Two of the most recent developments, the McDonalds (1988) and the car wash (1992), have little relation to the regional focus of the developments taking place in the Village of Rosemont, immediately adjacent to the Study Area. Only Café La Cave (1991), which provides banquet facilities, is consistent with the regional focus of the surrounding area.

The 1994 Des Plaines Comprehensive Plan recommended redevelopment of the Study Area, which was identified as the "Triangle Subarea." The Comprehensive Plan recommended that the redevelopment emphasis for the area north of the Tollway should be on airport related uses and that the southern portion of the Triangle Subarea be recognized as a major gateway into Des Plaines. Because much of the land located south of the Tollway is located in the Willow Creek floodway, the Comprehensive Plan recognized that significant flood control improvements, including dredging, would be required to allow redevelopment to take place. These improvements were seen as an opportunity to establish an attractive setting with a significant water feature that could become the backdrop for an up-scale office or hotel complex with ancillary restaurants and retail shops, similar to the developments taking place in Rosemont.

Factors Found Not To Be Present or Whose Presence Could Not Be Determined

Illegal Use of Individual Structures
This factor is present when structures are used in violation of federal, state or local laws. Exterior building and land use surveys of the Study Area revealed no illegal land uses.

Lack of Ventilation, Light, or Sanitary Facilities
Conditions, such as lack of indoor plumbing or lack of adequate windows or other means of providing ventilation or light, can negatively influence the health and welfare of a building's residents or users. Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in rooms without windows such as bathrooms, and dust, odor, or smoke producing activity areas.
- Adequate natural light and ventilation by means of skylights or windows for interior rooms with proper window sizes and amounts by room area to window area ratios.
- Adequate sanitary facilities, including garbage storage, bathroom facilities, hot water and kitchens.

The presence of this factor could not be assessed through the exterior building condition survey and other available information to a degree sufficient to warrant its inclusion as a blighting factor present within the Study Area.

Environmental Contamination
This factor is considered present when property has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by state or federal

law, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for such clean-up. In order for this eligibility factor to apply, the remediation costs must constitute a material impediment to the development, or redevelopment, of the redevelopment project area.

No information regarding current or needed environmental remediation was found during the course of this analysis.

Declining or Stagnant Equalized Assessed Value
This factor is present when one of three conditions is met within the study area: 1) the total equalized assessed value (EAV) has declined in three of the last five years; 2) the total EAV is increasing at an annual rate that is less than the balance of the municipality for three of the last five years; or 3) the total EAV is increasing at an annual rate that is less than the Consumer Price Index for all Urban Consumers for three of the last five years.

Declining or stagnant equalized assessed values are indicative of economic and functional obsolescence. This condition relates to the lack of growth and private investment in an area resulting in economic and physical decline.

This factor is not present within the Study Area. The equalized assessed value of improved property declined or grew at a slower rate than the balance of Des Plaines for two out of the last five years, as shown in Table A, rather than the three years required by the Act. It appears that the net effect of successful tax appeals in some years, coupled with increases in assessment levels in subsequent years affected the overall percentage increases. Consequently, the failure to meet the statutory test for the presence of this factor within the Study Area should not be viewed as an indication that the area is experiencing growth as a result of private investment.

TABLE A
COMPARATIVE INCREASES IN EAV - IMPROVED PROPERTY

	Annual Increases in Equalized Assessed Value				
	1999	1998	1997	1996	1995
Study Area EAV	$6,375,895	$6,123,903	$4,637,636	$5,629,905	$5,533,135
Study Area % Change from Prior Year	4.11%	8.63%	0.14%	1.75%	7.28%
Balance of Des Plaines % Change from Prior Year	3.64%	6.52%	0.38%	0.89%	8.85%

Source: Cook County Tax Extension Office; Camiros, Ltd.

Blighting Factors Present with Respect to Vacant Land

The Act contains two sets of factors that may be used to qualify vacant land as blighted. A combination of two or more of six factors, or the presence of one of six other factors must be present. The Study Area contains eleven tax parcels that are classified as vacant land by the Cook County Assessor's Office. With respect to the set of factors where two or more are required to establish the presence of a blighted area, three factors (obsolete platting, tax and special assessment delinquencies, and deterioration of structures or site improvements in adjacent areas) are present. Chronic flooding is one of the conditions whose presence alone qualifies vacant land as blighted. This factor also affects vacant land in the Study Area to a significant degree. In addition, one tax parcel that originally contained a dilapidated Quonset hut building qualifies as blighted vacant land because it qualified as blighted improved property immediately before becoming vacant. The extent to which each of these factors is present is briefly discussed below.

Obsolete Platting
This factor is present when the platting of vacant land results in parcels of limited or narrow size or configuration of parcels in irregular size or shape that would be difficult to develop on a planned basis, in a manner compatible with contemporary standards and requirements. Obsolete platting is also evident where there is a failure to create rights-of-way for streets or alleys or where public rights-of-way are of inadequate widths, or easements for public utilities have not been provided.

This factor is present to a limited extent in the Study Area, affecting the small parcel located at the northeast corner of Mannheim Road and Alger Street and the vacant land that fronts on Orchard Place, south of the Tollway. The western half of the original Orchard Place right-of-way has been vacated and transferred to adjacent property owners, resulting in street right-of-way that is of inadequate width.

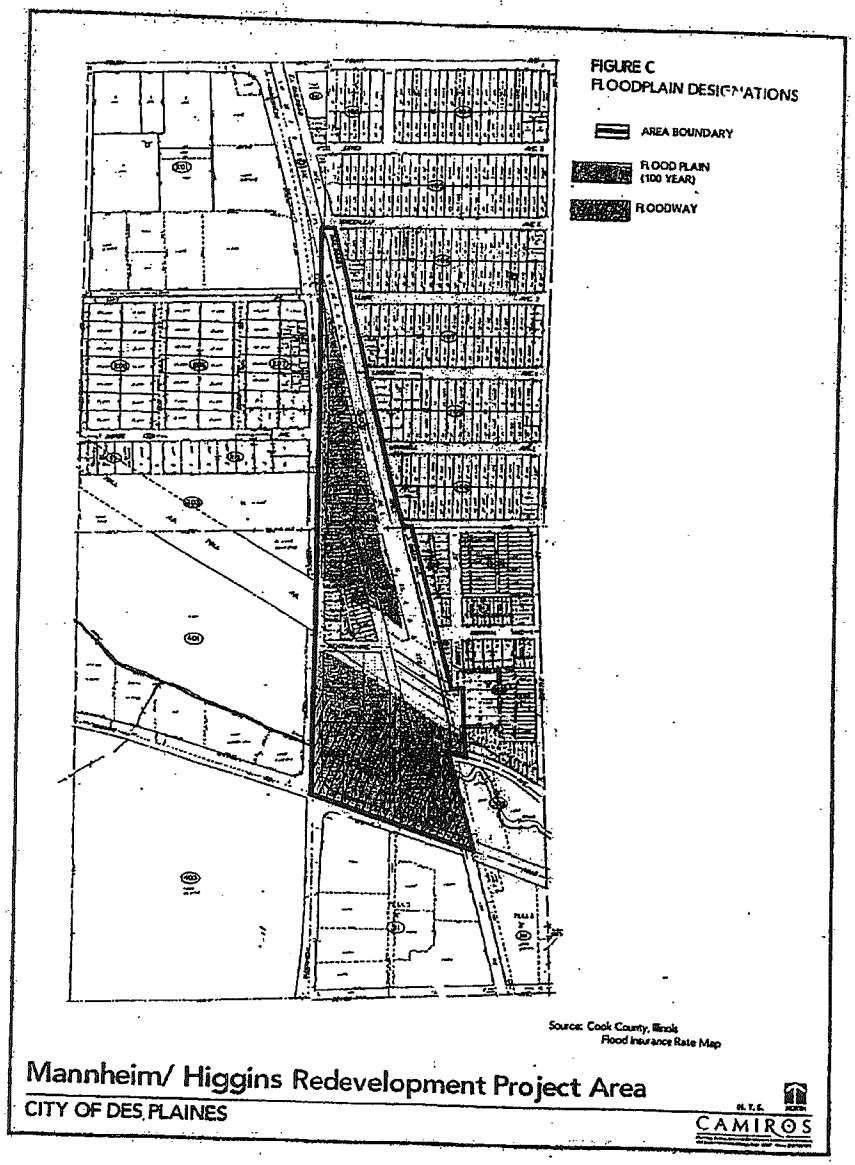
Tax and Special Assessment Delinquencies
This factor exists when tax or special assessment delinquencies exist or the vacant land has been the subject of tax sales under the property tax code within the last five years. Six vacant parcels in the southern portion of the Study Area were the subjects of tax sales on April 3, 2000. As a result, this factor is present to a major extent, affecting 55% of the vacant parcels in the Study Area.

Deterioration of Structures or Site Improvements in Areas Adjacent to the Vacant Land
This factor is present with respect to nine of the eleven vacant parcels. The two tax parcels where this factor is not present are bordered on the north and west by other vacant parcels, on the east by the railroad tracks that form the eastern edge of the Study Area and on the south by Higgins Road and the newer commercial development in the Village of Rosemont. As noted in the discussion of deterioration with respect to improved property, deteriorated site improvements are prevalent throughout the Study Area.

Area is Subject to Chronic Flooding
This factor applies when the area, prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency. Because almost the entire Study Area is included in the designated Willow Creek floodway and floodplain areas as shown in *Figure C: Floodplain Designations*, this condition has a significant impact on the types of future development that can occur. All of the vacant parcels are affected by this condition.

Area Qualified as Blighted Improved Property Immediately before Becoming Vacant
One tax parcel, located along Orchard Place, contained a dilapidated and obsolete Quonset hut building when the initial eligibility analysis was undertaken in November and December 2000. This building has now been demolished. This property qualifies as blighted vacant land because it qualified as a blighted improved area immediately prior to becoming vacant by virtue of the presence of the following eligibility factors:

- Dilapidation
- Obsolescence
- Deterioration
- Excessive vacancies
- Inadequate utilities
- Deleterious land use or layout
- Lack of community planning



4. DETERMINATION OF STUDY AREA ELIGIBILITY

The Study Area qualifies for designation as a "blighted area" that includes both blighted improved property and blighted vacant land. The meaningful presence and reasonable distribution of five of 13 conditions is required for designation of improved property as blighted within the Study Area. Nine of these factors are present within the Study Area. The six conditions that are present to a *major* extent include:

- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Inadequate utilities
- Deleterious land use or layout
- Lack of community planning

Three other conditions are present to a minor extent within the Study Area, affecting limited numbers of improved parcels:

- Dilapidation
- Excessive vacancies
- Excessive land coverage or overcrowding of community facilities

In addition, five factors that apply to the vacant land in the Study Area are meaningfully present and reasonably distributed. Where a combination of two or more conditions must be present for designation as a blighted area, the following are present:

- Obsolete platting
- Tax and special assessment delinquencies
- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land

Where only one eligibility factor is required, the following condition is present with respect to each of the eleven tax parcels classified as vacant land in this analysis:

- The area is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

In addition, one tax parcel that contained a dilapidated and obsolete Quonset hut building, also qualifies as blighted vacant land. This building was demolished between the original building condition survey and the completion of the eligibility analysis in April, 2001. This property qualifies as blighted because it qualified as a blighted improved area immediately prior to becoming vacant by virtue of the presence of the following eligibility factors:

- Dilapidation

- Obsolescence
- Deterioration
- Excessive vacancies
- Inadequate utilities
- Deleterious land use or layout
- Lack of community planning

Conclusion

Based on the conditions present, the area is not likely to be effectively developed without the designation of all or part of the Study Area as a "blighted area" and the adoption of a tax increment redevelopment plan and project. The distribution of factors within the Study Area is presented in Table B on the following page.

Table B
DISTRIBUTION OF ELIGIBILITY FACTORS

	Improved Property													Vacant Land									
Tax Parcel	1	2	3	4	5	6	7	8	9	10	11	12	13	A	B	C	D	E	F	G	H	I	J	K
09-33-108-003		X	X	X				X	X	X		X												
09-33-108-004		X	X	X				X	X	X		X												
09-33-108-005		X	X	X				X	X	X		X												
09-33-108-006		X	X	X				X	X			X												
09-33-108-007		X	X	X				X	X			X												
09-33-108-008			X					X				X												
09-33-108-009			X					X				X												
09-33-108-010			X					X				X												
09-33-108-011			X					X				X												
09-33-108-012																	X					X		
09-33-108-013																	X					X		
09-33-108-014								X				X												
09-33-108-020		X	X	X				X				X												
09-33-108-022								X				X												
09-33-108-023								X				X												
09-33-300-001		X	X	X		X		X		X		X												
09-33-300-002		X	X	X		X		X		X		X												
09-33-300-003			X	X				X				X												
09-33-300-004			X	X				X				X												
09-33-300-005														X			X					X		
09-33-300-006		X	X	X		X		X		X		X												
09-33-300-007			X	X				X				X												
09-33-300-008																	X					X		
09-33-300-009																	X					X		
09-33-301-008		X	X	X				X	X	X		X												
09-33-301-011								X		X		X												
09-33-301-012								X		X		X												
09-33-301-013								X		X		X												
09-33-301-014	X	X	X	X				X		X		X												
09-33-301-015		X	X					X		X		X												
09-33-305-002			X					X	X	X		X												
09-33-305-005			X					X	X	X		X												
09-33-305-006			X					X	X	X		X												
09-33-305-009			X					X	X	X		X												
09-33-305-010		X	X					X		X		X												
09-33-305-011			X					X		X		X												
09-33-305-012			X					X		X		X												
09-33-305-013			X					X				X												
09-33-305-014		X	X					X		X		X												
09-33-306-001														X		X	X							X
09-33-309-001														X		X	X					X		
09-33-309-002														X		X	X					X		
09-33-309-003																X	X					X		
09-33-309-004																X						X		
09-33-309-005																X						X		
09-33-309-010		X	X	X				X		X		X												
09-33-500-005	X	X	X					X		X		X												
TOTAL	2	16	30	15		3		36	10	22		36		4		6	9					11		1

Blighting Factors Legend

Improved Property	Vacant Land
1. Dilapidation	A. Obsolete platting
2. Obsolescence	B. Diversity of ownership
3. Deterioration	C. Tax and special assessment delinquencies
4. Presence of structures below code standards	D. Deterioration of structures or site improvements in areas adjacent to vacant land
5. Illegal use of structures	E. Environmental contamination
6. Excessive Vacancies	F. Declining or stagnant equalized assessed valuation
7. Lack of ventilation, light, or sanitary facilities	G. Unused quarries, mines or strip ponds
8. Inadequate utilities	H. Unused railyards, rail tracks or railroad rights-of-way
9. Excessive land coverage or overcrowding of community facilities	I. Subject to chronic flooding as certified by registered engineer or regulatory agency
10. Deleterious land use or layout	J. Unused or illegal disposal site
11. Environmental contamination	K. Blighted before becoming vacant
12. Lack of community planning	
13. Declining or stagnant EAV	

Exhibit 2
Legal Description for the TIF District as Amended

Exhibit 2
Legal Description for the TIF District as Amended

THAT PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

LOTS 8 THROUGH 19, BOTH INCLUSIVE, IN BLOCK 8 IN OLIVER SALINGER & COMPANY'S GLEN ACRES SUBDIVISION IN THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 3, 1939 AS DOCUMENT NUMBER 12335452,

AND

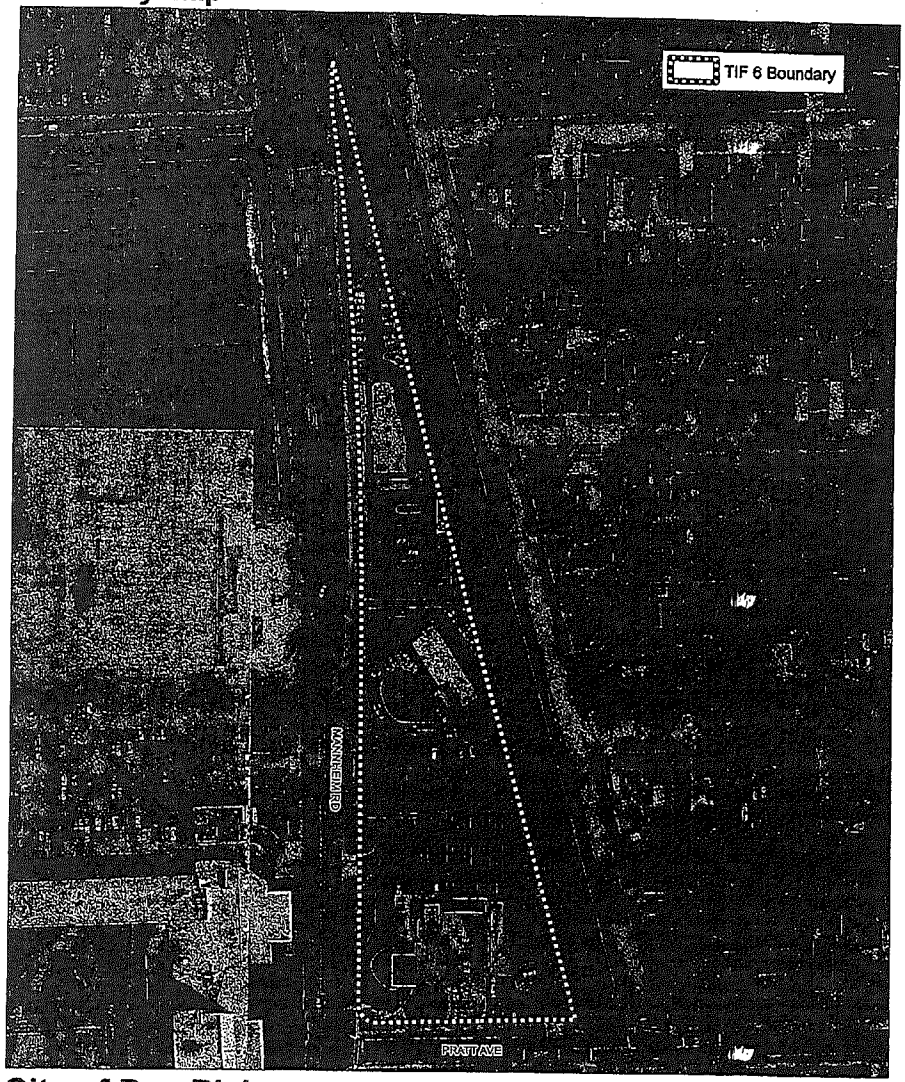
LOT 1 IN MANNHEIM NORTH ROAD RESUBDIVISION OF LOTS 1, 2, 3, 4, 5, 6 & 7 IN BLOCK 8 IN OLIVER SALINGER & COMPANY'S GLEN ACRES SUBDIVISION, RECORDED APRIL 8, 2007 AS DOCUMENT NUMBER 0709660106,

ALL IN COOK COUNTY, ILLINOIS.

PREPARED June 19, 2014
SPACECO, INC., cbl

Exhibit 3
TIF District Maps as Amended

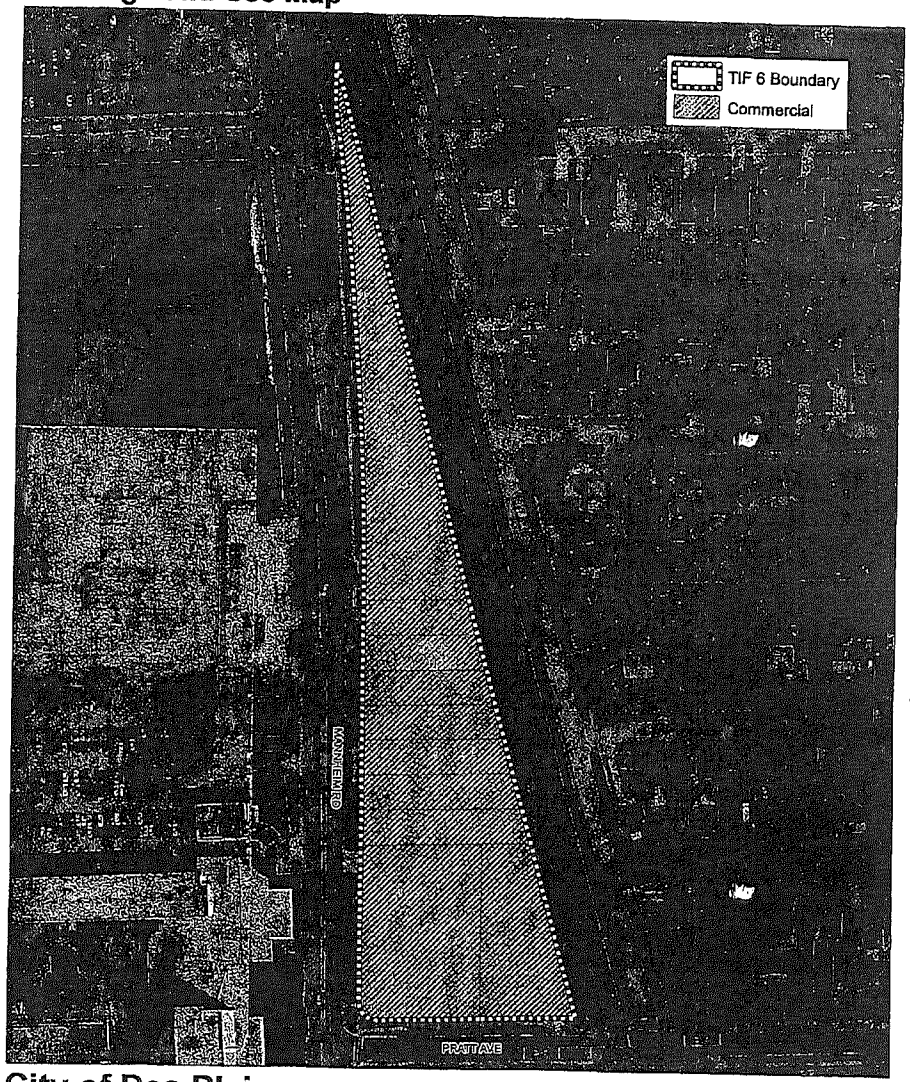
Exhibit 2
Boundary Map



City of Des Plaines
TIF 6 - Amendment

N

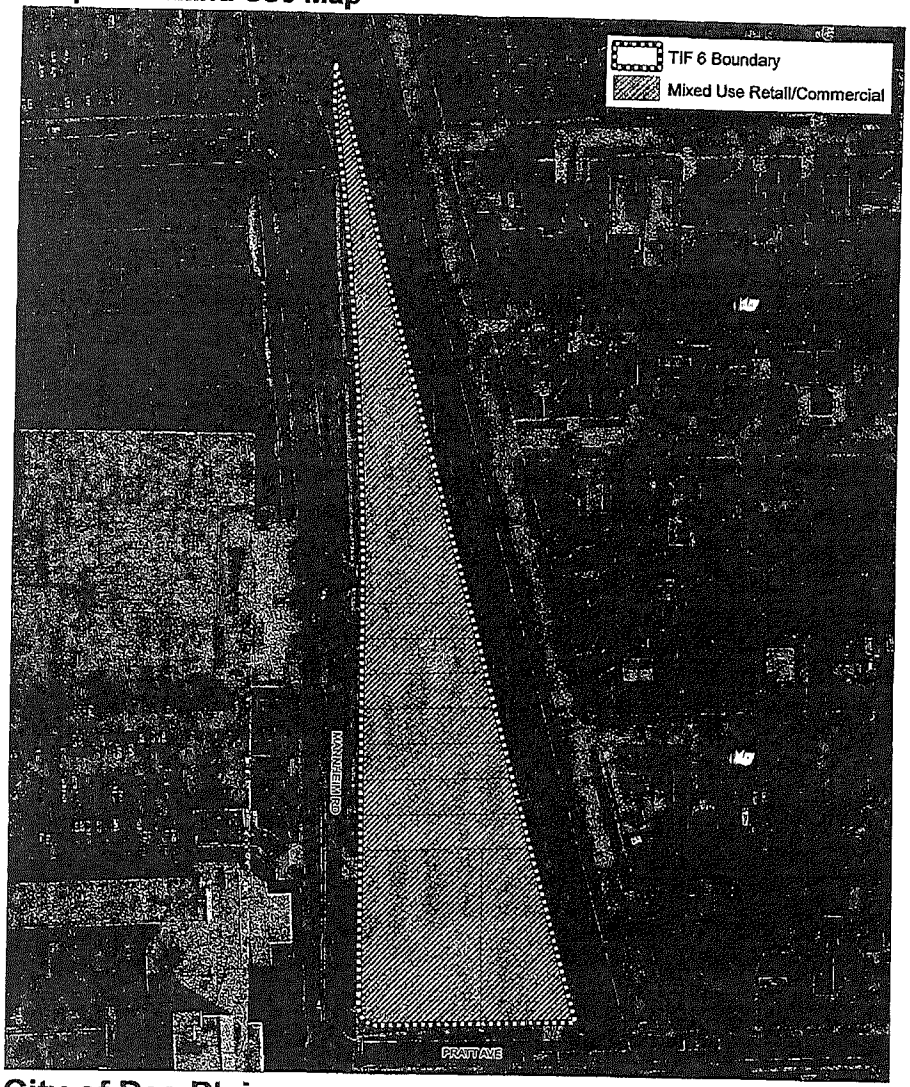
Exhibit 4
Existing Land Use Map



City of Des Plaines
TIF 6 - Amendment

N

Exhibit 5
Proposed Land Use Map



City of Des Plaines
TIF 6 - Amendment

N

CITY OF DES PLAINES

ORDINANCE NO. M-38-14

AN ORDINANCE APPROVING AN AMENDED TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT FOR THE HIGGINS ROAD / MANNHEIM ROAD REDEVELOPMENT PROJECT AREA

ADOPTED ON OCTOBER 20, 2014
BY THE CITY COUNCIL
OF THE
CITY OF DES PLAINES

Published in pamphlet form by authority of the City Council of the City of Des Plaines, Cook County, Illinois, this 21st day of October, 2014.

RECEIVED BY
COOK CO. CLERKS OFFICE

OCT 24 2014

DAVID ORR

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

CERTIFICATE

I, Gloria J. Ludwig, certify that I am the duly elected and acting Municipal Clerk of the City of Des Plaines, Cook County, Illinois.

I further certify that on October 20, 2014 the Corporate Authorities of such municipality passed and approved Ordinance No. M-38-14 entitled AN ORDINANCE APPROVING AN AMENDED TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT FOR THE HIGGINS ROAD / MANNHEIM ROAD REDEVELOPMENT PROJECT AREA which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. M-38-14, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted in the municipal building, commencing on October 21, 2014 and continuing for at least 10 days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the Municipal Clerk.

DATED at Des Plaines, Illinois, this 20th day of October, 2014.

(SEAL)

Gloria J. Ludwig
City Clerk

RECEIVED BY
COOK CO CLERKS OFFICE
OCT 24 2014
DAVID ORR

REAL ESTATE AND TAX SERVICES
OFFICE OF COOK COUNTY CLERK DAVID ORR
118 N. Clark Street Room 434, Chicago, Illinois 60602

TEL 312.603.5656 FAX 312.603.4707 WEB cookcountyclerk.com

CERTIFICATE AS KEEPER OF RECORDS AND FILES

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, DAVID D. ORR, County Clerk of Cook County, in the State aforesaid and keeper of the records and files of said Cook County, do hereby certify that:

Ordinance M-39-14 and M-38-14 Approving an Amended TAX Increment Redevelopment Plan. Ordinance M-41-14 and M-40 14- Designating the Higgins and Pratt Ave. Roads Pursuant to TAX Increment Allocation Red. Act.

all of which appears from the records and files of my office.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said County at my office in the City of Chicago in said County, this 24th day of October, 2014.

(SEAL)

David D. Orr
Cook County Clerk

EXHIBIT B

CITY OF DES PLAINES
TAX INCREMENT FINANCING DISTRICT
JOINT REVIEW BOARD MEETING MINUTES
PROPOSED FIRST AMENDMENT TO TIF DISTRICT NO. 6
AUGUST 20, 2014

I. Call to Order

George Sakas opened the meeting at 9:59 a.m., introduced himself, & welcomed everyone to today's meeting.

II. Introduction of Representatives (in attendance)

Michael Bartholomew	City Manager, City of Des Plaines
Mary Kalou	Assistant Superintendent, District 207/Maine Township
Walter Kazmierczak	Trustee, Maine Township
Karen Stephens	Director of Parks & Recreation, Rosemont Park District
Nelson Gray	Assistant Superintendent, District 62/City of Des Plaines
Barry Collins	Public Member
Bob Rychlicki	TIF Consultant, Kane McKenna & Associates, Inc.
George Sakas	Director, City of Des Plaines
Dorothy Wisniewski	Finance Director, City of Des Plaines
Linda Krania	Media Director, City of Des Plaines
Chan Yu	Associate Planner, City of Des Plaines
Lauren Griffin	Administrative Assistant, City of Des Plaines
Karl Camillucci	City Attorney, Holland & Knight

III. Selection of Public Member

George Sakas noted Public Member, Barry Collins.

IV. Selection of Chairperson

George Sakas volunteered to be today's Chairperson.

A motion was made by Barry Collins, seconded by Nelson Gray, to elect and confirm Director, George Sakas, as Chairperson for the meeting.

AYES: All
NAYS: None
Motion: CARRIES

V. Review of Joint Review Board Procedures & Duties

George Sakas turned this portion over to Bob Rychlicki who stated the JRB is advisory, & the decision/approval of this amendment will be by City Council.

The JRB has 30 days to make recommendations of today's amendment:

1. JRB may agree with the City of Des Plaines' findings
2. JRB may disagree with the City of Des Plaines' findings (& must be specific in writing; may extend longer than a 30-day period; after second 30 days, a 3/5's majority vote is required)
3. No decision (defers to #1 above)

VI. **Amended TIF Plan – Review** (refer to handout)

Bob Rychlicki noted Proposed TIF District No. 6 which includes vacant & underutilized industrial properties as well as commercial properties currently developed north of Pratt Avenue. He stated for the redevelopment south of Pratt, due to the economic downtown, equalized assessed evaluation/EAV has been below the base & did not come to fruition. Boundaries were referenced & a map was illustrated.

Bob Rychlicki stated that the amendment would remove properties south of Pratt to become TIF District No. 7 (with the exclusion of McDonald's).

The date for TIF termination would not change (23 years). Final payment would be in 2025. Existing budget & land uses are not amended. Proposed contiguous TIF District No. 7 with a longer term is structured to assist in redevelopment of underutilized property & assist TIF District No. 6's existing obligations.

The City staff has reviewed this carefully. TIF District No. 6 won't be as dense. TIF District No. 7 makes more of a difference; increases cash flow.

The budget is not being amended. This is a 23-year budget. Overall budget cannot be exceeded. Line items are flexible; City staff may adjust cost between line items

Next steps include a Public Hearing on September 15, 2014. Notices have been submitted.

Barry Collins inquired if any new developments are expected. Bob Rychlicki responded there are none at this time.

Walter Kazmierczak asked if McDonald's would be included. It was stated that McDonald's would go back to the regular tax base. The interest is single-story retail or commercial. Michael Bartholomew stated there would not be enough development. Bob Rychlicki concurred stating that the base was set on the previous levels; market value has changed. By reducing the base, the bar is being lowered (less density); another 10-12 years of cash flow.

VII. Review of Draft TIF Amendment Ordinances

City Attorney, Karl Camillucci, reviewed the above & stated there are typically 3 ordinances. Since TIF District No. 6 is being amended, this approves the plan, & financing is available. Thus this will bring only 1 ordinance.

Exhibits were referenced (of properties being removed & those remaining). Bob Rychlicki noted that all the materials are in everyone's folder.

George Sakas advised this ordinance would be passed by City Council on October 6, 2014.

VIII. Questions/Comments

George Sakas asked if there are any questions or comments.

Karen Stephens stated due to the widening of 90/toll way, a section is being purchased by the state from Rosemont. George Sakas advised this is a boundary & public right-of-way.

Mary Kalou inquired if the current EAV pulls out parcels. Bob Rychlicki replied yes.

Barry Collins inquired if the base EAV being $2.1 million & projected EAV being $4.5 million are for 2024? Bob Rychlicki responded in the affirmative.

Nelson Gray asked if this date will be extended. George Sakas advised TIF District No. 6 will expire & TIF District No. 7 will be 23 years.

Walter Kazmierczak stated recent TIF (Rand & Golf) concessions were made prior to 23 years, & asked if this is based similarly. George Sakas advised yes, & stated there is an agreement which will be discussed in the TIF District No. 7 meeting. Bob Rychlicki added that TIF District No. 6 will run its course without any distribution.

Nelson Gray asked if there's a budget change. Bob Rychlicki advised the budget could be smaller. There are $10+ million in bond obligations.

Bob Rychlicki stated the plan amendments refer to the altered geography.

IX. Consideration of Resolution Recommending Approval of the First Amendment to the Redevelopment Plan and Project for the Des Plaines TIF District No. 6

George noted the handouts/ordinance & resolution entitled:

- *An Ordinance Approving An Amended Tax Increment Redevelopment Plan and Project for the Higgins Road/Mannheim Road Redevelopment Project Area*

- *A Resolution Recommending Approval of Proposed Amendments to the Redevelopment Project Area and the Redevelopment Plan and Project for the Higgins Road/Mannheim Road Redevelopment Project Area.*

George Sakas referenced Option 1 on the Resolution document and read Section 2: Recommendation:

A. *The Redevelopment Project Area, as amended pursuant to the Proposed Amendments, satisfied the requirements of the proposed amended Redevelopment Plan and Project for the Redevelopment Project Area, and fulfills the objectives of the Act, and, accordingly, the Joint Review Board recommends that the City Council approve the Proposed Amendments.*

X. Review of Timetable and Next Steps

George Sakas noted *TIF's 6 and 7 Schedule* (multi-colored chart) highlighting October 6, 2014 as the date to pass the ordinance & December 17, 2014 as the last date for City Council to adopt the TIF Ordinances.

George Sakas advised the next Annual JRB meeting is slated for October 14, 2014.

XI. Adjournment

A motion was made by Walter Kazmierczak, seconded by Barry Collins, to adjourn the meeting at 10:28 a.m.

AYES: All
NAYS: None
Motion: CARRIES

Respectfully submitted,

Gale Cerabona
Recording Secretary

CITY OF DES PLAINES
TAX INCREMENT FINANCING DISTRICT
ANNUAL JOINT REVIEW BOARD MEETING MINUTES
NOVEWMBER 5, 2014

I. Welcome by City Representative

George Sakas introduced himself & welcomed everyone to today's meeting.

II. Call to Order

George Sakas opened the meeting at 10 a.m. at City Hall, 1420 Miner Street, Room 101, Des Plaines, IL

III. Roll Call (in attendance)

Michael Bartholomew	City of Des Plaines, City Manager
Mary Kalou	Assistant Superintendent, School District 207
Walter Kazmierczak	Trustee, Maine Township
Karen Stephens	Rosemont Park District, Director of Parks & Recreation
Nelson Gray	Assistant Superintendent, School District 62
Bill Dussling	School Board President, School District 214
Sherry Koerner	Director of Business Services, School District 214
Ruth Gloede	Assistant Superintendent, School District 59
George Giese	FOIA Officer, Mt. Prospect Park District
John Bellows	Human Resources, Mt. Prospect
Don Miletic	Executive Director, Des Plaines Park District
Katie Skibbe	Superintendent of Business, Des Plaines Park District
Barry Collins	Public Member

Also Attended:

George Sakas	Director of Community & Econ. Dev., City of Des Plaines
Dorothy Wisniewski	Director of Finance, City of Des Plaines
Linda Krania	Director of Media, City of Des Plaines
Jon Duddles	Asst. Dir. of Publ. Works&Engineering, City of Des Plaines
Dick Sayad	Alderman / City Council, City of Des Plaines
Chan Yu	Associate Planner, City of Des Plaines
Lauren Griffin	Administrative Assistant, City of Des Plaines
Bob Rychlicki	Kane McKenna & Associates, Inc. / TIF Consultant
Gale Cerabona	Recording Secretary

IV. Election/Confirmation of Public Member

A motion was made by Michael Bartholomew, seconded by Don Miletic, to elect & confirm Barry Collins as Public Member for the meeting.

On a voice vote:
AYES: All
NAYS: None
Motion: CARRIES

V. Election/Confirmation of Chair

A motion was made by Michael Bartholomew, seconded by Barry Collins, to elect and confirm Director, George Sakas, as Chair for the meeting.

On a voice vote:
AYES: All
NAYS: None
Motion: CARRIES

VI. Approval of Minutes of Previous Joint Review Board Meetings

George Sakas advised today's agenda includes the TIF 6&7 minutes (2013 & 2014).

A motion was made by Nelson Gray, seconded by Barry Collins, to approve the August 27, 2013, minutes with correction of typo on page 3, under TIF District No. 1, 3d paragraph, to be spelled as "main".

On a voice vote:
AYES: All
NAYS: None
Motion: CARRIES

A motion was made by Mary Kalou, seconded by Michael Bartholomew, to approve the August 20, 2014, minutes for TIF District Nos. 6 & 7.

On a voice vote:
AYES: All
NAYS: None
ABSTAIN: Dussling
Motion: CARRIES

VII. Review of Activities in District

George Sakas stated he wishes to rearrange the agenda to begin with TIF District No. 3. There were no objections.

TIF District No. 3 Overview

Bob Rychlicki stated the format is the same regarding content (State Comptroller's Office provides report to City of Des Plaines).

Certifications were noted (Section 1). Certifications were identified from the Mayor (page 7) & the City Attorney (page 9). Exhibit C (or D) was referenced along with the City's audit; dollars are spent in compliance.

Activities were noted (Section 2). There were no amendments. Debt, refunding issue were noted.

In the last component of the report (page 18), the City identified fiscal activity. $489,000 TIF revenue was received, bonds are at $579,937 for an approximate total of $1,069.000. 95% is utilized for debt services. Revenues were noted.

Equalized Assessed Value/EAV is noted (page 30); a 35-year TIF assessed valuation is just over $10 million.

Ruth Gloede stated/asked:

- in 2011, it was 12.4, in 2012 it was 11.1, and in 2014 it's 10.0 which is not unusual; Bob Rychlicki concurred.
- asked if there are new incentives for industrial properties. Michael Bartholomew stated – not at this time; 2 incentives are already in place.
- asked about the following, & Dorothy Wisniewski responded:

Bond Type	AA2
Interest Rate	5.85% originally, now 2.25%

Bill Dussling asked:

- if redevelopment of the TIF is complete. Bob Rychlicki responded – yes
- if the original TIF was for 14 years, and it's now 35 years. Bob Rychlicki advised – yes
- if this TIF is contiguous with others. Bob Rychlicki responded – no

George Sakas asked if there were any questions; there were none.

TIF District No. 1 Overview

Bob Rychlicki noted certifications are the same. From 1/31/2013-12/31/2013, there were no amendments, no redevelopments, & no bond issues. TIF District No. 3 was included. The City took on various projects (pages 18-19).

This is the City's oldest & largest TIF (land mass & tax parcels) -- $4,797.68. Amounts for utilization were contractual. Public improvements, new construction total $6,796,374.

The City's obligations were noted (page 26); outstanding bonds & new projects (page 41). Base EAV is over $20 million; last tax year was over $75 million.

Mary Kalou asked what we billed. Michael Bartholomew advised – it goes from building storefront to sidewalks to water main work.

Barry Collins asked if this streetscape project will continue in 2014. Jon Duddles replied -- this is in 7 phases.

Nelson Gray asked if the TIF will end early. Michael Bartholomew responded – this has not been discussed.

Don Miletic asked if more properties will be purchased. Michael Bartholomew stated – nothing is on the table.

TIF District No. 4 Overview

Bob Rychlicki stated there was no activity, amendments, refunding, redevelopments, or acquisitions. This TIF impacts the downturn (page 18); very minimal earnings of $1,900 + $1 interest. Dollars were based on last year's installment. There is a positive fund balance.

Base EAV (page 30) was $42 million. Now EAV is below that. No increment is noted for next year.

George Sakas referred to the October notice indicating the dissolving of the TIF. Barry Collins asked if there's been any qualifying interest in development. Michael Bartholomew stated – yes, there was interest early on but no commitment. Bob Rychlicki noted that financing & interest has dried up.

TIF District No.5 Overview

Bob Rychlicki noted this is the City's smallest district. Has the same series of certifications. Status quo on the plan. No property acquired.

There has been a downturn (page 18) -- $94,000 last year. City's obligations, bonds were noted (page 25).

EAV (page 30) is over the base – in excess of $3 million. Property is still occupied; does cover debt service.

George Sakas asked if there were any questions; there were none.

TIF District No. 6 Overview

George Sakas noted this is a 2013 report.

Bob Rychlicki noted the City amended TIF District No. 6 & added TIF District No. 7 (based on financial downward trend). Same series of certifications. No activities, redevelopment agreements.

Lack of development (page 18); over $7,000 received. Fiscal activity was noted with debt service payments. The districts & review prompted the changing of boundaries & development.

Amendments were noted (page 30).

George Sakas asked if there were any questions.

Nelson Gray asked about the interest rate & Dorothy Wisniewski responded – 2.3%.

VIII. Review of 2013 State Comptroller's Report

There was none.

IX. **Questions from Board, Audience Members**

There were none.

George Sakas requested the next meeting to be in August, 2015. These TIFs along with TIF District Nos. 4 & 7 will be included.

X. Adjournment

A motion was made by Michael Bartholomew, seconded by Barry Collins, to adjourn the meeting at 10:35 a.m.

On a voice vote:

AYES:	All
NAYS:	None
Motion:	CARRIES

Respectfully submitted,

Gale Cerabona
Recording Secretary

EXHIBIT C

New Issue

Investment Rating:
Moody's Investors Service ... Aa2

Final Official Statement Dated August 18, 2014

*In the opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, interest on the Series 2014A Bonds IS subject to federal taxation. See **"CERTAIN FEDERAL INCOME TAX CONSIDERATIONS - THE SERIES 2014A BONDS"** herein for a more complete discussion.*

*The delivery of the Series 2014B Bonds is subject to the opinion of Katten Muchin Rosenman LLP, Bond Counsel, to the effect that under existing law, interest on the Series 2014B Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and that, assuming continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, interest on the Series 2014B Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Series 2014B Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but must be taken into account as earnings and profits of a corporation when computing, for example, corporate minimum taxable income for purposes of the corporate alternative minimum tax. See **"TAX EXEMPTION - THE SERIES 2014B BONDS"** herein. Interest on the Series 2014B Bonds is not exempt from present Illinois income taxes.*

CITY OF DES PLAINES

Cook County, Illinois

$2,020,000 Taxable General Obligation Refunding Bonds, Series 2014A

$5,600,000 General Obligation Refunding Bonds, Series 2014B

Dated Date of Delivery **Book-Entry** **Non-Callable** **Due Serially as Detailed Herein**

The $2,020,000 Taxable General Obligation Refunding Bonds, Series 2014A (the "Series 2014A Bonds") and the $5,600,000 General Obligation Refunding Bonds, Series 2014B (the "Series 2014B Bonds", and together with the Series 2014A Bonds, the "Bonds") are being issued by the City of Des Plaines, Cook County, Illinois (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2014. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 1 as detailed herein.

OPTIONAL REDEMPTION

The Bonds are **not** subject to optional redemption prior to maturity.

PURPOSE, LEGALITY AND SECURITY

The Series 2014A Bond proceeds will be used to currently refund the City's outstanding Taxable General Obligation Bonds, Series 2003C due December 1, 2014-2021 and to pay the costs of issuing the Series 2014A Bonds. See **"PLAN OF FINANCING - The Series 2014A Bonds"** herein.

The Series 2014B Bond proceeds will be used to currently refund the City's outstanding General Obligation Bonds, Series 2005A due December 1, 2017-2022, a portion of the City's outstanding General Obligation Bonds, Series 2005D due December 1, 2015-2018 and to pay the costs of issuing the Series 2014B Bonds. See **"PLAN OF FINANCING - The Series 2014B Bonds"** herein.

In the opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, the Bonds will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Series 2014B Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **"QUALIFIED TAX-EXEMPT OBLIGATIONS - THE SERIES 2014B BONDS"** herein.

This Final Official Statement is dated August 18, 2014, and has been prepared under the authority of the City. An electronic copy of this Final Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Official Statement Sales Calendar". Additional copies may be obtained from Ms. Dorothy Wisniewski, Director of Finance/Treasurer, City of Des Plaines, 1420 Miner Street, Des Plaines, Illinois 60016, or from the Independent Public Finance Consultants to the City:

Established 1954

Speer Financial, Inc.

INDEPENDENT PUBLIC FINANCE CONSULTANTS

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References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

TABLE OF CONTENTS

	Page
BOND ISSUE SUMMARY	1
THE SERIES 2014A BONDS	2
THE SERIES 2014B BONDS	3
CITY OF DES PLAINES	4
THE CITY	4
City Government and Services	4
Transportation	5
Community Life	5
Education	5
SOCIOECONOMIC INFORMATION	6
Population	6
Employment	6
Building Permits	8
Housing	8
Income	9
Retail and Commercial Activity	10
Industrial Activity	11
Entertainment	11
Sales Taxes	12
PLAN OF FINANCING	13
The Series 2014A Bonds	13
The Series 2014B Bonds	13
DEBT INFORMATION	15
PROPERTY ASSESSMENT AND TAX INFORMATION	18
REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES	19
Real Property Assessment	19
Equalization	21
Exemptions	22
Tax Levy	24
Property Tax Extension Limitation Law	24
Extensions	24
Collections	25
Truth in Taxation Law	26
FINANCIAL INFORMATION	26
Financial Reports	26
Investment Policy	27
No Consent or Updated Information Requested of the Auditor	27
Summary Financial Information	27
EMPLOYEES' RETIREMENT SYSTEM	32
OTHER POST EMPLOYMENT BENEFITS	32
REGISTRATION, TRANSFER AND EXCHANGE	32
Registration	32
Transfers and Exchanges	32
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS - THE SERIES 2014A BONDS	33
TAX EXEMPTION - THE SERIES 2014B BONDS	33
Summary of Bond Counsel Opinion	33
Series 2014B Bonds Purchased at a Premium or a Discount	34
Exclusion From Gross Income Requirements	34
Risks of Non-Compliance	35
Federal Income Tax Consequences	35
QUALIFIED TAX EXEMPT OBLIGATIONS - THE SERIES 2014B BONDS	35

TABLE OF CONTENTS
(Continued)

	Page
CONTINUING DISCLOSURE	35
OPTIONAL REDEMPTION	37
LITIGATION	37
LEGAL MATTERS	37
FINAL OFFICIAL STATEMENT AUTHORIZATION	38
INVESTMENT RATING	38
DEFEASANCE AND PAYMENT OF BONDS	38
UNDERWRITING	39
FINANCIAL ADVISOR	39
CERTIFICATION	39
APPENDIX A - EXCERPTS OF FISCAL YEAR 2013 AUDITED FINANCIAL STATEMENTS	
APPENDIX B - DESCRIBING BOOK-ENTRY-ONLY ISSUANCE	
APPENDIX C - PROPOSED FORM OF OPINION OF BOND COUNSEL	
APPENDIX D - EXCERPTS OF FISCAL YEAR 2013 AUDITED FINANCIAL STATEMENTS RELATING TO THE CITY'S PENSION PLANS	

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors. The following descriptions apply equally to the Series 2014A Bonds and the Series 2014B Bonds. Other terms specific to each series are provided separately herein.

Issuer:	City of Des Plaines, Cook County, Illinois.
Dated Date:	Date of delivery, expected to be on or about September 4, 2014.
Interest Due:	Each June 1 and December 1, commencing December 1, 2014.
No Optional Redemption:	The Bonds are **not** subject to optional redemption prior to maturity.
Authorization:	The City is a home rule unit under the Illinois Constitution and as such has no debt limitation and is not required to seek referendum approval to issue the Bonds.
Security:	The Bonds are valid and legally binding general obligations of the City and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.
Credit Rating:	The Bonds has been rated "Aa2" from Moody's Investors Service, New York, New York.
Bond Registrar/Paying Agent/ Escrow Agent:	Amalgamated Bank of Chicago, Chicago, Illinois.
Verification Agent:	Dunbar, Breitweiser & Company, LLP, Bloomington, Illinois.
Delivery:	The Bonds are expected to be delivered on or about September 4, 2014.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See **APPENDIX B** herein.
Denomination:	$5,000 or integral multiples thereof.
Financial Advisor:	Speer Financial, Inc., Chicago, Illinois.

THE SERIES 2014A BONDS

Issue: $2,020,000 Taxable General Obligation Refunding Bonds, Series 2014A.

Principal Due: Serially each December 1, commencing December 1, 2014 through 2021, as detailed below.

Purpose: The Series 2014A Bond proceeds will be used to currently refund the City's outstanding Taxable General Obligation Bonds, Series 2003C due December 1, 2014-2021 and to pay the costs of issuing the Series 2014A Bonds. See **"PLAN OF FINANCING - The Series 2014A Bonds"** herein.

No Tax Exemption: **None.** Interest on the Series 2014A Bonds is includible in gross income for federal income tax purposes. See **"CERTAIN FEDERAL INCOME TAX CONSIDERATIONS - THE SERIES 2014A BONDS"** herein. Interest on the Series 2014A Bonds is not exempt from present State of Illinois income taxes.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Principal Amount	Due Dec. 1	Interest Rate	Yield	CUSIP(1)	Principal Amount	Due Dec. 1	Interest Rate	Yield	CUSIP(1)
$140,000	2014	1.000%	0.300%	250217 H82	$260,000	2018	1.900%	1.900%	250217 J49
200,000	2015	1.000%	0.600%	250217 H90	290,000	2019	2.150%	2.150%	250217 J56
220,000	2016	1.000%	0.900%	250217 J23	315,000	2020	2.400%	2.400%	250217 J64
240,000	2017	1.400%	1.400%	250217 J31	355,000	2021	2.600%	2.600%	250217 J72

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. The District is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth in this Final Official Statement.

THE SERIES 2014B BONDS

Issue: $5,600,000 General Obligation Refunding Bonds, Series 2014B.

Principal Due: Serially each December 1, commencing December 1, 2014 through 2022, as detailed below.

Purpose: The Series 2014B Bond proceeds will be used to currently refund the City's outstanding General Obligation Bonds, Series 2005A due December 1, 2017- 2022, a portion of the City's outstanding General Obligation Bonds, Series 2005D due December 1, 2015-2018 and to pay the costs of issuing the Series 2014B Bonds. See **"PLAN OF FINANCING - The Series 2014B Bonds"** herein.

Tax Exemption: Katten Muchin Rosenman LLP, Chicago, Illinois, will provide an opinion as to the tax exemption of the interest on the Bonds as discussed under **"TAX EXEMPTION - THE SERIES 2014B BONDS"** in this Final Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.

Bank Qualification: The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **"QUALIFIED TAX-EXEMPT OBLIGATIONS - THE SERIES 2014B BONDS"** herein.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Principal Amount	Due Dec. 1	Interest Rate	Yield	CUSIP Number(1)	Principal Amount	Due Dec. 1	Interest Rate	Yield	CUSIP Number(1)
$ 10,000	2014	2.000%	0.150%	250217 J80	$440,000	2019	2.000%	1.400%	250217 K54
725,000	2015	2.000%	0.390%	250217 J98	445,000	2020	2.000%	1.650%	250217 K62
750,000	2016	2.000%	0.580%	250217 K21	455,000	2021	2.000%	1.900%	250217 K70
1,145,000	2017	2.000%	0.800%	250217 K39	465,000	2022	2.250%	2.100%	250217 K88
1,165,000	2018	2.000%	1.050%	250217 K47					

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CITY OF DES PLAINES
Cook County, Illinois

Matthew Bogusz
Mayor

Aldermen

James Brookman
Michael Charewicz
Patricia Haugeberg
John Robinson
Denise Rodd
Dick Sayad
Vacancy
Mark Walsten

Officials

Dorothy Wisniewski
Director of Finance

Michael G. Bartholomew
City Manager

Gloria J. Ludwig
City Clerk

Holland & Knight
Issuer's Counsel

THE CITY

The City of Des Plaines (the "City") is located in northwestern Cook County and covers an area of approximately 14.3 square miles. The 2010 Census reported a population of 58,364, an increase of approximately 2.5% from the 2000 Census population of 56,945. The Chicago Metropolitan Agency for Planning (CMAP) population projection for 2040 is 79,389. Bordering the City to the north and west is the Village of Mount Prospect, to the south is the Village of Rosemont and O'Hare International Airport, and to the east is the City of Park Ridge, the Des Plaines River and surrounding forest preserve area.

The City has an above average residential property tax base which is supplemented by substantial commercial and industrial real estate development. Close proximity to O'Hare International Airport has supported the growth in high-rise office buildings in the City. Approximately 40% of the City's property values are composed of diversified commercial and light industrial properties.

City Government and Services

The City operates under a City Manager form of government approved by voter referendum on November 16, 2004. The City Manager is appointed by the Mayor upon the advice and consent of the City Council. The Mayor and the City Clerk are elected at large for four-year terms. The City Council consists of eight aldermen elected from eight wards for staggered four-year terms.

The City employs a total of 355 full-time personnel and 14 part-time employees, for a total of 369 full-time equivalents. Police protection is provided by the Des Plaines Police Department which consists of 95 (authorized 96) sworn police officers and operates out of one central police station. The Fire Department, consisting of 92 sworn firefighters, provides fire protection to the City's residents. The Department operates out of three stations. The City has a Class 2 fire insurance rating, which ranks it among the top 2.58 percent of fire departments in the State and the top 1.65 percent of fire departments in the nation.

The City has six (6) recognized collective bargaining units. Agreements are typically negotiated for multi-year terms. The City has been and is currently in negotiations with the police officers (Metropolitan Alliance of Police Des Plaines Chapter No. 240), that continue to work under the agreement that expired on December 31, 2011. The police sergeants/lieutenants (Metropolitan Alliance of Police Des Plaines Police Command Chapter 241) agreement expires on December 31, 2014, the public works employees (Municipal Employees City Coordinating Association) agreement expires on December 31, 2015, the city-wide clerical and technical employees (American Federation of State, County and Municipal Employees) agreement expires on December 31, 2015, the emergency dispatchers (Metropolitan Alliance of Police Civilian Chapter No. 282) agreement expires on December 31, 2015, and the firefighters/lieutenants (International Association of Fire Fighters Local 4211) agreement expires on December 31, 2016.

The City operates its own water system providing Lake Michigan water purchased from the City of Chicago, with sewage treatment provided by the Metropolitan Water Reclamation District. Natural gas is provided by Nicor, electricity is provided by Commonwealth Edison, and telephone service is provided by Call One.

Transportation

The City is located approximately 20 miles northwest of downtown Chicago. Commuter travel to and from Chicago's downtown is available via the Regional Transportation Authority's METRA Northwest line, with commuter stations located in downtown Des Plaines and at the Cumberland depot; as well as the Wisconsin Central freight line, combined into a commuter/freight rail line in 1996, connecting with O'Hare Airport and Chicago. Also easily accessible to the City are the Northwest Tollway (I-90) and the Tri-State Tollway (I-294). In addition, the close proximity of O'Hare International Airport to the City makes air travel convenient.

Community Life

Recreational opportunities are primarily provided by the Des Plaines Park District, a separate governmental entity. The Park District owns 281 acres and leases an additional 100 acres of park land and offers 53 parks and facilities, 3 outdoor swimming pools, an aquatic center, fishing, boating, picnic areas, golf and miniature golf facilities. Over 300 recreational programs and special events are available to residents through the Park District. A small portion of the City is served by the Mt. Prospect Park District. In addition, the nearby facilities of the Cook County Forest Preserve District is available for use by area residents and offers, among other activities, picnicking, hiking, bicycling, golf, and several nature centers. The Des Plaines Public Library, funded by a City tax levy, collection consists of approximately 316,000 items in an 82,000-square foot building in centrally located downtown. The Library opened in August 2000. Circulation was approximately 1,182,000 items in 2013 with 34,347 active resident library cards. The attendance in 2013 exceeded 564,000.

Education

There are four elementary school districts and two high school districts providing public education for the children of City residents. The combined enrollment of Elementary School Districts 26, 57, 59 and 62 is approximately 15,000 students. High School Districts 207 and 214 reported a combined enrollment of approximately 19,000. High School District 207 serves the majority of the City residents. Higher education is provided by two community colleges. Harper Community College District Number 512 is located nearby in the Village of Palatine and has an enrollment of approximately 26,400 students. Oakton Community College District Number 535 is located in the City and has an enrollment of approximately 46,000 students. DePaul University's O'Hare campus is located in the City and offers a variety of graduate and certificate programs, as well as nontraditional programs for working adults. City residents also have access to public and private colleges and universities throughout the Chicago metropolitan area.

SOCIOECONOMIC INFORMATION

Population

The City experienced its greatest growth during the period of 1950 to 1980 when population more than tripled from 14,994 in 1950 to 53,568 in 1980. Since that time, population growth has been modest, with a 2000 U.S. Census population of 56,945 and a 2010 U.S. Census Population of 58,364. Potential for future growth is modest due to the generally developed character of the land within the City and the general lack of unincorporated territory contiguous to the City.

Employment

Following are large employers located in the City and in immediately surrounding areas. City residents also have access to employment throughout the Chicago metropolitan area.

Major City Employers*(1)*

Name	Product/Service	Approximate Employment
Universal Oil Products, Inc	Chemical Engineering Services	1,500
Rivers Casino	Casino	1,462
Holy Family Medical Center	General Hospital	1,036
Swissport USA, Inc.	International Airline Cargo Service	1,000
Oakton Community College	Public Community College	990
Sysco Food Services-Chicago, Inc	Food Wholesalers	650
Wheels Inc.	Passenger Car and Truck Leasing	650
W-Diamond Group	Men's Apparel	550
Abbott Laboratories, Molecular Diagnosis Division	Medical Laboratories	500
Juno Lighting, Inc.	Lighting Fixtures	400
Nu-Way Industries, Inc.	Sheet Metal Work	350
Deluxe Check Printers, Inc.	Check and Checkbook Printing	276
DHL Global Mail	International Mailing Service	275
Lorig Construction Co.	Highway and Heavy Construction Contractor	275

Note: (1) Source: 2014 Illinois Manufacturers Directory, 2014 Illinois Services Directory and selected telephone survey.

Major Area Employers*(1)*

Location	Name	Business or Product	Approximate Employment
Northbrook	All-State Insurance Company	Insurance Corporate Office	8,000
Hoffman Estates	Sears Roebuck & Co.	Retail Chain Corporate Headquarters	6,200
Schaumburg	Woodfield Mall (2)(3)	Shopping Center	4,000
Arlington Heights	Northwest Community Hospital	Hospital	4,000
Arlington Heights	Arlington International Race Track (4)	Horse Racing, Sports	3,100
Elk Grove Village	Alexian Brothers Medical Center	Medical Center	3,100
Hoffman Estates	AT&T Midwest	Communications Systems	2,500
Schaumburg	Zurich Insurance Co.	Insurance Corporate Headquarters	2,500
Hoffman Estates	St. Alexius Medical Center	Full Service Hospital	2,045
Northbrook	Northbrook Court Shopping Center	Shopping Center	2,000
Northbrook	Underwriters Laboratories, Inc	Industrial Not-For-Profit Research	2,000
Palatine	Township High School District 211	Education	1,953
Buffalo Grove	Siemens Building Technologies, Inc.	Environmental Controls	1,800
Elk Grove Village	Automatic Data Processing, Employer Services	Data Processing and Payroll Services	1,500
Schaumburg	CVS Caremark	Integrated Health Care Services	1,400
Buffalo Grove	I.S.I	Management Consulting Services	1,200
Buffalo Grove	Remax Mold Manufacturing	Plastic Products	1,200
Northbrook	Astellas Pharmacy US, Inc.	Pediatricians Association	1,150
Arlington Heights	Clearbrook	Specialty Outpatient Clinics	1,000
Schaumburg	Motorola, Inc.	Corporate Headquarters and Wireless and Broadband Communications	970

Notes: (1) Source: 2014 Illinois Manufacturers Directory, 2014 Illinois Services Directory and selective telephone survey.
(2) Includes all of the businesses in the Mall. The three largest are Macy's (450 employees); J.C. Penney Co. (400 employees); and Sears Roebuck and Co. (300 employees).
(3) Employment is seasonal and increases to approximately 7,000 during holiday periods.
(4) Includes seasonal employees.

Following is industry and occupation employment information for the City, Cook County and the State as reported by the 2008-2012 American Community Survey 5-Year Estimates.

Employment By Industry*(1)*

	The City		Cook County		State of Illinois	
Classification	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	49	0.2%	4,338	0.2%	63,512	1.1%
Construction	1,780	5.9%	115,364	4.8%	324,722	5.4%
Manufacturing	4,208	13.9%	262,106	10.8%	767,822	12.7%
Wholesale Trade	991	3.3%	69,217	2.9%	189,003	3.1%
Retail Trade	3,591	11.9%	240,271	9.9%	658,236	10.9%
Transportation and Warehousing, and Utilities	2,161	7.1%	151,762	6.3%	352,325	5.8%
Information	692	2.3%	59,488	2.5%	130,769	2.2%
Finance and Insurance, and Real Estate and Rental and Leasing	2,434	8.1%	204,563	8.4%	457,654	7.6%
Professional, Scientific, and Management, and Administrative and Waste Management Services	3,467	11.5%	326,261	13.5%	668,506	11.1%
Educational Services and Health Care and Social Assistance	5,996	19.8%	542,361	22.4%	1,362,901	22.6%
Arts, Entertainment and Recreation and Accommodation and Food Services	2,887	9.5%	233,937	9.6%	532,147	8.8%
Other Services, Except Public Administration	1,251	4.1%	123,518	5.1%	292,913	4.9%
Public Administration	724	2.4%	91,731	3.8%	234,916	3.9%
Total	30,231	100.0%	2,424,917	100.0%	6,035,426	100.0%

Note: (1) Source: U.S. Bureau of the Census, 2008-2012 American Community Survey 5-Year Estimates.

Employment By Occupation*(1)*

	The City		Cook County		State of Illinois	
Classification	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts	11,336	37.5%	908,106	37.4%	2,181,574	36.1%
Service	4,614	15.3%	433,308	17.9%	1,028,655	17.0%
Sales and Office	8,116	26.8%	606,960	25.0%	1,526,612	25.3%
Natural Resources, Construction, and Maintenance	2,460	8.1%	156,856	6.5%	462,090	7.7%
Production, Transportation, and Material Moving	3,705	12.3%	319,687	13.2%	836,495	13.9%
Total	30,231	100.0%	2,424,917	100.0%	6,035,426	100.0%

Note: (1) Source: U.S. Bureau of the Census, 2008-2012 American Community Survey 5-Year Estimates.

Annual Average Unemployment Rates*(1)*

Calendar Year	The City	Cook County	State of Illinois
2005	5.9%	6.4%	5.8%
2006	4.2%	4.8%	4.6%
2007	4.5%	5.2%	5.1%
2008	5.8%	6.4%	6.4%
2009	10.1%	10.4%	10.0%
2010	10.3%	10.8%	10.4%
2011	9.2%	10.3%	9.7%
2012	8.4%	9.3%	8.9%
2013	8.5%	9.6%	9.2%
2014	6.6%	7.6%	7.2%

Notes: (1) Source: Illinois Department of Employment Security.
(2) Preliminary for May 2014.

Building Permits

The average construction cost for single-family homes, based upon building permit fees for 2013 exceeded $203,400, which amount excludes the value of land, according to latest City statistics.

City Building Permits*(1)*
(Excludes the Value of Land)

Calendar	Single-Family		Multi-Family		Miscellaneous	Total
Year	Units	Value	Number	Value	Value	Value
2004	47	$17,010,034	29	$63,454,601	$ 93,697,068	$174,161,703
2005	47	18,994,100	153	64,714,192	55,363,011	139,071,303
2006	36	14,536,330	10	20,080,720	84,829,879	119,447,329
2007	19	7,158,615	5	26,616,685	80,469,290	114,244,590
2008	3	1,077,050	7	4,873,920	63,160,534	69,111,504
2009	4	1,839,515	8	7,042,560	30,792,437	39,674,512
2010	4	1,342,000	5	5,234,000	182,559,000	189,135,000(2)
2011	2	1,002,180	9	6,022,405	43,268,293	50,292,878
2012	2	1,153,690	4	2,860,160	25,980,060	29,993,910
2013(3)	3	1,424,000	7	5,459,000	33,081,000	39,964,000
2014(3)(4)	0	0	0	0	34,541,000	34,541,000

Notes: (1) Source: the City.
(2) Includes construction of the Rivers Casino.
(3) Values rounded to the nearest thousand.
(4) For 6 months ended June 30, 2014.

Housing

The 2008-2012 American Community Survey 5-Year Estimates reported that the median value of the City's owner-occupied homes was $258,100, which compares with $244,900 for the County and $190,8000 for the State. The 2008-2012 5-year average value of specified owner-occupied units for the City, Cook County and the State was as follows:

Specified Owner-Occupied Units*(1)*

	The City		Cook County		State of Illinois	
Value	Number	Percent	Number	Percent	Number	Percent
Under $50,000	760	4.2%	36,548	3.2%	224,361	6.9%
$50,000 to $99,999	569	3.2%	71,355	6.3%	468,659	14.4%
$100,000 to $149,999	1,270	7.1%	128,827	11.3%	482,500	14.9%
$150,000 to $199,999	2,189	12.2%	186,900	16.4%	531,538	16.4%
$200,000 to $299,999	6,959	38.8%	300,856	26.4%	712,975	21.9%
$300,000 to $499,999	5,432	30.3%	272,528	23.9%	563,122	17.3%
$500,000 to $999,999	718	4.0%	114,947	10.1%	214,681	6.6%
$1,000,000 or more	37	0.2%	28,174	2.5%	50,685	1.6%
Total	17,934	100.0%	1,140,135	100.0%	3,248,521	100.0%

Note: (1) Source: U.S. Bureau of the Census, 2008-2012 American Community Survey 5-Year Estimates.

Mortgage Status

	The City		Cook County		State of Illinois	
Value	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	11,928	66.5%	810,192	71.1%	2,238,082	68.9%
Housing Units without a Mortgage	6,006	33.5%	329,943	28.9%	1,010,439	31.1%
Total	17,934	100.0%	1,140,135	100.0%	3,248,521	100.0%

Note: (1) Source: U.S. Bureau of the Census, 2008-2012 American Community Survey 5-Year Estimates.

Income

Per Capita Personal Income for the Ten Highest Income Counties in the State*(1)*

Rank		2008-2012
1	DuPage County	$38,398
2	Lake County	38,248
3	McHenry County	32,408
4	Monroe County	32,334
5	Kendall County	31,856
6	Will County	30,407
7	Woodford County	30,401
8	**Cook County**	**30,048**
9	McLean County	29,960
10	Kane County	29,730

Note: (1) Source: U.S. Bureau of the Census. 2008-2012 American Community 5-Year Estimates.

The following shows a ranking of median family income for the Chicago metropolitan area from the 2008-2012 American Community Survey.

Ranking of Median Family Income*(1)*

County	Family Income	Rank
DuPage County	$95,204	1
Kendall County	93,153	2
Lake County	92,952	3
McHenry County	88,370	4
Will County	86,953	5
Kane County	78,892	9
Cook County	**66,124**	**22**

Note: (1) Source: U.S. Bureau of the Census. 2008-2012 American Community 5-Year Estimates.

According to the 2008-2012 American Community Survey 5-Year Estimates, the City had a median family income of $78,690. This compares to $66,124 for Cook County and $70,144 for the State. The following table represents the distribution of family incomes for the City, Cook County and the State.

Median Family Income*(1)*

	The City		Cook County		State of Illinois	
Income	Number	Percent	Number	Percent	Number	Percent
Under $10,000	227	1.6%	64,046	5.4%	133,818	4.3%
$10,000 to $14,999	228	1.6%	40,067	3.4%	86,974	2.8%
$15,000 to $24,999	380	2.6%	98,689	8.3%	223,395	7.1%
$25,000 to $34,999	969	6.7%	104,896	8.8%	257,777	8.2%
$35,000 to $49,999	1,715	11.9%	145,383	12.2%	382,988	12.2%
$50,000 to $74,999	3,073	21.3%	209,624	17.6%	593,133	18.9%
$75,000 to $99,999	2,790	19.4%	162,429	13.7%	477,963	15.2%
$100,000 to $149,999	3,000	20.8%	191,314	16.1%	553,559	17.6%
$150,000 to $199,999	1,209	8.4%	81,238	6.8%	218,124	6.9%
$200,000 or more	824	5.7%	91,635	7.7%	214,616	6.8%
Total	14,415	100.0%	1,189,321	100.0%	3,142,347	100.0%

Note: (1) Source: U.S. Bureau of the Census, 2008-2012 American Community Survey 5-Year Estimates.

According to the 2008-2012 American Community Survey 5-Year Estimates, the City had a median household income of $65,195. This compares to $54,648 for Cook County and $56,853 for the State. The following table represents the distribution of household incomes for the City, Cook County and the State.

Median Household Income*(1)*

	The City		Cook County		State of Illinois	
Income	Number	Percent	Number	Percent	Number	Percent
Under $10,000	682	3.1%	160,478	8.3%	329,319	6.9%
$10,000 to $14,999	821	3.7%	95,450	4.9%	223,692	4.7%
$15,000 to $24,999	1,794	8.0%	200,336	10.4%	481,833	10.1%
$25,000 to $34,999	2,213	9.9%	186,866	9.7%	460,909	9.7%
$35,000 to $49,999	2,771	12.4%	249,606	12.9%	622,840	13.0%
$50,000 to $74,999	4,622	20.7%	339,402	17.6%	870,399	18.2%
$75,000 to $99,999	3,520	15.8%	235,745	12.2%	622,617	13.0%
$100,000 to $149,999	3,575	16.0%	253,222	13.1%	665,711	13.9%
$150,000 to $199,999	1,446	6.5%	101,113	5.2%	250,681	5.3%
$200,000 or more	904	4.0%	111,452	5.8%	246,274	5.2%
Total	22,348	100.0%	1,933,670	100.0%	4,774,275	100.0%

Note: (1) Source: U.S. Bureau of the Census, 2008-2012 American Community Survey 5-Year Estimates.

Retail and Commercial Activity

The City's major downtown redevelopment project, Metropolitan Square, was fully built and reached full tax valuation in 2008. This mixed-use redevelopment features 142 condominium/loft residences; 114,000 square feet of retail space; another 27,000 square feet of office space; a 471-car public parking garage and civic streetscape improvements. This multifaceted development has served as the anchor for subsequent smaller commercial redevelopment activities that have occurred within the downtown on an ongoing basis. The property was recently acquired by World Class Capital Group, LLC (WCCG) in May 2012. During this short period, WCCG has successfully completed eight (8) long term lease renewals (10 years) with tenants such as Potbelly Sandwich Shop, Panera Bread and Chiro One Wellness Center, in addition to two (2) new tenants including a 12,000 square foot fitness gym, Elite Fitness, and 7,000 square foot upscale neighborhood bar and grill, Tap House Grill. Metropolitan Square now features a 77% occupancy rate. It is expected that Forever Yogurt and a pizza restaurant will be moving into Metropolitan Square in the next few months. The City is continuing its commitment to enhance economic activity in the downtown TIF District No. 1 area through various brick and mortar projects and professional services. For example, the Des Plaines comprehensive streetscape plan will significantly improve pedestrian connectivity, safety and shopping experience through new way finding signage, traffic calming techniques and improved sidewalk and crosswalks. This project also includes the rehabilitation of its Downtown Metra train station. The City is also continuing its three Downtown Business Assistance Programs to attract commercial investment in the neighborhood; in 2013, three (3) new businesses utilized the program which included two (2) restaurants.

In 2013, the City partnered with an economic development firm to create an action plan exclusively for business attraction, retention, strategy recommendations and also includes an up-to-date overview of the Des Plaines market conditions. The consultant, together with the City also created a new visual identity specifically for marketing. This professional economic development focused approach will work in concert with the City's recently simplified business registration policy.

There is the potential for significant commercial development within the 70-acre Five Corners TIF District, situated at the juncture of three of the heavily traveled arterial corridors in the metropolitan area, Rand Road, Des Plaines River Road and Golf Road. The district is envisioned as a retail/mixed-use commercial center, generating both sales and property tax revenues far in excess of the current property taxes generated by that district, which is currently used primarily for industrial uses.

Industrial Activity

The ongoing expansion of O'Hare International Airport and its siting of the new air cargo terminal adjacent to the City have fostered a major air freight industry cluster within the industrial quadrant of the City. Integrated freight forwarding companies Forward Air, DB Schenker, and Nippon Express have completed terminals within the City, and the City's TIF District No. 3 is 100% built out with the development of facilities for Hellman, Coasters, Caterpillar Logistics and Bombardier companies. An additional site for air freight development has been acquired and cleared by International Airport Centers.

The City Council supported the issuance of three (3) Cook County 6B property tax classifications to attract new investments in its manufacturing sector. Two (2) of the three (3) businesses will substantially rehabilitate its' newly acquired buildings and provide approximately 45 new jobs. Of note, Charles Equipment Energy Systems anticipates generating approximately $10,000 to $50,000 in sales tax annually. The third 6B applicant will construct a brand new $6.83 million state-of-the art LEED certified structure in the center of 21 neighboring manufacturing buildings. Its location was heavily influenced based on its proximity to the forthcoming $200 million Chicago O'Hare International Airport Northeast Cargo Center project.

Entertainment

On December 23, 2008, the City was selected by the State of Illinois as the recipient of the 10th and final Illinois gaming license, based upon the City's agreement with Midwest Gaming and Entertainment for that company to construct a 1,200-seat casino, parking structure, hotel and restaurant complex through a phased development on a 20-plus acre site in the far southeast corner of the community. The Rivers Casino opened in July 2011 and has had the highest adjusted gross receipts of any casino in the State for each of the full months (averaging over $30,000,000 per month) since opening. The City has a tax revenue sharing agreement in place with Midwest Gaming in which $10,000,000 of the gaming tax revenues generated from the Casino are sent to the State of Illinois and 40% of the remaining revenues are shared with 10 distressed communities named in the original agreement. Further redevelopment of adjacent commercial properties is anticipated as well. The Casino is one of the City's newest principal employers with nearly 1,400 positions. Additional community benefits include the recent (October, 2013) donation of $150,000 to the Des Plaines Oakton Community College campus for scholarships. Oakton is also in the process of constructing a new 93,000 square-foot Science and Health Careers Center (set to open in January, 2015).

Sales Taxes

The table below shows sales tax receipts in the City over the past ten years, as an indicator of commercial activity.

Retailers' Occupation, Service Occupation and Use Tax*(1)*

State Fiscal Year Ending June 30	State Sales Tax Distributions(2)	Home Rule Sales Tax Distributions	Total Distributions	Percentage Change + (-)
2004	$7,869,504	$3,881,000	$11,750,504	2.12%(3)
2005	7,819,815	3,970,243	11,790,058	0.34%
2006	8,377,712	4,223,008	12,600,721	6.88%
2007	8,333,032	5,517,995	13,851,027	9.92%
2008	8,590,038	5,739,317	14,329,355	3.45%
2009	7,940,514	5,200,163	13,140,676	(8.30%)
2010	7,654,977	4,850,113	12,505,090	(4.84%)
2011	7,846,363	4,882,813	12,729,177	1.79%
2012	8,040,265	5,191,286	13,231,552	3.95%
2013	8,881,733	5,550,747	14,432,481	9.08%
Growth from 2004 to 2013				22.82%

Notes: (1) Source: Illinois Department of Revenue.
(2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Taxes, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
(3) The 2004 percentage is based on a 2003 sales tax receipts of $11,506,141.

Effective January 1, 1994, the City enacted and began to collect an additional ½% home rule option sales tax on most goods sold at retail and on most goods sold in conjunction with services. Revenues from this tax are specifically earmarked for capital improvements and not for use in general operations.

Effective January 1, 1999, the City enacted and began to collect an additional ¼% home rule option sales tax on most goods and services. In 1999, revenues from this tax were specifically earmarked for debt service on the Series 1998 and Series 1999 Bonds related to the new library and not for use in general operations. The Series 1998 and 1999 Bonds were subsequently refunded in 2005 and 2009, respectively. The revenues from this tax are earmarked for capital improvements.

Effective July 1, 2006, the City enacted and began to collect an additional ¼% home rule option sales tax on most goods and services. Revenues from this tax are specifically earmarked for general fund operations.

PLAN OF FINANCING

The Series 2014A Bonds

The Series 2014A Bond proceeds will be used to currently refund the City's outstanding Taxable General Obligation Bonds, Series 2003C, due December 1, 2014-2021 (the "Series 2003C Refunded Bonds"), and to pay the costs of issuing the Series 2014A Bonds.

The 2003C Refunded Bonds

Taxable General Obligation Bonds, Series 2003C
(As of August 1, 2014)

Outstanding Amount	Amount Refunded	Issue Name	Redemption Maturities	Redemption Price	Date
$ 125,000	$ 125,000	Series 2003C	12/1/2014	100.00%	10/7/2014
165,000	165,000	Series 2003C	12/1/2015	100.00%	10/7/2014
190,000	190,000	Series 2003C	12/1/2016	100.00%	10/7/2014
220,000	220,000	Series 2003C	12/1/2017	100.00%	10/7/2014
250,000	250,000	Series 2003C	12/1/2018	100.00%	10/7/2014
290,000	290,000	Series 2003C	12/1/2019	100.00%	10/7/2014
325,000	325,000	Series 2003C	12/1/2020	100.00%	10/7/2014
375,000	375,000	Series 2003C	12/1/2021	100.00%	10/7/2014
$1,940,000	$1,940,000				

The Series 2014B Bonds

The Series 2014B Bond proceeds will be used to currently refund the City's outstanding General Obligation Bonds, Series 2005A, due December 1, 2017-2022 (the "Series 2005A Refunded Bonds"), to currently refund a portion of the City's outstanding General Obligation Bonds, Series 2005D, due December 1, 2015-2018, the City will also redeem a portion of the Series 2005D Bonds with cash on hand (the "Series 2005D Refunded Bonds", and together with the Series 2003C Refunded Bonds and the Series 2005A Refunded Bonds, the "Refunded Bonds"), and to pay the costs of issuing the Series 2014B Bonds.

The 2005A Refunded Bonds

General Obligation Bonds, Series 2005A
(As of August 1, 2014)

Outstanding Amount	Amount Refunded	Issue Name	Maturities	Redemption Price	Redemption Date
$ 390,000	$ 390,000	Series 2005A	12/1/2017	100.00%	12/1/2014
410,000	410,000	Series 2005A	12/1/2018	100.00%	12/1/2014
435,000	435,000	Series 2005A	12/1/2019	100.00%	12/1/2014
455,000	455,000	Series 2005A	12/1/2020	100.00%	12/1/2014
480,000	480,000	Series 2005A	12/1/2021	100.00%	12/1/2014
500,000	500,000	Series 2005A	12/1/2022	100.00%	12/1/2014
$2,670,000	$2,670,000				

The 2005D Refunded Bonds

General Obligation Bonds, Series 2005D
(As of August 1, 2014)

Outstanding Amount	Amount Refunded With Bonds	Amount Refunded With Cash(1)	Issue Name	Maturities	Redemption Price	Redemption Date
$1,360,000	$ 0	$ 0	Series 2005D	12/1/2014	Serial Maturity	Serial Maturity
1,405,000	665,000	740,000	Series 2005D	12/1/2015	100.00%	12/1/2014
1,460,000	700,000	760,000	Series 2005D	12/1/2016	100.00%	12/1/2014
1,530,000	730,000	800,000	Series 2005D	12/1/2017	100.00%	12/1/2014
1,610,000	760,000	850,000	Series 2005D	12/1/2018	100.00%	12/1/2014
$7,365,000	$2,855,000	$3,150,000				

Note: (1) A portion of the Series 2005D Bonds will be redeemed with available cash on hand.

Bond proceeds will be used to purchase direct full faith and credit obligations of the United States of America (the "Government Securities"), the principal of which together with interest to be earned thereon will be sufficient (i) to pay when due the interest on the Refunded Bonds as stated above, and (ii) to pay principal of and call premium, if any, on the Refunded Bonds on their respective redemption dates. The remaining bond proceeds will be used to pay the costs of issuing the Bonds.

The Government Securities will be held in an escrow account created pursuant to an escrow agreement (the "Escrow Agreement") dated as of August 1, 2014, between the City and Amalgamated Bank of Chicago, Chicago, Illinois, as Escrow Agent (the "Escrow Agent").

The mathematical calculations: (a) of the adequacy of the deposit made pursuant to the Escrow Agreement to provide for the payment of certain interest, principal and call premiums on the Refunded Bonds, and (b) supporting the opinion of Bond Counsel that the interest of the Bonds is excludable from gross income of the owners thereof for federal income tax purposes will be verified by Dunbar, Breitweiser & Company, LLP, Bloomington, Illinois, at the time of delivery of the Bonds. All moneys and Government Securities deposited for the payment of Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds.

DEBT INFORMATION

After issuance of the Bonds and the refunding of the Refunded Bonds, the City will have outstanding $43,091,444 principal amount of general obligation bonds, of which $42,366,444 or over 98.3% is fully self-supporting from water system revenues, TIF revenues, sales and utility taxes, sewer fees and other fees. In addition, the City has Illinois Finance Authority loans in the amount of $200,000, as of December 31, 2013, and TIF revenue notes (which are not general obligations of the City) payable in the amount of $482,387. The City has no tax anticipation notes or revenue bonds outstanding.

As a home rule municipality under 1970 Illinois Constitution, the City has no statutory debt limitation or property tax levy limitation, and is not required to seek referendum approval to issue general obligation bonds, including the Bonds.

General Obligation Debt – By Issue*(1)*

Issue Date	Issue Name	Principal Outstanding	Supported By
9/3/2003	Taxable General Obligation Bonds, Series 2003C	$ 1,940,000	TIF Revenues
1/3/2005	General Obligation Bonds, Series 2005A	2,670,000	TIF Revenues
2/1/2005	General Obligation Refunding Bonds, Series 2005D	7,365,000	Sales & Utility Taxes/Fees
6/1/2005	General Obligation Bonds, Series 2005G	325,000	TIF Revenues
10/23/2007	General Obligation Refunding Bonds, Series 2007A	3,370,000	Property Taxes/ Sales & Utility Taxes/Fees
10/23/2007	General Obligation Refunding Bonds, Series 2007B	915,000	Property Taxes/TIF Revenues
4/1/2008	Taxable General Obligation Corporate Purpose Refunding Bonds, Series 2008A	1,335,000	TIF Revenues
11/3/2009	Taxable General Obligation Refunding Bonds, Series 2009A	2,860,685	TIF Revenues
11/3/2009	General Obligation Refunding Bonds, Series 2009B	1,010,000	Sales & Utility Taxes/Fees
1/6/2010	General Obligation Refunding Bonds, Series 2010A	3,945,000	TIF Revenues
1/6/2010	General Obligation Refunding Bonds, Series 2010B	6,110,760	TIF Revenues
12/22/2011	General Obligation Refunding Bonds, Series 2011	2,985,000	TIF Revenues
12/18/2012	General Obligation Refunding Bonds, Series 2012	3,310,000	TIF Revenues
12/17/2013	Taxable General Obligation Refunding Bonds, Series 2013	7,945,000	TIF Revenues/Special Revenues
Total		$46,086,444	
Less: The Refunded Bonds:			
Taxable General Obligation Bonds, Series 2003C		$ (1,940,000)	TIF Revenues
General Obligation Bonds, Series 2005A		(2,670,000)	TIF Revenues
General Obligation Refunding Bonds, Series 2005D		(6,005,000)(2)	Sales & Utility Taxes/Fees
Plus: The Bonds			
Taxable General Obligation Corporate Purposed Bonds, Series 2014A		2,020,000	TIF Revenues
General Obligation Refunding Bonds, Series 2014B		5,600,000	TIF Revenues, Sales and Utility Taxes Fees
Total		$43,091,444	
Less Self Supporting		(42,366,444)	
Tax Supported Debt		$ 725,000	

Notes: (1) Source: The City.
(2) The City is planning to redeem $3,150,000 of Series 2005D Bonds with cash on hand and $2,855,000 with bond proceeds.

General Obligation Debt *(1)*
Principal Only

Calendar Year	Total Outstanding Debt	Less: The Refunded Bonds			The Bonds		Total Debt	Less: Total Self-Supporting	Total Property Tax Supporting Principal	Cumulative Property Tax Supported Principal Retired	
		Series 2003C	Series 2005A	Series 2005D(2)	Series 2014A	Series 2014B				Amount	Percent
2014	$ 4,854,281	$ (125,000)	$ 0	$ 0	$ 140,000	$ 10,000	$ 4,879,281	$ 4,799,281	$ 80,000	$ 80,000	11.03%
2015	4,971,357	(165,000)	0	(1,405,000)	200,000	725,000	4,326,357	4,241,357	85,000	165,000	22.76%
2016	4,520,154	(190,000)	0	(1,460,000)	220,000	750,000	3,840,154	3,755,154	85,000	250,000	34.48%
2017	5,298,556	(220,000)	(390,000)	(1,530,000)	240,000	1,145,000	4,543,556	4,458,556	85,000	335,000	46.21%
2018	6,049,198	(250,000)	(410,000)	(1,610,000)	260,000	1,165,000	5,204,198	5,114,198	90,000	425,000	58.62%
2019	4,326,162	(290,000)	(435,000)	0	290,000	440,000	4,331,162	4,236,162	95,000	520,000	71.72%
2020	4,475,637	(325,000)	(455,000)	0	315,000	445,000	4,455,637	4,355,637	100,000	620,000	85.52%
2021	3,397,360	(375,000)	(480,000)	0	355,000	455,000	3,352,360	3,247,360	105,000	725,000	100.00%
2022	2,164,790	0	(500,000)	0	0	465,000	2,129,790	2,129,790	0		
2023	1,579,584	0	0	0	0	0	1,579,584	1,579,584	0		
2024	1,213,041	0	0	0	0	0	1,213,041	1,213,041	0		
2025	1,179,295	0	0	0	0	0	1,179,295	1,179,295	0		
2026	1,207,030	0	0	0	0	0	1,207,030	1,207,030	0		
2027	415,000	0	0	0	0	0	415,000	415,000	0		
2028	435,000	0	0	0	0	0	435,000	435,000	0		
2029	0	0	0	0	0	0	0	0	0		
2030	0	0	0	0	0	0	0	0	0		
Total	$46,086,444	$(1,940,000)	$(2,670,000)	$(6,005,000)	$2,020,000	$5,600,000	$43,091,444	$42,366,444	$725,000		

Notes: (1) Source: the City.
(2) The City is planning to redeem $3,150,000 of, Series 2005D Bonds with and $2,855,000 with Bond proceeds.

Detailed Overlapping Bonded Debt*(1)*

	Total Debt(2)	Applicable to the City Percent(3)	Applicable to the City Amount
Schools:			
School District 26	$ 12,530,000	7.77%	$ 973,581
School District No. 57	8,565,000	1.38%	118,197
School District No. 59	7,615,000	11.22%	854,403
School District No. 62	98,635,000	90.73%	89,491,536
School District No. 64	16,495,000	0.00%(4)	214
High School District No. 207	4,725,000	35.13%	1,659,893
High School District No. 214	67,105,000	3.79%	2,543,280
Harper Community College District No. 512	175,310,000	1.69%	2,962,739
Total Schools			$ 98,603,842
Other:			
Cook County	3,578,905,000	1.35%	$ 48,315,218
Cook County Forest Preserve District	179,655,000	1.35%	2,425,343
Metropolitan Water Reclamation District	2,168,368,889	1.37%	29,706,654
Elk Grove Park District	12,815,000	0.73%	93,550
Des Plaines Park District	6,761,420	93.20%	6,301,643
Mt. Prospect Park District	22,080,000	18.96%	4,186,368
Total Others			$ 91,028,775
Total Overlapping Debt			$189,632,617

Notes: (1) Source: Cook County Clerk.
(2) As of July 7, 2014.
(3) Percentage based on 2013 EAV's, the most current available.
(4) Percentage equals 0.0006%.

Statement of Bonded Indebtedness*(1)*

	Amount Applicable	Ratio To Equalized Assessed	Ratio To Estimated Actual	Per Capita (2010 Census 58,364)
City EAV of Taxable Property, 2013	$1,697,287,344	100.00%	33.33%	$29,081.07
Estimated Actual Value, 2013	$5,091,862,032	300.00%	100.00%	$87,243.20
Total Direct Bonded Debt(2)	$ 43,091,444	2.54%	0.85%	$ 738.32
Less: Self Supporting	(43,366,444)	(2.50%)	(0.83%)	(725.90)
Net Direct Debt	$ 725,000	0.04%	0.01%	$ 12.42
Overlapping Bonded Debt:(3)				
Schools	$ 98,603,842	5.81%	1.94%	$ 1,689.46
Other	91,028,775	5.36%	1.79%	1,559.67
Total Overlapping Bonded Debt	$ 189,632,617	11.17%	3.72%	$ 3,249.14
Total Direct and Overlapping Bonded Debt	$ 190,357,617	11.22%	3.74%	$ 3,261.56

Note: (1) Source: Cook County Clerk.
(2) Includes the Bonds and excludes the Refunded Bonds.
(3) As of July 7, 2014.

PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2012 levy year, the most recent for which a detail is available, the City's EAV was comprised of 59.80% residential, 23.03% industrial, 17.04% commercial, 0% farm and 0.12% railroad property valuations.

City Equalized Assessed Valuation*(1)*

	Levy Years				
Property Class	2009	2010(2)	2011	2012	2013(2)
Residential	$1,511,280,909	$1,414,639,043	$1,320,637,690	$1,219,894,729	
Farm	0	0	0	0	Detail
Commercial	474,846,756	451,436,196	378,063,481	347,645,864	Not
Industrial	540,260,183	526,094,614	483,073,522	469,850,112	Available
Railroad	2,037,298	2,507,411	2,558,611	2,548,662	
Total	$2,528,425,146	$2,394,677,264	$2,184,333,304	$2,039,939,367	$1,697,287,344
Percent Change +(-)	(3.81%)(3)	(5.29%)	(8.78%)	(6.61%)	(16.80%)

Notes: (1) Source: Cook County Clerk.
(2) Levy year was a triennial reassessment year.
(3) Percentage change based on 2008 EAV of $2,628,588,594.

Equalized Assessed Valuation by Township*(1)*

	2013			
	Elk Grove	Maine	Wheeling	Total
Real Estate Property	$280,479,925	$1,377,429,847	$36,324,453	$1,694,234,225
Pollution Control District	0	799	0	799
Railroad Property	0	3,052,320	0	3,052,320
Total	$280,479,925	$1,380,482,966	$36,324,453	$1,697,287,344

Note: (1) Source: Cook County Clerk.

Representative Tax Rates*(1)*
(Per $100 EAV)

	Levy Years				
City Rates:	2009	2010	2011	2012	2013
General Corporate(2)	$0.8661	$0.9466	$1.0833	$1.1603	$ 1.3942
Public Library	0.2570	0.2800	0.3000	0.3170	0.3750
Bonds and Interest	0.0507	0.0515	0.0052	0.0054	0.0067
Total City Rates(3)	$1.1740	$1.2790	$1.3890	$1.4830	$ 1.7760
Cook County	0.4150	0.4230	0.4620	0.5310	0.5600
Cook County Forest Preserve	0.0490	0.0510	0.0580	0.0630	0.0690
Metropolitan Water Reclamation District	0.2610	0.2740	0.3200	0.3700	0.4170
Maine Township	0.1170	0.1310	0.1490	0.1680	0.2100
School District Number 62	2.4920	2.7410	3.1070	3.4900	4.2550
High School District Number 207	1.6170	1.7820	1.9950	2.2150	2.7220
Community College Number 535	0.1400	0.1600	0.1960	0.2190	0.2560
Des Plaines Park District	0.3170	0.3380	0.3790	0.4250	0.5310
Other Districts	0.0080	0.0090	0.0350	0.0110	0.0440
Total Tax Rates(4)	$6.5900	$7.1880	$8.0900	$8.9747	$10.8400

Notes: (1) Source: Cook County Clerk.
(2) Includes Police and Firemen's Pension.
(3) As a home rule municipality, the City has no statutory tax rate limits.
(4) Representative tax rates for other government units are from Maine Township tax code 22028, which represents 63.4% of the City's 2013 EAV, the most recent available.

City Tax Levies and Collections*(1)*

Levy Year	Coll. Year	Taxes Levied(3)(4)	Total Collections(2) Amount	Percent
2009	2010	$22,482,862	$22,774,391	101.30%
2010	2011	23,181,760	23,750,110	102.45%
2011	2012	23,181,760	23,423,462	101.04%
2012	2013(5)	23,083,150	23,539,535	101.98%
2013	2014(6)	23,083,150	12,511,651	54.20%

Notes: (1) Source: Cook County Clerk and the City.
(2) Total Collections reflect all monies attributable to the specific tax but distributed to the taxing body over a period of time. This is updated annually by the County Treasurer and therefore is subject to revision as the treasurer makes allocations in the future. Excludes refunds and includes taxes held in reserve and interest earnings.
(3) Total tax levy does not include the "loss levy" of 3% for corporate purposes and 5% for debt service which is extended by the County to cover the County's operating costs. The City may receive a portion of this "loss levy", and therefore the percentage of levy collected may exceed 100%.
(4) Levy amount and collections refer only to City, and not the Library Component Unit.
(5) As of July 24, 2014.
(6) In collection.

Large City Taxpayers*(1)*

Taxpayer Name	Product/Business	2013 EAV(2)
Midwest Gaming	Real Property	$ 58,849,006
Universal Oil Products	Chemicals Manufacturer, Catalysts Research and Development	24,458,595
Ohare Lake Office Park LLC	Office Complex	21,240,944
Crane and Norcross	Attorneys at Law	15,952,871
MLRP Messenger LLC	Real Property	15,300,513
Juno Lighting	Lighting Products	13,530,006
Abbott Labs	Medical Laboratories	10,886,115
Individual	Real Property	10,653,232
Apple Reit Ten	Real Property	9,682,289
Michael Alesia & Associates, P.C.	Real Property	8,331,069
Total		$188,884,640
Ten largest as a percent of the City's 2013 EAV ($1,697,287,344)		11.13%

Notes: (1) Source: Cook County Clerk.
(2) Every effort has been made to reach and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2013 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Real Property Assessment

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including that in the City, except for certain railroad property and pollution control facilities, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The City is located in the North Tri and was reassessed for the 2013 tax levy year.

Real property in the County is separated into classes for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the *"Assessed Valuation"*) for the parcel. Prior to the 2009 tax levy year, the classification percentages ranged from 16% for certain residential, commercial and industrial property to 36% and 38%, respectively, for other industrial and commercial property. On September 17, 2008, the Cook County Board of Commissioners approved changes to the property classification ordinance. The changes reduced the percentages used to calculate the assessed value of real property in the County for real estate tax purposes. These reductions take effect in the 2009 tax levy year. Such new classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1) unimproved real estate - 10%; Class 2) residential - 10%; Class 3) rental-residential - 16%, in tax year 2009, 13% in assessment year 2010, and 10% in assessment year 2011 and subsequent years; Class 4) not-for-profit - 25%; Class 5a) commercial - 25%; Class 5b) industrial - 25%. There are also seven additional categories. Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties within the County may qualify for a Class 6b assessment level, which assessment level is 10% for the first 10 years and for any subsequent 10-year renewal periods. However, if the incentive is not renewed, the 6b assessment level is 15% in year 11 and 20% in year 12, hereafter reverting to Class 5b. Real estate, which is to be used for industrial or commercial purposes where such real estate has undergone environmental testing and remediation, may be eligible for a Class C assessment level. The Class C assessment level for industrial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. Class C commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Commercial properties that are newly constructed or substantially rehabilitated and are within an area determined to be an area in need of commercial development may be classified as Class 7a or 7b property, and will then be assessed at a level of 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Certain commercial and industrial properties located in zones determined to be in need of substantial revitalization or in an enterprise community could be eligible for Class 8 assessments. The Class 8 assessment level for industrial properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class 8 assessment level for industrial properties is 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. The Class 8 assessment level for commercial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Substantially rehabilitated or new construction multi-family residential properties within certain target areas, empowerment or enterprise zones may be eligible for Class 9 categorization. The Class 9 assessment level is 10% for an initial 10-year period, renewable upon application for additional 10-year periods. When the Class 9 assessment level expires, the assessment level reverts to the applicable classification. Rental-residential (Class 3) properties subject to a Section 8 contract that has been renewed under the "Mark Up To Market" option may qualify for a Class S assessment level. The Class S assessment level is 10% for the term of the Section 8 contract renewal under the Mark Up To Market option, and for any additional terms of renewal of the Section 8 contract under the Mark Up To Market option. When the Class S assessment level expires, the assessment level reverts to Class 3. Substantially rehabilitated properties which are designated as Class 3, Class 4, Class 5a or Class 5b and which qualify as Landmark or Contributing buildings may qualify for a Class L assessment level. The Class L assessment level for Class 3, 4 or 5b properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class L assessment level is 15% in year 11 and 20% in year 12, thereafter reverting to Class 3, 4 or 5b. Class L commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a.

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review, which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of both residential property having six or fewer units and owners of real estate other than residential property with six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County similar to the previous judicial review procedure but with a different standard of proof than that previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

Equalization

After the County Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Illinois Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in Cook County, regardless of its assessment category, except for some farmland property which is not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the "EAV") of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The following table sets forth the Equalization Factor for Cook County for the last 10 tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
2004	2.5757
2005	2.7320
2006	2.7076
2007	2.8439
2008	2.9786
2009	3.3701
2010	3.3000
2011	2.9706
2012	2.8056
2013	2.6621

Exemptions

Public Act 95-644, effective October 17, 2007, made changes to and added a number of property tax exemptions taken by residential property owners. Public Act 98-0007, effective April 23, 2013, (together with Public Act 95-644, (the "Acts")) increased certain exemptions. The changes made by the Acts are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced up to a maximum reduction of $5,000 for assessment years 2004 through assessment year 2007. The maximum reduction is $5,500 for assessment year 2008, and $6,000 for assessment years 2009 through 2011. For assessment years 2012 and thereafter, the maximum reduction is $7,000.

The Alternative General Homestead Exemption caps EAV increases for homeowners (who also reside on the property as their principal place of residence) at 7% a year, up to a certain maximum each year as defined by the statute. Any amount of increase that exceeds the maximum exemption as defined is added to the 7% increase and is part of that property's taxable EAV. Homes that do not increase by at least 7% a year are entitled, in the alternative, to the General Homestead Exemption as discussed above.

The Base Year for purposes of calculation of the Alternative General Homestead Exemption is 2002 for properties located in the City Tri, 2003 for properties located in the North Tri and 2004 for properties located in the South Tri. The Base Homestead Value is the EAV of the homestead property minus the General Homestead Exemption for that year: $4,500 for years prior to 2004; $5,000 for 2004 through 2007; $5,500 for 2008 and $6,000 for the year 2009 and thereafter.

For properties in the City Tri, the Alternative General Homestead Exemption cannot exceed $33,000 for assessment year 2006 (except as noted below), $26,000 for assessment year 2007, $20,000 for assessment year 2008 and $6,000 thereafter. For properties in the North Tri, the Alternative General Homestead Exemption cannot exceed $20,000 for assessment year 2006, $33,000 for assessment year 2007, $26,000 for assessment year 2008, $20,000 for assessment year 2009 and $6,000 thereafter. For properties in the South Tri, the Alternative General Homestead Exemption cannot exceed $20,000 for assessment years 2006 and 2007, $33,000 for assessment year 2008, $26,000 for assessment year 2009, $20,000 for assessment year 2010 and $6,000 thereafter.

Furthermore, only in the City Tri and only for assessment year 2006, the maximum exemption amount may be increased to: (i) $40,000, provided that the EAV of the property for assessment year 2006 exceeds the EAV of that property for assessment year 2002 by an amount equal to or greater than 100%, or (ii) $35,000 provided that the EAV of the property for assessment year 2006 exceeds the EAV of that property for assessment year 2002 by an amount greater than 80% but not more than 100%.

Finally, the Long-Time Occupant Homestead Exemption applies to those counties subject to the Alternative General Homestead Exemption, including Cook County. Beginning with assessment year 2007 and thereafter, the EAV of homestead property of a taxpayer who has owned the property for at least 10 years (or 5 years if purchased with certain government assistance) and who has a household income of $100,000 or less ("Qualified Homestead Property") may increase by no more than 10% per year. If the taxpayer's annual income is $75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties. Individuals applying for this exemption must comply with the following guidelines: (i) continuously occupy their property for 10 years, as of January 1st of the assessment year, and occupy such property as their principal residence or, (ii) continuously occupy their property as their principal place of residence for 5 years, as of January 1st of the assessment year, provided that the property was purchased with certain government assistance.

In addition, the Homestead Improvement Exemption applies to residential properties that have been improved and to properties that have been rebuilt in the two years following a catastrophic event. The exemption is limited to $45,000 through December 31, 2003, and $75,000 per year beginning January 1, 2004, and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption operates annually to reduce the EAV on a senior citizen's home for assessment years prior to 2004 by $2,500 in counties with 3,000,000 inhabitants or more. For assessment years 2004 through 2005, the maximum reduction is $3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is $3,500 in all counties. For assessment years 2008 through 2011, the maximum reduction is $4,000 for all counties. For assessment year 2012, the maximum reduction is $5,000 in counties with 3,000,000 or more inhabitants. For the assessment years 2013 and thereafter, the maximum reduction is $5,000 in all counties. Furthermore, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $50,000 for assessment years 2006 and 2007; for assessment years 2008 and after, the maximum income limitation is $55,000. In general, the exemption grants qualifying senior citizens an exemption based upon a "freeze" of their home's assessed valuation.

Another exemption, available to disabled veterans, may be applied annually to exempt up to $70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the hereinafter defined Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the Disabled Persons' Homestead Exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of $5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50%, are granted an exemption of $2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover, if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse's new residence, provided that it is the spouse's primary residence and the spouse does not remarry. However, individuals claiming exemption as a disabled veteran or claiming an exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Also, beginning with assessment year 2007, the Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of $5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

Tax Levy

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, proceedings are adopted by the designated body for each Unit each year in which it determines to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The Cook County Clerk uses the prior year's EAV to compute the taxing district's maximum allowable levy. The maximum levy that can be raised for a Unit is the maximum tax rate for that Unit multiplied by the prior year, EAV for all property currently in the district. The prior year's EAV includes the prior year's EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Property Tax Extension Limitation Law ("Limitation Law"). The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the "Limitation Law") limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds.

Extensions

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collections

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to one-half of the prior year's tax bill; beginning in collection year 2010, this estimated amount was raised to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead equal to one-half of the corrected prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth the second installment penalty date for the last 10 tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2004	November 2, 2005
2005	September 1, 2006
2006	December 3, 2007
2007	November 3, 2008
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the City promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any "automated means." Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

FINANCIAL INFORMATION

Financial Reports

The City's accounting records for Governmental Funds, Expendable Trust Funds and Agency Funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. The accrual basis of accounting is used by Proprietary Funds and Pension Trust Funds. See **APPENDIX A** for more detail.

The financial statements are audited annually by certified public accountants. For the fiscal years from 1980 through 2012, a period of 33 consecutive years, the City has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

In 1998, the City Council enacted an electricity tax on use or consumption of electricity at rates associated with the number of kilowatt hours used. In addition the City also has a Municipal Utility Tax and Gas Use Tax. In 1998, the City started charging a municipal utility tax on natural gas of 3.09% of total gross receipts. In 2002, the City Council imposed a tax on the privilege of using or consuming gas in the City that is purchased in a sale at retail at the rate of 2.5 cents per therm. Additionally, the City started charging non-residents for using City ambulance services in 1995.

Effective January 1, 2003 the simplified municipal telecommunication tax act took effect. Under this act, land based and wireless service providers remit up to 6% of their gross sales to the Illinois Department of Revenue. During the 2008 Budget process the City passed an Ordinance establishing an increase to the rate in the amount of 3%, for a total of 6%. Based on State Statute, the rate became effective on July 1, 2008.

Investment Policy

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

Illinois Statutes authorize the City to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds and equity securities. The police pension trust fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension trust fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The Police and Firefighter's Pension Trust Funds' policies are to maintain long-term focus on their investment decision-making processes. Specifically, the Funds' benefit liabilities extend many years into the future. As such, the investment focus should be on long-term results.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this **"FINANCIAL INFORMATION"** section and in **APPENDIX A** are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2013 (the "2013 Audit"), which was approved by formal action of the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2013 Audit. The inclusion of the Excerpted Financial Information in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2013 Audit. Questions or inquiries relating to financial information of the City since the date of the 2013 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for excerpts of the City's 2013 fiscal year audit.

Statement of Net Assets
Primary Government
Governmental Activities

	Audited As of December 31				
	2009	2010	2011	2012	2013
ASSETS:					
Cash and Investments	$ 21,048,313	$ 28,509,566	$ 39,425,620	$ 65,799,739	$ 75,050,932
Restricted Cash and Investments	0	0	0	0	8,087,311
Receivables, Net of Allowances for Uncollectibles	0	0	0	0	0
Property Taxes	29,476,448	33,290,779	29,847,630	27,673,960	28,563,366
Accounts	1,394,480	1,691,423	4,596,737	4,736,908	4,612,787
Accrued Interest	4,348	666	1,057	7,530	3,156
Other Taxes	1,202,916	1,314,919	1,402,193	1,336,337	1,382,230
Other	753,507	982,477	956,093	561,986	313,809
Prepaid Expenses	697,787	3,372,295	3,261,796	3,183,227	3,116,909
Due from Other Governments	6,441,978	6,595,058	6,817,175	6,884,906	6,940,345
Pension Refund Receivables	0	0	0	0	0
Internal Balances	(428,758)	(464,648)	(477,562)	(484,170)	321,812
Deferred Charges	546,690	765,713	695,100	0	0
Net Pension Asset	727,227	937,828	1,244,308	1,442,870	1,510,687
Capital Assets Not Being Depreciated	73,373,128	78,625,349	72,860,664	72,860,664	73,029,456
Capital Assets, Being Depreciated	100,171,379	98,457,758	111,326,234	112,291,363	117,773,463
Total Assets	$235,409,443	$254,079,183	$271,957,045	$296,295,320	$320,706,263
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Amounts from Refunding of Debt	0	0	0	693,335	523,867
LIABILITIES:					
Accounts Payable	$ 4,118,591	$ 3,781,440	$ 10,757,252	$ 18,982,994	$ 21,202,698
Accrued Liabilities	884,324	1,117,785	135,308	99,888	122,264
Accrued Payroll	204,987	208,333	1,236,079	1,277,237	1,583,289
Other Payables	269,137	0	0	0	0
Accrued Interest Payable	313,575	210,205	180,585	175,095	183,205
Unearned Revenue	29,144,543	30,054,362	29,845,858	264,466	430,032
Deposits Payable	286,308	69,042	47,754	46,382	51,687
Short Term Notes Payable	7,112,000	0	0	0	0
Accrued Pension Contributions	0	0	0	0	0
Long-Term Obligations:					
Due Within One Year	8,705,663	8,491,794	6,416,581	7,435,057	14,436,802
Due in More Than One Year	70,020,175	66,064,563	61,482,515	55,779,769	46,962,691
Total Liabilities	$121,059,303	$109,997,524	$110,101,932	$ 84,060,888	$ 84,972,668
DEFERRED INFLOWS OF RESOURCES:					
Deferred Property Tax Revenue	0	0	0	27,493,679	28,359,634
NET ASSETS:					
Investment in Capital Assets, Net of Related Debt	$106,143,382	$120,440,844	$116,287,802	$127,408,625	$141,973,412
Restricted For:					
Streets and Highways	152,202	624,128	1,768,708	1,596,392	454,201
Public Safety	2,362,852	2,951,948	2,266,416	2,347,517	2,104,739
Economic Development	1,095,556	3,419,235	4,756,587	6,034,197	3,941,385
Debt Service	0	0	240,116	288,188	8,369,381
Unrestricted	4,596,148	16,645,504	36,535,484	47,759,170	51,054,710
Total Net Assets	$114,350,140	$144,081,659	$161,855,113	$185,434,089	$207,897,828

Statement of Activities
Governmental Activities
Net (Expense) Revenue and Changes in Net Assets

	Audited Year Ended December 31				
	2009	2010	2011	2012	2013
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:					
General Government	$ (289,549)	$ 515,329	$(10,479,088)	$(20,102,402)	$(20,085,342)
Public Safety	(34,007,194)	(32,071,707)	(33,959,029)	(33,760,877)	(35,284,095)
Public Works	(6,070,734)	(3,856,346)	(4,465,290)	(3,644,680)	(3,551,642)
Streets and Highways	(7,309,291)	6,585,361	(2,012,893)	(3,459,609)	(6,902,428)
Economic Development	(2,184,724)	(1,487,301)	(1,161,997)	(1,553,448)	(1,906,584)
Interest	(3,984,468)	(3,631,361)	(3,274,304)	(3,046,102)	(2,709,144)
Total Governmental Activities(1)	$ (53,845,960)	$ (33,946,025)	$ (55,352,601)	$ (65,567,118)	$ (70,439,235)
GENERAL REVENUES:					
Taxes:					
Property	$ 27,934,060	$ 29,117,255	$ 29,671,822	$ 28,841,683	$ 28,575,125
Replacement	1,229,867	1,296,063	1,207,737	1,143,050	1,341,936
Sales	8,271,828	8,589,981	8,690,828	9,695,640	13,486,496
Utility	2,184,785	3,353,950	3,401,735	3,239,299	3,264,076
Income	4,686,475	4,580,927	4,515,411	5,376,774	5,643,512
Home Rule Sales	4,775,264	4,834,624	5,034,311	5,544,261	5,640,304
Food and Beverage Tax	897,541	911,865	1,059,647	1,236,942	1,177,511
Hotel/Motel	1,243,395	1,387,872	1,440,269	1,675,772	1,752,342
Real Estate Transfer	341,949	399,853	393,417	407,884	436,309
Local Option Motor Fuel	0	1,683,503	1,719,941	1,685,069	1,707,152
Gaming Taxes	0	0	10,819,591	24,802,456	24,662,123
Other Taxes	5,628,019	4,364,047	4,541,664	4,735,420	4,277,423
Intergovernmental	128,581	574,467	0	0	0
Investment Income	98,711	74,589	82,369	160,289	89,626
Miscellaneous	1,329,137	479,138	783,626	1,280,897	899,031
Gain (Loss) on Sale of Capital Assets	0	0	0	0	0
Contributions	0	0	0	0	0
Transfers	(94,340)	262,432	(236,313)	15,758	(49,992)
Component Unit Transfers	0	0	0	0	0
Total General Revenues	$ 58,655,272	$ 61,910,566	$ 73,126,055	$ 89,841,194	$ 92,902,974
Change in Net Assets	4,809,312	27,964,541	17,773,454	24,274,076	22,463,739
Prior Period Adjustments	0	0	0	0	0
Net Assets, January 1	109,540,828	116,117,118(2)	144,081,659	161,160,013(2)	$185,434,089
Net Assets, December 31	$114,350,140	$144,081,659	$161,855,113	$185,434,089	$207,897,828

Notes: (1) Expenses less Charges for Services, Operating Grants and Capital Grants.
(2) As restated.

General Fund
Balance Sheet

	Audited as of December 31				
ASSETS:	2009	2010	2011	2012	2013
Cash and Equivalents	$ 9,957,253	$10,607,174	$17,109,909	$23,740,541	$30,801,407
Receivables:					
Accounts	982,339	1,060,691	1,404,139	1,405,087	1,383,991
Property Taxes	22,179,165	25,086,119	23,006,473	22,800,930	22,830,537
Other Taxes	1,125,325	1,183,355	1,256,378	1,196,399	1,233,717
Other Receivables	708,758	472,269	439,754	561,804	310,559
Accrued Pension Contributions	0	0	0	0	0
Accrued Interest	190	0	451	7,051	1,990
Due From Other Governments	4,822,972	5,471,825	5,055,974	5,342,762	5,165,574
Due From Other Funds	8,813,767	8,189,209	421,135	2,481	777,873
Advances From/To Other Funds	0	0	8,162,664	8,606,709	9,897,031
Prepaid Items	4,536	3,000	0	0	3,265
Total Assets	$48,594,305	$52,073,642	$56,856,877	$63,663,764	$72,405,944
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts Payable	$ 1,617,404	$ 1,333,639	$ 1,649,263	$ 1,774,441	$ 2,337,847
Accrued Payroll	0	0	1,220,715	1,268,564	1,567,700
Accrued Liabilities	1,057,244	1,191,531	111,498	85,731	99,074
Other Payables	0	0	0	0	0
Due to other government units	269,137	0	0	0	0
Deferred Revenue	23,729,102	24,288,549	24,632,188	264,466	430,032
Due to Other Funds	2,435,193	1,865,857	0	0	0
Short-term Notes Payable	6,500,000	0	0	0	0
Accrued Pension Contributions	0	0	0	0	0
Total Liabilities	$35,608,080	$28,679,576	$27,613,664	$ 3,393,202	$ 4,434,653
Deferred Inflows of Resources:					
Deferred Property Tax Revenue	$ 0	$ 0	$ 0	$22,747,973	$22,745,844
Unavailable Other Revenue	0	0	0	1,787,820	1,584,834
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$24,535,793	$24,330,678
Non Spendable:					
Long-term Interfund Advances	0	0	8,162,664	8,606,709	$ 9,897,031
Prepaid Items	0	0	0	0	3,265
Reserved	0	0	0	0	0
Reserved for Long-Term Receivable	8,807,458	7,977,992	0	0	0
Reserved for Prepaid Items	4,536	3,000	0	0	0
Assigned:					
Infrastructure	0	0	0	500,000	4,100,000
Capital Acquisitions	0	0	0	152,500	3,970,000
Streets and Highways	0	0	0	0	250,000
Pension Funding	0	0	0	1,009,318	1,313,108
Public Safety	0	0	0	2,500,000	0
Debt Service	0	0	0	0	4,000,000
Unreserved	4,174,231	15,413,074	0	0	0
Unassigned	0	0	21,080,549	22,966,242	20,107,209
Total Fund Equity	$12,986,225	$23,394,066	$29,243,213	$35,734,769	$43,640,613
Total Liabilities, Deferred Inflows of Resources and Fund Equity	$48,594,305	$52,073,642	$56,856,877	$63,663,764	$72,405,944

Note: (1) Includes cash and equivalents.

General Fund
Revenues and Expenditures

	Audited Years Ending December 31				
REVENUES:	2009	2010	2011	2012	2013
Taxes	$19,888,602	$21,461,924	$22,356,628	$23,141,075	$23,043,431
Other Taxes	10,298,486	11,556,651	11,743,198	12,195,929	12,030,631
Licenses and Permits	3,011,551	4,054,683	3,086,311	2,781,329	2,924,191
Intergovernmental	14,430,178	14,680,433	15,010,880	16,245,216	20,992,728
Charges for Services	6,377,634	6,246,285	6,344,524	6,689,530	6,245,773
Fines and Forfeits	1,118,464	921,328	1,370,186	1,158,716	1,312,001
Investment Income	15,497	23,469	41,617	85,646	25,188
Miscellaneous	1,111,874	363,613	559,964	543,494	550,055
Total Revenues	$56,252,286	$59,308,386	$60,513,308	$62,840,935	$67,123,998
EXPENDITURES:					
Current:					
General Government	$ 7,093,003	$ 6,742,596	$ 6,821,598	$ 7,304,439	$ 7,272,417
Public Safety	35,460,313	34,078,950	36,561,253	37,230,479	38,138,909
Public Works	5,855,521	4,872,193	5,943,764	5,697,710	6,225,488
Streets and Highways	5,069,135	4,236,133	4,412,015	4,539,771	5,210,461
Economic Development	329,564	374,321	371,346	410,325	500,690
Interest and Fiscal Charges	0	36,026	0	0	0
Capital Outlay	16,836	28,403	0	0	0
Total Expenditures	$53,824,372	$50,368,622	$54,109,976	$55,182,724	$57,347,965
Excess (Deficiency) of Revenues Over Expenditures	$ 2,427,914	$ 8,939,764	$ 6,403,332	$ 7,658,211	$ 9,776,033
Other Financing Sources (Uses), Net	1,190,000	1,468,077	(2,420,042)	(1,166,655)	(1,870,189)
Special Items	0	0	1,865,857	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	$ 3,617,914	$10,407,841	$ 5,849,147	$ 6,491,556	$ 7,905,844
Balance, January 1	$ 9,370,311	$12,986,225	$23,394,066	$29,243,213	$35,734,769
Balance, December 31	$12,988,225	$23,394,066	$29,243,213	$35,734,769	$43,640,613

General Fund
Unaudited Budget and Interim Information *(1)*

	Budget Fiscal Year 2014	Year-to-Date Six Months Ended June 30, 2014
REVENUES:		
Taxes	$34,027,100	$ 18,779,880
Licenses & Permits	2,177,100	2,207,517
Intergovernmental	15,035,000	8,896,027
Charges for Services	5,574,000	2,883,414
Fines and Forfeits	1,057,500	723,489
Investment Income	50,000	16,079
Other	502,257	274,394
Total Revenue	$58,422,957	$33,780,800
EXPENDITURES:		
General Government	$13,137,215	$ 4,913,657
Public Safety	39,021,257	18,299,767
Economic Development	641,714	105,116
Public Works	5,921,466	2,114,962
Streets & Highways	6,288,473	2,314,073
Total Expenditures	$65,010,125	$27,747,575

Note: (1) Source: the City.

EMPLOYEES' RETIREMENT SYSTEM

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple employer public employee retirement system; the Police Pension Plan which is a single employer pension plan; and the Firefighters' Pension Plan which is a single employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained on-line at www.imrf.org.

See **APPENDIX D** herein for a discussion of the City's employee retirement obligations.

OTHER POST EMPLOYMENT BENEFITS

The City administers a single employer defined benefit healthcare plan "the Retiree Health Plan". The plan provides health insurance contributions for eligible retirees and their spouses through the City's group health insurance plan which covers both active and retired members. A retiree is eligible to receive benefits if they fall into any one of four categories. IMRF participants are eligible at age 55 with at least 8 years of service, or if they are totally and permanently disabled. Police officers and firefighters are eligible at age 50 with 20 years of service, or if they medically disabled and unable to perform the duties as a police officer or firefighter. Police officers are eligible for a reduced benefit at age 60 with at least 10 years of service, but less than 20 years. Police officers and firefighters that terminate with a vested benefit are eligible for post-retirement healthcare benefits commencing at the time of separation. Spouses and dependents of retirees are eligible to continue healthcare coverage while the retiree is alive if they were enrolled at the time of retirement. Surviving spouses of employees are eligible for COBRA coverage. Surviving spouses and dependent children of police officers and firefighters that were injured in the line of duty, during an emergency, and surviving spouses of all retirees are eligible to continue healthcare coverage. Retirees, spouses, and dependents opting out of the retiree health program cannot re-enter into the program.

See **APPENDIX A** herein for a discussion of the City's employee retirement and other postemployment benefits obligations.

REGISTRATION, TRANSFER AND EXCHANGE

Registration

The registered owner of a Bond will be deemed and regarded as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest theron and for all other purposes whatsoever, and all such payments so made to such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

Transfers and Exchanges

The transfer of Bonds will be registrable only upon the registration books maintained by the City for that purpose at the principal corporate trust office of the Bond Registrar, by the registered owner thereof or by his attorney duly authorizied in writing, upon surrender thereof together with an instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized agent. Upon such surrender for registration of transfer, the City will execute and the Bond Registrar will authenticate and deliver a new Bond or Bonds of any authorized denominations, registered in the name of the transferee, and of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of any authorized denominations, upon surrender thereof as the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized agent.

For every such exchange or registration of transfer of Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. No charge will be made in connection with such exchange or registration of transfer to pay the cost of preparing each new Bond issued upon such exchange or registration of transfer.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS - THE SERIES 2014A BONDS

THE SERIES 2014A BONDS WILL BE TREATED AS OBLIGATIONS NOT DESCRIBED IN SECTION 103(A) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, EXCLUDING FROM FEDERAL GROSS INCOME THE INTEREST ON AN OBLIGATION OF A POLITICAL SUBDIVISION OF A STATE. THE HOLDERS OF THE SERIES 2014A BONDS SHOULD TREAT THE INTEREST ON THE SERIES 2014A BONDS AS SUBJECT TO FEDERAL INCOME TAXATION.

THE INTEREST ON THE SERIES 2014A BONDS IS NOT EXEMPT FROM STATE OF ILLINOIS INCOME TAXES.

TAX EXEMPTION - THE SERIES 2014B BONDS

Summary of Bond Counsel Opinion

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Series 2014B Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Series 2014B Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Bond Counsel is further of the opinion that the Series 2014B Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2014B Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Series 2014B Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for tax purposes of the corporate alternative minimum tax. Interest on the Series 2014B Bonds is not exempt from State of Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series 2014B Bonds. These requirements relate to the use and investment of the proceeds of the Series 2014B Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2014B Bonds and the use of property financed with the proceeds of the Series 2014B Bonds. The City has covenanted in the Series 2014B Bond Ordinance to comply with these requirements.

Series 2014B Bonds Purchased at a Premium or a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Series 2014B Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Series 2014B Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Series 2014B Bond, the difference between the two is known as "bond premium"; if the Offering Price is lower than the maturity value of a Series 2014B Bond, the difference between the two is known as "original issue discount".

Bond premium and original issue discount are amortized over the term of a Series 2014B Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period and is subtracted from the owner's tax basis in the Series 2014B Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series 2014B Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Series 2014B Bond. A Series 2014B Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the Series 2014B Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Series 2014B Bond).

Owners of Series 2014B Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Series 2014B Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Series 2014B Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a year later.

Exclusion From Gross Income Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Series 2014B Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Series 2014B Bonds proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Series 2014B Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Series 2014B Bonds.

Rebate of Arbitrage Profit. Unless the City qualifies for one of several exemptions, earnings from the investment of the "gross proceeds" of the Series 2014B Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2014B Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Series 2014B Bonds, amounts received as a result of investing such proceeds, and amounts to be used to pay debt service on the Series 2014B Bonds.

Covenants to Comply. The City has covenanted in the Series 2014B Bond Ordinance to comply with the requirements of the Code relating to the exclusion from gross income for Federal income tax purposes of interest on the Series 2014B Bonds.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Series 2014B Bonds may become includible in the gross income of the owners thereof for Federal income tax purposes retroactive to the date of issue. In such event, the Series 2014B Bond Ordinance requires neither acceleration of payment of principal of, or interest on, the Series 2014B Bonds nor payment of any additional interest or penalties to the owners of the Series 2014B Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Series 2014B Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2014B Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable Federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2014B BONDS.

QUALIFIED TAX EXEMPT OBLIGATIONS - THE SERIES 2014B BONDS

Section 265(b)(3)(B) of the Code provides that certain issues designated or deemed as "qualified tax-exempt obligations" and purchased by financial institutions (either from the issuer or in a secondary market transaction) may be disregarded in computing the proportional disallowance of interest expense provided in such Section. In the Series 2014B Bond Ordinance, the City has designated the Series 2014B Bonds as "qualified tax-exempt obligations". In addition, as required by Section 265 of the Code, the City has represented that the reasonably anticipated amount of "tax-exempt obligations" that are required to be taken into account under Section 265 of the Code and will be issued by the City and all subordinate entities of the City during 2014 does not exceed $10,000,000 except to the extent that refunding bonds may be deemed as "qualified tax-exempt obligations" in excess of $10,000,000, and has covenanted that it will not designate and issue more than $10,000,000 aggregate principal amount of "tax-exempt obligations" during 2014. For purposes of the foregoing sentence, the term "tax-exempt obligations" includes "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code) but does not include other "private activity bonds" (as defined in Section 141(a) of the Code).

CONTINUING DISCLOSURE

The City has entered into undertakings with different filing periods of 180 and 210 days after the end of the fiscal year. Over the past five years certain filings have been late. The City filed the 2011 Comprehensive Annual Financial Statements (CAFR) on July 2, 2012, the 2010 CAFR on June 26, 2012, the 2009 CAFR on March 2, 2011 and the 2008 CAFR on July 22, 2009. The 2010 annual operating statement was filed on July 20, 2010.

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the City. Due to widespread knowledge of these rating actions, material event notices were not filed by the City in each instance.

As of the date of this Final Official Statement all outstanding CAFRs and annual operating statements have been filed. The City established procedures in December 2012 to ensure that CAFRs and annual operating statements will be filed in a timely manner in the future.

In the Bond Ordinance, the City has covenanted and agreed, for the benefit of the beneficial owners of the Bonds, to provide certain financial information and operating data relating to the City within 210 days after the close of the City's fiscal year (the "Annual Report"); and, in a timely manner not in excess of ten business days after the event, to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB") for disclosures on its Electronic Municipal Market Access ("EMMA") system. The filing of the annual operating statement, with respect to statements in the Final Official Statement, may be incorporated into the City's CAFR or as a separate filing. The information to be contained in the Annual Report will consist of the annual audited financial statement of the City, and updated information with respect to the statements in the Final Official Statement contained under the captions **"Retailers' Occupation, Service Occupation and Use Tax"**, **"DEBT INFORMATION"**, **"PROPERTY ASSESSMENT AND TAX INFORMATION"** and **"FINANCIAL INFORMATION (Excluding Budget and Interim Information Totals)"**. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement will be included in the Annual Report and the audited financial statement will be filed promptly after it becomes available. The notices of enumerated events and timely notice of any failure of the City to file its Annual Report within the 210 day period will be filed by the City with the MSRB for disclosures on EMMA. The City's undertaking with respect to enumerated events includes timely notice of the occurrence of any of the following events with respect to the Bonds.

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Debt calls, if material
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Tender offers
13. Bankruptcy, insolvency, receivership or similar event of the City*
14. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

**This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

The City has agreed to the foregoing undertaking in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The City will provide the foregoing information for so long as Rule 15c2-12(b)(5) is applicable to the Bonds and the City remains an "obligated person" under the Rule with respect to the Bonds. No provision of the bond ordinance limits the remedies available to any beneficial owner of the Bonds with respect to the enforcement of the continuing disclosure covenants of the City described above. Failure to comply with the continuing disclosure covenants will not constitute an event of default under the Bond Ordinance.

The City may amend the continuing disclosure undertaking contained in the Ordinance upon a change in circumstances provided that (a) the undertakings, as amended, would have complied with the requirements of Rule 15(c)2-12(b)(5) at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

OPTIONAL REDEMPTION

The Bonds are **not** subject to optional redemption prior to maturity.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified approving opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, whose approving opinion will be delivered with the Bonds. Bond Counsel has reviewed the statements in this Final Official Statement appearing under the headings **"PURPOSE, LEGALITY AND SECURITY"** and **"TAX EXEMPTION,"** and is of the opinion that the statements contained under such headings are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown. Except for the foregoing, however, Bond Counsel has not independently verified the accuracy or completeness of statements and information contained in the Final Official Statement and does not assume any responsibility of the accuracy or completeness of such statements and information.

The opinion of Bond Counsel and the descriptions of the tax law contained in this Final Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

FINAL OFFICIAL STATEMENT AUTHORIZATION

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Final Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658. The City will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds. Moody's Investors Service has assigned the Bonds a rating of "Aa2".

DEFEASANCE AND PAYMENT OF BONDS

If the City shall pay or cause to be paid to the registered owners of the bonds, the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the bonds shall be discharged and satisfied.

Any bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such bonds, shall be deemed to have been paid if (1) in case any such bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined below, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said bonds on and prior to the applicable redemption date or maturity date thereof.

The term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

UNDERWRITING

The Series 2014A Bonds were offered for sale by the City at a public, competitive sale on August 18, 2014. The best bid submitted at the sale was submitted by Raymond James & Associates, Inc., Memphis, Tennessee (the "Series 2014A Underwriter"). The City awarded the contract for sale of the Series 2014A Bonds to the Series 2014A Underwriter at a price of $2,009,850.00. The Series 2014A Underwriter has represented to the City that the Series 2014A Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in this Final Official Statement.

The Series 2014B Bonds were offered for sale by the City at a public, competitive sale on August 18, 2014. The best bid submitted at the sale was submitted by Hutchinson, Shockey, Erley & Co., Chicago, Illinois (the "Series 2014B Underwriter"). The City awarded the contract for sale of the Series 2014B Bonds to the Series 2014B Underwriter at a price of $5,721,986.13. The Series 2014B Underwriter has represented to the City that the Series 2014B Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in this Final Official Statement.

FINANCIAL ADVISOR

The City has engaged Speer Financial, Inc. as financial advisor (the "Financial Advisor") in connection with the issuance and sale of the Bonds. The Financial Advisor is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Financial Advisor will not participate in the underwriting of the Bonds. The financial information included in the Final Official Statement has been compiled by the Financial Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Financial Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Financial Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Final Official Statement dated August 18, 2014, for the $2,020,000 Taxable General Obligation Refunding Bonds, Series 2014A and the $5,600,000 General Obligation Refunding Bonds, Series 2014B, believe it to be true and correct and will provide to the purchasers of the Bonds at the time of delivery a certificate confirming to the purchasers that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **MATTHEW BOGUSZ**
Mayor
CITY OF DES PLAINES
Cook County, Illinois

/s/ **DOROTHY WISNIEWSKI**
Director of Finance
CITY OF DES PLAINES
Cook County, Illinois

APPENDIX A

CITY OF DES PLAINES
COOK COUNTY, ILLINOIS

EXCERPTS OF FISCAL YEAR 2013 AUDITED FINANCIAL STATEMENTS

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit (Library)
ASSETS				
Cash and Investments	$ 75,050,932	$ 1,171,966	$ 76,222,898	$ 5,918,494
Restricted Cash and Investments	8,087,311	-	8,087,311	-
Receivables (Net)				
Property Taxes	28,563,366	-	28,563,366	6,123,263
Accounts	4,612,787	3,878,343	8,491,130	-
Accrued Interest	3,156	-	3,156	-
Other Taxes	1,382,230	-	1,382,230	-
Other	313,809	284,537	598,346	-
Prepaid Items	3,116,909	6,053	3,122,962	64,397
Inventories	-	280,322	280,322	-
Due from Other Governmental Units	6,940,345	-	6,940,345	-
Internal Balances	321,812	(321,812)	-	-
Net Pension Asset	1,510,687	-	1,510,687	-
Capital Assets Not Being Depreciated	73,029,456	1,891,770	74,921,226	-
Capital Assets Being Depreciated, Net	117,773,463	27,961,470	145,734,933	862,543
TOTAL ASSETS	320,706,263	35,152,649	355,858,912	12,968,697
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts from Refunding of Debt	523,867	-	523,867	-
LIABILITIES				
Accounts Payable	21,202,698	1,403,036	22,605,734	265,573
Accrued Payroll	1,583,289	262,868	1,846,157	69,334
Accrued Liabilities	122,264	275,644	397,908	-
Accrued Interest Payable	183,205	-	183,205	-
Unearned Revenue	430,032	177,158	607,190	-
Deposits Payable	51,687	-	51,687	-
Long-term Obligations				
Due Within One Year	14,436,802	267,848	14,704,650	97,855
Due in More Than One Year	46,962,691	456,630	47,419,321	309,831
TOTAL LIABILITIES	84,972,668	2,843,184	87,815,852	742,593
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	28,359,634	-	28,359,634	6,108,056
NET POSITION				
Net Investment in Capital Assets	141,973,412	29,853,240	171,826,652	862,543
Restricted for				
Streets and Highways	454,201	-	454,201	-
Public Safety	2,104,739	-	2,104,739	-
Economic Development	3,941,385	-	3,941,385	-
Culture and Recreation	-	-	-	5,255,505
Debt Service	8,369,381	-	8,369,381	-
Unrestricted	51,054,710	2,456,225	53,510,935	-
TOTAL NET POSITION	$ 207,897,828	$ 32,309,465	$ 240,207,293	$ 6,118,048

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CITY OF DES PLAINES, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total Primary Government	Component Unit: Library
Primary Government								
Governmental Activities								
General Government	$ 26,119,801	$ 5,774,206	$ 260,253	$ -	$ (20,085,342)		$ (20,085,342)	$ -
Public Safety	38,792,971	3,259,941	248,935	-	(35,284,095)		(35,284,095)	-
Public Works	8,448,448	4,092,464	804,342	-	(3,551,642)		(3,551,642)	-
Streets and Highways	11,450,291	2,288,299	1,682,991	576,573	(6,902,428)		(6,902,428)	-
Economic Development	1,906,584	-	-	-	(1,906,584)		(1,906,584)	-
Interest and Fiscal Charges	2,709,144	-	-	-	(2,709,144)		(2,709,144)	-
Total Governmental Activities	89,427,239	15,414,910	2,996,521	576,573	(70,439,235)		(70,439,235)	-
Business-type Activities								
Water	15,412,364	13,810,387	8,237	-		$ (1,593,740)	(1,593,740)	-
Parking System	808,793	336,051	-	-		(472,742)	(472,742)	-
Emergency Communications	2,247,933	2,089,579	-	-		(158,354)	(158,354)	-
Total Business-type Activities	18,469,090	16,236,017	8,237	-		(2,224,836)	(2,224,836)	-
Total Primary Government	$ 107,896,329	$ 31,650,927	$ 3,004,758	$ 576,573	(70,439,235)	(2,224,836)	(72,664,071)	-
Component Unit:								
Library	$ 6,073,379	$ 164,584	$ 63,977	$ -	-	-	-	(5,844,818)
General Revenues								
Taxes								
Property Taxes					28,575,125	-	28,575,125	6,289,369
Replacement Taxes					1,341,936	-	1,341,936	92,988
Sales Taxes					13,486,496	-	13,486,496	-
Utility Taxes					3,264,076	-	3,264,076	-
Income Taxes					5,643,512	-	5,643,512	-
Home Rule Sales Taxes					5,640,304	-	5,640,304	-
Food and Beverage Taxes					1,177,511	-	1,177,511	-
Hotel/Motel Taxes					1,752,342	-	1,752,342	-
Real Estate Transfer Taxes					436,309	-	436,309	-
Local Option Motor Fuel Taxes					1,707,152	-	1,707,152	-
Gaming Taxes					24,662,123	-	24,662,123	-
Other Taxes					4,277,423	-	4,277,423	-
Investment Income					89,626	1,776	91,402	1,945
Miscellaneous					899,031	5,388	904,419	23,173
Transfers					(49,992)	49,992	-	-
Total General Revenues and Transfers					92,902,974	57,156	92,960,130	6,407,475
Change in Net Position					22,463,739	(2,167,680)	20,296,059	562,657
Net Position, January 1, 2013 (as Restated)					185,434,089	34,477,145	219,911,234	5,555,391
Net Position, December 31, 2013					$ 207,897,828	$ 32,309,465	$ 240,207,293	$ 6,118,048

CITY OF DES PLAINES, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF #6 (Mannheim/ Higgins)	Gaming Tax	Capital Projects		
ASSETS						
Cash and Investments	$ 30,801,407	$ -	$ 27,538,259	$ 2,974,778	$ 12,275,733	$ 73,590,178
Restricted Cash and Investments	-	4,460,206	-	-	3,627,105	8,087,311
Receivables (net)						
Property Tax Receivable	22,830,537	49,638	-	32,981	5,650,210	28,563,366
Other Taxes	1,233,717	-	-	148,513	-	1,382,230
Accounts Receivable	1,383,991	-	-	628,568	-	2,012,559
Accrued Interest	1,990	-	992	-	174	3,156
Other	310,559	-	2,600,228	-	2,462	2,913,249
Prepaid Items	3,265	-	-	-	-	3,265
Due from Other Governments	5,165,574	-	-	1,057,959	716,812	6,940,345
Due from Other Funds	777,873	-	-	-	-	777,873
Advances to Other Funds	9,897,031	-	-	-	-	9,897,031
TOTAL ASSETS	$ 72,405,944	$ 4,509,844	$ 30,139,479	$ 4,842,800	$ 22,272,496	$ 134,170,563
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 2,337,847	$ 1,448	$ 15,864,849	$ 1,266,981	$ 1,615,438	$ 21,086,563
Accrued Payroll	1,567,700	-	-	12,900	2,689	1,583,289
Accrued Liabilities	99,074	-	-	-	-	99,074
Deposits Payable	-	-	-	1,150	50,537	51,687
Advances from Other Funds	-	6,843,003	-	-	3,054,028	9,897,031
Unearned Revenue	430,032	-	-	-	-	430,032
Total Liabilities	4,434,653	6,844,451	15,864,849	1,281,031	4,722,692	33,147,676
Deferred Inflows of Resources						
Deferred Property Tax Revenue	22,745,844	49,638	-	32,695	5,531,457	28,359,634
Unavailable Other Revenue	1,584,834	-	-	-	550,095	2,134,929
Total Deferred Inflows of Resources	24,330,678	49,638	-	32,695	6,081,552	30,494,563
Fund Balances						
Nonspendable						
Long-term Interfund Advances	9,897,031	-	-	-	-	9,897,031
Prepaid Items	3,265	-	-	-	-	3,265
Restricted						
Economic Development	-	-	-	-	3,941,385	3,941,385
Debt Retirement/Infrastructure	-	-	14,274,630	-	-	14,274,630
Streets & Highways	-	-	-	-	454,201	454,201
Public Safety	-	-	-	-	2,104,739	2,104,739
Debt Service	-	4,460,206	-	-	4,092,380	8,552,586
Assigned						
Infrastructure	4,100,000	-	-	3,529,074	-	7,629,074
Capital Acquisitions	3,970,000	-	-	-	3,929,699	7,899,699
Streets & Highways	250,000	-	-	-	-	250,000
Pension Funding	1,313,108	-	-	-	-	1,313,108
Debt Service	4,000,000	-	-	-	-	4,000,000
Unassigned	20,107,209	(6,844,451)	-	-	(3,054,152)	10,208,606
Total Fund Balances	43,640,613	(2,384,245)	14,274,630	3,529,074	11,468,252	70,528,324
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 72,405,944	$ 4,509,844	$ 30,139,479	$ 4,842,800	$ 22,272,496	$ 134,170,563

A-3

CITY OF DES PLAINES, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total Fund Balances - Governmental Funds		$ 70,528,324
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital Assets	$ 293,097,237	
Accumulated Depreciation	(102,294,318)	
Net Capital Assets		190,802,919
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		2,134,929
Gains/Losses related to the refunding of long-term debt are deferred and amortized over the life of the debt issue in the statement of net position.		523,867
Generally, interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(183,205)
The net pension assets of the police and firefighters pension funds are included in the governmental activities in the statement of net position.		1,510,687
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Compensated Absences Payable	(2,091,627)	
General Obligation Bonds Payable	(12,470,000)	
TIF General Obligation Bonds Payable	(43,604,315)	
TIF Revenue Bonds Payable	(482,387)	
Unamortized Bond Premiums & Discounts	(541,672)	
Installment Notes Payable	(200,000)	
Other Post Employment Benefits (OPEB)	(1,717,972)	
Net Pension Obligation - IMRF	(272,287)	
Total Long-term Liabilities		(61,380,260)
Internal service funds are reported in the Statement of Net Position as Governmental Activities.		3,960,567
Net Position of Governmental Activities		$ 207,897,828

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	Major Governmental Funds					
	General	TIF #6 (Mannheim/ Higgins)	Gaming Tax	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$ 23,043,431	$ 7,104	$ -	$ 33,453	$ 5,491,137	$ 28,575,125
Other Taxes	12,030,631	-	24,662,123	5,937,380	98,828	42,728,962
Licenses and Permits	2,924,191	-	-	-	-	2,924,191
Intergovernmental	20,992,728	-	-	-	2,329,989	23,322,717
Public Charges for Services	6,245,773	-	-	2,288,299	-	8,534,072
Fines, Forfeitures and Penalties	1,312,001	-	-	-	126,876	1,438,877
Investment Income	25,188	148	36,938	3,487	23,831	89,592
Miscellaneous	550,055	3,147	-	45,463	32,304	630,969
Total Revenues	67,123,998	10,399	24,699,061	8,308,082	8,102,965	108,244,505
Expenditures						
Current						
General Government	7,272,417	-	15,864,849	-	269,010	23,406,276
Public Safety	38,138,909	-	-	-	191,455	38,330,364
Public Works	6,225,488	-	-	786,579	-	7,012,067
Streets and Highways	5,210,461	-	-	-	1,153,091	6,363,552
Economic Development	500,690	27,692	-	-	1,326,744	1,855,126
Debt Service						
Principal	-	725,000	-	6,795,000	2,273,365	9,793,365
Interest and Fiscal Charges	-	436,782	-	776,892	822,935	2,036,609
Capital Outlay	-	-	-	5,801,860	6,631,857	12,433,717
Total Expenditures	57,347,965	1,189,474	15,864,849	14,160,331	12,668,457	101,231,076
Excess (Deficiency) of Revenues over (under) Expenditures	9,776,033	(1,179,075)	8,834,212	(5,852,249)	(4,565,492)	7,013,429
Other Financing Sources (Uses)						
Transfer In	347,013	-	-	7,155,000	2,533,386	10,035,399
Transfer Out	(2,217,202)	(62,515)	(7,155,000)	(297,004)	(445,872)	(10,177,593)
Issuance of Debt	-	4,390,000	-	-	3,555,000	7,945,000
Premium on Bond Issuance	-	110,395	-	-	104,650	215,045
Total Other Financing Sources (Uses)	(1,870,189)	4,437,880	(7,155,000)	6,857,996	5,747,164	8,017,851
Net Change in Fund Balances	7,905,844	3,258,805	1,679,212	1,005,747	1,181,672	15,031,280
Fund Balances at Beginning of Year	35,734,769	(5,643,050)	12,595,418	2,523,327	10,286,580	55,497,044
Fund Balances at End of Year	$ 43,640,613	$ (2,384,245)	$ 14,274,630	$ 3,529,074	$ 11,468,252	$ 70,528,324

CITY OF DES PLAINES, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds		$ 15,031,280
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other transactions that impact capital assets in the current year.		
Capital Expenditures	$ 11,307,014	
Contributed Assets	467,295	
Depreciation	(6,123,417)	
Capital Expenditures in Excess of Depreciation		5,650,892
Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds.		330,829
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.		
Decrease in Compensated Absences Liability	144,990	
Accretion of Interest on Capital Appreciation Bonds	(537,437)	
Increase in Accrued Interest Payable	(8,110)	
Increase in Net Pension Obligation - IMRF	(39,389)	
Decrease in Other Post Employment Benefits (OPEB)	204,436	
Increase in Net Pension Asset	67,817	
Total Expenses of Non-current Resources		(167,693)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bonds Issued	(7,945,000)	
Premium on Bonds Issued	(215,045)	
Repayments:		
General Obligation Bonds Payable	6,870,000	
TIF General Obligation Bonds Payable	2,855,000	
TIF Revenue Bonds Payable	55,865	
Installment Notes Payable	12,500	
Amortization of Premiums, Discounts, & Loss on Refunding	(126,988)	
Net Adjustment		1,506,332
Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund (net of current look back adjustment) reported with the governmental activities.		112,099
Change in Net Position of Governmental Activities		$ 22,463,739

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water/Sewer	Parking System	Des Plaines Emergency Communication Center	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets					
Cash and Investments	$ -	$ 533,440	$ 638,526	$ 1,171,966	$ 1,460,754
Receivables (Net)					
Accounts	3,878,343	-	-	3,878,343	-
Other	10,531	70,258	203,748	284,537	788
Prepaid Items	-	-	6,053	6,053	3,113,644
Inventories	280,322	-	-	280,322	-
Total Current Assets	4,169,196	603,698	848,327	5,621,221	4,575,186
Noncurrent Assets					
Capital Assets					
Capital Assets Not Being Depreciated	233,828	1,657,942	-	1,891,770	-
Capital Assets Being Depreciated, Net	17,823,453	9,932,822	205,195	27,961,470	-
Total Noncurrent Assets	18,057,281	11,590,764	205,195	29,853,240	-
TOTAL ASSETS	22,226,477	12,194,462	1,053,522	35,474,461	4,575,186
LIABILITIES					
Current Liabilities					
Accounts Payable	1,335,444	46,537	21,055	1,403,036	116,135
Accrued Liabilities	206,689	-	331,823	538,512	23,190
Due to Other Funds	777,873	-	-	777,873	-
Unearned Revenue	-	-	177,158	177,158	-
Long-term Obligations, Due Within One Year					
Compensated Absences	173,190	-	94,658	267,848	-
Early Retirement Incentive Program Payable	-	-	-	-	19,233
Total Current Liabilities	2,493,196	46,537	624,694	3,164,427	158,558
Noncurrent Liabilities					
Long-term Obligations, Due In More Than One Year					
Net OPEB Obligation	68,288	-	109,783	178,071	-
Net IMRF Obligation	109,645	-	43,262	152,907	-
Compensated Absences	76,215	-	49,437	125,652	-
Total Noncurrent Liabilities	254,148	-	202,482	456,630	-
TOTAL LIABILITIES	2,747,344	46,537	827,176	3,621,057	158,558
NET POSITION					
Net Investment in Capital Assets	18,057,281	11,590,764	205,195	29,853,240	-
Unrestricted	1,421,852	557,161	21,151	2,000,164	4,416,628
TOTAL NET POSITION	$ 19,479,133	$ 12,147,925	$ 226,346	31,853,404	$ 4,416,628
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				456,061	
Net Position of Business-type Activities				$ 32,309,465	

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water/Sewer	Parking System	Des Plaines Emergency Communication Center	Total Enterprise Funds	Internal Service Funds
Operating Revenues					
Charges for Services	$ 13,810,387	$ 336,051	$ 2,089,579	$ 16,236,017	$ 11,343,544
Miscellaneous	5,388	-	-	5,388	247,490
Total Operating Revenues	13,815,775	336,051	2,089,579	16,241,405	11,591,034
Operating Expenses					
Salaries	3,239,433	-	1,184,796	4,424,229	-
Benefits	1,688,501	-	535,188	2,223,689	-
Contractual Services	1,252,729	16,686	224,590	1,494,005	-
Commodities	8,148,506	141,846	123,019	8,413,371	-
Capital Outlay	87,453	-	900	88,353	-
Claims Expense	-	-	-	-	8,055,172
Insurance and Processing Fees	-	-	-	-	3,110,266
Miscellaneous	-	-	-	-	433,842
Depreciation	948,579	649,879	179,440	1,777,898	-
Total Operating Expenses	15,365,201	808,411	2,247,933	18,421,545	11,599,280
Operating Income (Loss)	(1,549,426)	(472,360)	(158,354)	(2,180,140)	(8,246)
Nonoperating Revenues and (Expenses)					
Intergovernmental	8,237	-	-	8,237	-
Investment Income	1,711	-	65	1,776	34
Interest Expense	(19,436)	-	-	(19,436)	-
Total Nonoperating Revenues and (Expenses)	(9,488)	-	65	(9,423)	34
Income (Loss) Before Transfers	(1,558,914)	(472,360)	(158,289)	(2,189,563)	(8,212)
Transfers					
Transfers In	20,758	65,750	-	86,508	92,202
Transfers Out	-	(36,516)	-	(36,516)	-
Total Transfers	20,758	29,234	-	49,992	92,202
Change in Net Position	(1,538,156)	(443,126)	(158,289)	(2,139,571)	83,990
Net Position at Beginning of Year (as Restated)	21,017,289	12,591,051	384,635	33,992,975	4,332,638
Net Position at End of Year	$ 19,479,133	$ 12,147,925	$ 226,346	$ 31,853,404	$ 4,416,628
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				(28,109)	
Change in Net Position of Business-type Activities				$ (2,167,680)	

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water/Sewer	Parking System	Des Plaines Emergency Communication Center	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities					
Cash Received from Customers	$ 13,613,603	$ 373,492	$ 2,062,989	$ 16,050,084	$ 11,343,544
Receipts from Miscellaneous Revenues	5,388	-	-	5,388	247,490
Cash Payments to Suppliers for Good and Services	(9,407,730)	(148,124)	(333,507)	(9,889,361)	(11,794,719)
Cash Payments to Employees for Services	(4,852,071)	-	(1,466,280)	(6,318,351)	-
Net Cash Provided/(Used) by Operating Activities	(640,810)	225,368	263,202	(152,240)	(203,685)
Cash Flows from Noncapital Financing Activities					
Transfers In	20,758	65,750	-	86,508	92,202
Transfers Out	-	(36,516)	-	(36,516)	-
Interfund Advances	777,873	-	-	777,873	-
Loan Repayments Received	13,405	-	-	13,405	-
Proceeds from Operating Grants	8,237	-	-	8,237	-
Net Cash Provided/(Used) by Noncapital Financing Activities	820,273	29,234	-	849,507	92,202
Cash Flows from Capital and Related Financing Activities					
Principal Payments - Bonds	(365,000)	-	-	(365,000)	-
Acquisition and Construction of Capital Assets	(1,099,108)	(74,850)	-	(1,173,958)	-
Interest Paid	(14,990)	-	-	(14,990)	-
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,479,098)	(74,850)	-	(1,553,948)	-
Cash Flows from Investing Activities					
Investment Income	1,711	-	65	1,776	34
Net Cash Provided/(Used) by Investing Activities	1,711	-	65	1,776	34
Net Increase (Decrease) in Cash & Investments	(1,297,924)	179,752	263,267	(854,905)	(111,449)
Cash & Investments, Beginning of Year (Restated)	1,297,924	353,688	375,259	2,026,871	1,572,203
Cash & Investments, End of Year	$ -	$ 533,440	$ 638,526	$ 1,171,966	$ 1,460,754
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities					
Operating Income/(Loss)	$ (1,549,426)	$ (472,360)	$ (158,354)	$ (2,180,140)	$ (8,246)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities					
Depreciation	948,579	649,879	179,440	1,777,898	-
Decrease (Increase) in Receivables	(196,784)	37,441	(203,748)	(363,091)	(788)
Decrease (Increase) in Prepaid Items	-	-	(6,053)	(6,053)	69,583
Decrease (Increase) in Inventories	(102,980)	-	-	(102,980)	-
(Decrease) Increase in Accounts Payable	183,938	10,408	21,055	215,401	93,665
(Decrease) Increase in Accrued Liabilities	41,413	-	331,823	373,236	9,033
(Decrease) Increase in Unearned Revenue	-	-	177,158	177,158	-
(Decrease) Increase in Net OPEB Obligation	(8,126)	-	2,275	(5,851)	-
(Decrease) Increase in Net IMRF Obligation	22,508	-	(51,200)	(28,692)	-
(Decrease) Increase in Compensated Absences Payable	20,068	-	(29,194)	(9,126)	-
(Decrease) Increase in Early Retirement Incentive Program Payable	-	-	-	-	(366,932)
Total Adjustments	908,616	697,728	421,556	2,027,900	(195,439)
Net Cash Provided/(Used) by Operating Activities	$ (640,810)	$ 225,368	$ 263,202	$ (152,240)	$ (203,685)

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 7,061,864	$ 1,487,110
Investments		
U.S. Government and Agency Obligations	18,962,914	-
Mutual Funds	42,463,054	-
Corporate Bonds	22,841,740	-
Stocks	35,529,302	-
State and Local Obligations	2,197,508	-
Insurance Contracts	1,455	-
Receivables (Net)		
Accrued Interest	403,789	-
Other	-	472,765
Prepaid Items	11,552	-
TOTAL ASSETS	$ 129,473,178	$ 1,959,875
LIABILITIES AND NET POSITION		
Liabilities		
Accounts Payable	$ 81,797	$ 26,874
Accrued Liabilities	-	1,406,494
Deposits Payable	-	526,507
Total Liabilities	81,797	$ 1,959,875
Net Position		
Held in Trust for Pension Benefits	129,391,381	
TOTAL LIABILITIES AND NET POSITION	$ 129,473,178	

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
Year Ended December 31, 2013

	Pension Trust Funds
Additions	
Contributions	
Employer	$ 7,866,477
Plan Members	1,573,960
Total Contributions	9,440,437
Investment Income	15,433,952
Less Investment Expense	(496,509)
Net Investment Income	14,937,443
Total Additions	24,377,880
Deductions	
Administration	184,027
Benefits and Refunds	12,205,288
Total Deductions	12,389,315
Change in Plan Net Position	11,988,565
Plan Net Position at Beginning of Year	117,402,816
Plan Net Position at End of Year	$ 129,391,381

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Des Plaines, Illinois (the City) was founded in 1835 and incorporated in 1869. The City is a home rule municipality, under the 1970 Illinois Constitution, located in Cook County, Illinois. The City operates under a City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, civic and cultural, and general administrative services.

The accounting policies of the City of Des Plaines, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity: This report includes all of the funds of the City of Des Plaines. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement Nos. 14, 39, and 61.

The primary criterion for including a potential component unit within the reporting entity under GASB Statement No. 14, as amended by GASB Statement No. 61, is the financial accountability that the elected officials of the primary government have for the component unit. The criteria used in assessing financial accountability consist of (1) the primary government is financially accountable if it appoints a voting majority of the organization's governing body *and* (a) it is able to impose its will on that organization *or* (b) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government; *and* (2) the primary government is financially accountable if the organization is fiscally dependent on *and* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Component units that are fiduciary in nature are reported in the primary government's fund financial statements only. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Fiduciary Component Units – Police and Firefighters' Pension Funds - The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two firefighter employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund. No separate annual financial report is issued for the FPERS.

Discretely Presented Component Unit – Des Plaines Public Library – The government-wide financial statements include the Des Plaines Public Library (Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the City Council. Illinois Statutes provide for circumstances whereby the City can impose its will on the Library, and also create a potential financial benefit to or burden on the City. See Note 8. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The Library does not issue a separate audit report.

Government-Wide and Fund Financial Statements:

Government-wide Financial Statements – The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements – Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets & deferred outflows of resources, liabilities & deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

- General: Accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- TIF #6 (Mannheim/Higgins): Accounts for restricted incremental property tax revenues and expenditures related to the tax increment finance district located near Mannheim and Higgins Roads.
- Gaming Tax: Accounts for the revenues of a $1 admissions tax and 5% wagering tax collected at the Rivers Casino in Des Plaines, Illinois that are legally restricted for contractual obligations.
- Capital Projects: Accounts for resources legally restricted to supporting expenditures for the capital projects program.

The City reports the following major enterprise funds:

- Water/Sewer: Accounts for operations of the water and sewer system. The fund accounts for the provision of water and sewer to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund including administration, operations, maintenance, debt service, financing, billing and collection.
- Parking System: Accounts for operations of the Parking System. The fund accounts for provision of parking in the City. All activities necessary to provide such services are accounted for in this fund including administration, operations, maintenance and related debt service, billing and collection.

The City reports the following nonmajor governmental funds:

- Special Revenue Funds: Used to account for the proceeds of specific revenue sources (other than debt service and major capital projects) that are legally restricted to expenditures for specified purposes.

Motor Fuel Tax	Community Development Block Grant
Asset Seizure	Foreign Fire Insurance Tax
TIF #1 (Downtown)	TIF #3 (Wille Road)
TIF #4 (Five Corners)	TIF #5 (Perry/Lee)
Grant Funded Projects	

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Debt Service Funds: Used to account for the accumulation of resources for, and the payment of, general long term debt principal, interest, and related costs.

  Debt Service

- Capital Projects Funds: Used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

  Equipment Replacement
  I.T. Replacement

The City reports the following nonmajor enterprise fund:

- Des Plaines Emergency Communication Center Fund: Accounts for the 9-1-1 and emergency dispatching operations provided by the City to the City of Des Plaines and the City of Park Ridge under an intergovernmental agreement between the two communities.

In addition, the City reports the following fund types:

- Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

  Risk Management
  Health Benefits

- Pension (and other employee benefit) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

  Firefighters' Pension
  Police Pension

- Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

  Compliance Bond
  Section 125 Plan
  Joint Emergency Telephone System

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

Government-wide Financial Statements – The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, the interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of sales taxes, which the City considers revenues to be available if they are collected within 90 days. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred inflows of resources and unearned revenues on its financial statements. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, deferred inflows of resources and unearned revenue are removed from the balance sheet or statement of net position and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water/Sewer and Parking System funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity:

Deposits and Investments: For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

Illinois Statutes authorize the City to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension Funds may also invest in certain non U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds and equity securities. The Police Pension Fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The Firefighters' Pension Fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The Police and Firefighter's Pension Funds' policies are to maintain long term focus on its investment decision making process. Specifically, the Pension Fund's benefit liabilities extend many years into the future. As such, the investment focus should be on long term results.

Interest Rate Risk: The City's and Pension Funds' investment policies seek to ensure preservation of capital in the City's and Pension Funds' overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The City's and Pension Funds' policy does not limit investment maturities except as part of statutory requirements, as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all of the policies require the City's and Pension Funds' investment portfolio to be sufficiently liquid to enable the City and Pension Funds to meet all operating requirements as they come due.

The City will minimize interest risk that the market value of securities in the portfolio will fall due to changes in general interest rates by: (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and (2) investing operating funds primarily in short term securities or investment pools.

Credit Risk: State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The City's and Pension Funds' investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's general investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The City's investment policy minimizes credit risk by: (1) limiting investments to the safest type of securities, (2) pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business, and (3) diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The Police and Firefighters' Pension Funds' policies require all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. government or any agency or instrumentality thereof, or to corporate and municipal issues. All securities shall be of "investment grade" quality; that is, at the time of purchases, rated no lower than "Baa" by Moody's and no lower than "BBB" by Standard and Poor's. The Boards, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate.

Concentration of Credit Risk: The City's and Pension Funds' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over concentration in a particular type of security, risk factor, issuer, or maturity. The City's and Police Pension Fund's policy further states that no financial institution shall hold more than 50% of the City's investment portfolio at the current time of investment placement. The City operates its investments as an internal investment pool where each fund reports it's pro rata share of the investments made by the City. In this internal investment pool there were no investments which are subject to concentration of credit risk that represent more than 50% of the portfolio as of December 31, 2013.

Per the investment policy, no financial institution shall have more than 50% of the City's investment portfolio. No more than 33% of the City's investments may be commercial paper. No more than 25% of the City's investment portfolio may be brokered in certificates of deposit. Illinois funds and money market mutual funds shall not exceed 25% and IMET 15% of the City's investment portfolio. As of December 31, 2013, the City's investment in Illinois Funds and money market mutual funds was 40%, certificates of deposit was 9%, and IMET was 11% of total investments.

The Police Pension Fund investment policy places a minimum of 2% and maximum of 20% concentration on cash, a minimum of 30% and maximum of 68% on fixed income securities, a minimum of 0% and maximum of 10% on mutual funds, a minimum of 10% and maximum of 20% on foreign equities, and a minimum of 20% and maximum of 35% on equities. As of December 31, 2013, the Police Pension Trust Fund had 6% invested in cash, 33% invested in fixed income securities, 36% in mutual funds, 0% in foreign equities and 25% in equities.

The Firefighter Pension Fund investment policy places a minimum of 2% and maximum of 20% concentration on cash, a minimum of 30% and maximum of 68% on fixed income securities, a minimum of 0% and maximum of 10% on mutual funds, a minimum of 10% and maximum of 20% on foreign equities, and a minimum of 20% and maximum of 40% on equities. As of December 31, 2013, the Firefighter Pension Trust Fund had 5% invested in cash, 35% invested in fixed income securities, 30% in mutual funds, 0% in foreign equities and 30% in equities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Credit Risk – Deposits: The City's and Pension Funds' investment policies limit the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 100% of the value of the deposit. The Firefighters' Pension Fund's investment policy limits exposure to deposit custodial credit risk by requiring deposits in excess of FDIC insurable limits to be collateralized.

Custodial Credit Risk – Investments: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City and Pension Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's and Pension Funds' investment policies require that all amounts in excess of any insurance limits be collateralized by securities eligible for City and Pension Funds investment or any other high quality, interest bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The City's and Pension Fund's investment policies require all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

See Note 3 for further information.

Receivables: Property taxes for levy year 2013 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance).

Tax bills are prepared by the County and issued on or about February 1, 2013 and September 1, 2013, and are payable in two installments, on or about March 1, 2013 and October 1, 2013 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2013 property tax levy is recognized as a receivable and deferred inflow of resources in fiscal year 2013, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2013, the property taxes receivable and deferred inflow of resources consisted of the estimated amount collectible from the 2013 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 1% of outstanding property taxes at December 31, 2013.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Inventories and Prepaid Items: Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on debt refunding reported in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports resources associated with imposed nonexchange revenue transactions that are received or reported as a receivable before the period for which property taxes are levied as deferred inflows of resources. The City also has another type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets:

Government-wide Statements – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $25,000 for general capital assets and $25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Included with the City's *Equipment* capital assets, the City has capitalized an intangible asset, computer software. The City follows the same capitalization policy and estimated useful life for its intangible asset as it does for its *Equipment* capital assets. The City also amortizes the intangible asset utilizing the straight-line method.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building, improvements and infrastructure	30 - 50 Years
Equipment	5 - 25 Years
Vehicles	5 - 20 Years

Fund Financial Statements – In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Compensated Absences: The liability for vested or accumulated vacation leave of the City (primary government), including related Social Security and Medicare, at December 31, 2013 of $2,485,127, is recorded in the government-wide financial statements.

For governmental fund financial statements, the portion of the liability which has matured and is currently due and payable, such as a result of employee resignations and retirements, is recorded as a liability in the appropriate fund. The government-wide financial statements record unused vacation and sick leave as expenses and liabilities when earned by employees. The long term portion of compensated absences will be paid from the fund which the employee is paid.

The accumulated vacation and sick leave time liability of employees charged to the proprietary funds types is reported as an expense and as a liability of those funds as the benefits accrue to the employees.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Long-Term Obligations: All long term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred inflow/outflow of resources on the statement of net position. Debt issuance costs are expensed when incurred.

Claims and Judgments: Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note 11 on commitments and contingencies.

Equity Classifications:

Government-wide Statements – Equity is classified as net position and displayed in three components:

- 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 – Consists of 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.

- Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Funds Statements – In order to comply with the Governmental Accounting Standard Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the components of the fund balance section of the balance sheet of the governmental funds include the following line items:

a) Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact.
b) Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation. Restricted fund balances reported on the City's Governmental Funds Balance Sheet mainly include restricted property tax levies, bond proceeds, and grant awards.
c) Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the City, the City Council is the highest level of decision making. As of December 31, 2013, the City does not have any commitments of fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the City Council designated for that purpose. The intended use is established by an official designated for that purpose. The City has designated the City Director of Finance for this purpose. GASB 54 has also outlined that fund balance outside of the general fund is to fall in this category if there is not a deficit fund balance for the fund.
e) Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. In addition, if there is a deficit balance in another governmental fund, it will be reported as a negative amount in that fund's unassigned classification.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Proprietary fund equity is classified the same as in the government-wide statements.

Fiduciary fund equity is classified as held in trust for agency funds on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the City believes it is in compliance with all significant restrictions.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information: Annual budgets are adopted. Budget amounts are as originally adopted by the City Council. All annual appropriations lapse at fiscal year end.

Prior to December 31, the City Director of Finance submits to the City Council a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by two thirds of the members of the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The City Director of Finance is authorized to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and modified accrual basis of accounting for all governmental funds and accrual basis of accounting for all proprietary funds, except the Asset Seizure, Foreign Fire Insurance Tax, and Des Plaines Emergency Communication Center funds which are not budgeted.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Excess Expenses/Expenditures Over Appropriations:

Funds	Budgeted Expenses/ Expenditures	Actual Expenses/ Expenditures	Excess Expenses/ Expenditures Over Budget
Gaming Tax	$ 13,604,000	$ 15,864,849	$ 2,260,849
Capital Projects	11,825,605	14,160,331	2,334,726
TIF #1 (Downtown)	6,368,294	6,402,142	33,848
TIF #3 (Willie Road)	579,603	581,427	1,824
TIF #5 (Perry/Lee)	109,712	111,154	1,442
Equipment Replacement	775,773	1,661,107	885,334
I.T. Replacement	191,015	193,870	2,855
Water/Sewer	13,891,374	15,365,201	1,473,827
Parking System	185,636	808,411	622,775
Risk Management	2,839,400	2,880,941	41,541

The City controls expenditures at the object level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year end budget to actual report.

Deficit Balances: Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2013, the following individual funds held a deficit balance:

Fund	Amount
TIF #3 (Wille Road)	$ 2,479,793
TIF #6 (Mannheim/Higgins)	2,384,245

T.I.F. District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts.

NOTE 3 – DEPOSITS AND INVESTMENTS

The City's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Petty cash	$ 2,800	$ 2,800	N/A
Deposits	38,888,938	39,484,965	Custodial
Illinois funds	33,961,625	33,936,647	Credit, interest rate
U.S. government and agency obligations	18,962,914	18,962,914	Custodial, credit, interest rate concentration of credit
State and local obligations	4,760,505	4,760,505	Custodial, interest rate, concentration of credit
Money market mutual funds	16,827,883	16,827,883	Credit, interest rate
Mutual funds	42,463,054	42,463,054	Credit
Corporate bonds	23,456,680	23,456,680	Custodial, credit, interest rate concentration of credit
Common and preferred stock	35,529,302	35,529,302	Custodial, concentration of credit
Insurance contracts	1,455	1,455	Custodial, credit, concentration of credit
Total deposits and investments	$ 214,855,156	$ 215,426,205	

Reconciliation To Financial Statements:

Per statement of net position	
Cash and investments	$ 76,222,898
Restricted cash and investments	8,087,311
Per statement of fiduciary net position - fiduciary funds	
Cash - agency	1,487,110
Cash - pension	7,061,864
U.S. government and agency obligations	18,962,914
Mutual funds	42,463,054
Corporate bonds	22,841,740
Stocks	35,529,302
Insurance contracts	1,455
State and local obligations	2,197,508
Total deposits and investments	$214,855,156

Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City does not have any investments exposed to custodial credit risk.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2013, credit ratings for the City, Police Pension, and Fire Pension investments in debt securities are as follows:

City

	Standard and Poor's Ratings			
Investment Type	AAA	A-	BBB	Total
Illinois municipal bonds	$ -	$2,562,997	$ -	$ 2,562,997
Illinois funds	33,961,625	-	-	33,961,625
Corporate Bonds	-	409,690	205,250	614,940

Police Pension

	Standard and Poor's Ratings							
Investment Type	AAA	AA+	AA	AA-	A+	A	A-	BBB+
U.S. Treasuries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State and Local Obligations	343,189	-	-	573,782	-	-	-	-
U.S. Government Agencies	-	1,330,348	-	-	-	-	-	-
Corporate Bonds	300,468	623,734	660,892	367,442	1,538,727	2,108,027	2,336,231	1,727,486

	Standard and Poor's Ratings		Moody's Ratings (if S&P not available)				
Investment Type	BBB	BBB-	AAA	AA1	AA2	AA3	NR	Total
U.S. Treasuries	$ -	$ -	$ 6,679,321	$ -	$ -	$ -	$ -	$ 6,679,321
State and Local Obligations	-	-	-	53,400	80,865	136,099	-	1,187,335
U.S. Government Agencies	-	-	-	-	-	-	282,968	1,613,316
Corporate Bonds	921,564	213,004	-	-	-	-	-	10,797,575

Fire Pension

	Standard and Poor's Ratings							
Investment Type	AAA	AA+	AA	AA-	A+	A	A-	BBB+
U.S. Treasuries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State and Local Obligations	396,942	196,787	-	292,287	-	-	-	-
U.S. Government Agencies	-	1,467,219	-	-	-	-	-	-
Corporate Bonds	500,780	514,471	852,641	735,435	1,398,434	2,383,886	2,610,430	1,246,599

	Standard and Poor's Ratings		Moody's Ratings (if S&P not available)					
Investment Type	BBB	BBB-	AAA	AA1	AA2	AA3	NR	Total
U.S. Treasuries	$ -	$ -	$ 8,757,316	$ -	$ -	$ -	$ -	$ 8,757,316
State and Local Obligations	-	-	-	53,400	70,757	-	-	1,010,173
U.S. Government Agencies	-	-	-	-	-	-	445,742	1,912,961
Corporate Bonds	1,520,727	280,762	-	-	-	-	-	12,044,165

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2013, there were no investments (other than investments in United States Government and United States Government Guaranteed Obligations, investment pools, and mutual funds) in a single issuer that exceeded 5%.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2013, the City's investments and pensions were as follows:

		Maturity (in years)		
Investment Type	Fair Value	Less Than One Year	One to Five Years	Over Five Years
City				
Illinois municipal bonds	$ 2,562,997	$ 510,122	$ 2,052,875	$ -
Money market mutual fund	9,793,818	9,793,818	-	-
Illinois funds	33,961,625	33,961,625	-	-
Corporate bonds	614,940	614,940	-	-
City investment total	46,933,380	44,880,505	2,052,875	-
Police Pension				
U.S. Treasuries	6,679,321	915,957	2,874,498	2,888,866
State and local obligations	1,187,335	-	355,130	832,205
Money market mutual funds	4,012,569	4,012,569	-	-
Mortgage-backed securities	540,870	-	28,636	512,234
Other U.S. government agencies	1,072,446	455,874	616,572	-
Corporate bonds	10,797,575	444,070	6,295,677	4,057,828
Police pension investment total	24,290,116	5,828,470	10,170,513	8,291,133
Fire Pension				
U.S. Treasuries	8,757,316	2,296,377	3,964,632	2,496,307
State and local obligations	1,010,173	-	292,287	717,886
Money market mutual funds	3,021,496	3,021,496	-	-
Mortgage-backed securities	1,396,316	-	950,574	445,742
Other U.S. government agencies	516,645	516,645	-	-
Corporate bonds	12,044,165	256,445	5,633,015	6,154,705
Fire pension investment total	26,746,111	6,090,963	10,840,508	9,814,640
Totals	$ 97,969,607	$ 56,799,938	$ 23,063,896	$ 18,105,773

See Note 1 for further information on deposit and investment policies.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources			
	Unavailable	Deferred	Unearned	Totals
Property taxes receivable for subsequent year	$ -	$ 28,359,634	$ -	$ 28,359,634
Other receivables	1,584,834	-	430,032	2,014,866
Grant receivables	550,095	-	-	550,095
Total deferred inflows/unearned revenue for governmental funds	$ 2,134,929	$ 28,359,634	$ 430,032	$ 30,924,595

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 19,561,015	$ 168,792	$ -	$ 19,729,807
Land right of way	53,299,649	-	-	53,299,649
Total capital assets not being depreciated	72,860,664	168,792	-	73,029,456
Capital assets being depreciated				
Buildings	21,792,634	-	-	21,792,634
Improvements	44,690,106	703,364	-	45,393,470
Equipment	3,482,063	89,880	127,023	3,444,920
Vehicles	6,865,467	1,593,163	44,838	8,413,792
Infrastructure	131,803,855	9,219,110	-	141,022,965
Total capital assets being depreciated	208,634,125	11,605,517	171,861	220,067,781
Total capital assets	281,494,789	11,774,309	171,861	293,097,237
Less accumulated depreciation for				
Buildings	(8,778,792)	(445,931)	-	(9,224,723)
Improvements	(16,199,253)	(1,242,381)	-	(17,441,634)
Equipment	(2,224,559)	(227,739)	(127,023)	(2,325,275)
Vehicles	(4,286,117)	(336,586)	(44,838)	(4,577,865)
Infrastructure	(64,854,041)	(3,870,780)	-	(68,724,821)
Total accumulated depreciation	(96,342,762)	(6,123,417)	(171,861)	(102,294,318)
Net capital assets being depreciated	112,291,363	5,482,100	-	117,773,463
Total governmental activities capital assets, net of accumulated depreciation	$ 185,152,027	$ 5,650,892	$ -	$ 190,802,919

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	$ 114,920
Public safety	305,700
Public works	1,393,790
Streets and highways	4,095,395
Economic development	213,612
Total	$ 6,123,417

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 – CAPITAL ASSETS (Continued)

	Beginning Balance*	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	$ 1,891,770	$ -	$ -	$ 1,891,770
Total capital assets not being depreciated	1,891,770	-	-	1,891,770
Capital assets being depreciated				
Buildings	18,966,509	-	-	18,966,509
Improvements	31,646,778	971,258	-	32,618,036
Equipment	899,421	202,700	34,349	1,067,772
Vehicles	1,490,016	-	-	1,490,016
Total capital assets being depreciated	53,002,724	1,173,958	34,349	54,142,333
Total capital assets	54,894,494	1,173,958	34,349	56,034,103
Less accumulated depreciation for				
Buildings	(8,219,583)	(673,280)	-	(8,892,863)
Improvements	(14,565,781)	(834,287)	-	(15,400,068)
Equipment	(441,661)	(204,981)	(34,349)	(612,293)
Vehicles	(1,210,289)	(65,350)	-	(1,275,639)
Total accumulated depreciation	(24,437,314)	(1,777,898)	(34,349)	(26,180,863)
Net capital assets being depreciated	28,565,410	(603,940)	-	27,961,470
Total business-type activities capital assets, net of accumulated depreciation	$ 30,457,180	$ (603,940)	$ -	$ 29,853,240

*The beginning balance was restated, see note 12.

Depreciation expense was charged to functions as follows:

Business-type Activities	
Parking	$ 649,879
Water	948,579
Emergency Communications	179,440
Total	$ 1,777,898

NOTE 6 – INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables and Advances: The following is a schedule of interfund receivables, payables, and advances including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Advances To/From Amount Not Due Within One Year	Due To/From Amount Due Within One Year
General	TIF #6 (Mannheim/Higgins)	$ 6,843,003	$ 6,843,003	$ -
General	Non-major governmental	3,054,028	3,054,028	-
General	Water	777,873	-	777,873
Total - fund financial statements		10,674,904	$ 9,897,031	$ 777,873
Less: Fund eliminations		(9,897,031)		
Less: Interfund receivables created with internal service fund eliminations		(456,061)		
Total internal balances - government-wide statement of net assets		$ 321,812		

$6,843,003 due from TIF #6 (Mannheim/Higgins) to the General Fund is for cash overdrafts in the TIF #6 (Mannheim/Higgins) Fund.

$3,054,028 due from nonmajor Governmental Funds to the General Fund is for cash overdrafts in nonmajor Governmental Funds.

$777,873 due from Water Fund to the General Fund is for cash overdrafts in Water Fund.

For the statement of net position, interfund balances, which are owed within the governmental activities or business-type activities, are netted and eliminated.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 – INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (Continued)

The following is a schedule of interfund transfers:

Transferred To	Transferred From	Amount	Principal Purpose
Fund financial statements			
General	Non-major governmental	243,740	To reimburse general operating expenditures of the fund
General	TIF #6 (Mannheim/Higgins)	62,515	To reimburse general operating expenditures of the fund
General	Parking system	15,758	To reimburse general operating expenditures of the fund
General	Capital projects	25,000	To reimburse for capital outlay purchases
Non-major governmental	General	2,000,000	Transfer per budget for future equipment
Non-major governmental	Capital projects	272,004	To cover City's share of grant expenses
Non-major governmental	General	125,000	Transfer per budget for future IT equipment
Non-major governmental	Non-major governmental	136,382	To cover City's share of grant expenses
Capital Projects	Gaming Tax	7,155,000	To reimburse early debt pay off and infrastructure improvements
Internal Service	General	92,202	To reimburse for a legal settlement
Water	Parking system	20,758	To reimburse general operating expenditures of the fund
Parking system	Non-major governmental	65,750	To reimburse TIF costs
Total - fund financial statements		10,214,109	
Less: Fund eliminations		(10,164,117)	
Total - government-wide statement of activities		$ 49,992	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

NOTE 7 – DEBT ACTIVITY

Long-Term Obligations: Long term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and loans payable					
General obligation debt	$57,316,878	$ 8,482,437	$ 9,725,000	$56,074,315	$12,935,000
Tax increment financing revenue bonds	538,252	-	55,865	482,387	58,797
Loans payable	212,500	-	12,500	200,000	12,500
Add/(subtract) unamortized (Discounts)/premiums	369,107	215,045	42,480	541,672	-
Total bonds and loans payable	58,436,737	8,697,482	9,835,845	57,298,374	13,006,297
Other liabilities					
Vested compensated absences	2,236,617	1,299,380	1,444,370	2,091,627	1,411,272
Early retirement incentive program	386,165	-	366,932	19,233	19,233
Net pension obligation - IMRF	232,898	39,389	-	272,287	-
Net other post-retirement benefit liability	1,922,408	-	204,436	1,717,972	-
Total other liabilities	4,778,088	1,338,769	2,015,738	4,101,119	1,430,505
Total governmental activities long-term liabilities	$63,214,825	$10,036,251	$11,851,583	$61,399,493	$14,436,802

Governmental activities general obligation debt increases includes $182,422 of accretion of the 2009A capital appreciation bonds and $355,015 of accretion of the 2010B capital appreciation bonds.

	Beginning Balance*	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Bonds payable					
General obligation debt	$ 365,000	$ -	$ 365,000	$ -	$ -
Add/(subtract) unamortized (Discounts)/premiums	1,580	-	1,580	-	-
Total bonds payable	366,580	-	366,580	-	-
Other liabilities					
Vested compensated absences	402,626	147,259	156,385	393,500	267,848
Net pension obligation - IMRF	181,599	-	28,692	152,907	-
Net other post-retirement benefit liability	183,922	-	5,851	178,071	-
Total other liabilities	768,147	147,259	190,928	724,478	267,848
Total business-type activities long-term liabilities	$ 1,134,727	$ 147,259	$ 557,508	$ 724,478	$ 267,848

*The beginning balance was restated, see note 12.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 – DEBT ACTIVITY (Continued)

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 or tax increments accumulated by the debt service fund. Business type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
Governmental Activities					
General Obligation Debt					
Series 2003C Taxable GO Bonds, due in annual installments of $25,000 to $250,000					
• debt retired by TIF #6 fund	September 1, 2003	December 1, 2021	4.70% to 5.50%	$ 2,250,000	$ 1,940,000
Series 2004B Taxable GO Bonds, due in annual installments of $120,000 to $575,000					
• debt retired by TIF #3 fund	June 3, 2004	January 17, 2014	4.80% to 5.85%	8,900,000	570,000
• debt retired by TIF #6 fund					4,430,000
Series 2005A GO Bonds, due in annual installments of $275,000 to $500,000					
• debt retired by TIF #3 fund	January 1, 2005	December 1, 2022	3.00% to 5.25%	5,550,000	2,670,000
Series 2005D GO Refunding Bonds, due in annual installments of $45,000 to $1,610,000					
• debt retired by capital projects fund - sewer portion	February 1, 2005	December 1, 2018	2.25% to 5.00%	14,650,000	3,915,000
• debt retired by capital projects fund - library portion					3,450,000
Series 2005F Taxable GO Bonds, due in annual installments of $115,000 to $505,000					
• debt retired by TIF #1 fund	June 1, 2005	January 17, 2014	4.75%	4,725,000	3,030,000
Series 2005G GO Bonds, due in annual installments of $25,000 to $165,000					
• debt retired by TIF #3 fund	June 1, 2005	December 1, 2015	4.75%	500,000	325,000
Series 2007A GO Refunding Bonds, due in annual installments of $45,000 to $700,000					
• debt retired from capital project fund	October 23, 2007	December 1, 2021	3.80%	6,065,000	3,370,000
Series 2007B GO Refunding Bonds, due in annual installments of $85,000 to $150,000					
• debt retired from debt service fund	October 23, 2007	December 1, 2021	3.80%	1,660,000	725,000
• debt retired from TIF #1 fund					190,000

NOTE 7 – DEBT ACTIVITY (Continued)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
Series 2008A Taxable GO Refunding Bonds, due in annual installments of $125,000 to $275,000					
• debt retired from TIF #1 fund	April 1,	December 1,	3.25%	$ 2,575,000	$ 506,000
• debt retired from the TIF #3 fund	2008	2021	to 5.25%		829,000
Series 2009A Taxable GO Refunding (Capital Appreciation) Bonds, due in annual installments of $170,000 to $1,575,000					
• debt retired from TIF #6 fund	November 3, 2009	December 1, 2023	3.00% to 5.80%	5,430,000	3,527,126*
Series 2009B GO Refunding Bonds, due in annual installments of $200,000 to $865,000					
• debt retired from capital projects fund	November 3, 2009	December 1, 2018	3.00% to 3.75%	4,175,000	1,010,000
Series 2010A GO Refunding Bonds, due in annual installments of $295,000 to $435,000					
• debt retired from TIF #3 fund	January 6, 2010	December 1, 2028	3.625% to 4.25%	3,945,000	3,945,000
Series 2010B GO Refunding Bonds, due in annual installments of $266,906 to $807,030					
• debt retired from TIF #3 fund	January 6, 2010	December 1, 2026	4.0% to 5.35%	6,110,760	7,402,189*
Series 2011A GO Refunding Bonds, due in annual installments of $275,000 to $465,000					
• debt retired from TIF #1 fund	December 22,	December 1,	2.0%	3,540,000	1,235,000
• debt retired from TIF #3 fund	2011	2021	to 2.50%		750,000
• debt retired from TIF #5 fund					800,000
• debt retired from TIF #6 fund					200,000
Series 2012A GO Refunding Bonds, due in annual installments of $455,000 to $495,000					
• debt retired from TIF #1 fund	December 18, 2012	December 1, 2020	1.0% to 2.0%	3,765,000	3,310,000
Series 2013 Taxable GO Refunding Bonds, due in annual installments of $690,000 to $1,140,000					
• debt retired from TIF #1 fund	December 17,	December 1,	3.0%	7,945,000	2,990,000
• debt retired from TIF #3 fund	2013	2021	to 3.30%		565,000
• debt retired from TIF #6 fund					4,390,000
Total governmental activities general obligation debt					$ 56,074,315

*A portion of the December 31, 2013 balance for the 2010B and 2009A bonds represents accretion on debt from the date of issuance until December 31, 2013.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 – DEBT ACTIVITY (Continued)

Debt service requirements to maturity are as follows (Principal Totals for Governmental Activities differs from the outstanding balance noted above in the amount of $6,145,685, due to the future accretion on the 2009A and 2010A Capital Appreciation Bonds):

	Governmental Activities General Obligation Debt	
Years	Principal	Interest
2014	$ 12,935,000	$ 1,405,891
2015	5,030,000	1,210,650
2016	4,585,000	1,050,091
2017	5,515,000	887,945
2018	6,420,000	705,427
2019-2023	20,110,000	1,351,095
2024-2028	7,625,000	258,086
Totals	$ 62,220,000	$ 6,869,185

Tax Increment Financing Notes: Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district.

The City has issued notes where the City pledges incremental taxes derived from a separately created tax increment financing district. These notes are not a general obligation of the City and are secured only by the incremental revenues generated by the TIF district. During 2013, TIF #1 generated a tax increment of $4,797,868. The City has pledged future incremental tax revenues, net of specified operating expenses, to repay $482,387 in revenue notes issued in 2002 - 2003. Proceeds from the notes provided financing for capital development within the tax increment financing district. The notes are payable solely from incremental tax revenues and are payable through 2020. Annual principal and interest payments on the notes are expected to require 1.75% of net revenues. The total principal and interest remaining to be paid on the notes is $588,861. Principal and interest paid for the current year were $55,865 and $28,258, respectively.

On August 20, 2007 the City entered into a TIF #1 redevelopment agreement that re-pays the developer a maximum amount of $1,657,277 for eligible project costs to the extent sufficient incremental tax revenues are generated from this project. As of December 31, 2013, the development has incurred $1,535,448 in eligible certified project costs. In 2013, the City paid $512,633 from the 2011 and 2012 tax increment generated by the development. The total amount paid on the note to date is $786,491.

NOTE 7 – DEBT ACTIVITY (Continued)

Tax Increment Financing Notes at December 31, 2013, consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
Series 2002 Tax Increment Revenue Note, due in annual installments of $14,547 to $38,840					
• debt retired by TIF #1 fund	May 1, 2002	June 1, 2020	5.25%	$ 462,389	$ 234,413
Series 2003 Tax Increment Revenue Note, due in annual installments of $12,096 to $41,087					
• debt retired by TIF #1 fund	October 6, 2003	June 1, 2020	5.25%	471,000	247,974
Total governmental activities tax Increment financing notes					$ 482,387

Debt service requirements to maturity are as follows:

	Governmental Activities Tax Increment Financing Notes	
Years	Principal	Interest
2014	$ 58,797	$ 25,326
2015	61,884	22,239
2016	65,133	18,990
2017	68,553	15,570
2018	72,152	11,971
2019-2020	155,868	12,378
Totals	$ 482,387	$ 106,474

Loans Payable: Loans Payable at December 31, 2013 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
Series 2009 equipment loan (fire engine), due in annual installments of $12,500					
• debt retired by equipment replacement fund	April 7, 2009	November 1, 2029	0.00%	$ 250,000	$ 200,000
Total governmental activities loans payable					$ 200,000

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 – DEBT ACTIVITY (Continued)

Debt service requirements to maturity are as follows:

	Governmental Activities Loans Payable
Years	Principal
2014	$ 12,500
2015	12,500
2016	12,500
2017	12,500
2018	12,500
2019-2023	62,500
2024-2028	62,500
2029	12,500
Totals	$ 200,000

Other Debt Information - Conduit Debt: The City has issued Industrial Development bonds for the benefit of various organizations. The issuance of Industrial Development Revenue Bonds by the City is to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, equipping, betterment or extension of any economic development project in order to encourage economic development within or near the City. Industrial Development Revenue Bonds are not a debt of the City and the City is not obligated in any manner for the repayment. The entity using the bond proceeds to finance a construction or improvement project is liable for the bonds. Since the City does not act as an agent for Industrial Revenue Bonds, the transactions relating to the bonds and property do not appear in the City's financial statements. In 2006, the City issued $7.7 million of Industrial Revenue Bonds for the Science and Arts Academy expansion. The bonds were refinanced in 2011 and the outstanding balance as of December 31, 2013 is $6,625,121.

Current Refunding: On December 17, 2013, the City issued $7,945,000 in general obligation 2013 series bonds with interest rates of 3.0-3.30 percent to refund $5,000,000 of outstanding 2004B series bonds with interest rates of 5.4-5.85 percent and $3,030,000 of outstanding 2005F series bonds with interest rates of 4.75 percent. The net proceeds of the bonds, net of underwriting fees, insurance and other issuance costs, will be held on deposit in a City bank account until the refunded bonds are redeemed on January 17, 2014. As a result, the bonds are not considered to be defeased and the liability for those bonds are included in these financial statements.

The City cash flow requirements on the refunded 2004B and 2005F series bonds prior to the current refunding was $6,388,858 from 2014 through 2021 and $3,636,810 from 2014 through 2020, respectively. The cash flow requirements on the 2013 series refunding bonds are $9,014,689 from 2014 through 2021. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $912,640.

Prior Year Defeasance of Debt: In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2013, $1,070,000 of bonds outstanding are considered defeased.

NOTE 7 – DEBT ACTIVITY (Continued)

Legal Debt Margin: The City is a home rule municipality. Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property if its population is more than 25,000 and less than 500,000 an aggregate of one percent; indebtedness which is outstanding effective date (July 1, 1971) of this constitution or which is thereafter approval by referendum shall not be included in the foregoing percentage amounts."

To date the General Assembly has set no limits for home rule municipalities.

Net Pension and Other Postemployment Benefit Obligations: The general fund has typically been used to liquidate the net pension obligation and other postemployment benefit obligations. See notes 9 and 13 for more information.

NOTE 8 – COMPONENT UNIT

Component Unit:

Des Plaines Public Library – This report contains the Des Plaines Public Library (the "Library"), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position, statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus: The Library follows the modified accrual basis of accounting and the flow of current financial resources measurement focus.

Deposits and Investments:

	Carrying Value	Statement Balance	Associated Risks
Deposits	$ 560,858	$ 631,897	Custodial
Illinois funds	5,357,136	5,357,136	Credit, interest rate
Petty cash	500	-	N/A
Total deposits and investments	$ 5,918,494	$ 5,989,033	

Deposits: Statutes authorize the Des Plaines Public Library (the "Library") to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 – COMPONENT UNIT (Continued)

Cash: The carrying amount of deposits was $560,858 at December 31, 2013, while the bank balances were $631,897. All deposits were either insured by the Federal Deposit Insurance Corporation (FDIC) for $250,000, or collateralized with securities of the U.S. Government or with letters of credit issued by the Federal Home Loan Bank held in the Library's name by financial institutions acting as the Library's agent.

Investments: Illinois Statutes authorize the Library to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. As of December 31, 2013, the Library held $5,357,136 in the Illinois Funds Investment Pool.

Interest Rate Risk. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At year end, the Illinois Funds balance of $5,357,136 was due upon demand.

Credit Risk. The Library's general investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Library investment or any other high quality, interest bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization.

Concentration of Credit Risk. The Library places no limit on the amount that may be invested in any one issuer.

Receivables and Deferred Inflows of Resources: Property taxes for 2013 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2013 and August 1, 2013 and are payable in two installments, on or about March 1, 2013 and October 1, 2013. The County collects such taxes and remits them periodically.

The Library recognizes property tax revenues when they become both measurable and available in the fiscal year that the tax levy is intended to finance. Therefore, the entire 2013 tax levy has been recorded as a deferred inflow of resources on the balance sheet.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 8 – COMPONENT UNIT (Continued)

Capital Assets:

Component Unit	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated				
Improvements	$ 235,874	$ -	$ -	$ 235,874
Equipment	869,440	101,302	-	970,742
Vehicles	67,163	-	-	67,163
Total capital assets being depreciated	1,172,477	101,302	-	1,273,779
Less accumulated depreciation for				
Improvements	(30,248)	(7,863)	-	(38,111)
Equipment	(294,825)	(31,101)	-	(325,926)
Vehicles	(44,704)	(2,495)	-	(47,199)
Total accumulated depreciation	(369,777)	(41,459)	-	(411,236)
Total component unit capital assets, net of accumulated depreciation	$ 802,700	$ 59,843	$ -	$ 862,543

The title to the Library land and building is in the name of the City and is reported in the City's capital assets used in governmental activities.

Compensated Absences: The liability balance as of December 31, 2012 was $218,870. During 2013, there were additions of $112,010 and reductions of $77,650 leaving the liability balance as of December 31, 2013 of $253,230. The current portion of this liability is $97,855.

Net Other Postemployment Benefits Obligation: The liability balance as of December 31, 2012 was $80,710. During 2013, there were annual OPEB costs of $5,157 and contributions of $0 leaving the liability balance as of December 31, 2013 of $85,867. See Note 13 for further details on the Retiree Health Plan.

Illinois Municipal Retirement Fund: The liability balance as of December 31, 2012 was $67,149. During 2013, there were annual pension costs of $348,262 and contributions of $346,822 leaving the liability balance as of December 31, 2013 of $68,589. See Note 9 for further details on the Illinois Municipal Retirement Fund.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions: The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple employer public employee retirement system; the Police Pension Plan which is a single employer pension plan; and the Firefighters' Pension Plan which is a single employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained on-line at www.imrf.org.

Illinois Municipal Retirement Fund: All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for year thereafter.

Funding Policy: As set by statute, plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for 2013 was 14.84%. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Police Pension Plan: Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. Administrative costs are financed with current investment income. The City accounts for the plan as a pension trust fund.

At December 31, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	110
Current employees:	
Vested	65
Non vested	22
Total	197
Number of participating employers	1

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes.

The police pension fund provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes shall not exceed $106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Funding Policy: Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan. For the year ended December 31, 2013, the City's contribution was 47.66% of covered payroll.

Firefighters' Pension Plan: Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. Administrative costs are financed with current investment income. The City accounts for the plan as a pension trust fund.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

At December 31, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	100
Current employees:	
Vested	56
Non vested	34
Total	190
Number of participating employers	1

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at $106,800 plus the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2013, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Firefighters' Pension Plan. For the year ended December 31, 2013, the City's contribution was 44.97% of covered payroll.

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Summary of Significant Accounting Policies:

Police and Firefighters' Pension Plans – Basis of Accounting: The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: Plan investments are reported at fair value. Short term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

Annual Pension Cost: The City annual pension cost for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date			
ARC is based on	December 31, 2011	December 31, 2012	December 31, 2012
Contribution rates:			
Employer	14.84%	45.98%	44.49%
Employee	4.50%	9.91%	9.46%
Annual pension cost	$2,394,127	$3,646,205	$3,652,316
Contributions made	$2,383,786	$3,671,403	$3,694,935
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	5 year smoothed market	Market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years, open	27 years, closed	27 years, closed
Actuarial assumptions:			
Investment rate of return	7.50% Compounded annually	7.00% Compounded annually	7.00% Compounded annually
Projected salary increases	0.4 to 10.0%	5.00%	5.00%
Inflation rate included	4.00%	3.00%	3.00%
Cost of living adjustments	3.00%	3.00%	3.00%

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Net Pension (Asset): The following is the net pension (asset) calculation:

Net Pension Obligation (Asset)	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	$ 2,383,786	$ 3,661,515	$ 3,671,041
Interest on net pension obligation	36,258	(45,434)	(55,567)
Adjustment to annual required contribution	(25,917)	30,124	36,842
Annual pension cost	2,394,127	3,646,205	3,652,316
Contributions made	2,383,786	3,671,403	3,694,935
Change in net pension obligation	10,341	(25,198)	(42,619)
Net pension obligation (asset)			
Beginning of year	483,442	(649,057)	(793,813)
End of year	$ 493,783	$ (674,255)	$ (836,432)
As reported in			
City's governmental activities	$ 272,287	$ (674,255)	$ (836,432)
City's business-type activities	152,907	-	-
Library	68,589	-	-
	$ 493,783	$ (674,255)	$ (836,432)

Trend Information: Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2013	$ 2,394,127	$ 3,646,205	$ 3,652,316
	2012	2,351,609	3,458,523	3,560,441
	2011	2,330,839	3,305,117	3,388,116
Contributions made	2013	$ 2,383,786	$ 3,671,403	$ 3,694,935
	2012	2,250,700	3,562,231	3,655,295
	2011	1,948,306	3,755,364	3,798,156
Percentage of APC contributed	2013	99.57%	100.69%	101.17%
	2012	95.71%	103.00%	102.66%
	2011	83.59%	113.60%	112.10%
Net pension obligation (asset)	2013	$ 493,783	$ (674,255)	$ (836,432)
	2012	483,442	(649,057)	(793,813)
	2011	382,533	(545,349)	(698,959)

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Funded Status and Funding Progress: The City's actuarial value of plan assets for the current year and related information is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2013	December 31, 2012	December 31, 2012
Actuarial Valuation of Assets (a)	$ 38,187,978	$ 56,580,919	$ 60,821,899
Actuarial Accrued Liability (AAL) Entry Age (b)	$ 49,882,221	$ 115,465,155	$ 110,650,433
Unfunded AAL (UAAL) (b-a)	$ 11,694,243	$ 58,884,236	$ 49,828,534
Funded Ratio (a/b)	76.56%	49.00%	54.97%
Covered Payroll (c)	$ 15,946,135	$ 7,703,991	$ 8,216,028
UAAL as a percentage of Covered Payroll ((b-a)/c)	73.34%	764.33%	606.48%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Pension Information:

Fiduciary Net Position:

	Pension Trust		
	Firefighters' Pension	Police Pension	Totals
Assets			
Cash and cash equivalents	$ 3,029,266	$ 4,032,598	$ 7,061,864
Investments			
U.S. government and agency obligations	10,670,277	8,292,637	18,962,914
Mutual funds	20,224,228	22,238,826	42,463,054
Corporate bonds	12,044,165	10,797,575	22,841,740
Stocks	20,140,416	15,388,886	35,529,302
State and local obligations	1,010,173	1,187,335	2,197,508
Insurance contracts	-	1,455	1,455
Accrued interest	213,897	189,892	403,789
Prepaid items	5,747	5,805	11,552
Total assets	67,338,169	62,135,009	129,473,178
Liabilities			
Accounts payable	32,971	48,826	81,797
Total liabilities	32,971	48,826	81,797
Net position	$ 67,305,198	$ 62,086,183	$ 129,391,381

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Changes in Plan Net Position:

	Pension Trust		
	Firefighters' Pension	Police Pension	Totals
Additions			
Contributions			
Employer	$ 3,945,005	$ 3,921,472	$ 7,866,477
Plan members	797,150	776,810	1,573,960
Total contributions	4,742,155	4,698,282	9,440,437
Investment Income	8,017,889	7,416,063	15,433,952
Less investment expense	(242,993)	(253,516)	(496,509)
Net investment income	7,774,896	7,162,547	14,937,443
Total additions	12,517,051	11,860,829	24,377,880
Deductions			
Administration	90,129	93,898	184,027
Benefits and refunds	5,943,621	6,261,667	12,205,288
Total deductions	6,033,750	6,355,565	12,389,315
Change in plan net position	6,483,301	5,505,264	11,988,565
Plan net position, beginning of year	60,821,897	56,580,919	117,402,816
Plan net position, end of year	$ 67,305,198	$ 62,086,183	$ 129,391,381

NOTE 10 – RISK MANAGEMENT

Risk Management: The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation and health insurance. The City is self-insured for Dental. These risks are accounted for and financed by the City in its internal service funds – the Risk Management Fund and Health Benefits Fund. Settled claims have not exceeded coverage for the past 3 years. There was no significant reduction in coverage from the prior year.

Self-Insurance: For dental claims, the City offers optional dental insurance to all of its employees and any dependents. Employees opting for this coverage pay 10% of the premium. The annual maximum benefit is $1,500 per employee.

All funds of the City participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 10 – RISK MANAGEMENT (Continued)

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other non-incremental costs to the claims liability.

	Prior Year	Current Year
Unpaid claims - beginning of year	$ 23,810	$ 14,157
Current year claims and changes in estimates	423,352	440,354
Claim payments	(433,005)	(431,321)
Unpaid claims - end of year	$ 14,157	$ 23,190

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illness of employees; and natural disasters.

Intergovernmental Personnel Benefit Cooperative: The Health Benefits Fund was established to account for the financial transactions of self-insured employee and retiree health benefits. In 2003 the City joined the Intergovernmental Personnel Benefit Cooperative (IPBC), a self-insured governmental insurance pool consisting of 68 municipalities located primarily in the Chicago area. The IPBC provides the City with consulting, legal, and auditing services for its health (i.e., PPO and HMO) and life insurance programs. The City pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Management consists of a Board of Directors comprised of one appointed representative from each member.

The City continues to be self-insured for dental benefits on an individual contract basis outside of the IPBC.

Municipal Insurance Cooperative Agency: The City Participates in the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool whose members are Illinois municipalities. MICA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims of its members. MICA also has a third party administrator that works on behalf of the MICA members to administer claims. MICA provides $2,000,000 of coverage after a $1,000 deductible. The City pays an annual contribution to MICA based upon the City's share of liability exposure and prior experience within the pool to cover potential claims to the total loss aggregate. Amounts paid into the pool in excess of claims for any coverage year can be returned to the members in the form of a dividend in subsequent periods. The City records such dividends as miscellaneous revenue in the Risk Management Fund in the year in which they are received.

High Level Excess Liability Pool: The City participates in the High Level Excess Liability Pool (HELP). HELP is a public entity risk pool established by certain municipalities (the Members) in Illinois to provide excess liability coverage ($13,000,000 of coverage after the $2,000,000 coverage provided by MICA). It consists of 13 municipalities. HELP provides a $4,000,000 self-insured limit above the member's $2,000,000 primary coverage and re-insures an additional $9,000,000 through Genesis Underwriting Managers.

HELP was organized on April 1, 1987. The Village of Elk Grove, Illinois (the initial Host Member) issued $5,000,000 of general obligation bonds in 1987 to provide initial funding for HELP. The bond proceeds were put into escrow with LaSalle National Bank as escrow agent. An intergovernmental agreement

NOTE 10 – RISK MANAGEMENT (Continued)

among HELP, the Village of Elk Grove, and the members provides that HELP and its members are obligated to the Village of Elk Grove for payment of principal and interest on the bonds until such bond have been retired. The bonds were retired December 1, 1995. The purpose of HELP is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the Members and other parties included within the scope of coverage of HELP.

HELP is governed by a Board of Directors, which consists of one appointed representative from each member municipality. Each director has an equal vote. The officers of HELP are appointed by the Board of Directors. The Board of Directors determines the general policy of HELP; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of debt by HELP; adopts bylaws; rules and regulations; and exercises such powers and preforms such duties as may be prescribed in the Agency Agreement or the bylaws.

The City has committed to purchase excess liability insurance from the pool through the term of the Agreement. Annual premiums are calculated based on a formula which specifies the following four criteria: (1) miles of streets, (2) full time equivalent employees, (3) number of motor vehicles, and (4) operating revenues.

Based upon the allocations for the year ended April 30, the City expects to pay a minimum of $90,000 per year over the remaining term of the agreement.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Construction Contracts

The City has entered into various contracts for construction within the City. Below is a schedule outlining the various projects that are currently under contract.

Project Description	Expended To Date	Remaining Commitment
Des Plaines Bike Network Improvements	$ 11,148	$ 19,852
Lee & Perry Traffic Signal Impr-Construction	236,496	71,661
Miner Streetscape Improvements	2,295,642	213,806
Howard Water Tank Maintenance	36,517	110,077
2013 Miner Water Tank Maintenance	22,456	67,369
Contractor-2013 CIP Concrete Improvements	760,009	27,649
2013 CIP Cont.ract A St & Utility Improvements	2,149,446	1,027,211
2013 CIP Cont C St & Utility Improvements	2,650,965	187,964
Construction and Remodeling of Train Station	237,306	468,009
2013 CIP Utility Improvements Construction, Contract B	1,044,041	1,127,199
2013 CIP Rear Yard Drainage Improvements	263,487	324,783
Total	$ 9,707,513	$ 3,645,580

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 12 – JOINT VENTURES

Joint Emergency Telephone System: The City of Des Plaines, the Village of Morton Grove, the Village of Niles and the City of Park Ridge jointly operated the local dispatch center, which is called the Joint Emergency Telephone System (JETS) and provided public safety communications services.

The governing body is made up of the respective municipalities Manager's/Administrator's and Police and Fire Chiefs. Financial information of the Joint Emergency Telephone System for the period of January 1, 2013 through June 5, 2013 is available directly from the Joint Emergency Telephone System office.

The City does not have an equity interest in the Joint Emergency Telephone System.

On June 5, 2013, the Illinois Commerce Commission (ICC) granted approval for the dissolution of the JETS Board. Associated with this dissolution is the dissolution of the North Suburban Emergency Communications Dispatch Center. As a result of this dissolution, 9-1-1 and emergency dispatching operations are now conducted by the City of Des Plaines, with oversight by the Des Plaines Emergency Telephone System Board (ETSB), whose creation was also approved by the ICC on June 5, 2013. Morton Grove and Niles have obtained services elsewhere. Des Plaines is providing 911 and emergency dispatching services to the City of Park Ridge under an intergovernmental agreement.

The Des Plaines Emergency Communication Center (DPECC) began operations June 6, 2013, and was formed from the merger of a portion of JETS into the City. The City early implemented the requirements of GASB Statement No. 69 *Government Combinations and Disposals of Government Operations* during year ended December 31, 2013. The initial opening balances of DPECC's assets, liabilities, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in separate financial statements of JETS as of the merger date, as follows:

Assets	
Cash	$ 375,259
Capital Assets Being Depreciated	384,635
Total Assets	759,894
Liabilities	
Current Liabilities	
Compensated Absences	120,663
Noncurrent Liabilities	
Compensated Absences	52,626
Net OPEB Obligation	107,508
Net IMRF Obligation	94,462
Total Noncurrent Liabilities	254,596
Total Liabilities	375,259
Net Position	
Net Investment in Capital Assets	$ 384,635

At the date of the merger, JETS is dissolved and the City will account for the operations of DPECC in a newly established enterprise fund.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefits: The City administers a single employer defined benefit healthcare plan "the Retiree Health Plan" The plan provides health insurance contributions for eligible retirees and their spouses through the City's group health insurance plan which covers both active and retired members. A retiree is eligible to receive benefits if they fall into any one of four categories. IMRF participants are eligible at age 55 with at least 8 years of service, or if they are totally and permanently disabled. Police officers and firefighters are eligible at age 50 with 20 years of service, or if they are medically disabled and unable to perform the duties as a police officer or firefighter. Police officers are eligible for a reduced benefit at age 60 with at least 10 years of service, but less than 20 years. Police officers and firefighters that terminate with a vested benefit are eligible for post-retirement healthcare benefits commencing at the time of separation. Spouses and dependents of retirees are eligible to continue healthcare coverage while the retiree is alive if they were enrolled at the time of retirement. Surviving spouses of employees are eligible for COBRA coverage. Surviving spouses and dependent children of police officers and firefighters that were injured in the line of duty, during an emergency, and surviving spouses of all retirees are eligible to continue healthcare coverage. Retirees, spouses, and dependents opting out of the retiree health program cannot re-enter into the program.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. Plan members receiving benefits contribute 100% of their premium costs. The City pays 100% of the healthcare premiums for police officers and firefighters, their dependents and their surviving spouses and dependent children if they were injured or killed in the line of duty during an emergency. Healthcare premiums for surviving spouses are payable by the City until remarriage. Any amounts payable under the City's health plan will be reduced by the amounts payable under Medicare for those expenses which are covered by Medicare. For fiscal year 2013, total member contributions were $1,270,600. Administrative costs of the plan are paid by the City.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 621,039
Interest on net OPEB obligation	82,425
Adjustment to annual required contribution	(68,686)
Annual OPEB cost	634,778
Contributions made	(845,065)
Change in net OPEB obligation	(210,287)
Net OPEB obligation, beginning of year*	2,106,330
Net OPEB obligation, end of year	$ 1,896,043

*The beginning balance was restated, see note 12.

Of the total net OPEB obligation, $1,717,972 is reported within the governmental activities and $178,071 is reported within the business-type activities.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 634,778	133.13%	$ 1,896,043
2012	650,798	129.35%	1,998,822
2011	1,458,629	62.81%	2,189,853

The funded status of the plan as of December 31, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 10,380,866
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 10,380,866
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 32,389,697
UAAL as a percentage of covered payroll	32.05%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 6.00 percent after 10 years. Both rates include a 3.00 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll 30-year open amortization period for all employee groups except Public Works and the cost of the ERI. For the Public Works employee group, a 10-year open level-percentage-of-pay amortization period is being used and a 5-year closed level-percentage-of pay amortization period is used for the ERI cost.

NOTE 14 – TERMINATION BENEFITS

In 2009, the City offered early retirement incentives to all City workers who would agree to terminate in 2009 and 2010. Twenty two City employees accepted the City's offer. The estimated cost of the cash payments, reported in the proprietary statement of net position by function, is $19,233. Due to the small scale of the health care benefits, unadjusted unpaid premiums as of December 31, 2013 were used to calculate liabilities.

NOTE 15 – TAX INCREMENT FINANCING DISTRICT

Tax Increment Financing District: The City of Des Plaines has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. As part of the redevelopment plans, the City has made significant improvements to utilities, public parking, intersections, and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly, and demolition/clearance.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans.* This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this Statement are effective for the City's Pension Funds fiscal year ending December 31, 2014. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions. This* Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures,* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for the City's financial year ending December 31, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This liability should be reported until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units by specifying the information required to be disclosed by governments that extend nonexchange financial guarantee as well as new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for the City's fiscal year ended December 31, 2014, with earlier application being encouraged. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the City's financial year ending December 31, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

CITY OF DES PLAINES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
IMRF						
12/31/2013	$ 38,187,978	$ 49,882,221	$ 11,694,243	76.56 %	$ 15,946,135	73.34 %
12/31/2012	34,663,713	49,248,165	14,584,452	70.39	16,592,625	87.90
12/31/2011	33,063,104	48,680,023	15,616,919	67.92	16,321,980	95.68
12/31/2010	33,164,350	46,681,007	13,516,657	71.04	16,588,014	81.48
12/31/2009	34,585,843	47,271,673	12,685,830	73.16	18,901,116	67.12
12/31/2008	35,165,730	47,594,270	12,428,540	73.89	17,751,122	70.02
Police Pension						
12/31/2012	$ 56,580,919	$ 115,465,155	$ 58,884,236	49.00 %	$ 7,703,991	764.33 %
12/31/2011	52,473,135	110,745,285	58,272,150	47.38	8,212,634	709.54
12/31/2010	52,803,116	105,556,583	52,753,467	50.02	7,985,770	660.59
12/31/2009	48,909,486	92,023,460	43,113,974	53.15	8,182,297	526.92
12/31/2008	43,143,575	86,979,445	43,835,870	49.60	7,965,425	550.33
12/31/2007	50,160,219	82,869,248	32,709,029	60.53	7,817,392	418.41
Firefighters' Pension						
12/31/2012	$ 60,821,899	$ 110,650,433	$ 49,828,534	54.97 %	$ 8,216,028	606.48 %
12/31/2011	55,810,599	105,346,182	49,535,583	52.98	8,209,659	603.38
12/31/2010	55,010,846	101,349,056	46,338,210	54.28	8,190,774	565.74
12/31/2009	51,578,742	90,690,929	39,112,187	56.87	7,952,536	491.82
12/31/2008	47,701,104	82,859,995	35,158,891	57.57	8,296,833	423.76
12/31/2007	56,500,713	77,492,079	20,991,366	72.91	7,961,049	263.68
Retiree's Health Plan						
12/31/2012	$ -	$ 10,380,866	$ 10,380,866	0.00 %	$ 32,389,697	32.05 %
12/31/2010	-	13,581,821	13,581,821	0.00	26,176,392	51.89
12/31/2008	-	12,898,052	12,898,052	0.00	31,327,381	41.17

CITY OF DES PLAINES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
December 31, 2013

Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
IMRF			
12/31/2013	$ 2,383,786	$ 2,383,786	100%
12/31/2012	2,250,700	2,343,437	96%
12/31/2011	1,948,306	2,330,839	84%
12/31/2010	2,148,148	2,148,148	100%
12/31/2009	1,914,683	1,914,683	100%
12/31/2008	1,792,863	1,792,863	100%
Police Pension			
12/31/2013	$ 3,671,403	$ 3,661,515	100%
12/31/2012	3,562,231	3,472,544	103%
12/31/2011	3,755,364	3,307,583	114%
12/31/2010	2,955,719	3,240,960	91%
12/31/2009	2,674,204	2,538,400	105%
12/31/2008	2,421,918	2,352,290	103%
Firefighters' Pension			
12/31/2013	$ 3,694,935	$ 3,671,041	101%
12/31/2012	3,655,295	3,577,776	102%
12/31/2011	3,798,156	3,395,608	112%
12/31/2010	2,754,196	3,042,315	91%
12/31/2009	2,158,347	2,100,581	103%
12/31/2008	2,017,392	1,831,495	110%
Retiree's Health Plan			
12/31/2013	$ 845,065	$ 621,039	136%
12/31/2012	841,829	636,199	132%
12/31/2011	916,213	1,481,391	62%
12/31/2010	819,804	1,420,390	58%
12/31/2009	599,828	1,120,637	54%
12/31/2008	572,023	1,142,333	50%

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

September 4, 2014

The City Council of the
City of Des Plaines, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of $2,020,000 principal amount of Taxable General Obligation Refunding Bonds, Series 2014A (the "Bonds") of the City of Des Plaines, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, and by virtue of an ordinance adopted by the City Council of the City on August 18, 2014 and entitled: "Ordinance Authorizing the Issuance of General Obligation Refunding Bonds of 2014 of the City of Des Plaines, Illinois and Providing For the Redemption of Outstanding Bonds of the City" (the "Bond Ordinance").

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated September 4, 2014. The Bonds mature (without option of prior redemption) on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on December 1, 2014 and semiannually thereafter on each June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2014	$140,000	1.00%
2015	200,000	1.00
2016	220,000	1.00
2017	240,000	1.40
2018	260,000	1.90
2019	290,000	2.15
2020	315,000	2.40
2021	355,000	2.60

In our opinion, the Bonds are valid and legally binding general obligations of the City of Des Plaines and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Illinois income taxes.

Very truly yours,

September 4, 2014

The City Council of the
City of Des Plaines, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of $5,600,000 principal amount of General Obligation Refunding Bonds, Series 2014B (the "Bonds") of the City of Des Plaines, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, and by virtue of an ordinance adopted by the City Council of the City on August 18, 2014 and entitled: "Ordinance Authorizing the Issuance of General Obligation Refunding Bonds of 2014 of the City of Des Plaines, Illinois and Providing For the Redemption of Outstanding Bonds of the City" (the "Bond Ordinance").

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated September 4, 2014. The Bonds mature (without option of prior redemption) on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on December 1, 2014 and semiannually thereafter on each June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2014	$ 10,000	2.00%
2015	725,000	2.00
2016	750,000	2.00
2017	1,145,000	2.00
2018	1,165,000	2.00
2019	440,000	2.00
2020	445,000	2.00
2021	455,000	2.00
2022	465,000	2.25

In our opinion, the Bonds are valid and legally binding general obligations of the City of Des Plaines and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Pursuant to the Code, the Bonds are designated as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

APPENDIX D

CITY OF DES PLAINES
COOK COUNTY, ILLINOIS

EXCERPTS OF FISCAL YEAR 2013 AUDITED FINANCIAL STATEMENTS RELATING TO THE CITY'S PENSION PLANS

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions: The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple employer public employee retirement system; the Police Pension Plan which is a single employer pension plan; and the Firefighters' Pension Plan which is a single employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained on-line at www.imrf.org.

Illinois Municipal Retirement Fund: All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for year thereafter.

Funding Policy: As set by statute, plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for 2013 was 14.84%. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Police Pension Plan: Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. Administrative costs are financed with current investment income. The City accounts for the plan as a pension trust fund.

At December 31, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	110
Current employees:	
Vested	65
Non vested	22
Total	197
Number of participating employers	1

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes.

The police pension fund provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes shall not exceed $106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Funding Policy: Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan. For the year ended December 31, 2013, the City's contribution was 47.66% of covered payroll.

Firefighters' Pension Plan: Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. Administrative costs are financed with current investment income. The City accounts for the plan as a pension trust fund.

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

At December 31, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	100
Current employees:	
Vested	56
Non vested	34
Total	190
Number of participating employers	1

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at $106,800 plus the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2013, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Firefighters' Pension Plan. For the year ended December 31, 2013, the City's contribution was 44.97% of covered payroll.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Summary of Significant Accounting Policies:

Police and Firefighters' Pension Plans – Basis of Accounting: The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: Plan investments are reported at fair value. Short term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

Annual Pension Cost: The City annual pension cost for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date ARC is based on	December 31, 2011	December 31, 2012	December 31, 2012
Contribution rates:			
Employer	14.84%	45.98%	44.49%
Employee	4.50%	9.91%	9.46%
Annual pension cost	$2,394,127	$3,646,205	$3,652,316
Contributions made	$2,383,786	$3,671,403	$3,694,935
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	5 year smoothed market	Market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years, open	27 years, closed	27 years, closed
Actuarial assumptions:			
Investment rate of return	7.50% Compounded annually	7.00% Compounded annually	7.00% Compounded annually
Projected salary increases	0.4 to 10.0%	5.00%	5.00%
Inflation rate included	4.00%	3.00%	3.00%
Cost of living adjustments	3.00%	3.00%	3.00%

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Net Pension (Asset): The following is the net pension (asset) calculation:

Net Pension Obligation (Asset)	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	$ 2,383,786	$ 3,661,515	$ 3,671,041
Interest on net pension obligation	36,258	(45,434)	(55,567)
Adjustment to annual required contribution	(25,917)	30,124	36,842
Annual pension cost	2,394,127	3,646,205	3,652,316
Contributions made	2,383,786	3,671,403	3,694,935
Change in net pension obligation	10,341	(25,198)	(42,619)
Net pension obligation (asset)			
Beginning of year	483,442	(649,057)	(793,813)
End of year	$ 493,783	$ (674,255)	$ (836,432)
As reported in			
City's governmental activities	$ 272,287	$ (674,255)	$ (836,432)
City's business-type activities	152,907	-	-
Library	68,589	-	-
	$ 493,783	$ (674,255)	$ (836,432)

Trend Information: Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2013	$ 2,394,127	$ 3,646,205	$ 3,652,316
	2012	2,351,609	3,458,523	3,560,441
	2011	2,330,839	3,305,117	3,388,116
Contributions made	2013	$ 2,383,786	$ 3,671,403	$ 3,694,935
	2012	2,250,700	3,562,231	3,655,295
	2011	1,948,306	3,755,364	3,798,156
Percentage of APC contributed	2013	99.57%	100.69%	101.17%
	2012	95.71%	103.00%	102.66%
	2011	83.59%	113.60%	112.10%
Net pension obligation (asset)	2013	$ 493,783	$ (674,255)	$ (836,432)
	2012	483,442	(649,057)	(793,813)
	2011	382,533	(545,349)	(698,959)

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Funded Status and Funding Progress: The City's actuarial value of plan assets for the current year and related information is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2013	December 31, 2012	December 31, 2012
Actuarial Valuation of Assets (a)	$ 38,187,978	$ 56,580,919	$ 60,821,899
Actuarial Accrued Liability (AAL) Entry Age (b)	$ 49,882,221	$ 115,465,155	$ 110,650,433
Unfunded AAL (UAAL) (b-a)	$ 11,694,243	$ 58,884,236	$ 49,828,534
Funded Ratio (a/b)	76.56%	49.00%	54.97%
Covered Payroll (c)	$ 15,946,135	$ 7,703,991	$ 8,216,028
UAAL as a percentage of Covered Payroll ((b-a)/c)	73.34%	764.33%	606.48%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Pension Information:

Fiduciary Net Position:

	Pension Trust		
	Firefighters' Pension	Police Pension	Totals
Assets			
Cash and cash equivalents	$ 3,029,266	$ 4,032,598	$ 7,061,864
Investments			
U.S. government and agency obligations	10,670,277	8,292,637	18,962,914
Mutual funds	20,224,228	22,238,826	42,463,054
Corporate bonds	12,044,165	10,797,575	22,841,740
Stocks	20,140,416	15,388,886	35,529,302
State and local obligations	1,010,173	1,187,335	2,197,508
Insurance contracts	-	1,455	1,455
Accrued interest	213,897	189,892	403,789
Prepaid items	5,747	5,805	11,552
Total assets	67,338,169	62,135,009	129,473,178
Liabilities			
Accounts payable	32,971	48,826	81,797
Total liabilities	32,971	48,826	81,797
Net position	$ 67,305,198	$ 62,086,183	$ 129,391,381

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 – EMPLOYEES' RETIREMENT SYSTEM (Continued)

Changes in Plan Net Position:

	Pension Trust		
	Firefighters' Pension	Police Pension	Totals
Additions			
Contributions			
Employer	$ 3,945,005	$ 3,921,472	$ 7,866,477
Plan members	797,150	776,810	1,573,960
Total contributions	4,742,155	4,698,282	9,440,437
Investment Income	8,017,889	7,416,063	15,433,952
Less investment expense	(242,993)	(253,516)	(496,509)
Net investment income	7,774,896	7,162,547	14,937,443
Total additions	12,517,051	11,860,829	24,377,880
Deductions			
Administration	90,129	93,898	184,027
Benefits and refunds	5,943,621	6,261,667	12,205,288
Total deductions	6,033,750	6,355,565	12,389,315
Change in plan net position	6,483,301	5,505,264	11,988,565
Plan net position, beginning of year	60,821,897	56,580,919	117,402,816
Plan net position, end of year	$ 67,305,198	$ 62,086,183	$ 129,391,381

NOTE 10 – RISK MANAGEMENT

Risk Management: The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation and health insurance. The City is self-insured for Dental. These risks are accounted for and financed by the City in its internal service funds – the Risk Management Fund and Health Benefits Fund. Settled claims have not exceeded coverage for the past 3 years. There was no significant reduction in coverage from the prior year.

Self-Insurance: For dental claims, the City offers optional dental insurance to all of its employees and any dependents. Employees opting for this coverage pay 10% of the premium. The annual maximum benefit is $1,500 per employee.

All funds of the City participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefits: The City administers a single employer defined benefit healthcare plan "the Retiree Health Plan" The plan provides health insurance contributions for eligible retirees and their spouses through the City's group health insurance plan which covers both active and retired members. A retiree is eligible to receive benefits if they fall into any one of four categories. IMRF participants are eligible at age 55 with at least 8 years of service. or if they are totally and permanently disabled. Police officers and firefighters are eligible at age 50 with 20 years of service, or if they are medically disabled and unable to perform the duties as a police officer or firefighter. Police officers are eligible for a reduced benefit at age 60 with at least 10 years of service, but less than 20 years. Police officers and firefighters that terminate with a vested benefit are eligible for post-retirement healthcare benefits commencing at the time of separation. Spouses and dependents of retirees are eligible to continue healthcare coverage while the retiree is alive if they were enrolled at the time of retirement. Surviving spouses of employees are eligible for COBRA coverage. Surviving spouses and dependent children of police officers and firefighters that were injured in the line of duty, during an emergency, and surviving spouses of all retirees are eligible to continue healthcare coverage. Retirees, spouses, and dependents opting out of the retiree health program cannot re-enter into the program.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. Plan members receiving benefits contribute 100% of their premium costs. The City pays 100% of the healthcare premiums for police officers and firefighters, their dependents and their surviving spouses and dependent children if they were injured or killed in the line of duty during an emergency. Healthcare premiums for surviving spouses are payable by the City until remarriage. Any amounts payable under the City's health plan will be reduced by the amounts payable under Medicare for those expenses which are covered by Medicare. For fiscal year 2013, total member contributions were $1,270,600. Administrative costs of the plan are paid by the City.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 621,039
Interest on net OPEB obligation	82,425
Adjustment to annual required contribution	(68,686)
Annual OPEB cost	634,778
Contributions made	(845,065)
Change in net OPEB obligation	(210,287)
Net OPEB obligation, beginning of year*	2,106,330
Net OPEB obligation, end of year	$ 1,896,043

*The beginning balance was restated, see note 12.

Of the total net OPEB obligation, $1,717,972 is reported within the governmental activities and $178,071 is reported within the business-type activities.

CITY OF DES PLAINES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 634,778	133.13%	$ 1,896,043
2012	650,798	129.35%	1,998,822
2011	1,458,629	62.81%	2,189,853

The funded status of the plan as of December 31, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 10,380,866
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 10,380,866
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 32,389,697
UAAL as a percentage of covered payroll	32.05%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 6.00 percent after 10 years. Both rates include a 3.00 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll 30-year open amortization period for all employee groups except Public Works and the cost of the ERI. For the Public Works employee group, a 10-year open level-percentage-of-pay amortization period is being used and a 5-year closed level-percentage-of pay amortization period is used for the ERI cost.

CITY OF DES PLAINES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
IMRF						
12/31/2013	$ 38,187,978	$ 49,882,221	$ 11,694,243	76.56 %	$ 15,946,135	73.34 %
12/31/2012	34,663,713	49,248,165	14,584,452	70.39	16,592,625	87.90
12/31/2011	33,063,104	48,680,023	15,616,919	67.92	16,321,980	95.68
12/31/2010	33,164,350	46,681,007	13,516,657	71.04	16,588,014	81.48
12/31/2009	34,585,843	47,271,673	12,685,830	73.16	18,901,116	67.12
12/31/2008	35,165,730	47,594,270	12,428,540	73.89	17,751,122	70.02
Police Pension						
12/31/2012	$ 56,580,919	$ 115,465,155	$ 58,884,236	49.00 %	$ 7,703,991	764.33 %
12/31/2011	52,473,135	110,745,285	58,272,150	47.38	8,212,634	709.54
12/31/2010	52,803,116	105,556,583	52,753,467	50.02	7,985,770	660.59
12/31/2009	48,909,486	92,023,460	43,113,974	53.15	8,182,297	526.92
12/31/2008	43,143,575	86,979,445	43,835,870	49.60	7,965,425	550.33
12/31/2007	50,160,219	82,869,248	32,709,029	60.53	7,817,392	418.41
Firefighters' Pension						
12/31/2012	$ 60,821,899	$ 110,650,433	$ 49,828,534	54.97 %	$ 8,216,028	606.48 %
12/31/2011	55,810,599	105,346,182	49,535,583	52.98	8,209,659	603.38
12/31/2010	55,010,846	101,349,056	46,338,210	54.28	8,190,774	565.74
12/31/2009	51,578,742	90,690,929	39,112,187	56.87	7,952,536	491.82
12/31/2008	47,701,104	82,859,995	35,158,891	57.57	8,296,833	423.76
12/31/2007	56,500,713	77,492,079	20,991,366	72.91	7,961,049	263.68
Retiree's Health Plan						
12/31/2012	$ -	$ 10,380,866	$ 10,380,866	0.00 %	$ 32,389,697	32.05 %
12/31/2010	-	13,581,821	13,581,821	0.00	26,176,392	51.89
12/31/2008	-	12,898,052	12,898,052	0.00	31,327,381	41.17

CITY OF DES PLAINES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
December 31, 2013

Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
IMRF			
12/31/2013	$ 2,383,786	$ 2,383,786	100%
12/31/2012	2,250,700	2,343,437	96%
12/31/2011	1,948,306	2,330,839	84%
12/31/2010	2,148,148	2,148,148	100%
12/31/2009	1,914,683	1,914,683	100%
12/31/2008	1,792,863	1,792,863	100%
Police Pension			
12/31/2013	$ 3,671,403	$ 3,661,515	100%
12/31/2012	3,562,231	3,472,544	103%
12/31/2011	3,755,364	3,307,583	114%
12/31/2010	2,955,719	3,240,960	91%
12/31/2009	2,674,204	2,538,400	105%
12/31/2008	2,421,918	2,352,290	103%
Firefighters' Pension			
12/31/2013	$ 3,694,935	$ 3,671,041	101%
12/31/2012	3,655,295	3,577,776	102%
12/31/2011	3,798,156	3,395,608	112%
12/31/2010	2,754,196	3,042,315	91%
12/31/2009	2,158,347	2,100,581	103%
12/31/2008	2,017,392	1,831,495	110%
Retiree's Health Plan			
12/31/2013	$ 845,065	$ 621,039	136%
12/31/2012	841,829	636,199	132%
12/31/2011	916,213	1,481,391	62%
12/31/2010	819,804	1,420,390	58%
12/31/2009	599,828	1,120,637	54%
12/31/2008	572,023	1,142,333	50%

EXHIBIT D

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

To the Honorable Mayor
And Members of the City Council
City of Des Plaines, Illinois
Des Plaines, Illinois 60016

We have examined the City of Des Plaines, Illinois', (City's) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended December 31, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

In our opinion, the City complied in all material respects, with the aforementioned requirements for the year ended December 31, 2014.

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
June 8, 2015

CITY OF DES PLAINES, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	Major Governmental Funds					
	General	TIF #6 (Mannheim/ Higgins)	Gaming Tax	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 23,982,499	$ -	$ 34,732,920	$ 3,259,857	$ 14,094,379	$ 76,069,655
Receivables (net)						
Property Tax Receivable	22,789,813	18,461	-	33,874	5,213,021	28,055,169
Other Taxes	1,179,672	-	-	141,448	-	1,321,120
Accounts Receivable	1,174,419	-	-	620,646	-	1,795,065
Accrued Interest	265,331	-	4,541	-	1,531	271,403
Other	204,076	-	2,611,508	-	5,138	2,820,722
Due from Other Governments	6,267,850	-	-	1,147,255	1,382,804	8,797,909
Advances to Other Funds	13,885,051	-	-	-	-	13,885,051
TOTAL ASSETS	$ 69,748,711	$ 18,461	$ 37,348,969	$ 5,203,080	$ 20,696,873	$ 133,016,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 1,412,518	$ 1,956	$ 15,917,018	$ 1,602,341	$ 1,067,630	$ 20,001,463
Accrued Payroll	1,580,295	-	-	13,318	2,718	1,596,331
Accrued Liabilities	110,671	-	-	-	-	110,671
Deposits Payable	-	-	-	4,075	138,999	143,074
Advances from Other Funds	-	8,081,489	-	-	3,158,547	11,240,036
Unearned Revenue	229,379	-	-	-	-	229,379
Total Liabilities	3,332,863	8,083,445	15,917,018	1,619,734	4,367,894	33,320,954
Deferred Inflows of Resources						
Deferred Property Tax Revenue	22,743,904	15,986	-	32,995	5,080,477	27,873,362
Unavailable Other Revenue	1,589,539	-	-	-	1,601,501	3,191,040
Total Deferred Inflows of Resources	24,333,443	15,986	-	32,995	6,681,978	31,064,402
Fund Balances						
Nonspendable						
Long-term Interfund Advances	13,885,051	-	-	-	-	13,885,051
Restricted						
Economic Development	-	-	-	-	4,247,317	4,247,317
Debt Retirement/Infrastructure	-	-	21,431,951	-	-	21,431,951
Streets & Highways	-	-	-	-	554,995	554,995
Public Safety	-	-	-	-	2,024,830	2,024,830
Debt Service	-		-	-	457,477	457,477
Assigned						
Infrastructure	5,950,000	-	-	3,550,351	-	9,500,351
Capital Acquisitions	2,300,000	-	-	-	5,593,226	7,893,226
Streets & Highways	200,000	-	-	-	-	200,000
Pension Funding	700,000	-	-	-	-	700,000
Unassigned	19,047,354	(8,080,970)	-	-	(3,230,844)	7,735,540
Total Fund Balances	42,082,405	(8,080,970)	21,431,951	3,550,351	9,647,001	68,630,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 69,748,711	$ 18,461	$ 37,348,969	$ 5,203,080	$ 20,696,873	$ 133,016,094

See accompanying notes to financial statements.

CITY OF DES PLAINES, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total Fund Balances - Governmental Funds		$ 68,630,738
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital Assets	$ 305,059,302	
Accumulated Depreciation	(107,812,854)	
Net Capital Assets		197,246,448
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		3,191,040
Gains/Losses related to the refunding of long-term debt are deferred and amortized over the life of the debt issue in the statement of net position.		541,551
Generally, interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(83,013)
The net pension assets of the police and firefighters pension funds are included in the governmental activities in the statement of net position.		2,017,516
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Compensated Absences Payable	(2,364,367)	
General Obligation Bonds Payable	(7,020,000)	
TIF General Obligation Bonds Payable	(33,658,625)	
TIF Revenue Bonds Payable	(423,590)	
Unamortized Bond Premiums & Discounts	(386,636)	
Installment Notes Payable	(187,500)	
Other Post Employment Benefits (OPEB)	(2,084,329)	
Net Pension Obligation - IMRF	(250,205)	
Total Long-term Liabilities		(46,375,252)
Internal service funds are reported in the Statement of Net Position as Governmental Activities.		5,003,107
Net Position of Governmental Activities		$ 230,172,135

See accompanying notes to financial statements.

CITY OF DES PLAINES, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Major Governmental Funds					
	General	TIF #6 (Mannheim/ Higgins)	Gaming Tax	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$ 22,900,148	$ 9,550	$ -	$ 32,151	$ 5,551,655	$ 28,493,504
Other Taxes	12,248,695	-	24,792,544	6,075,436	108,505	43,225,180
Licenses and Permits	3,331,833	-	-	-	-	3,331,833
Intergovernmental	19,559,114	-	-	25,701	5,124,794	24,709,609
Public Charges for Services	5,065,526	-	-	2,221,419	-	7,286,945
Fines, Forfeitures and Penalties	1,306,106	-	-	-	32,963	1,339,069
Investment Income	11,112	149	26,795	2,182	33,558	73,796
Miscellaneous	432,138	-	-	85,215	3,757	521,110
Total Revenues	64,854,672	9,699	24,819,339	8,442,104	10,855,232	108,981,046
Expenditures						
Current						
General Government	7,531,642	-	15,917,018	-	283,036	23,731,696
Public Safety	38,649,791	-	-	-	189,337	38,839,128
Public Works	5,232,228	-	-	973,518	-	6,205,746
Streets and Highways	5,497,717	-	-	-	1,475,748	6,973,465
Economic Development	642,461	48,418	-	-	1,547,972	2,238,851
Debt Service						
Principal	-	955,000	-	5,395,000	1,801,298	8,151,298
Interest and Fiscal Charges	-	234,697	-	441,522	648,920	1,325,139
Capital Outlay	-	-	-	8,469,063	6,749,514	15,218,577
Total Expenditures	57,553,839	1,238,115	15,917,018	15,279,103	12,695,825	102,683,900
Excess (Deficiency) of Revenues over (under) Expenditures	7,300,833	(1,228,416)	8,902,321	(6,836,999)	(1,840,593)	6,297,146
Other Financing Sources (Uses)						
Transfer In	342,257	-	-	6,895,000	3,833,250	11,070,507
Transfer Out	(9,201,298)	(49,527)	(1,745,000)	(74,152)	(251,972)	(11,321,949)
Issuance of Debt	-	2,020,000	-	2,880,000	2,720,000	7,620,000
Payment to Refunding Bond Escrow	-	(6,440,489)	-	(2,924,139)	(6,358,971)	(15,723,599)
Premium on Bond Issuance	-	1,707	-	81,567	77,035	160,309
Total Other Financing Sources (Uses)	(8,859,041)	(4,468,309)	(1,745,000)	6,858,276	19,342	(8,194,732)
Net Change in Fund Balances	(1,558,208)	(5,696,725)	7,157,321	21,277	(1,821,251)	(1,897,586)
Fund Balances at Beginning of Year	43,640,613	(2,384,245)	14,274,630	3,529,074	11,468,252	70,528,324
Fund Balances at End of Year	$ 42,082,405	$ (8,080,970)	$ 21,431,951	$ 3,550,351	$ 9,647,001	$ 68,630,738

See accompanying notes to financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes.

- Motor Fuel Tax Fund – to account for the City's share of restricted state gasoline taxes. All projects require the advance approval of the Illinois Department of Transportation.

- Community Development Block Grant Fund - to account for the disbursement of the restricted Federal Community Block Grant. Financing is provided by the Federal Government.

- Asset Seizure Fund – to account for the restricted monies received from the federal, state, and county related to the seizure of assets by the Des Plaines Police Department.

- Foreign Fire Insurance Tax Fund – to account for restricted monies received from the foreign fire insurance tax, and disbursements by the Foreign Fire Insurance Tax Board.

- TIF Tax Allocation #1 Fund – to account for restricted revenues and expenditures related to the tax increment finance district located downtown.

- TIF Tax Allocation #3 Fund – to account for restricted revenues and expenditures related to the tax increment finance district located near Wille Road.

- TIF Tax Allocation #4 Fund – to account for restricted revenues and expenditures related to the tax increment finance district located near Five Corners.

- TIF Tax Allocation #5 Fund – to account for restricted revenues and expenditures related to the tax increment finance district located near Lee and Perry Streets in downtown Des Plaines.

- TIF Tax Allocation # 7 Fund – to account for restricted revenues and expenditures related to the tax increment finance district located near Higgins Road and Pratt Avenue. There was no activity or budget for this fund in 2014.

- Grant Funded Projects Fund – to account for restricted revenues and expenditures related to the Public Safety, Capital and other miscellaneous grants.

Debt Service Funds are governmental funds used to account for the accumulation of resources and the payment of general long-term debt principal, interest, and related costs.

- Debt Service Fund – to accumulate monies for payment of principal and interest on long-term general obligation debt of governmental funds.

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other that those financed by proprietary funds and trust funds.

- Equipment Replacement Fund – to account for the acquisition of major capital equipment (rolling stock).

- IT Replacement Fund – to account for the replacement of the City's computer and copier equipment.

CITY OF DES PLAINES, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue Funds				
	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	Foreign Fire Insurance Tax	TIF #1 (Downtown)
ASSETS					
Cash and Investments	$ 809,164	$ 111,194	$ 1,538,776	$ 608,507	$ 4,211,780
Receivables (Net)					
Property Taxes	-	-	-	-	4,439,915
Accrued Interest	-	-	1,531	-	-
Other	-	-	5,138	-	-
Due from Other Governments	146,974	20,026	5,722	-	-
TOTAL ASSETS	$ 956,138	$ 131,220	$ 1,551,167	$ 608,507	$ 8,651,695
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 401,143	$ 20,444	$ 14,582	$ -	$ 280,933
Accrued Liabilities	-	2,718	-	-	-
Deposits Payable	-	-	120,262	-	18,737
Advances from Other Funds	-	-	-	-	-
Total Liabilities	401,143	23,162	134,844	-	299,670
Deferred Inflows of Resources					
Deferred Property Tax Revenue	-	-	-	-	4,307,721
Unavailable Other Revenue	-	275	-	-	-
Total Deferred Inflows of Resources	-	275	-	-	4,307,721
Fund Balances					
Restricted					
Economic Development	-	107,783	-	-	4,044,304
Streets & Highways	554,995	-	-	-	-
Public Safety	-	-	1,416,323	608,507	-
Debt Service	-	-	-	-	-
Assigned					
Capital Acquisitions	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	554,995	107,783	1,416,323	608,507	4,044,304
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 956,138	$ 131,220	$ 1,551,167	$ 608,507	$ 8,651,695

Special Revenue Funds				Debt Service Fund	Capital Projects Funds		
TIF #3 (Wille Road)	TIF #4 (Five Corners)	TIF #5 (Perry/Lee)	Grant Funded Projects	Debt Service	Equipment Replacement	I.T. Replacement	Total Nonmajor Governmental Funds
$ -	$ -	$ 95,354	$ 547,263	$ 457,127	$ 5,157,049	$ 558,165	$ 14,094,379
544,569	-	119,772	-	108,765	-	-	5,213,021
-	-	-	-	-	-	-	1,531
-	-	-	-	-	-	-	5,138
-	-	-	1,210,082	-	-	-	1,382,804
$ 544,569	$ -	$ 215,126	$ 1,757,345	$ 565,892	$ 5,157,049	$ 558,165	$ 20,696,873
$ 726	$ -	$ 124	$ 227,690	$ -	$ 28,110	$ 93,878	$ 1,067,630
-	-	-	-	-	-	-	2,718
-	-	-	-	-	-	-	138,999
3,158,547	-	-	-	-	-	-	3,158,547
3,159,273	-	124	227,690	-	28,110	93,878	4,367,894
544,569	-	119,772	-	108,415	-	-	5,080,477
-	-	-	1,601,226	-	-	-	1,601,501
544,569	-	119,772	1,601,226	108,415	-	-	6,681,978
-	-	95,230	-	-	-	-	4,247,317
-	-	-	-	-	-	-	554,995
-	-	-	-	-	-	-	2,024,830
-	-	-	-	457,477	-	-	457,477
-	-	-	-	-	5,128,939	464,287	5,593,226
(3,159,273)	-	-	(71,571)	-	-	-	(3,230,844)
(3,159,273)	-	95,230	(71,571)	457,477	5,128,939	464,287	9,647,001
$ 544,569	$ -	$ 215,126	$ 1,757,345	$ 565,892	$ 5,157,049	$ 558,165	$ 20,696,873

CITY OF DES PLAINES, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Special Revenue Funds				
	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	Foreign Fire Insurance Tax	TIF #1 (Downtown)
Revenues					
Taxes	$ -	$ -	$ -	$ 108,505	$ 4,779,373
Intergovernmental	1,955,759	153,317	42,901	-	-
Fines, Forfeitures and Penalties	-	-	32,963	-	-
Investment Income	89	-	2,700	3,372	564
Miscellaneous	-	-	2,757	1,000	-
Total Revenues	1,955,848	153,317	81,321	112,877	4,779,937
Expenditures					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	107,172	82,165	-
Streets and Highways	1,475,748	-	-	-	-
Economic Development	-	145,566	-	-	1,386,485
Debt Service					
Principal	-	-	-	-	1,289,798
Interest and Fiscal Charges	-	-	-	-	216,704
Capital Outlay	367,115	1,667	84,770	-	909,643
Total Expenditures	1,842,863	147,233	191,942	82,165	3,802,630
Excess (Deficiency) of Revenues over (under) Expenditures	112,985	6,084	(110,621)	30,712	977,307
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	(205,210)
Issuance of Debt	-	-	-	-	-
Payment to Refunding Bond Escrow	-	-	-	-	(3,048,390)
Premium on Bond Issuance	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(3,253,600)
Net Change in Fund Balances	112,985	6,084	(110,621)	30,712	(2,276,293)
Fund Balances at Beginning of Year	442,010	101,699	1,526,944	577,795	6,320,597
Fund Balances at End of Year	$ 554,995	$ 107,783	$ 1,416,323	$ 608,507	$ 4,044,304

Special Revenue Funds				Debt Service Fund	Capital Projects Funds		
TIF #3 (Wille Road)	TIF #4 (Five Corners)	TIF #5 (Perry/Lee)	Grant Funded Projects	Debt Service	Equipment Replacement	I.T. Replacement	Total Nonmajor Governmental Funds
$ 551,258	$ -	$ 120,982	$ -	$ 100,042	$ -	$ -	$ 5,660,160
-	-	-	2,972,817	-	-	-	5,124,794
-	-	-	-	-	-	-	32,963
34	-	1	17	-	26,769	12	33,558
-	-	-	-	-	-	-	3,757
551,292	-	120,983	2,972,834	100,042	26,769	12	10,855,232
-	-	-	229,792	-	9,626	43,618	283,036
-	-	-	-	-	-	-	189,337
-	-	-	-	-	-	-	1,475,748
512	15,364	45	-	-	-	-	1,547,972
324,000	-	95,000	-	80,000	12,500	-	1,801,298
386,439	-	17,937	-	27,840	-	-	648,920
-	643,951	-	2,875,956	-	892,960	973,452	6,749,514
710,951	659,315	112,982	3,105,748	107,840	915,086	1,017,070	12,695,825
(159,659)	(659,315)	8,001	(132,914)	(7,798)	(888,317)	(1,017,058)	(1,840,593)
-	215,196	-	49,152	-	2,532,800	1,036,102	3,833,250
(6,275)	(40,487)	-	-	-	-	-	(251,972)
2,720,000	-	-	-	-	-	-	2,720,000
(3,310,581)	-	-	-	-	-	-	(6,358,971)
77,035	-	-	-	-	-	-	77,035
(519,821)	174,709	-	49,152	-	2,532,800	1,036,102	19,342
(679,480)	(484,606)	8,001	(83,762)	(7,798)	1,644,483	19,044	(1,821,251)
(2,479,793)	484,606	87,229	12,191	465,275	3,484,456	445,243	11,468,252
$ (3,159,273)	$ -	$ 95,230	$ (71,571)	$ 457,477	$ 5,128,939	$ 464,287	$ 9,647,001

CITY OF DES PLAINES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TIF #1 (DOWNTOWN) FUND
Year Ended December 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			
	Original and Final Budget	Actual	Variance from Final Budget Positive (Negative)	2013 Actual
Revenues				
Property Taxes	$ 4,733,399	$ 4,779,373	$ 45,974	$ 4,797,868
Investment Income	600	564	(36)	1,071
Miscellaneous	-	-	-	2,144
Total Revenues	4,733,999	4,779,937	45,938	4,801,083
Expenditures				
Economic Development				
Salaries	6,000	2,530	3,470	6,469
Benefits	809	532	277	992
Contractual Services	1,201,202	700,472	500,730	535,673
Commodities	451,650	682,951	(231,301)	550,477
Capital Outlay	2,550,000	909,643	1,640,357	3,014,901
Total Economic Development	4,209,661	2,296,128	1,913,533	4,108,512
Debt Service				
Principal	1,459,797	1,289,798	169,999	1,930,865
Interest and Fiscal Charges	300,076	216,704	83,372	362,765
Total Debt Service	1,759,873	1,506,502	253,371	2,293,630
Total Expenditures	5,969,534	3,802,630	2,166,904	6,402,142
Excess (Deficiency) of Revenues over (under) Expenditures	(1,235,535)	977,307	2,212,842	(1,601,059)
Other Financing Sources (Uses)				
Transfer Out	(205,210)	(205,210)	-	(394,232)
Issuance of Debt	-	-	-	2,990,000
Payment to Refunding Bond Escrow	-	(3,048,390)	(3,048,390)	-
Premium on Bond Issuance	-	-	-	90,118
Total Other Financing Sources (Uses)	(205,210)	(3,253,600)	(3,048,390)	2,685,886
Net Change in Fund Balance	$ (1,440,745)	(2,276,293)	$ (835,548)	1,084,827
Fund Balance at Beginning of Year		6,320,597		5,235,770
Fund Balance at End of Year		$ 4,044,304		$ 6,320,597

CITY OF DES PLAINES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TIF #3 (WILLE ROAD) FUND
Year Ended December 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			
	Original and Final Budget	Actual	Variance from Final Budget Positive (Negative)	2013 Actual
Revenues				
Taxes	$ 630,943	$ 551,258	$ (79,685)	$ 489,100
Investment Income	10	34	24	30
Miscellaneous	-	-	-	405
Total Revenues	630,953	551,292	(79,661)	489,535
Expenditures				
Economic Development				
Contractual Services	10,039	512	9,527	6,683
Total Economic Development	10,039	512	9,527	6,683
Debt Service				
Principal	314,000	324,000	(10,000)	165,000
Interest and Fiscal Charges	397,013	386,439	10,574	409,744
Total Debt Service	711,013	710,439	574	574,744
Total Expenditures	721,052	710,951	10,101	581,427
Excess (Deficiency) of Revenues over (under) Expenditures	(90,099)	(159,659)	(69,560)	(91,892)
Other Financing Sources (Uses)				
Transfers Out	(6,275)	(6,275)	-	(6,260)
Issuance of Debt	-	2,720,000	2,720,000	565,000
Payment to Refunding Bond Escrow	-	(3,310,581)	(3,310,581)	-
Premium on Bond Issuance	-	77,035	77,035	14,532
Total Other Financing Sources (Uses)	(6,275)	(519,821)	(513,546)	573,272
Net Change in Fund Balance	$ (96,374)	(679,480)	$ (583,106)	481,380
Fund Balance at Beginning of Year		(2,479,793)		(2,961,173)
Fund Balance at End of Year		$ (3,159,273)		$ (2,479,793)

CITY OF DES PLAINES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TIF #4 (FIVE CORNERS) FUND
Year Ended December 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			
	Original and Final Budget	Actual	Variance from Final Budget Positive (Negative)	2013 Actual
Revenues				
Taxes	$ 24,797	$ -	$ (24,797)	$ 1,901
Investment Income	-	-	-	1
Total Revenues	24,797	-	(24,797)	1,902
Expenditures				
Economic Development				
Contractual Services	173,671	13,624	160,047	18,135
Commodities	5,000	1,740	3,260	-
Capital Outlay	200,000	643,951	(443,951)	45,482
Total Expenditures	378,671	659,315	(280,644)	63,617
Excess (Deficiency) of Revenues over (under) Expenditures	(353,874)	(659,315)	(305,441)	(61,715)
Other Financing Sources (Uses)				
Transfers In	-	215,196	215,196	-
Transfers Out	(40,487)	(40,487)	-	(45,380)
Total Other Financing Sources (Uses)	(40,487)	174,709	215,196	(45,380)
Net Change in Fund Balance	$ (394,361)	(484,606)	$ (90,245)	(107,095)
Fund Balance at Beginning of Year		484,606		591,701
Fund Balance at End of Year		$ -		$ 484,606

CITY OF DES PLAINES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TIF #5 (PERRY/LEE) FUND
Year Ended December 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			
	Original and Final Budget	Actual	Variance from Final Budget Positive (Negative)	2013 Actual
Revenues				
Taxes	$ 115,438	$ 120,982	$ 5,544	$ 94,586
Investment Income	-	1	1	36
Total Revenues	115,438	120,983	5,545	94,622
Expenditures				
Economic Development				
Contractual Services	10	45	(35)	1,418
Total Economic Development	10	45	(35)	1,418
Debt Service				
Principal	95,000	95,000	-	90,000
Interest and Fiscal Charges	17,913	17,937	(24)	19,736
Total Debt Service	112,913	112,937	(24)	109,736
Total Expenditures	112,923	112,982	(59)	111,154
Net Change in Fund Balance	$ 2,515	8,001	$ 5,486	(16,532)
Fund Balance at Beginning of Year		87,229		103,761
Fund Balance at End of Year		$ 95,230		$ 87,229