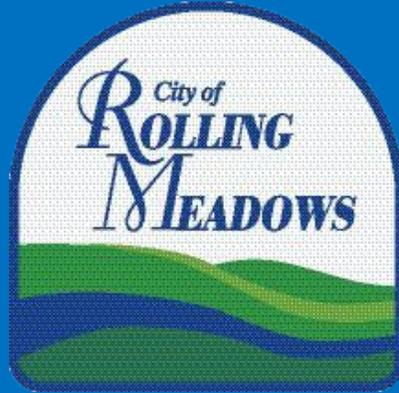


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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City of Rolling Meadows, 3600 Kirchoff Road, Rolling Meadows, IL 60008  
847-394-8500 [www.cityrm.org](http://www.cityrm.org)

**CITY OF ROLLING MEADOWS, ILLINOIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2017**

Prepared by the Finance Department

**CITY OF ROLLING MEADOWS, ILLINOIS**

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the City of Rolling Meadows, including:

- List of Principal Officials
- Organizational Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting

**CITY OF ROLLING MEADOWS, ILLINOIS**

**List of Principal Officials  
December 31, 2017**

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**LEGISLATIVE**

Mayor: Len Prejna

Deputy City Clerk: Ginny Cotugno

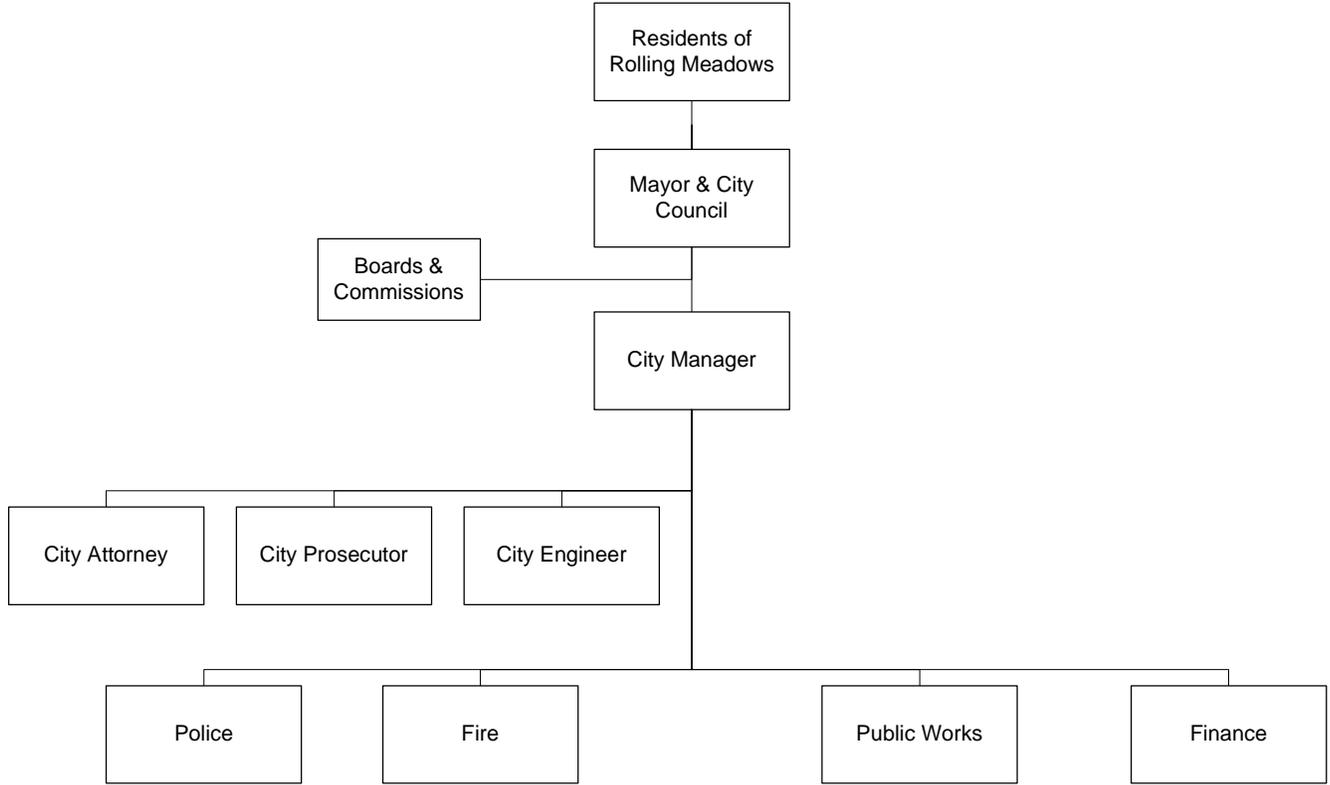
Ward 1:	Mike Cannon, Alderman
Ward 2:	Nick Budmats, Alderman
Ward 3:	Laura Majikes, Alderman
Ward 4:	Joseph Gallo, Alderman
Ward 5:	Rob Banger, Jr., Alderman
Ward 6:	John D’Astice, Alderman
Ward 7:	Tim Veenbaas, Alderman

**ADMINISTRATIVE**

City Manager:	Barry Krumstok
Finance Director:	Melissa Gallagher
Public Works Director:	Fred Vogt
Police Chief:	John Nowacki
Fire Chief:	Terry Valentino

# City of Rolling Meadows

## Organizational Chart





*"PROGRESS THRU PARTICIPATION"*

May 24, 2018

To the Mayor of the City of Rolling Meadows  
Members of the City Council  
Citizens and Businesses of the City of Rolling Meadows, Illinois

The Comprehensive Annual Financial Report (CAFR) of the **CITY OF ROLLING MEADOWS, ILLINOIS** for the Fiscal Year ended December 31, 2017, is hereby submitted. The submittal of this report complies with Illinois state law which requires that the City issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

For the year ended December 31, 2017, the licensed certified public accounting firm of Lauterbach & Amen, LLP, has issued an unmodified ("clean") opinion on the City of Rolling Meadows financial statements. The independent auditors report can be found at the front of the financial section of this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the City of Rolling Meadows. The results of operations as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

This report includes all funds of the City (primary government), as well as its component units, the Rolling Meadows Public Library (discreetly presented component unit). Component units are autonomous entities for which the primary government is financially accountable.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal should be read in conjunction with the management's discussion and analysis and the notes to the financial statements to obtain the most complete assessment of the City's current financial status and its future prospects. The City's Management's Discussion and Analysis can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY OF ROLLING MEADOWS**

The City of Rolling Meadows is located in northwest suburban Cook County, 27 miles from downtown Chicago, Illinois. Two major expressways serving the Northwest suburban area are the Northwest Tollway (Interstate 90), and Illinois Route 53 (also serving for part of its length as Interstate 290).

Rolling Meadows is part of the Chicago northwest suburban area that encompasses 32 communities along Interstate 90 from O'Hare Airport to Elgin, Illinois, referred to as the "Golden Corridor". The diversity of business and industry provides a stable economic base, which in turn creates outstanding municipal services, educational systems, health and human care agencies and recreational facilities.

The City of Rolling Meadows is centrally located within the "Golden Corridor" with O'Hare Airport approximately 10 miles east of the City. The City's development, like that of much of the Northwest, traces to the mid-1950s when the Illinois Toll Road and O'Hare International Airport were under construction. The early residential developer of the City (Kimball Hill) acquired approximately 537 acres of farmland immediately south of the Arlington Racetrack and broke ground for first single-family homes on July 21, 1953. At the time, the City incorporated on February 26, 1955, it had a population of 5,162. The City's current population as of the 2010 U.S. Census is 24,099.

The City operates under a City Manager form of government. The City Manager administers the City's day-to-day operations. The legislative authority of the City is vested in a seven-member council, each elected from their respective wards. The Mayor and City Clerk are elected at large. Each Alderman and the Mayor serve staggered, four-year terms with term limits. The public voted by referendum to eliminate the elected City Treasurer's position in 2006, and subsequently those duties were assigned to the Finance Director.

The City provides a full range of municipal services with 159 full-time and 20 part-time persons working in Public Safety, Public Works, Planning and Zoning, Community Development, Economic Development, Information Technology, Finance and General Administration. The City maintains approximately 61 miles of streets and about 134 miles of parkway. The City operates its own water distribution system with sewage treatment provided by the Metropolitan Water Reclamation District. The City is a member of two joint ventures; the first is the Northwest Suburban Joint Action Water Agency (JAWA), which provides water from Lake Michigan through Chicago. The City also maintains a few deep water wells as reserves (In case of emergency, the City also has two emergency water connects, one with the Village of Palatine and the other with the Village of Arlington Heights. These communities are currently in a different water system acquiring water from the City of Evanston.) The second joint venture is the Solid Waste Agency of Northern Cook County (SWANCC), which provides solid waste disposal services. The City also owns and operates its own fleet of refuse vehicles (recycling is a contracted service).

The City also contracts with Northwest Central Dispatch for emergency 911 Dispatch services.

The Rolling Meadows Public Library is operated under an appointed board, which is separate from the City Council. Library Board positions are appointed by the City's Mayor (with consent of the City Council) and expire on a rotating basis. Library operations are administered by the Library Board, however, the City is required by state statute to include within its property tax levy and budget, the Library's requests. The Library does not have authority to issue debt, and must do so through the City. Thus, the Library is a component unit of the City. (The City performs many functions for the Library including Payroll, IMRF reporting, monthly bank reconciliations, and other items.)

In December 2013, Standard & Poor's Rating Services raised the City's long-term rating on the City of Rolling Meadows' general obligation bonds to AA+ from A+. Standard & Poor's cited the City's very strong budgetary flexibility, liquidity and strong budgetary performance among the reasons behind the increase in the credit rating.

In November 2014, Moody's Investor Service upgraded Rolling Meadows' general obligation (GO) bond rating to Aa3 from a previous rating of A1, reflecting the agency's confidence in the City's overall financial health. The Moody's report cited a substantial increase in the City's reserve levels as well as a strong capacity to meet financial obligations. In March 2018, Moody's reaffirmed the City's bond rating of Aa3. The City's Management and the City Council continually review its debt structure for any potential interest savings and future debt issuance.

## MAJOR INITIATIVES

The City is actively engaged in developing new strategies for economic growth. Economic Development continues to be a priority for the City of Rolling Meadows. Rolling Meadows is known as a business-friendly community and has a reputation as a "Great Place to Do Business". In FY 2017, there were higher-profile successes across the City:

Large commercial insurance broker **Arthur J. Gallagher Insurance's** arrival in 2017 represented the latest in a string of economic development activities that have transformed the Golf Road corridor over the last five years. **Arthur J. Gallagher Insurance** moved its headquarters from Itasca to Rolling Meadows in 2017. The large insurance company invested more than \$85 million to upgrade buildings, garages, roadways and landscaping in the Meadows Corporate Center (2850 Golf Road) relocating 2,000 employees to this new location. The City approved the Golf Road Tax Increment Financing District (Golf Road TIF #4) in FY 2015 which provides a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

The **Golf Road corridor** has also benefitted from recent improvements in pedestrian mobility. New sidewalks and crossing – funded mostly by regional transportation grants – vastly improved the connectivity of retail businesses, restaurants, public transportation and many businesses.

In FY 2017, the City conducted an in-depth survey of the Rolling Meadows business community. The results of this effort will be used to guide future economic development efforts, strengthen the local economy, and expand service offerings to residents. The survey reinforced the City's reputation as a business-friendly community. The survey's findings also confirmed that the City's location is an ideal place to do business. The findings will also help bolster future ways to strengthen outreach and services to businesses.

The City Council approved a nearly \$1 million contract with Tyler Technologies to license Enterprise Resource Planning (ERP) software that will bring together the City's current, independent operating platforms into one streamlined system. The goal is to modernize operations and improve delivery of customer service to residents and businesses. The two-year project will eventually offer expanded web-based services, such as online utility billing, and allow residents to track service requests.

Rolling Meadows welcomed 55 new businesses to the community in 2017, underscoring the City's continued economic growth and development effort. Key additions included Arthur J. Gallagher Insurance (2850 Golf Road), Anytime Fitness (3256 Kirchoff Road), Illinois Institute of Foot & Ankle (4215 Kirchoff Road), CareerBuilder Employment Screening, LLC (3800 Golf Road) and Village Bank & Trust (1635 Algonquin Road).

Chicago-based Lexington Homes broke ground in 2015 for a planned 54-unit townhome development at 3245 Kirchoff Road (former AMF Bowling Center). Known as **Lexington Crossing**, the development features a mix of two- and three-bedroom townhomes. The development has started to show some positive effects on the boosting the downtown area's residential population and enhance the economic development of the area. The development is completed and the 54 townhomes are all, owner-occupied.

In FY 2016, at 3000 Kirchoff Road, the Jewel-Osco completed a half million dollar remodeling project which included a Starbuck's Coffee and seating area. This redevelopment spurred other change for the retail establishments in the Rolling Meadows Shopping Plaza.

In FY 2017, at that same shopping plaza, Anytime Fitness (3256 Kirchoff Road) opened their doors as a 24-hour gym and fitness center.

As part of the continued economic development on Kirchoff Road, a new restaurant is scheduled to open in FY 2018 called Rep's Place, Sports, Burgers & Beers at 3200 Kirchoff Road. This 2,000 square foot restaurant/bar between Jewel-Osco and Dollar Tree will be a central meeting spot for the downtown area and will be locally owned and operated.

As part of the City's commitment to funding local roads between the Annual Street Program, ongoing repairs and maintenance and grant reimbursed projects, the City spent approximately \$1.5 million (approximately \$1.1 million on the Annual Street Program and the remainder on various other projects). The Annual Street Program resurfaced over 1.2 miles of local streets.

As part of road improvements in the Golf Road TIF area, the City Council approved \$576,000 for the Squibb Drive extension project. The road funded with TIF revenue continues the Golf Road corporate campus site upgrades. The extension of Squibb Avenue, an interior road serving businesses based at the Golf Road corporate campus, significantly improves area traffic flow and safety.

The Fire Department worked with the City Council and Staff to identify ways to meet the challenge of providing the community with the highest levels of fire, rescue and emergency services by decreasing response times. The City has two fire stations currently located at 3111 Meadow Drive (Fogarty Fire Station) and 2455 Plum Grove Road (Neuckranz Fire Station). In FY 2016, the City Council approved a standard design-build contract for **relocating two fire stations**. In FY 2017, the land was purchased for 3201 Algonquin Road for one of the fire stations and the design process was initiated for both fire stations. In FY 2018, the land located at 2320-2350 Hicks Road will be purchased for the second station. The City's goal is to ensure the highest standard for life safety for its residents.

The City has removed more than 2,500 **Emerald Ash Borer (EAB)** infested trees over the last several years. The Public Works Department's aggressive strategy to remove infested trees before they posed a threat to public safety has worked successfully for this program. The City's tree replacement program included multiple species to replace the dying ash trees.

Given the community's support of community events, a newly formed volunteer Community Events Committee continued its planning and work for FY 2017's events. The City held an expanded lineup of Farmers & Food Truck Markets, a summer block party along Kirchoff Road and events such as Taste the Town (held in March); Wine-Down-By the Creek and a Parking Lot Party (each with live music); and in December held a special Holiday Tree Lighting with a spaghetti dinner. In addition, the City displayed commemorative street banners which were customized for residents and businesses who sponsored the banners.

The City makes the City Council Meetings available on the local Rolling Meadows Broadcast Network (Channel 6) (accessible from Comcast and Wide Open West) and viewers may stream meetings on computers, tablets or other mobile devices by visiting [www.cityrm.org/609/Live-Feed](http://www.cityrm.org/609/Live-Feed). Rolling Meadows Broadcast Network (Channel 6) highlights videos of fun-filled community events that take place over the year.

The City of Rolling Meadows continues its capital investment in its waterworks and sewerworks systems with approximately \$1.7 million for FY 2017 and other improvements. Most notably is the investment in the Central Road Sewer Main (Phase Two) of \$451,404. The project essentially "bypassed" the existing

sewer line, located at a depth of 23 feet, with a new sanitary sewer that was installed just nine feet below the surface. The new sewer main will significantly reduce residents' risk of service interruption and reduce storm water infiltration.

The City's 2017 National Night celebration set a record of nearly 3,500 people who came together to honor Rolling Meadows police officers and celebrate community pride. More than fifty local businesses and organizations sponsored or participated in the celebration. Guests at the event enjoyed performances by stunt dogs, mock sword battles by the knights of Medieval Times, law enforcement vehicle displays; a "star spangled" performance of our National Anthem by the Chicago Cubs' Wayne Messmer; and a fireworks display.

### **Other Economic Development Activities**

In FY 2017, recognizing the need to promote the City of Rolling Meadows as a place to do business, the City kept its website up-to-date to provide economic development resources, maps and videos for businesses seeking a location in the City and to offer research and information. The City added additional interactive community maps on the City's website for residents and businesses [using Geographic Information System (GIS) technology]. (The City is a member of the GIS Consortium which is a group of Chicago-area communities who share information technology and staffing resources for GIS data.)

To promote and expand economic development across the City, the City Council approved an Ordinance establishing a new position called a Business Advocate. The City hired a community development professional with nearly 15 years of municipal economic development and planning experience for this key role. Key responsibilities include developing and maintaining relationships with business owners; planning and directing economic initiatives; and providing analysis of the City's business activity. One of the first goals for the Business Advocate is to start planning a Business Community Expo and develop a Quarterly Business Newsletter.

In FY 2017, as the City reviewed its operational efficiencies, the City transitioned its Community Development Department to become a division of the Public Works Department. In addition, to deliver more responsive services to residents and businesses, the City combined the duties of two former committees: the Plan commission and Zoning Board of Appeals (ZBA) to form the Planning and Zoning Commission.

An exciting regional collaboration established Next Level Northwest (NLNW) in FY 2017. The City of Rolling Meadows is a founding member designed to strengthen businesses in the northwest suburbs. Surrounding municipalities – Rolling Meadows, Elk Grove Village, Hanover Park, Hoffman Estates and Schaumburg – created a not-for-profit business accelerator for Stage 2 businesses. Their work will also help businesses with continuing education, economic development, and innovation.

The City continued to increase the visibility of available properties for sale or lease within the City, Staff added interactive property and contact information to the City's website for these properties.

The City continued to focus on shopping and dining locally in Rolling Meadows. The City highlighted this effort in its newsletter and its street banner program.

The City works closely with its Chamber of Commerce to encourage networking and business promotion. The Mayor, City Council and City Staff attended numerous ribbon cuttings. The City produces six, monthly printed newsletters and six monthly, online newsletters per year as a means to promote new businesses opening in the City. At City Council Meetings, the City highlights new businesses opening and provides that information to the media. The City partners with organizations such as Meet Chicago Northwest to foster communication and marketing for businesses, hotels and restaurants.

## Plans for 2018

Fiscal Year 2018 is expected to result in continued economic development in certain areas of the City which should lead to greater economic activity and growth in City sales tax, income tax, hotel taxes and food & beverage tax revenues. As the City's recent Market Summary indicates, Rolling Meadows' daytime employment is estimated at 16,514.

For 2018, the City will enhance and expand its economic development activities:

- The City is planning a spring local business expo to encourage business-to-business networking and help residents learn more about companies.
- The City is planning to publish a quarterly business newsletter that will be mailed to businesses and may be downloaded from the City's website.
- The City will be actively involved with the regional collaboration, Next Level Northwest (NLNW).
- The City of Rolling Meadows will contract with a professional services firm to update City's Comprehensive Plan (the previous update was performed in FY 2006). The focus of an update to this policy document is to establish a vision of how the community wants to grow and develop.
- The City Council will be reviewing a proposal that would provide restaurants with financial incentives to establish full-service restaurants in the City.

The City's Downtown area along Kirchoff Road is an area of redevelopment and growth. There are several items of interest for redevelopment:

- Comet Frozen Custard, at 3001 Kirchoff Road (opened in FY 2016) had a successful first year as a small business. The dessert and coffee shop is a favorite among residents along the City's Downtown area.
- As mentioned, Rep's Place, Sports, Burgers & Beers to be located at 3200 Kirchoff Road will be a family-friendly spot for lunch or dinner or to grab a beer to watch a game.
- The 11-acre parcel at the corner of Kirchoff Road and Meadow Drive (formerly the Dominick's Property) has a proposal and plan to build 115 townhouses. The City will be evaluating the proposal for 2819-2915 Kirchoff Road to allow real estate developer, Ryan Homes, to move forward to construct three-story rowhomes to be called Meadows Square. The current owner of the property, Clark Street Development, would retain the 1.4 acre parcel along Kirchoff Road for potential commercial, restaurant or retail use.
- As mentioned previously, the next area of redevelopment was the AMF bowling center at 3245 Kirchoff Road (the City's "Downtown" area). Chicago-based Lexington Homes broke ground to develop a 54-unit townhome community on Kirchoff Road. The new development completed the construction of two and three-bedroom townhomes.

The next area is along the Golf and Algonquin Road Corridor. The City monitors this area closely and evaluates opportunities in this area. Listed below are a few of the new items for this area:

- Arthur J. Gallagher Co. recognized as one of "America's Best Employers" by Forbes Magazine and relocated to the Golf Road Corridor in March 2017. The fourth largest international insurance

brokerage and risk management services firm, the business has reinvigorated an area and more than doubled the overall real estate valuation for this area.

- Continued efforts to further improve traffic flow and accessibility will take place in FY 2018 for the Golf Road corporate campus with additional traffic studies and planned upgrades to the Golf/Ring Road intersection.
- Holiday Inn (3405 Algonquin Road) and Holiday Inn Express (3477 Algonquin Road) hotels will embark on a redevelopment program that will convert the existing Holiday Inn to an Aloft Hotel – a brand known for its contemporary architectural design – and a separate senior living facility. The City Council approved an application for a Cook County 7B tax incentive which helps commercial properties become economically feasible.
- 5600 Apollo, LLC purchased the property at 5600 Apollo Drive and plans to demolish the existing building and construct a new 133,700 square foot headquarters to accommodate School Health Corporation. The estimated construction costs are approximately \$10 million which will include demolition, asbestos remediation, construction of a Class A facility, parking lot, stormwater detention and landscaping. School Health is a full-service provider of health supplies and services to health professionals in educational settings from pre-school to college. The company is expected to move all of its 110 to 120 employees and hire 10 additional employees. There may be some sales tax generated but this does not open until 2018.
- At 1921 Algonquin Road (former Bowl House) a Dunkin Donuts/Baskin Robbins is currently being built for this location.
- The vacant Sam's Club property on Golf Road is a parcel that the City is hopeful for some positive economic development at some point.

Another area which is seeing redevelopment and growth is the Plum Grove Road area (cross streets of Plum Grove Road/Kirchoff Road and Plum Grove Road/Euclid Road) and Industrial Avenue (Industrial/Hicks/Rohlwing) area:

- The Former Pizza Hut building (2101 Plum Grove Road) was renovated and Nic's Organic Fast Food opened its doors at the end of 2016. In FY 2017, this establishment has done very well and plans to expand to other locations in the northwest suburbs.
- The shopping plazas at the corner of Euclid and Plum Grove Road were renovated in recent years. Both plazas have had interest in new tenants and retail establishments looking to open businesses in FY 2018.

Along with economic redevelopment, the City takes pride in its community, residents and businesses. Below are some of the activities that continue into 2017:

- In 2011, the City of Rolling Meadows City Council approved the creation of the Rolling Meadows Community Events Foundation. The registered 501(c)3 non-profit organization has a separate bank account from the City of Rolling Meadows and its sole activity of the Rolling Meadows Community Events Foundation is to obtain donations for public purposes to support and finance annual community events. The funds will help with the maintenance and upkeep of the Rolling Meadows Historical Museum, 4<sup>th</sup> of July event(s), Veterans Memorial Committee & Memorial Day events, holiday tree lighting items/activities, winter holiday decorations, and other community items/events.

- Social media continues to be an added communication tool. Residents may receive late-breaking news, service updates and other important information through the City's Facebook page, Twitter feed, and Police Department APP.
- Rolling Meadows Crime Stoppers began its first full year of operation in 2013. The group supports the Police Department law enforcement efforts and raises funds for community outreach programs.
- The Rolling Meadows' National Night Out celebration welcomed thousands of residents for an evening of family fun. FY 2017, local businesses, Rolling Meadows Crime Stoppers and the Rolling Meadows Community Events Foundation will sponsor National Night Out as a community event for all residents again.
- The City expanded the Farmers & Food Trucks Program. The popular Farmers & Food Truck events returned for a full season and will include a Friday-night Block Party. The combined car show, public safety vehicle display and Farmers & Food Truck event drew several hundred residents. The City offers its own unique take on the traditional farmers' market with farmers, food trucks and local market and craft items offered during each event. Additional events were added which includes Fridays Rock! events to feature live music in Kimball Hill Park.
- The City's Community Garden was successful during its fourth growing season for 2017 and expanded community plots in 2018. The Community Garden members partner with local schools to promote kids' interest in healthier food choices. Members also market their items at the City's Markets.
- The City of Rolling Meadows has a proud tradition of honoring local veterans. For the Memorial Day weekend, the City sponsors a Veterans Dinner where local veterans reconnect with fellow service members. The following day, the City hosts a Memorial Day Parade and Observance Ceremony for veterans, their families and the community.
- Each year the City sponsors Independence Day Events on July 4<sup>th</sup>. The Independence Day Parade kicks off the day followed by City-sponsored fireworks at dusk.
- Each December to welcome the holiday season, City officials and residents gather to light the City's Holiday Tree held in front of the McDonald's at 3000 Kirchoff Road. In 2017, for the event, the City hosted a spaghetti dinner and hope to do this again in 2018.
- The City supports the U.S. Marine's Toys for Tots Program by collecting toys for children in need at City Hall and the Library.
- The City also conducted two blood drives during 2017 and will sponsor several in 2018.

### **Long-Term City Initiatives**

The City's economic development long term activities are focused on the following efforts:

- Retention, redevelopment and expansion of existing retail, commercial and industrial buildings and properties;
- Recruiting new desirable commercial enterprises;
- Partnering with local businesses to provide information and resources and to strengthen the public-partnership between government and business.

## **Economic Development Committee**

The City established an Economic Development Committee (EDC) in 1988 to encourage greater cooperation with the private sector in attracting and retaining business and industry. The committee is comprised of members of commercial and retail sectors, City staff and elected officials. The committee tries to meet monthly on the first Tuesday of the month.

In 1996, the EDC formulated a policy statement to help guide future economic development activity. Pursuant to the EDC's policy statement, the City seeks opportunities to forge partnerships with enterprises, which will enhance the City's development with diverse, high quality and high revenue generating types of commercial, office and manufacturing projects that conform to the City's Comprehensive Plan and development goals, objectives and policies.

Since 2000, the Economic Development Committee has recommended approval for twenty-six 6B and three Class C Cook County Incentive Programs which has resulted in multi million-dollar rehabilitation/renovation of the buildings, reoccupation of nearly 1,000,000 square feet of industrial space in Rolling Meadows and approximately 3,000 new employees.

## **Redevelopment Relating to Tax Increment Financing Districts**

**TIF District No. 1 – Kirchoff and Meadows (created 1988 and terminated in 2012)** expired on December 31, 2012. Chicago-based Clark Street Development took full control of the former Dominick's property at the southeast corner of Kirchoff Road and Meadow Drive with plans to upgrade the shopping center and to attract new businesses to Rolling Meadow's downtown. The TIF was terminated in 2012 (remaining funds were distributed to taxing bodies).

**TIF District No. 2 – Riverwalk Condominiums and Retail Space (created 2002 and remains active)** – In January 2003, the City entered into a redevelopment agreement with Salt Creek Development Corporation. The site now houses three buildings with 124 condominiums and 14,000 square foot of commercial / office space. A fourth building, originally planned, was not built. The City owns the land and uses it as a green space. In 2013, the City refunded the General Obligation Bonds associated with this TIF for a little more than \$60,000 in interest savings for taxpayers. At this point in time, there is no redevelopment activity for the fourth parcel.

**TIF District No. 3 – Route 53 / Algonquin Road (created 2004 and terminated in 2013)** – Working with a developer at the time, the City implemented Tax Increment Financing District No. 3 for the redevelopment of the southwest corner of Algonquin and Route 53 into a 43-acre mixed use development. Due to the economy, the developer abandoned the proposed project. However, a new developer has purchased the 40-acre existing residential development and is the process of redeveloping and improving the site. The close proximity to Woodfield Mall and the Renaissance Hotel and Convention Center in Schaumburg make this an attractive development parcel. However, lower than expected Equalized Assessed Valuation has not produced additional tax increment dollars. In January and February, 2013, the City held discussions on the future of this TIF including the possibility of dissolving the TIF. The City Council terminated TIF #3 by Ordinance 13-33 on August 13, 2013. The City Council approved Resolution 13-R-96 to amend the FY 2013 Budget to use General Fund reserves to eliminate a negative fund balance of \$131,238 in the TIF #3 Woodfield Fund.

**TIF District No. 4 – Golf Road (created in 2015)** – TIF #4 was created July 28, 2015. As mentioned previously, large commercial insurance broker **Arthur J. Gallagher Insurance** relocated its headquarters from Itasca to Rolling Meadows in March 2017. Arthur J. Gallagher Insurance invested more than \$85 million to upgrade buildings, add garages and roadways and landscaping in the Meadows Corporate Center (2850 Golf Road) relocating approximately 2,000 employees to the new location. The City approved the Golf Road Tax

Increment Financing District with a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

### **LOCAL ECONOMY**

The area economy is showing positive signs with some upward trends in the areas of sales tax, food & beverage taxes, use tax and hotel taxes. However, some items show while there have been some slight upward trends, there have been some unanticipated, one-time revenues such as real estate transfers, building permits and red light fines. The City's unemployment rate as of December 2017 was 5.0%.

Rolling Meadows is centrally located and enjoys excellent regional transportation connection. Approximately, 290,000 people live within five miles of downtown Rolling Meadows (Kirchoff Road) and another 149,000 work within that area. Businesses, large and small, consider relocating to the City due its strategic location in the Northwest suburbs. The City is just eight miles from O'Hare International Airport with high-traffic visibility along major expressways. The City has a business-friendly community and has approximately five million square feet of prime, Class A office space. Redevelopment of commercial and industrial properties has added to increases in property values across the City.

Based on area data, reports show that retail sales have nearly returned to pre-recession 2007 levels but lost some ground over the last few years. While the City experienced some natural growth, revenues are nearing or at pre-recession numbers. According to various data, vacancy rates for commercial real estate has decreased slightly with major stores shifting to meet the new challenges and impacts of e-commerce and customers' demands for quality, yet economical goods.

The City's population as of the 2010 U.S. Census is 24,099 and according to the City's recent Market Summary is estimated at 24,419. Family household make up approximately 67% of Rolling Meadows households. The median household income is approximately \$58,000, higher than the median Cook County and comparable to income levels in the seven county metropolitan area. Homeownership is predominant in Rolling Meadows as 70% of households are owner-occupied. Some recent data from various sources show that there is a positive turnaround trend in the real estate market.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

Management of the City of Rolling Meadows is responsible for establishing and maintaining an internal control structure. The internal control structure is designed to ensure that the assets of the City are protected from loss, theft, fraud, misappropriation or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. This structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City of Rolling Meadows maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, certain special revenue funds, capital project funds, debt service funds, enterprise funds, and internal service funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

## RELEVANT FINANCIAL POLICIES THIS YEAR

In order to insure that the City continues to meet its immediate and long term service goals, several financial policies and procedures have been implemented by management. Highlighted are some of the more pertinent policies that the City followed in FY 2017:

- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- The Ad-Hoc Capital Improvements Committee continues to review capital projects and offer recommendations for long-term capital improvements.
- The City is committed to rebuilding fund balance reserves and has eliminated negative fund balances and has made significant progress to that end. TIF #2 (Kirchoff/Owl) holds a negative fund balance position and is estimated to become positive by the end of its TIF term in 2025. TIF # 4 (Golf Road) has reversed the FY 2016 negative fund balance position to a positive for FY 2017. Cook County reassessed the value of the TIF and incremental tax revenue was received.
- The City adopted a Fund Balance Policy for the General Fund in FY 2014 which the City shall strive maintain a General Fund Unassigned Balance (available) from 15% to 30% of General Fund operating expenditures. The City will review this policy on an annual basis.
- In FY 2015, the City Council adopted a Fund Balance Policy for the Refuse Fund which the City shall strive to hold an amount known as Current Net Position ranging from 30% to 50% of the Refuse Fund's operating expenditures. The City will review this policy on an annual basis.
- In FY 2016, the City Council adopted a Fund Balance Policy for the 911 Fund to strive to hold between one to one and half times the annual expenditures for the 911 Fund. The City will review this policy on an annual basis and will prepare for a large capital purchase that all Northwest Central communities are dealing with.
- Posted on the City's website employees' salary and benefit data, as a continued transparency initiative (providing this data since 2011).
- As required by Public Act 97-0609, the City posted employee compensation data for Illinois Municipal Retirement Fund (IMRF) employees who are expected to receive compensation greater than \$75,000. The City took this mandate one step further, to enhance transparency, and published this data for all employees.
- City refinanced General Obligation Bonds worth more than \$2.0 million dollars which will save a little more than \$60,000 over the next five years. The bonds were originally issued to pay for redevelopment costs at the mixed use Riverwalk development on Kirchoff Road (the City's TIF #2 Fund).
- Staff and the City Council discussed long-range financial planning in 2011 and 2012 during its budget discussions. One of the goals discussed was reviewing the City's outstanding debt. In 2012, the City refunded nearly \$10 million worth of general obligation bonds to save taxpayers approximately \$750,000 over the next 12 years. [In 2013, the City refunded general obligation bonds to maximize its interest savings over the long-term.]
- Prepared and reviewed monthly revenue, expenditure and cash balance reporting for all funds with particular focus on the General Fund to the City Council. These financial reports ensure that the City

Council is made aware of any variances from the appropriated budget. (The budget document continues to be revised and made easier to understand.)

- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of fixed assets.
- Mid-year prior to the presentation of the proposed budget, the City prepares a five-year capital plan with a five-year financial forecast which outlines management's intentions regarding capital asset purchases and infrastructure improvements.
- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.
- Followed a written credit card policy for all business-related credit card purchases. Employees must sign a credit card policy agreement prior to a city-issued credit card may be issued.
- Adhered to an investment policy which invests public funds in a manner which protects principal, maximizes return for a given level of risk and meets the daily cash flow needs of the City.
- In June, the City complied with the state-mandated annual treasurer reporting requirements. The report is published in a local newspaper and posted on the City's website at [www.cityrm.org](http://www.cityrm.org) under the Finance Department page.

### **PENSION TRUST FUNDS AND POST EMPLOYMENT BENEFITS**

Three pension plans are established by state statute, which cover City employees. The benefits and funding of each plan are determined by state statute, and each plan provides retirement, disability and death benefits for participants. The City of Rolling Meadows is committed to fully funding the pension funds each year per the actuarial report.

In December 2010, the Illinois General Assembly approved pension reform legislation that pushed the 30-year closed amortization period to 2040 with a funding target of 90%. The City of Rolling Meadows' maintains the financially prudent approach to continue funding at the 2033 mark with a funding target of 100%. The Firefighters' and Police Pension Funds are fully funded through an annual property tax levy and are funded at the 2033 amortization target vs. 2040. In addition, the City of Rolling Meadows has made additional funding contributions beyond the annual actuarial amount for both the Fire and Police Pension Funds.

The City of Rolling Meadows worked with the private actuary to ensure that the actuarial report for the Police and Fire Pension was current and the actuarial valuation matched the fiscal year. This was accomplished for this audit year. Based on December 31, 2017, the Net Position as a Percentage of the Total Pension Liability (known previously as funded status) for the Police Pension Fund is 57.69% (an increase from FY 2016 of 7.39% from 50.30%) and for the Fire Pension Fund is 49.68% (an increase from FY 2016 of 7.07% from 42.61%). The funded status increased due to primarily improved investment returns (meeting or exceeding the actuarial rate of return of 7%).

Firefighters contribute 9.455% of their annual base salary, and police officers contribute 9.91% of their annual base salary. Sworn firefighters and police offices hired after July 1986 contribute to Medicare (1.45% of taxable income).

The Illinois Municipal Retirement Fund (IMRF) pension plan covers civilian employees working at least 1,000 hours within a 12-month consecutive time period. Funding for this pension plan is made through contributions from the employer (actuarially determined annually by the IMRF) and employees of the City (established at

4.5% of total compensation). Employees covered under this pension plan also contribute to Social Security (4.2% of salary capped annually) and Medicare (1.45% of total compensation).

The IMRF pension plan's Net Position as a Percentage of the Total Pension Liability as of December 31, 2017 is 95.11% compared with the last year's funded status at 85.23%. This amount meets or exceeds the State of Illinois' annual requirement for Net Position.

The notes to the financial statement provide more information pertaining to employee pensions. Note: the City has fully implemented Governmental Accounting Standards Board's (GASB) Statements No. 67 and 68.

The City also provides post-retirement health care benefits for retirees and their dependents. The City finances these benefits on a pay-as-you-go basis. Retirees pay 100% of their health care premiums.

### **RISK MANAGEMENT**

The City of Rolling Meadows participates in two public entity risk pools to protect against casualty and health-risk losses. The Intergovernmental Personnel Benefit Cooperative (IPBC) insures employee health, accident and life claims and the Intergovernmental Risk Management Agency (IRMA) insures general liability, first-party property losses, third-party liability claims, workers' compensation claims and public official liability claims.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rolling Meadows for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the thirty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City an Award of Outstanding Achievement in Popular Annual Financial Reporting the FY 2016 Popular Annual Financial Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award for the FY 2017 Budget.

The Illinois Policy Institute recognized the City of Rolling Meadows with the Sunshine Award which honors taxpayer-funded organizations for their commitment to transparency. With achieving 100% of the rating (one of 76 communities in Illinois), the City of Rolling Meadows provides its residents and businesses access to information on its operations through the City's newly, designed website.

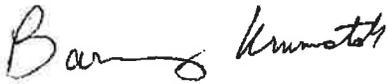
### **ACKNOWLEDGMENTS**

The preparation of this report was made possible by the dedication and hard work of the entire Finance Department Staff. In particular, I would like to acknowledge Finance Director, Melissa Gallagher, and Senior Accountants Laura Matz and Diana Schoeneck, Utility Billing Accountant Debbie Rybarczyk, Accounting Technician, Shelley Dulmage, and the City's two Part-Time Cashiers, Maria Tarpinian, Susan Harris, Retiree Cathy Leschman and all City Departments (and Department Heads) who assisted and contributed to the

preparation of this report. Also, I would like to thank Lori Ciezak, Deb Austerlade and Joyce Deleon in Administration. City Departments provide excellent service and work for the City.

Additionally, we would like to acknowledge the Mayor and City Council for their leadership and support in planning and conducting the financial operations of the City, which has made preparation of this report possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Barry Krumstok". The signature is written in a cursive style with a large initial "B".

Barry Krumstok  
City Manager



Government Finance Officers Association

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for Excellence  
in Financial  
Reporting

Presented to

**City of Rolling Meadows  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules
- Supplemental Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the City of Rolling Meadows' independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

May 24, 2018

The Honorable City Mayor  
Members of the City Council  
City of Rolling Meadows, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rolling Meadows Public Library, a discretely presented component unit or the Police Pension Trust Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rolling Meadows Public Library and the Police Pension Trust Fund is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rolling Meadows, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Matters – Continued**

*Other Information – Continued*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lauterbach + Amen LLP*  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF ROLLING MEADOWS, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2017**

The City of Rolling Meadows' Management's Discussion and Analysis is designed to provide readers a narrative overview and analysis of the City's financial statements for the year ending December 31, 2017. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal (beginning on page iii) and the City's financial statements (beginning on page 4).

**Financial Highlights**

The following are a few highlights to be discussed in greater detail in this Management's Discussion and Analysis and within the 2017 Comprehensive Annual Financial Report (CAFR):

**Net Position and Performance in Total:** The City's total net position as of December 31, 2017 was \$89,946,417, an increase of \$18.9 million or by 26.6% (from FY 2016's net position of \$71,036,771).

The City's total net position is comprised of \$142.8 million for net investment in capital assets; \$35,178 restricted for IMRF; \$1,387,747 for Public Safety; \$178,498 for Highways and Streets; and \$68,587 for Debt Service; and a negative \$54.6 million for Unrestricted Deficit. The overall change of the Unrestricted Deficit for the net position was \$11.5 million (from a negative \$66.1 million to a negative \$54.6 million). This increase is primarily due to a \$17.4 million decrease in the net pension liability for the City's pension funds [Illinois Municipal Retirement Fund (IMRF), Police Pension Fund and Fire Pension Fund]. This is due to increased investment returns and additional contributions above the actuarially determined amount for the Police and Fire Pension Funds. The deferred inflows of resources has an increase of \$6.7 million; the Net OPEB Liability has an increase of \$244,567 and the long-term portion of Compensated Absences has an increase of \$149,867.

The Police and Fire Pension Funds' financial results for FY 2017 exceeded the actuarial investment rate and the City contributed additional funds to both pension funds (exceeding the actuarial determined property tax levy amount). For both pension funds, the actuarial investment rate is 7.0%. The Police Pension Fund investments resulted in a return of 13.41% and the Fire Pension Fund resulted in a return of 15.05%.

As noted in last year's report, the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions will have an ongoing effect on the full reporting of the City's long-term obligations. This GASB Statement revised existing guidance for the financial reports of most pension plans. GASB's intent is to improve the accounting and financial reporting of public employee pensions by state and local governments.

Governmental Accounting Standards Board (GASB) Statement No. 68 requires the full accrual accounting for the City of Rolling Meadows' retirement plans: the Illinois Municipal Retirement Fund (IMRF), the Firefighters' Pension Fund and the Police Pension Fund. For FY 2017, the net pension liabilities for these retirement plans are as follows: the Illinois Municipal Retirement Fund (IMRF) is \$2,558,680 (the liability decreased by \$5.1 million or 67%); Firefighters' Pension Fund is \$34,759,340 (the liability decreased by \$4.5 million or 11%); and the Police Pension Fund is \$31,886,425 (the liability decreased by \$5.4 million or 15%). The net pension liability across these retirement plans total \$69.2 million. From FY 2016, the cumulative reduction in the net pension liability is \$19 million or 22%.

**Governmental Activity Summary:** The net position for governmental activities ended at \$72,939,244, an increase of \$17.0 million from FY 2016. The primary reason is the decrease in the net pension liability for IMRF, Police Pension Fund and Fire Pension Fund – making progress in paying down the pension liability. In addition, for business-type activities, the City’s 2005, 2007A and 2013 general obligation bonds matured in FY 2017 with principal and interest payments totaling \$2,360,348.

**Business-Type Activity Summary:** The net position for business-type activities ended at \$17,007,173, an increase of \$1.9 million from FY 2016. The primary reason for this increase are additional capital projects completed in FY 2017 and the paying down the net pension liability for IMRF. In addition, for business-type activities, the City’s 2005 and 2007A general obligation bonds matured in FY 2017 with principal and interest payments totaling \$369,652.

**General Fund Summary:** At December 31, 2017, the total fund balance for the General Fund was \$9,565,069 or 31.2% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$7,711,972 (or 25.1% of the General Fund’s FY 2017 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City’s ongoing obligations to its residents, businesses and creditors.

In FY 2017, the City Council committed \$1,021,452 in the General Fund to be used for funding compensated absences. There is \$750,000 shown as assigned fund balance which is assigned from the General Fund’s FY 2017 reserves to be utilized for possible settlements of ongoing labor negotiations with two newly formed collective bargaining units. In addition, there is \$46,467 as non-spendable for prepaid expenses and \$35,178 restricted for future IMRF expenses.

For FY 2017, the City’s total cash position decreased by \$601,456 or 2.9% from FY 2016 primarily due to governmental activities. For governmental activities the cash position decreased by \$923,877 or 5.4% and for business activities the cash position increased by \$322,418 or 8.4%.

The cash position of the General Fund at the end of the current fiscal year was \$4.2 million – a decrease from FY 2016 of \$3.9 million. The General Fund’s cash decrease was primarily due to a \$2,120,000 transfer from the General Fund to the Fire Stations Fund. The City Council approved a budgeted transfer to purchase land for the purpose of building two new fire stations. The General Fund has a corresponding “Due From” the Fire Stations to be paid back this cash after general obligation bonds are issued in FY 2018 or FY 2019.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Rolling Meadows’ basic financial statements. The City’s basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide statements are divided between governmental activities and business-type activities, with the public library reported as a discretely presented component unit. The perspective of the fund financial statements presents financial information for individual funds established by the City for specific purposes. They are categorized into three distinct groups: governmental, proprietary and fiduciary. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following table (Table 1) summarizes the major features of the City’s financial statements. This is a useful tool and should be read in conjunction with this analysis and the CAFR.

TABLE (1)

Description	Fund Financial Statements			
	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except Fiduciary Funds) and the City's component unit.	Activities of the City that are not proprietary or fiduciary such as public safety.	Activities of the City that operate similar to private business such as the Utilities Fund and the Refuse Fund.	Activities in which the City is trustee or agents of another's resources such as pension plans.
Required financial Statements	1. Statement of net position 2. Statement of activities	1. Balance sheet 2. Statement of revenues, expenditures and changes in fund balance	1. Statement of net position 2. Statement of revenues, expenses, and changes in net position 3. Statement of cash flows	1. Statement of fiduciary net position 2. Statement of changes in fiduciary net position
Accounting Basis	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resource	Current financial resources	Economic resource	Economic resource
Type of asset/deferred outflows & liability/deferred inflows information	All assets/deferred outflows and liabilities/deferred inflows; both financial and capital short and long-term.	Assets/deferred inflows expected to be used and liabilities/deferred outflows that come due during the year or shortly thereafter; no capital assets.	All assets/deferred inflows and liabilities/deferred inflows; both financial and capital short and long-term.	All assets/deferred outflows and liabilities/deferred inflows, short and long-term. Does not contain capital assets.
Type or inflow & outflow information	All revenues and expenses during the year regardless of when the cash is received or paid.	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods and services that have been received and payment is due during the year or shortly thereafter.	All revenues and expenses during the year regardless of when the cash is received or paid.	All revenues and expenses during the year regardless of when the cash is received or paid.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may relate to cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (legislative, administrative, information technology, finance), public safety (fire, police, 911 services), public works, highways and streets, health and welfare, and economic development (community development). The business-type activities of the City include utilities (water, sewer, stormwater management) and refuse.

The government-wide financial statements include the City of Rolling Meadows, and its discretely presented component unit, the Rolling Meadows Public Library, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements may be found on pages 4 through 7 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rolling Meadows, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rolling Meadows can be divided into three categories: governmental, proprietary and fiduciary.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

At year-end, the City of Rolling Meadows maintains ten individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Motor Fuel Tax Fund, the Debt Service Fund, the Local Road Fund, and the Fire Stations Fund, all major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and may be found elsewhere in this report.

The City of Rolling Meadows adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements may be found on pages 8 through 13 of this report.

### ***Proprietary Funds***

The City of Rolling Meadows maintains two different types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two enterprise funds to account for its Utilities and Refuse Collection Funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains five internal service funds: the Municipal Garage and Vehicle Replacement Funds account for its fleet of vehicles; the Building and Land Fund accounts for building maintenance and improvements; the Health Insurance Fund accounts for health insurance premiums (including retirees); and the Liability Insurance Fund accounts for general liability insurance as well as workers' compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utilities and Refuse Collection Funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements may be found on pages 14 through 17 of this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City. The three fiduciary funds include both pension funds for sworn police officers and firefighters, as well as surety bonds for building contractors. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements may be found on pages 18 and 19 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 20 through 78 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedules for the General Fund and the Motor Fuel Tax Fund. Required supplementary information may be found on pages 79 through 90 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules may be found on pages 91 through 129 of this report.

## Infrastructure Assets

The City depreciates its assets (infrastructure – buildings, roads, sidewalks bridges, watermains, storm sewers, certain vehicles and equipment per the City's capital asset policy) over the assets' useful life.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

### Statement of Net Position

In FY 2012 the City's total net position was \$125.84 million and in FY 2017 the City's total net position was \$89.9 million. The change in net position for the current year is primarily due the reduction of the City's net pension liability, capital improvements and the maturity (payment) of general obligation bonds. When comparing the last two years, the overall change is an increase of 26.6% in the City's total net position or an \$18.9 million increase. The following table and graph displays the City's net position for the past six years.

**Table 2 - City of Rolling Meadows Net Position (in thousands)**

Net Position	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Governmental Activities (in thousands)	\$113,018	\$118,588	\$123,765	\$59,737	\$55,919	\$72,939
Business-Type Activities (in thousands)	\$12,760	\$13,685	\$14,936	\$15,191	\$15,117	\$17,007
<b>Total City Net Position</b>	<b>\$125,778</b>	<b>\$132,273</b>	<b>\$138,701</b>	<b>\$74,968</b>	<b>\$71,036</b>	<b>\$89,946</b>
<b>\$ Change from Previous Year</b>	<b>\$7,364</b>	<b>\$6,495</b>	<b>\$6,428</b>	<b>(\$63,733)</b>	<b>(\$3,932)</b>	<b>\$18,910</b>
<b>% Change from Previous Year</b>	<b>6.2%</b>	<b>5.2%</b>	<b>4.9%</b>	<b>-45.9%</b>	<b>-5.2%</b>	<b>26.6%</b>

The year-over-year change in net position is approximately \$18.9 million or an increase of 26.6%. For governmental activities, the primary reason is the decrease in the net pension liability for IMRF, Police Pension Fund and Fire Pension Fund – making progress in paying down the pension liability. For business-type activities, the primary reason for this increase are additional capital projects completed in FY 2017 and the paying down the net pension liability for IMRF.

The next table, Table 3, reflects the condensed Statement of Net Position compared between FY 2016 and FY 2017.

<b>TABLE 3. City of Rolling Meadows</b>						
<b>Statement of Net Position</b>						
<b>As of December 31, 2016 and December 31, 2017</b>						
<b>(in millions)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
Current and Other Assets	\$ 39.3	\$ 38.2	\$ 6.3	\$ 6.8	\$ 45.1	\$ 44.9
Capital Assets	129.6	132.9	15.8	16.8	146.0	\$ 149.7
<b>Total Assets</b>	<b>168.9</b>	<b>171.1</b>	<b>22.1</b>	<b>23.6</b>	<b>191.1</b>	<b>194.6</b>
Deferred Outflows of Resources	2.5	12.7	0.6	0.4	3.1	13.1
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>171.4</b>	<b>183.8</b>	<b>22.8</b>	<b>24.0</b>	<b>194.2</b>	<b>207.7</b>
Current Liabilities	4.6	3.7	1.6	1.9	6.2	5.6
Noncurrent Liabilities	92.3	77.9	6.0	3.6	98.3	81.5
<b>Total Liabilities</b>	<b>96.9</b>	<b>81.6</b>	<b>7.5</b>	<b>5.5</b>	<b>104.4</b>	<b>87.1</b>
Deferred Inflows of Resources	18.5	29.3	0.02	1.5	18.7	30.7
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>115.5</b>	<b>110.9</b>	<b>7.7</b>	<b>7.0</b>	<b>123.2</b>	<b>117.9</b>
<b><u>Net Position:</u></b>						
Net Investment In:						
Capital Assets	\$ 123.1	\$ 128.7	\$ 12.6	\$ 14.1	\$ 135.7	\$ 142.8
Restricted	1.4	1.7	-	-	1.4	1.7
Unrestricted (Deficit)	(68.6)	(57.5)	2.5	2.9	(66.1)	(54.6)
<b>Total Net Position</b>	<b>\$ 55.9</b>	<b>\$ 72.9</b>	<b>\$ 15.1</b>	<b>\$ 17.0</b>	<b>\$ 71.0</b>	<b>\$ 89.9</b>

\* Note: Rounding difference will occur between CAFR, this Table and other Tables.

### Current Year Financial Impacts

The City's combined net position across governmental and business-type activities is \$89.9 million (which is considered the City's bottom line). The City's net position increased by approximately \$18.9 million from FY 2016 (rounding differences between sections of this report will occur). This was a result of governmental activities increasing by \$17.0 million and business-type activities increasing by approximately \$1.9 million.

The City's net position is classified into three categories according to the order of their relative liquidity. These include assets invested in capital, restricted net position, and unrestricted net position. By far the largest portion of the total City of Rolling Meadows' net position shown in the summary Table 3, \$142.9 million reflects its net investment in capital assets (e.g., land, buildings, infrastructure, streets, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City of Rolling Meadows' net position (approximately \$1.7 million) represents resources that are subject to external restrictions as to how they may be used. These restrictions include \$1.4 million for public safety which represents the combined ending fund balances for the 911 Fund, the Foreign Fire Insurance Fund and the Police Asset Seizure Fund. The remainder of the restricted net position is for Highways and Streets which equals \$178,498 for the fund balance in the Motor Fuel Tax Fund; \$35,178 for IMRF; and for debt service which equals \$68,587 for FY 2017.

Unrestricted net position consists of net position that does not meet the definition of net position invested in capital assets or restricted net position. At the end of the current fiscal year, the City of Rolling Meadows reports a negative unrestricted net position for the government as a whole, in the amount negative \$54.6 million which is a decrease of \$11.5 million. For governmental activities, the primary reason is the decrease in the net pension liability for IMRF, Police Pension Fund and Fire Pension Fund – making progress in paying down the pension liability. For business-type activities, the primary reason for this increase are additional non capitalized capital projects completed in FY 2017, improved financial results for IMRF and paying down outstanding debt. Additional information on the Statement of Net Position may be found on page 4 and 5 of this CAFR.

### **Change in Net Position in the Statement of Activities**

The fiscal year 2017 activities of the City of Rolling Meadows caused total net position to increase by approximately \$18.9 million for governmental activities and to decrease by approximately \$1.9 million for business-type activities. Due to the fact that the City, as a whole, has a diversified base of assets, the City of Rolling Meadows' total net position at the end of the end of fiscal year 2017 is \$89.9 million. Key elements are as follows in Table 4. The basic premise of this financial statement is to reflect the relative type of revenue in that the format identifies how each function of the government on the whole draws from general revenues, utility fees, grants, or other fees.

**TABLE 4. City of Rolling Meadows**  
**Changes in Net Position**  
**For the Fiscal Years Ended December 31, 2016 and 2017**  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 6.2	\$ 5.7	\$ 12.8	\$ 11.8	\$ 19.0	\$ 17.5
Operating & Capital Grants	1.2	1.2	-	-	1.2	1.2
<b>General Revenues:</b>						
Property Taxes	13.3	14.9	-	-	13.3	14.9
Other Taxes	14.8	14.5	-	-	14.8	14.5
Other Revenues	1.2	0.6	-	-	1.2	0.6
<b>Total Revenues</b>	<b>\$ 36.7</b>	<b>\$ 36.9</b>	<b>\$ 12.8</b>	<b>\$ 11.8</b>	<b>\$ 49.5</b>	<b>\$ 48.7</b>
<b>Expenses</b>						
<b>Governmental Activities:</b>						
General Government	\$ 0.9	\$ 1.4	\$ -	\$ -	\$ 0.9	\$ 1.4
Public Safety	33.7	11.3	-	-	33.7	11.3
Highway & Streets	1.0	1.3	-	-	1.0	1.3
Public Works	4.5	5.6	-	-	4.5	5.6
Health & Welfare	0.04	0.06	-	-	0.04	0.06
Economic Development	0.10	0.16	-	-	0.10	0.16
Interest	0.3	0.2	-	-	0.3	0.2
<b>Business Type Activities:</b>						
Refuse	\$ -	\$ -	\$ 2.3	\$ 2.2	\$ 2.3	\$ 2.2
Utilities	-	-	10.4	9.6	9.4	9.6
<b>Total Expenses</b>	<b>\$ 40.5</b>	<b>\$ 20.0</b>	<b>\$ 12.7</b>	<b>\$ 11.8</b>	<b>\$ 53.2</b>	<b>\$ 31.8</b>
<b>Change in Net Position</b>	<b>\$ (3.9)</b>	<b>\$ 17.0</b>	<b>\$ (0.1)</b>	<b>\$ 1.9</b>	<b>\$ (4.0)</b>	<b>\$ 18.9</b>
<b>Net Position Ending</b>	<b>\$ 55.9</b>	<b>\$ 72.9</b>	<b>\$ 15.1</b>	<b>\$ 17.0</b>	<b>\$ 71.0</b>	<b>\$ 89.9</b>

\* Note: Rounding difference will occur in this Table.

For FY 2017 program revenues (all governmental revenues combined) compared to FY 2016 – Charges for Services of \$5.7 million decreased approximately by \$500,000 which is primarily due lower than anticipated Home Rule Sales Tax (the State of Illinois charges the City a 2% administrative fee), lower than anticipated State Sales Taxes and Income Tax revenues and lower than budgeted Telecommunication Taxes (included the State of Illinois 2% administrative fee). State and Home Rule Sales Taxes combined were \$121,986 lower than FY 2016. Income Taxes were lower by \$125,826 as compared with FY 2016 and Telecommunication Taxes were lower by \$88,310 from FY 2016.

Operating grants/contributions for public safety consisted of a total of approximately \$1.2 million for FY 2017. The grants for police-reimbursable expenses was \$15,585 (a decrease of approximately \$11,070 from FY 2016) and capital grants/contributions which consists of a total of \$1,170,974. This amount is comprised of \$614,682 for the state motor fuel tax annual allotment, \$14,900 for a ComEd LED grant for street lighting, \$74,700 for the Barker Avenue road project, \$40,300 Euclid Bike Path, \$54,628 for the Golf Road project and \$5,105 for the (several years past) Commuter Drive project.

Governmental activities or expenses decreased by approximately \$20.5 million or a percentage decrease of 51% from FY 2016 to FY 2017. For General Government, the overall change from FY 2016 to FY 2017 is due to planned expenses per the budget in the General Fund of approximately \$2.6 million; gains in overall pension returns and the subtraction of internal service fund transfer of \$1.5 million to show the actual expenses of \$1.3 million for FY 2017 for General Government.

For Public Safety, expenses decreased from \$33.7 million to \$ 11.3 million (\$22.2 million or 66% in FY 2017) (the largest share for the overall decrease in expenses for Governmental activities). The primary reason for this change is the overall reduction of the pension liabilities with improved investment returns as well as planned expenses per the budget.

For Highways and Streets, expenses increased from \$1.0 million to \$1.3 million (approximately \$240,039 or 23.7% in FY 2017) due to planned expenses per the budget and changes in depreciation of capital assets.

For Public Works, expenses increased from \$4.5 million to \$5.6 million (approximately \$1.1 million or 24.8% in FY 2017) due to due to planned expenses per the budget and changes in depreciation of capital assets.

For Health & Welfare the expenses increased from \$4,370 to \$6,121 in FY 2017 (an approximate change of \$1,751 or 40.1%) due to planned expenses.

For Economic Development the increase was from \$159,407 to \$160,526 (\$1,119 increase or by 0.7%) for planned expenses and Interest on Long Term Debt decreased from \$283,878 to \$221,075 (\$62,803 reduction or 22.1%) for repayment of debt.

For FY 2017 business-type activities in terms of charges for services, the FY 2017 Budget increased rates for Water (7.0%), Sewer (5%) and Stormwater (5%) with some additional received for other line items. The overall change in charges for services total \$11.4 million for the Utilities Fund or 7.7% due to the rate increases. For the Refuse Fund, charges for services decreased by \$4,190 or by 0.2% due some minor reimbursements not received as of yet. In FY 2017, there was no rate increase for the Refuse Fund.

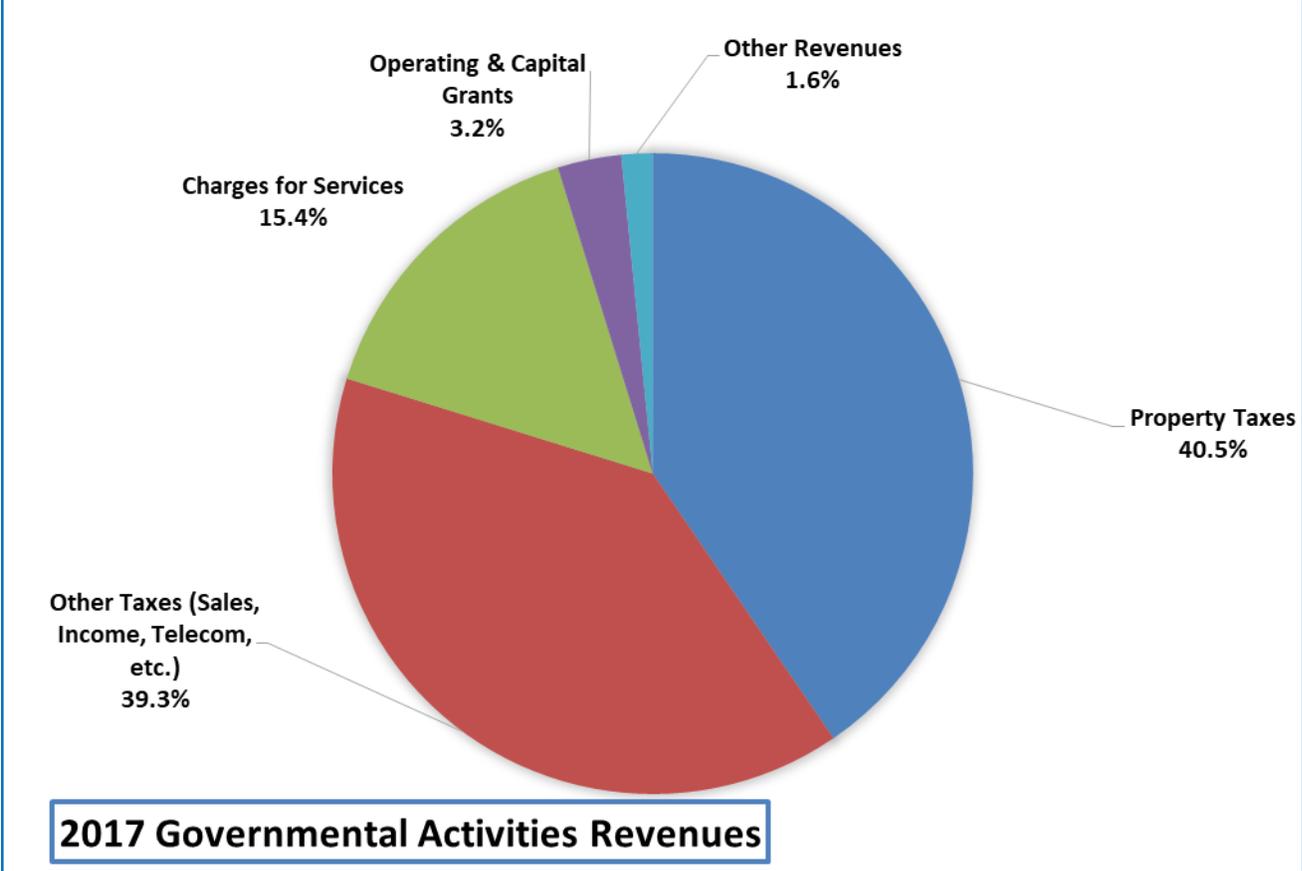
For FY 2017 business-type activities in terms of expenses, the Utilities Fund's expenses decreased year-over-year by \$824,215 or by 7.9% from FY 2016 due to personnel expenses (pending labor negotiations), the City of Chicago's JAWA costs and capital improvements. For the Refuse Fund, expenses increased year-over-year by \$171,789 or 7.3% due to personnel expenses pending labor negotiations).

## **Governmental Activities**

### **Revenues:**

Total revenues for the City's Governmental Activities for FY 2017 were \$36.9 million which shows a decrease of \$177,017 from FY 2017. Charges for Services were \$5.7 million, General Revenues (includes property taxes and many others) were \$30.0 million and grants were \$1.2 million.

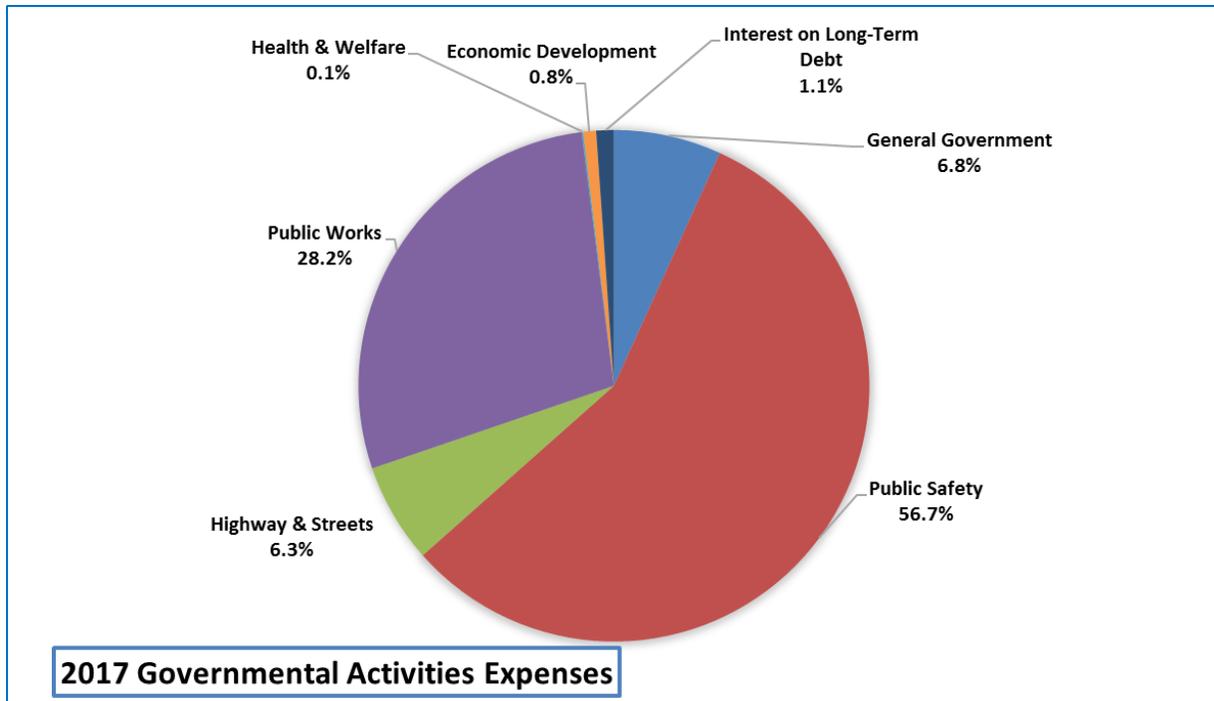
The following chart reflects the percentage breakdown for each of the categories of governmental activities revenue. Taxes such as sales tax (state and home rule), telecommunications taxes, electric utility tax, hotel tax, food & beverage tax, real estate tax, income tax and other taxes account for the a share at approximately 39.3% of total governmental activity revenue or at approximately \$14.5 million. Property Taxes are the largest share at 40.5% or \$14.9 million, charges for services at 15.4% or \$5.7 million, operating and capital grants at 3.2% or \$1.2 million and other revenues at 1.6% or approximately \$578,306 (includes interest, rental income and other miscellaneous revenue amounts from non-major funds). The City has a balanced and diversified revenue stream to mitigate economic uncertainty as seen in recent years.



**Expenses:**

Total expenses for the City’s governmental activities for FY 2017 were approximately \$20.0 million – an approximate decrease of \$20.5 million from FY 2016. There were also some additional non-capital projects for local roads and some savings in contractual, supply and health care line items in general government, public safety increases due to employee contracts and pension benefits, and retirement of long-term debt. The largest share of the decrease is related to the overall improved financial results from the IMRF Pension Fund, Police Pension Fund and Fire Pension Fund.

The following chart reflects the percentage breakdown for each of the categories of governmental activities expenses.



As expected, typical to a municipality such as the size of the City of Rolling Meadows, public safety – police and fire operations – comprise a large share of the governmental activities. For the City of Rolling Meadows, public safety expenses are 57% or \$11.3 million (of \$20.0 million of Governmental Activities). Public safety includes police and fire public safety operations in the General Fund, 911 Fund expenditures, Foreign Fire Insurance expenditures and Asset Seizure expenditures (non-capital).

It is important to highlight that the fire and police pension expenses are budgeted and expended from the public safety budget. The employer contribution for Police and Fire Pensions comprised \$7.7 million or approximately 25% of the total public safety expenses (across all expenses) for FY 2017. The employer contribution for the Police Pension Fund was \$3,607,352 and for the Fire Pension Fund was \$4,080,981. The City levied a property tax levy for the Police Pension Fund in the amount of \$3.1 million and made an additional contribution above the annual tax levy for FY 2017 which was \$414,982. For the Fire Pension Fund, the City levied a property tax levy in the amount of \$3.5 million and made an additional contribution above the annual tax levy for FY 2017 which was \$563,853. (Note: the Police and Fire Pension Funds are budgeted in the General Fund.)

These additional contributions to the Police and Fire Pension Funds over the last few years (in addition to making the full contribution) has improved the funded status for each of the Funds.

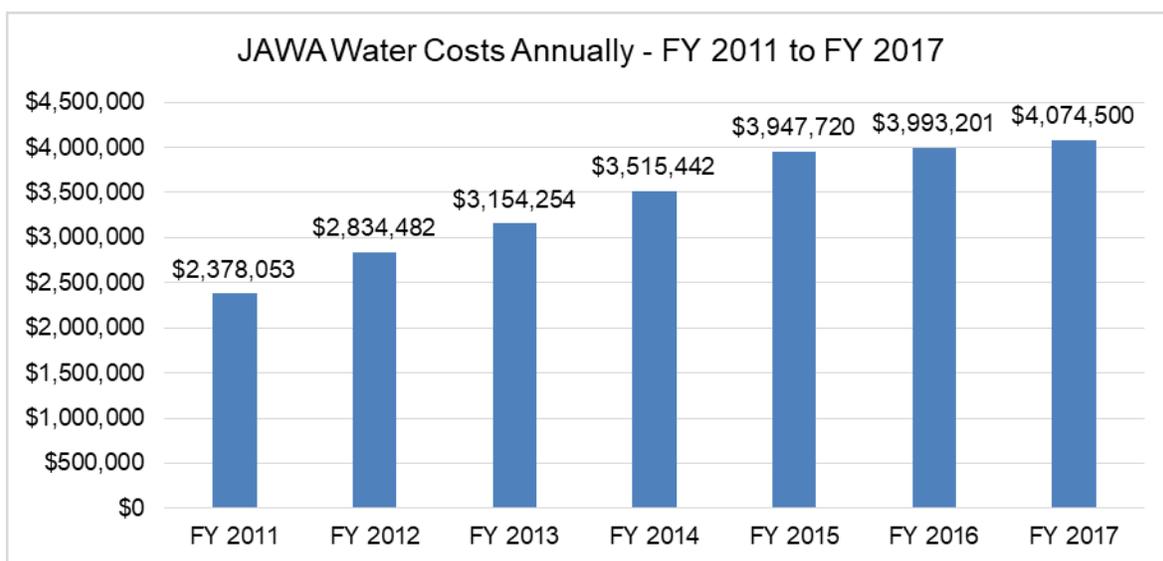
For the other categories in governmental expenses, General Government's expenses make up 6.8% or \$1.4 million, Highways and Streets (State Motor Fuel Tax Fund and Local Road Fund – contractual/supply items) is approximately 6.3% or \$1.3 million, Public Works (across various funds) is 28.2% or \$5.6 million, Economic Development at \$160,526 and Health/Welfare at \$6,121 are each less than approximately 1%, and interest on long-term debt is approximately 1% or \$221,075.

### Business-Type Activities

Total revenues or charges for services for the City's business-type activities for FY 2017 were \$13,607,782, of which is comprised of \$11.4 million for the Utilities Fund and \$2.2 million for the Refuse Collection Fund (an increase of approximately 6.3% or \$808,382 from FY 2016). The major revenue components of the charges for services classification for business-type activities are fees from the City's Utilities Fund (water, sewer, refuse and stormwater) and Refuse Fund. These fees are the primary source of revenue deemed sufficient to support ongoing operations, maintenance and capital infrastructure improvements.

Total expenses for the City's business-type activities for FY 2017 were \$11.8 million (a decrease of 7.8% or \$996,004) from FY 2017 (primarily due to some capital expenses not started yet or deferred).

Of the total operating expenses for business-type activities for Utilities, approximately 20% is related to water, 15% to sewer and 5% to stormwater. For FY 2017, the City paid \$4,074,500 to the Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City's water supply (2.0% increase from year-over-year). Since FY 2011, the City has experienced \$1.7 million more in the annual cost from Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City's water supply. It is also important to note on the statement of net position, the City holds an Investment in Joint Venture with JAWA. The City's share of the net position of JAWA at December 31, 2017 was \$626,533.



Refuse expenses are accounted for separately in the Refuse Collection Fund. For FY 2017, the monthly refuse rate was not increased from FY 2016. In FY 2015, the City Council adopted a fund balance policy for the Refuse Fund which the City shall strive to hold an amount known as current net position ranging from 30% to 50% of the Refuse Fund's operating expenditures. For FY 2017, the net position is in range of the Refuse Fund's fund balance policy.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City of Rolling Meadows uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing resources available at the end of the year in comparison with the City's upcoming financing requirements. As of December 31, 2017, the governmental funds reported a combined fund balance of \$11.0 million, a decrease of \$2.1 million from FY 2016. The primary reason for the decrease in combined fund balance is the purchase of the land for the fire stations. The General Fund's revenues and expenditures are discussed at length in the following paragraphs.

The net change (from this year to last year) for the General Fund was a negative \$2,363,981 – the ending total fund balance for the General Fund was \$9,565,069 for FY 2017. The Revised Budget for the General Fund showed the City with a negative net change of \$2,766,360. The City Council approved budget amendments to amend the budget for transferring \$2,120,000 to the Fire Stations Fund for the purpose of purchasing land to build two fire stations. The General Fund has a due to from the Fire Stations Fund as a payable back to the General Fund upon the issuance of bonds for this project. The General Fund is still within the Fund Balance Policy that was created for this Fund.

There were some other changes to note – the Motor Fuel Tax Fund fund balance increased from \$81,442 to \$115,275 which is within budget. The 911 Fund increased from \$1,010,594 to \$1,219,100 due to the fact that the fund is accumulating revenues to pay for an emergency operations radio and equipment upgrade soon. The 911 Fund has a fund balance policy which strives to hold one to one and half times the expenditures in the Fund as reserves. The fund balance is in range for this policy.

The Debt Service Fund increased its fund balance by \$13,390 due to planned debt service payments and some other savings. The Local Road Fund decreased its fund balance position from \$1.1 million to \$117,470 due to planned projects completed in FY 2017. The TIF #2 (Kirchoff & Owl) increased the negative fund balance from a negative \$1,316,776 to a negative \$1,544,381 due to planned debt service payments (this TIF is estimated to become positive at the end of its term). The Bonds were paid off in December of 2017 in this TIF District.

The Fire Stations Fund is a new fund created in the current fiscal year. This fund was established for the City's two new fire stations that are to be built. The ending fund balance was a positive \$852,055 due to a transfer from the General Fund for the initial purchase of the land.

The TIF #4 (Golf Road) reversed its negative fund balance position of \$100,178 from FY 2016 to a positive \$378,813. FY 2017 is the 2<sup>nd</sup> year of its shortened term of fifteen years. Cook County's reassessment of the TIF parcels have started in FY 2017 and the City began to receive the tax increment for this TIF.

The two remaining governmental funds are restricted for use. These Funds are not governed by the City of Rolling Meadows; however, separate governing authorities may authorize the use of the funds to offset certain City expenditures. In FY 2017, the Foreign Fire Tax Fund paid for \$32,429 and the Police Asset Seizure Fund paid for \$90,828 in expenditures.

### **General Fund Budgetary Highlights**

The General Fund represents nearly 50% of the City's operating activities and accounts for the majority of all of the City's primary activities. The City's General Fund has stabilized over the last several years with reduction in expenses and better than anticipated revenues in some areas (many of these revenues are one-time increases).

For the FY 2017 Budget, the City Council amended the City's budget to transfer \$2,120,000 for the purpose of purchasing land for two fire stations. The funds were transferred from the General Fund to the Fire Stations Fund. The General Fund shows a due from the Fire Stations Fund for a future repayment.

<b>General Fund Budgetary Highlights Detail - FY 2017</b>						
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>% of Actual to Final Budget</b>		
<b>Revenues</b>						
Taxes	\$ 22,510,844	\$ 22,510,844	\$ 22,213,284	98.7%		
Intergovernmental	3,485,750	3,485,750	3,049,775	87.5%		
Licenses and Permits	1,011,500	1,011,500	992,950	98.2%		
Charges for Services	2,838,121	2,838,121	2,888,994	101.8%		
Fines and Forfeitures	1,268,500	1,268,500	1,303,941	102.8%		
Interest	20,000	20,000	76,091	380.5%		
Miscellaneous	352,860	352,860	400,141	113.4%		
Total Revenues	<u>\$ 31,487,575</u>	<u>\$ 31,487,575</u>	<u>\$ 30,925,176</u>	<u>98.2%</u>		
<b>Expenditures</b>						
General Government	3,156,215	3,156,215	2,666,435	84.5%		
Public Safety	24,554,807	24,554,807	24,312,477	99.0%		
Public Works	3,830,448	3,830,448	3,649,697	95.3%		
Health/Welfare and Culture	10,120	10,120	6,121	60.5%		
Economic Development	100,770	100,770	52,352	52.0%		
Total Expenditures	<u>\$ 31,652,360</u>	<u>\$ 31,652,360</u>	<u>\$ 30,687,082</u>	<u>97.0%</u>		
Excess of Revenues Over (Under) Expenditures	<u>(164,785)</u>	<u>(164,785)</u>	<u>238,094</u>	<u>-144.5%</u>		
<b>Other Financing Sources (Uses)</b>						
Disposal of Capital Assets	500	500	-	0.0%		
Transfers In	300,000	300,000	300,000	100.0%		
Transfers Out	(782,075)	(2,902,075)	(2,902,075)	100.0%		
	<u>\$ (481,575)</u>	<u>\$ (2,601,575)</u>	<u>\$ (2,602,075)</u>	<u>100.0%</u>		
Net Change in Fund Balance	\$ (646,360)	\$ (2,766,360)	\$ (2,363,981)			
<b>Fund Balance - Beginning</b>			<b>\$ 11,929,050</b>			
<b>Fund Balance - Ending</b>			<b>\$ 9,565,069</b>			

The previous chart shows the detail for the FY 2017 Original/Final Budget and the FY 2017 Actual results. The chart also shows the percentage of the Actual results to the Original/Final Budget.

In FY 2017, the City budgeted \$31,487,575 for revenues and actual revenues received were \$30,925,176 or \$562,399 less than the final budget. Actual FY 2017 revenues came in lower at 1.8% than the FY 2017 Budget. This is primarily due to some of the State of Illinois' administrative fee taken from the collection of sales tax, lower than expected Income Tax and Telecommunications revenues (also has a 2% administrative fee). In addition, Cook County's reassessments have resulted in approximately more than \$150,000 in refunds of property taxes (this is a reduction to property tax revenue). The City budgeted \$31,652,360 and actual expenditures came in lower at \$30,687,082 or \$965,278 under budget. Expenditures came in at 3.0% lower than the FY 2017 Budget (due to some savings in contractual and supplies as well as expenditures not completed due to pending labor negotiations).

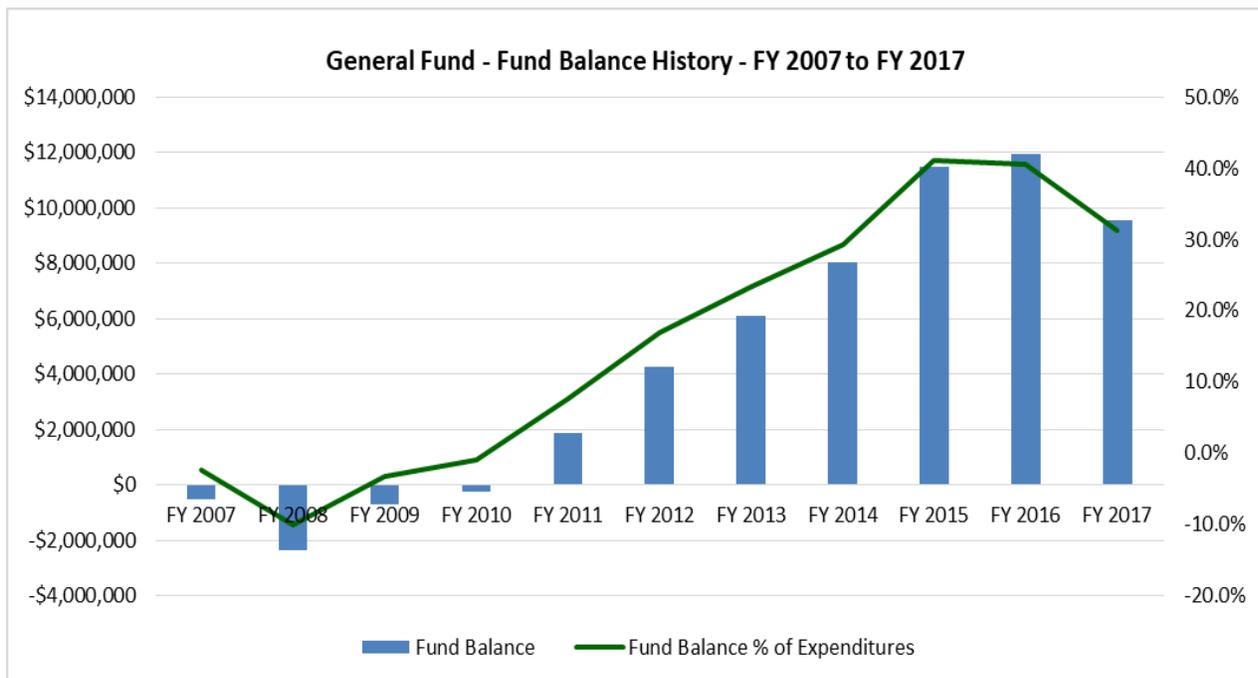
The other financing uses included a budgeted transfers of \$300,000 transfers into the General Fund (for funding future Compensated Absences), \$682,075 from the General Fund to the Debt Service Fund, \$2,120,000 for the land purchase for the fire stations; \$100,000 transfer from the General Fund to the Vehicle & Equipment Replacement Fund for the purpose of repaying a prior transfer and \$500 for the gain disposal of assets. These transfers are also shown in the next chart.

<b>Other Financing Sources (Uses) - Transfers for FY 2017</b>	
Transfer to the Debt Service Fund for the 2012 Bond (2004 Refunded Bonds) Payment	\$ (682,075)
Transfer from the Health Insurance Fund to Commit Funds for Compensated Absences	300,000
Transfer to the Fire Stations Fund (Capital -Land Purchase)	(2,120,000)
Transfer to the Vehicle & Equipment Replacement Fund (Repayment of Prior Transfer)	(100,000)
<b>Net Transfers From or To the General Fund</b>	<b>\$ (2,602,075)</b>

Over the last several years, the City of Rolling Meadows has taken proactive steps to begin to rebuild fund balance reserves, and eliminate negative funds. The City shows one fund that has negative fund balance positions which are the TIF #2 (Kirchoff/Owl). The TIF #2 (Kirchoff/Owl) Fund will become positive near the end of the TIF's term (approximately FY 2023) and is negative due to the fact that a fourth parcel was not built on the development due to the downturn in the economy. (The City still owns the property with the fourth parcel.)

As of December 31, 2017, the total fund balance for the General Fund was \$9,565,069 or 31.2% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$7.7 million (or 25.1% of 2017 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City's ongoing obligations to its residents, businesses and creditors.

In FY 2017, the City Council committed \$1,021,452 in the General Fund to be used for funding compensated absences. There is \$750,000 shown as assigned fund balance which is assigned from the General Fund's FY 2017 reserves to be utilized for possible settlements of ongoing labor negotiations with two newly formed collective bargaining units. In addition, there is \$46,467 as nonspendable for prepaid expenses and \$52,835 restricted for future IMRF expenses.



### **General Fund – Revenues**

General Fund revenues ended for the fiscal year with approximately \$560,000 less than the FY 2017 budget. Shown in the next chart that follows the next few paragraphs, there are seventeen revenue line items that make up the majority of General Fund revenues (or 87% of total General Fund Revenues). The FY 2017 actual to the FY 2017 Budget shows close to a \$700,000 decrease or 2.5% from actual to budget for those major revenue items.

Not one single line item contributes to the entire change in revenues. It is important to note that certain revenue line items in certain fiscal years will receive “unanticipated, one-time” revenues for various projects or fees. There are some revenues that exceeded the budget which include Food & Beverage Taxes (more restaurants opening), Real Estate Transfer Taxes, Cable Franchise Fees, Local Use Tax, Personal Property Replacement Tax (the State of Illinois did not withhold funds as previously budgeted) and Red Light Enforcement Fines.

The City budgeted \$960,000 for red light fines and received \$1,000,293 for that revenue line item. The City received more in red light fines which was attributed to higher resolution cameras, all cameras working for this year and some intersections show more fines.

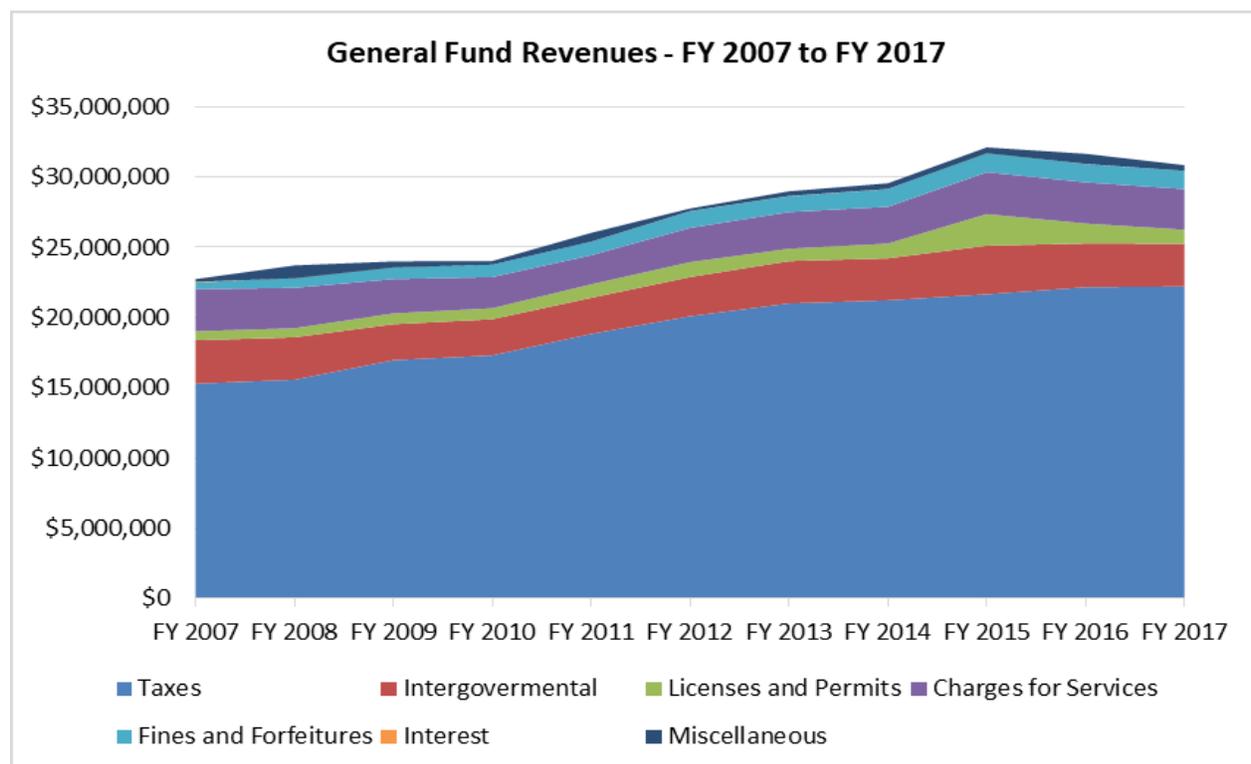
The economy continues to improve and more hotel rooms have been booked locally accounting for this revenue remaining stable. The real estate market is moving in a better direction and properties are selling. There were a few “unanticipated one-time” revenues for real estate transfers (which the City experienced over the last few years).

For the current property tax levy the City received approximately 1.1% more than budget for the City’s Property Tax Levy. However, Cook County has allowed more appeals which generated a loss of revenue (\$167,112). By far the most significant decreases in order of dollar amounts are attributed to: Telecommunications Tax (State of Illinois’ administrative fee and less land lines); Electric Utility Tax (milder winter and one month received lower overall); and State Income Tax (less than anticipated per the budget).

The following chart summarizes approximately 87% of the General Fund's key revenue line items.

<b>Major Revenue Sources - Budget to Actual (Approximately 85% of General Fund Revenues)</b>				
	<b>FY 2017 Budget</b>	<b>FY 2017 Actual</b>	<b>\$ Change</b>	<b>% Change</b>
Property Taxes - Prior Years' Taxes	\$ 10,000	\$ (167,112)	\$ (177,112)	-1771.1%
Property Taxes - Current Levy	\$ 4,178,473	\$ 4,222,431	\$ 43,958	1.1%
Property Taxes - Police Pension	\$ 3,220,749	\$ 3,192,820	\$ (27,929)	-0.9%
Property Taxes - Fire Pension	\$ 3,541,622	\$ 3,517,128	\$ (24,494)	-0.7%
Municipal Sales Tax	\$ 3,600,000	\$ 3,563,795	\$ (36,205)	-1.0%
Home Rule Sales Tax	\$ 2,700,000	\$ 2,646,872	\$ (53,128)	-2.0%
Telecommunications Tax	\$ 1,500,000	\$ 1,317,282	\$ (182,718)	-12.2%
Electric Utility Tax	\$ 1,400,000	\$ 1,241,455	\$ (158,545)	-11.3%
Hotel Tax	\$ 480,000	\$ 437,536	\$ (42,464)	-8.8%
Food and Beverage Tax	\$ 1,280,000	\$ 1,322,223	\$ 42,223	3.3%
Real Estate Transfer Tax	\$ 300,000	\$ 587,918	\$ 287,918	96.0%
Cable Franchise Fees	\$ 300,000	\$ 330,936	\$ 30,936	10.3%
State Income Tax	\$ 2,650,000	\$ 2,189,384	\$ (460,616)	-17.4%
Local Use Tax	\$ 570,000	\$ 623,358	\$ 53,358	9.4%
Replacement Tax	\$ 207,500	\$ 221,448	\$ 13,948	6.7%
Building Permits	\$ 500,000	\$ 452,409	\$ (47,591)	-9.5%
Red Light Enforcement Fines	\$ 960,000	\$ 1,000,293	\$ 40,293	4.2%
	<b>\$ 27,398,344</b>	<b>\$ 26,700,176</b>	<b>\$ (698,168)</b>	<b>-2.5%</b>

The next chart shows trend data for General Fund revenues from FY 2007 to FY 2017. Overall the City's General Fund revenues are diversified. To gain a sense of how current year impacts affected General Fund revenues, major revenue line items are explained in further depth following this chart.



Property Taxes comprise 35% of the General Fund's revenues (with the Fire, Police and IMRF pensions comprising more than approximately 21% of the Property Tax Levy for the General Fund). Overall, property taxes came in a little lower than budget due to property tax appeals and lower assessed values.

Municipal State Sales Tax came in lower than budget by \$36,205 or by 1% and Home Rule Sales Tax lower than budget by \$53,128 or by 2%. (Note: had it not been for the State of Illinois' administrative fee, the City would have been close to 100% of the budget. The fee was approximately \$40,000.) This fee applied to eight of the twelve months since the State of Illinois implemented it mid-year. The City, however, is seeing more retail sales occur at Jewel, Dollar Tree, Meijer, Walmart and other retail establishments.

The City has experienced declines in Telecommunications Taxes over the last few years and this continued for FY 2017 as there was a decrease of approximately 13% from the budgeted amount. The amount came in below the budgeted of \$1.5 million at \$1,317,282 (this item also had a State of Illinois administrative fee of approximately \$3,200).

Electric Utility Tax came in under budget by 12% or at \$1,241,455. This tax is a stable tax and is expected to increase due to some of the new economic development the City is experiencing. There was one month that ComEd remitted that was half of the typical amount and this also contributed to the lower overall amount for this revenue line item.

There are four nationally recognized hotels doing business in the City of Rolling Meadows. Due to fluctuations in the improving economy and in business travel, the City's Hotel Tax came in below budget at \$437,536 or 8% below budget.

The City's Food and Beverage Tax came above budget by \$42,223 of the budgeted amount of \$1,280,000 which is 3% above budget. There were a number of new restaurants who came into the City of Rolling Meadows in FY 2017. The City anticipates some, continued limited growth in this area.

Real Estate Transfer Tax is a tax on the sale of real estate property and it is a tax that City estimates each year (\$3 per \$1,000 of the sales price). The tax came in at \$587,918 or 287.918% better than budget or 100% of budget. The reason for the additional amount beyond the budgeted amount is there were some larger real estate transfers in FY 2017 similar to the past several years. The City is experiencing a correlation of sales of industrial and office complexes with the increase in building permits. As mentioned, these unanticipated, one-time revenues cannot be anticipated by the City of Rolling Meadows. Here are a few of the significant ones for FY 2017:

- \$216,000 from the sale of 4700 Arbor Drive – Multi-Family Residential Property.
- \$24,000 from the sale of 1450-1458 Golf Road & 1635-1669 Algonquin Road – Commercial Property.
- \$10,794 from the sale of 2045 Plum Grove Road – Retail Store.
- \$9,000 from the sale of 5600 Apollo Drive – Commercial Property.

Cable Franchise Fees are a stable revenue source for the City and came in at \$330,936 or 30,936% above budget at 10.3% better than budget.

State Income Tax came in at \$2,189,384 just \$460,616 under budget or by 17.4%. This tax revenue continues to be a key indicator of the economy's overall improvement. However, the Illinois

Department of Revenue provided some information showing that due to some tax changes at the State level, there are corporate tax returns that show corporations now taking their previous net operating losses. This may impact the next few year's Income Tax receipts to the City. The City will monitor this situation.

The Local Use Tax (the sales tax that the purchaser owes on items that are purchased for use in Illinois) came in at \$623,358 or \$53,358 better than budget by 9.4%. This increase is primarily attributed to the improving economy and some changes with the Illinois Department of Revenue's tax procedures.

The Personal Property Replacement Tax (PPRT) came in at \$221,448 which was \$13,948 higher than budget by 6.7% for FY 2017.

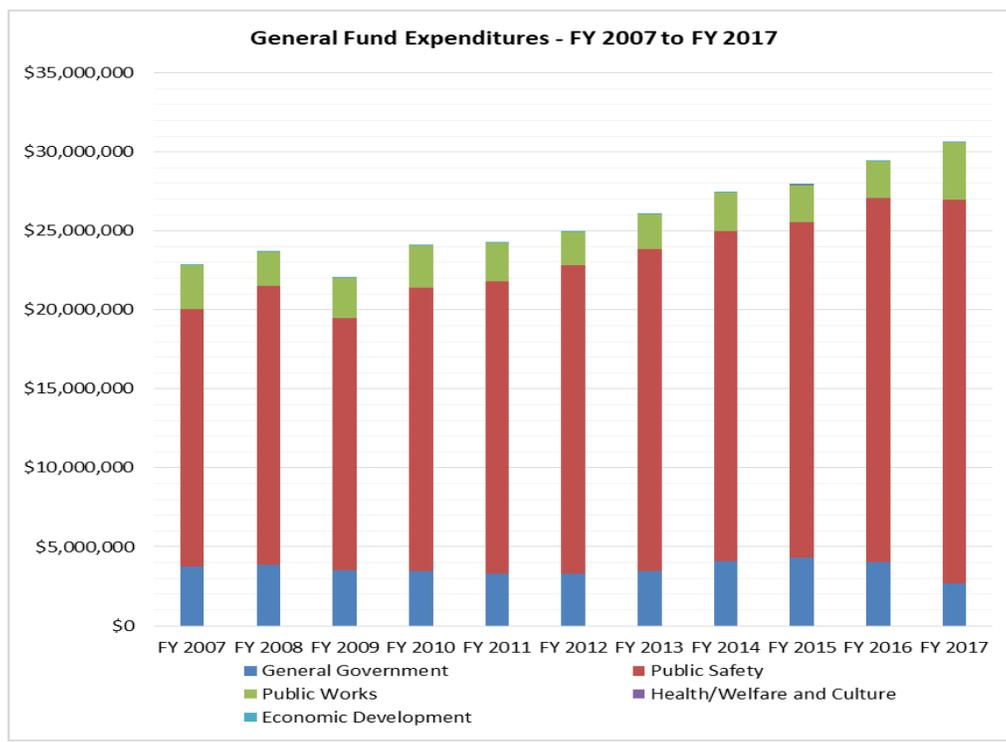
Grant revenues were slightly lower than budget by \$42,665 due to fewer grant funds from the State and Federal governments.

Building Permits revenues came in at \$452,409 or \$47,591 less than budget for FY 2017. This is a revenue line item in which there are some best estimates based on building activity in the City.

Due to increased resolution clarity in red light cameras, this revenue source came in at \$1.0 million. Red Light Enforcement Fines came in better than budget by \$40,293 or 104% of budget. All red light cameras are fully functional.

Again, the City of Rolling Meadows has a diversified mix of General Fund revenues. Remaining line items aside what were mentioned came in for the most part near, at or above budget.

**General Fund – Expenditures**



The General Fund expenditures chart shows expenditures from FY 2007 to FY 2017 with the most significant increase in the City's pension obligations for Police, Fire and Non-Union (IMRF)

Pension Funds. For FY 2017, year-end results show that the General Fund's total expenditures came in at \$30,687,082 which is \$965,278 or 3.0% under budget. The reason for the expenditures are under budget is the fact that labor contracts have not been finalized and these expenditures will take place at a later date. This is the reason why there is a manager's reserve or hold as a plan to pay for these future expenditures.

General Government came in at \$2,666,435 which is under budget by \$489,780 primarily due to changes in pending labor contract items, health care plans, other benefit items and savings in contractual and supply line items.

Public Safety (Police & Fire) were under budget by \$243,116 due some overall savings in contractual and supply line items.

Public Works came in under budget by \$179,965 due to ongoing labor negotiations and savings in contractual and supply line items.

Health and Welfare came in under budget by \$3,999 and Economic Development came in under budget by \$48,418.

***Proprietary Funds*** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but include long-term outflows and capital assets. The total net position of the Utilities and Refuse Collection Funds at the end of the year amounted to a total of \$17,007,173 — increased by \$1.9 million from FY 2016 due to better investment returns for the IMRF Pension Fund.

### **Capital Asset and Debt Administration**

Capital Assets - The City of Rolling Meadows' net investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$149,737,024 (net of accumulated depreciation) (see Statement of Net Position). This investment in capital assets includes land, land improvements, construction in progress, buildings, machinery, equipment, roads, bridges and vehicles. The following table summarizes the changes in capital assets. The governmental activities net capital assets increased by approximately \$3.3 million due to the addition of new capital assets and the depreciation of existing assets. The business-type activities net capital assets increased by \$1.0 million with the addition of new capital assets and the depreciation of existing assets.

City of Rolling Meadows Capital Assets at Year End Net of Depreciation (in Millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	
Land	\$ 99.6	\$ 100.8	\$ -	\$ -	\$ 99.6	\$ 100.8	
Land Improvements	0.6	0.6	0.2	0.2	0.8	\$ 0.8	
Construction in Progress	6.0	4.9	3.3	2.8	9.3	\$ 7.7	
Buildings	4.1	4.3	1.3	1.3	17.0	\$ 5.6	
Machinery & Equipment	1.4	1.5	0.1	0.1	6.6	\$ 1.6	
Infrastructure	15.3	18.0	10.9	12.4	71.4	\$ 30.4	
Vehicles	2.6	2.8	-	-	6.6	\$ 2.8	
<b>Total</b>	<b>\$ 129.6</b>	<b>\$ 132.9</b>	<b>\$ 15.8</b>	<b>\$ 16.8</b>	<b>\$ 211.3</b>	<b>\$ 149.7</b>	
<i>* Rounding differences may occur.</i>							

The City of Rolling Meadows produces a five-year Capital Improvements Plan (CIP) and updates it annually. As part of the City's Capital Improvements Plan and in the City's FY 2017 Budget, the City invested approximately \$8.0 million in capital improvements (assets and other improvements).

The City's investment in capital expenditures included an upgrade of the City's telecommunications/phone system, computer network infrastructure/WI-FI system, and started the preliminary work to upgrade its aging accounting and financial software to a fully-integrated Enterprise Resource Planning Software Platform (to continue over the next two years with an investment of approximately \$1.0 million).

As mentioned, for the FY 2017 Budget, the City Council amended the City's budget to transfer \$2,120,000 for the purpose of purchasing land for two fire stations. The funds were transferred from the General Fund to the Fire Stations Fund. The General Fund shows a due from the Fire Stations Fund for a future repayment. The first of two parcels were purchased for the purpose of building two fire stations to meet the fire safety needs of the City's residents and businesses.

The City invested approximately \$1.1 million in the City's Annual Street Program with an additional \$242,002 in roadway and curb improvements as well as \$340,134 in bikepath improvements. Road and Bikepath projects included the Annual Street Program, Golf Road Sidewalk, Barker Avenue Creek Path, Annual Sidewalk Improvement Program, Carriageway Drive Project, Euclid Bikepath, Golf Road Bikepath, Commuter Drive (final expenditure), Plum Grove Lighting Project, and Golf Road Pedestrian Signals.

Other significant capital improvements include: \$637,400 for the City Hall HVAC replacement; \$395,240 for City Hall Exterior, Police garage and other repairs; \$227,320 for a Fire Department Light Duty Squad car; \$117,200 for a Public Works Sign Maintenance Truck; and \$77,521 a Public Works Vehicle Lift Replacement (one of several scheduled for replacement).

Additional information on the City of Rolling Meadows' capital assets may be found on pages 41 through 42 of this report.

## DEBT OUTSTANDING

At the end of the fiscal year 2017, the City of Rolling Meadows had total bonded debt outstanding of \$4.8 million and 100% comprises debt backed by the full faith and credit of the government. The majority of this debt outstanding is schedule to mature and be paid in FY 2017. No short term debt was issued during 2017. The City retired \$2.7 million in general obligation bonds in FY 2017.

### City of Rolling Meadows Outstanding General Obligation Debt (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
General obligation Bonds	\$ 6.7	\$ 4.3	\$ 0.8	\$ 0.5	\$ 7.5	\$ 4.8

In FY 2013, taking advantage of historically low interest rates, the City refinanced general obligation bonds for the City's TIF #2 Kirchoff & Owl Fund saving approximately \$60,000 in interest savings.

In FY 2012, the City refinanced nearly \$10 million worth of general obligation bonds to save taxpayers nearly \$750,000 over the life of the bonds. The three general obligation bonds included the 2002A, the 2002B and the 2004 Series.

In December 2013, Standard & Poor's Rating Services raised the City's long-term rating on the City of Rolling Meadows' general obligation bonds to AA+ from A+ based on Standard & Poor's Rating recently released local General Obligation criteria. Standard & Poor's cited the City's very strong budgetary flexibility, liquidity and strong budgetary performance among the reasons behind the increase in the credit rating.

In November 2014, Moody's Investor Service upgraded Rolling Meadows' general obligation (GO) bond rating to Aa3 from a previous rating of A1, reflecting the agency's confidence in the City's overall financial health. The Moody's report cited a substantial increase in the City's reserve levels as well as a strong capacity to meet financial obligations. In March 2018, Moody's reaffirmed the City's bond rating of Aa3.

The City of Rolling Meadows has taken advantage of low-interest loans from the Illinois Environmental Protection Agency (IEPA) for construction and eligible engineering costs associated with watermain improvements and sewerworks improvements. The IEPA Loans are paid from the City's Utilities Fund. The IEPA Water Loan Payable (Principal and Interest) at December 31, 2017 for the Waterworks Improvements is \$1,294,080. The IEPA Sewer Loan Payable (Principal and Interest) at December 31, 2017 is \$1,377,520. The City began making payments on both of the IEPA Loans in FY 2014. (These loans will be paid back by FY 2024.)

The City of Rolling Meadows, under its home rule authority, does not have a legal debt limit.

Additional information on the City of Rolling Meadows' long-term debt may be found in Note 3 on pages 45 through 48 of this report.

## **Economic Factors and Next Year's Budget**

The General Fund is the City's primary operating fund and pays for most of the City's services – public safety [fire and police services], public works services and City administration services, [except for water, sewer and stormwater services accounted for in the Utilities Funds and Refuse (Garbage and Recycling) services accounted for in the Refuse Fund]. The financial condition for the City and in particular the General Fund has improved significantly over the last several years with a few unanticipated increases in revenues such as Building Permits, Red Light Enforcement Fines, and Real Estate Transfer Taxes have added to General Fund reserves.

Over the last few years, the City has rebounded in some areas of revenue strength related to Sales Tax, Local Use Tax, Food & Beverage Taxes and other items. However, the State of Illinois continues to add constraints such as an administrative fee to collect the City's Home Rule Sales Tax and Telecommunications Tax; and unfunded mandates such as mandating new regulations for grants and other reporting as well as many others. To balance the continued health of the General Fund, the City is looking to add new revenue sources and to continue to research efficiencies to deliver critical services for its residents and businesses. The General Fund's financial health continues to improve overall and the City's focus is to improve cash and fund balance reserves going forward. The City is evaluating revenue additions such as increases to Ambulance Fees. In addition, the City will settle its labor contracts in FY 2018 which will bring stability to the budget planning process.

While the City continues to work on economic development and other measures to attract and maintain businesses, the City is committed to evaluating overall expenditures and is committed to delivering services in a cost-efficient manner. Building fund balance reserves continues to be a cornerstone to the City's budget process while balancing personnel costs, capital infrastructure and pension requirements. The City is in a strong position to evaluate issuing new general obligation bonds due to the fact that the City paid down \$2.7 million of its general obligation debt in FY 2017 and will pay down \$1.2 million in FY 2018. At the end of FY 2018, the City will have \$3.5 million outstanding in general obligation bonds (with final maturity of the bonds in FY 2023). In addition, the City is committed to funding its pension obligations in a fiscally prudent manner. The City continues to monitor the State of Illinois and their fiscal outlook. The City Council, Management and Staff take the longer view approach to the City's financial management. The City is poised for the next steps in future investment of capital infrastructure while also increasing economic development efforts across the City.

## **Requests for Information**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be addressed to the Finance Department, City of Rolling Meadows, 3600 Kirchoff Road, Rolling Meadows, Illinois, 60008.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Position  
December 31, 2017**

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**See Following Page**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Position  
December 31, 2017**

	Governmental Activities	Business- Type Activities	Totals	Component Unit Public Library
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 16,287,312	4,163,334	20,450,646	2,316,407
Receivables - Net of Allowances	16,904,249	1,773,820	18,678,069	3,850,737
Prepays/Inventories	4,975,808	186,346	5,162,154	-
Total Current Assets	38,167,369	6,123,500	44,290,869	6,167,144
Noncurrent Assets				
Capital Assets				
Nondepreciable	105,746,659	2,839,402	108,586,061	608,893
Depreciable	82,366,862	29,501,710	111,868,572	8,944,344
Accumulated Depreciation	(55,215,218)	(15,502,391)	(70,717,609)	(5,344,178)
	132,898,303	16,838,721	149,737,024	4,209,059
Other Assets				
Equity Interest in Joint Venture	-	626,533	626,533	-
Total Noncurrent Assets	132,898,303	17,465,254	150,363,557	4,209,059
Total Assets	171,065,672	23,588,754	194,654,426	10,376,203
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Items - IMRF	1,087,198	431,939	1,519,137	449,083
Deferred Items - Police Pension	5,673,295	-	5,673,295	-
Deferred Items - Firefighters' Pension	5,828,694	-	5,828,694	-
Loss on Refunding	168,644	-	168,644	-
Total Deferred Outflows of Resources	12,757,831	431,939	13,189,770	449,083
Total Assets and Deferred Outflows of Resources	183,823,503	24,020,693	207,844,196	10,825,286

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business- Type Activities	Totals	Component Unit Public Library
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 1,461,513	993,199	2,454,712	176,410
Accrued Payroll	433,846	42,537	476,383	103,664
Deposits Payable	1,348	-	1,348	-
Interest Payable	-	10,995	10,995	-
Other Payables	184,236	-	184,236	-
Deposits Payable	10,971	466,454	477,425	-
Current Portion of Long-Term Liabilities				
Compensated Absences Payable	629,856	57,082	686,938	17,853
IEPA Loans Payable	-	117,566	117,566	-
General Obligation Bonds Payable	1,020,000	195,000	1,215,000	-
Total Current Liabilities	3,741,770	1,882,833	5,624,603	297,927
Noncurrent Liabilities				
Compensated Absences Payable	3,162,645	512,072	3,674,717	71,412
Net Pension Liability - IMRF	1,831,165	727,515	2,558,680	756,389
Net Pension Liability - Police Pension	31,886,425	-	31,886,425	-
Net Pension Liability - Firefighters' Pension	34,759,340	-	34,759,340	-
Net Other Post-Employment Benefit Payable	2,952,329	-	2,952,329	132,215
IEPA Loans Payable	-	2,135,333	2,135,333	-
General Obligation Bonds Payable	3,295,000	295,000	3,590,000	-
Total Noncurrent Liabilities	77,886,904	3,669,920	81,556,824	960,016
Total Liabilities	81,628,674	5,552,753	87,181,427	1,257,943
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	14,006,344	69,459	14,075,803	3,861,243
Grants	-	-	-	-
Deferred Items - IMRF	3,501,941	1,391,308	4,893,249	1,446,527
Deferred Items - Police Pension	7,449,037	-	7,449,037	-
Deferred Items - Firefighters' Pension	4,298,263	-	4,298,263	-
Total Deferred Inflows of Resources	29,255,585	1,460,767	30,716,352	5,307,770
Total Liabilities and Deferred Inflows of Resources	110,884,259	7,013,520	117,897,779	6,565,713
<b>NET POSITION</b>				
Net Investment in Capital Assets	128,751,947	14,095,822	142,847,769	4,209,059
Restricted - IMRF	35,178	-	35,178	10,264
Restricted - Public Safety	1,387,747	-	1,387,747	-
Restricted - Highways and Streets	178,498	-	178,498	-
Restricted - Debt Service	68,587	-	68,587	-
Restricted - Public Library	-	-	-	265,875
Unrestricted (Deficit)	(57,482,713)	2,911,351	(54,571,362)	(225,625)
Total Net Position	72,939,244	17,007,173	89,946,417	4,259,573

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Activities  
For the Fiscal Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,354,511	3,100,246	-	-
Public Safety	11,271,148	2,103,101	15,585	-
Highways and Streets	1,253,252	486,865	-	1,170,974
Public Works	5,614,464	-	-	-
Health and Welfare	6,121	-	-	-
Economic Development	160,526	-	-	-
Interest on Long-Term Debt	221,075	-	-	-
Total Governmental Activities	19,881,097	5,690,212	15,585	1,170,974
Business-Type Activities				
Utilities	9,601,362	11,413,154	-	-
Refuse Collection	2,178,195	2,194,628	-	-
Total Business-Type Activities	11,779,557	13,607,782	-	-
Total Primary Government	31,660,654	19,297,994	15,585	1,170,974
Component Unit - Public Library	3,730,552	28,282	-	-

- General Revenues
- Taxes
- Property
- State Sales and Home Rule
- Simplified Telecommunications
- Electric Utility
- Hotel
- Food and Beverage
- Real Estate Transfer
- Other Taxes
- Intergovernmental - Unrestricted
- Income Taxes
- Local Use Taxes
- Replacement Taxes
- Interest
- Miscellaneous
- Total General Revenues

- Change in Net Position
- Net Position - Beginning
- Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Public Library
1,745,735	-	1,745,735	-
(9,152,462)	-	(9,152,462)	-
404,587	-	404,587	-
(5,614,464)	-	(5,614,464)	-
(6,121)	-	(6,121)	-
(160,526)	-	(160,526)	-
(221,075)	-	(221,075)	-
(13,004,326)	-	(13,004,326)	-
-	1,811,792	1,811,792	-
-	16,433	16,433	-
-	1,828,225	1,828,225	-
(13,004,326)	1,828,225	(11,176,101)	-
-	-	-	(3,702,270)
14,931,202	-	14,931,202	3,717,286
6,210,667	-	6,210,667	-
1,317,282	-	1,317,282	-
1,241,455	-	1,241,455	-
437,536	-	437,536	-
1,322,223	-	1,322,223	-
587,918	-	587,918	-
363,437	-	363,437	-
2,189,384	-	2,189,384	-
623,358	-	623,358	-
221,448	-	221,448	68,447
78,814	61,531	140,345	8,481
499,492	-	499,492	10,435
30,024,216	61,531	30,085,747	3,804,649
17,019,890	1,889,756	18,909,646	102,379
55,919,354	15,117,417	71,036,771	4,157,194
72,939,244	17,007,173	89,946,417	4,259,573

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Balance Sheet - Governmental Funds  
December 31, 2017**

	General	Special Revenue Motor Fuel Tax
<b>ASSETS</b>		
Cash and Investments	\$ 4,203,922	85,271
Receivables - Net of Allowances		
Property Taxes	11,882,427	-
Other Taxes	2,447,808	53,250
Accounts	293,769	-
Due from Other Funds	3,721,867	-
Prepays	46,467	-
	<u>22,596,260</u>	<u>138,521</u>
<b>LIABILITIES</b>		
Accounts Payable	395,249	23,246
Accrued Payroll	426,014	-
Deposits Payable	1,348	-
Due to Other Funds	-	-
Other Payables	184,236	-
Total Liabilities	<u>1,006,847</u>	<u>23,246</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	12,024,344	-
Total Liabilities and Deferred Inflows of Resources	<u>13,031,191</u>	<u>23,246</u>
<b>FUND BALANCES</b>		
Nonspendable	46,467	-
Restricted	35,178	115,275
Committed	1,021,452	-
Assigned	750,000	-
Unassigned	7,711,972	-
Total Fund Balances	<u>9,565,069</u>	<u>115,275</u>
	<u>22,596,260</u>	<u>138,521</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>22,596,260</u>	<u>138,521</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects			Totals
	Local Road	Fire Stations	Nonmajor	
67,788	275,010	2,943,925	1,843,044	9,418,960
431,299	899,159	-	651,878	13,864,763
-	38,582	-	-	2,539,640
-	131,070	50,000	-	474,839
-	-	-	-	3,721,867
-	-	-	41,990	88,457
<u>499,087</u>	<u>1,343,821</u>	<u>2,993,925</u>	<u>2,536,912</u>	<u>30,108,526</u>
-	326,351	21,870	78,462	845,178
-	-	-	-	426,014
-	-	-	-	1,348
-	-	2,120,000	1,542,781	3,662,781
-	-	-	-	184,236
-	326,351	2,141,870	1,621,243	5,119,557
430,500	900,000	-	651,500	14,006,344
<u>430,500</u>	<u>1,226,351</u>	<u>2,141,870</u>	<u>2,272,743</u>	<u>19,125,901</u>
-	-	-	41,990	88,457
68,587	63,223	-	1,387,747	1,670,010
-	-	-	-	1,021,452
-	54,247	852,055	378,813	2,035,115
-	-	-	(1,544,381)	6,167,591
<u>68,587</u>	<u>117,470</u>	<u>852,055</u>	<u>264,169</u>	<u>10,982,625</u>
<u>499,087</u>	<u>1,343,821</u>	<u>2,993,925</u>	<u>2,536,912</u>	<u>30,108,526</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to  
Net Position - Governmental Activities**

**December 31, 2017**

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**Total Governmental Fund Balances** \$ 10,982,625

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. 132,898,303  
Less: Internal Service Capital Assets (10,525,788)

Deferred outflows (inflows) of resources related to the pensions not  
reported in the funds. (2,414,743)  
Deferred Items - IMRF (1,775,742)  
Deferred Items - Police Pension 1,530,431  
Deferred Items - Firefighters' Pension

Internal Service Funds are used by the City to charge the costs of vehicle and  
equipment management and employee compensated absences to individual funds.  
The assets and liabilities of the internal service funds are included in  
the governmental activities in the Statement of Net Position 21,488,217

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds. (3,668,444)  
Compensated Absences Payable (1,831,165)  
Net Pension Liability - IMRF (31,886,425)  
Net Pension Liability - Police Pension (34,759,340)  
Net Pension Liability - Firefighters' Pension (2,952,329)  
Net Other Post-Employment Benefit Payable (4,315,000)  
General Obligation Bonds Payable 168,644  
Unamortized Loss on Refunding

**Net Position of Governmental Activities** 72,939,244

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended December 31, 2017**

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**See Following Page**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended December 31, 2017**

	General	Special Revenue Motor Fuel Tax
Revenues		
Taxes	\$ 22,213,284	-
Intergovernmental	3,049,775	614,683
Licenses and Permits	992,950	-
Charges for Services	2,888,994	-
Fines and Forfeitures	1,303,941	-
Interest	76,091	1,076
Miscellaneous	400,141	-
Total Revenues	<u>30,925,176</u>	<u>615,759</u>
Expenditures		
Current		
General Government	2,666,435	-
Public Safety	24,312,477	-
Highways and Streets	-	281,926
Public Works	3,649,697	-
Health/Welfare and Culture	6,121	-
Economic Development	52,352	-
Capital Outlay	-	-
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>30,687,082</u>	<u>281,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>238,094</u>	<u>333,833</u>
Other Financing Sources (Uses)		
Transfers In	300,000	-
Transfers Out	<u>(2,902,075)</u>	<u>(300,000)</u>
	<u>(2,602,075)</u>	<u>(300,000)</u>
Net Change in Fund Balances	(2,363,981)	33,833
Fund Balances - Beginning	<u>11,929,050</u>	<u>81,442</u>
Fund Balances - Ending	<u>9,565,069</u>	<u>115,275</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects		Nonmajor	Totals
	Local Road	Fire Stations		
1,286,906	764,460	-	2,147,070	26,411,720
-	556,291	-	-	4,220,749
-	486,865	-	-	1,479,815
-	-	-	-	2,888,994
-	-	-	17,462	1,321,403
-	219	-	600	77,986
-	6,924	88,540	3,887	499,492
<u>1,286,906</u>	<u>1,814,759</u>	<u>88,540</u>	<u>2,169,019</u>	<u>36,900,159</u>
-	-	-	-	2,666,435
-	-	2,000	673,171	24,987,648
-	826,205	-	-	1,108,131
-	-	-	-	3,649,697
-	-	-	-	6,121
-	-	-	821,078	873,430
-	2,185,782	1,354,485	-	3,540,267
1,780,000	155,348	-	425,000	2,360,348
175,591	5,526	-	8,896	190,013
<u>1,955,591</u>	<u>3,172,861</u>	<u>1,356,485</u>	<u>1,928,145</u>	<u>39,382,090</u>
(668,685)	(1,358,102)	(1,267,945)	240,874	(2,481,931)
682,075	300,000	2,120,000	150,000	3,552,075
-	-	-	-	(3,202,075)
<u>682,075</u>	<u>300,000</u>	<u>2,120,000</u>	<u>150,000</u>	<u>350,000</u>
13,390	(1,058,102)	852,055	390,874	(2,131,931)
55,197	1,175,572	-	(126,705)	13,114,556
<u>68,587</u>	<u>117,470</u>	<u>852,055</u>	<u>264,169</u>	<u>10,982,625</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities**

**For the Fiscal Year Ended December 31, 2017**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ (2,131,931)**

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 and reported as depreciation expense.

Capital Outlays	4,205,400
Depreciation Expense	(1,964,767)

The net effect of deferred outflows (inflows) of resources related to the  
pensions not reported in the funds.

Change in Deferred Items - IMRF	(3,786,619)
Change in Deferred Items - Police Pension	348,089
Change in Deferred Items - Firefighters' Pension	3,653,972

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

(Addition) to Compensated Absences Payable	(149,867)
Deduction to Net Pension Liability - IMRF	3,716,803
Deduction to Net Pension Liability - Police Pension	5,409,212
Deduction to Net Pension Liability - Firefighters' Pension	4,477,723
(Additions) to Net Other Post-Employment Benefit Payable	(244,567)
Retirement of Debt	2,360,348
Amortization of Loss of Refunding	(33,729)

Changes to accrued interest on long-term debt in the Statement of Activities  
do not require the use of current financial resources and, therefore, are not  
reported as expenditures in the governmental funds.

2,667

Internal service funds are used by the City to charge the costs of vehicle and equipment  
management and employee compensated absences to individual funds.

The net revenue of certain activities of internal service funds is  
reported with governmental activities.

1,157,156

**Changes in Net Position of Governmental Activities**

17,019,890

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
December 31, 2017**

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**See Following Page**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
December 31, 2017**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse	Totals	Activities
		Collection		Internal Service
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 3,349,216	814,118	4,163,334	6,868,352
Receivables - Net of Allowances - Accounts	1,465,159	308,661	1,773,820	25,007
Prepays	147	32,401	32,548	4,887,351
Inventories	153,798	-	153,798	-
Total Current Assets	4,968,320	1,155,180	6,123,500	11,780,710
Noncurrent Assets				
Capital Assets				
Nondepreciable	2,839,402	-	2,839,402	2,127,443
Depreciable	28,903,097	598,613	29,501,710	24,548,162
Accumulated Depreciation	(14,968,175)	(534,216)	(15,502,391)	(16,149,817)
	16,774,324	64,397	16,838,721	10,525,788
Other Assets				
Equity Interest in Joint Venture	626,533	-	626,533	-
Total Noncurrent Assets	17,400,857	64,397	17,465,254	10,525,788
Total Assets	22,369,177	1,219,577	23,588,754	22,306,498
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Items - IMRF	369,673	62,266	431,939	-
Total Assets/ Deferred Outflows of Resources	22,738,850	1,281,843	24,020,693	22,306,498

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse	Totals	Activities
		Collection		Internal Service
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 956,420	36,779	993,199	675,421
Accrued Payroll	37,225	5,312	42,537	7,832
Accrued Interest Payable	10,995	-	10,995	-
Compensated Absences Payable	22,668	34,414	57,082	6,001
IEPA Loans Payable	117,566	-	117,566	-
General Obligation Bonds Payable	195,000	-	195,000	-
Total Current Liabilities	1,339,874	76,505	1,416,379	689,254
Noncurrent Liabilities				
Deposits Payable	466,454	-	466,454	10,971
Compensated Absences Payable	502,924	9,148	512,072	118,056
Net Pension Liability - IMRF	622,640	104,875	727,515	-
IEPA Loans Payable	2,135,333	-	2,135,333	-
General Obligation Bonds Payable	295,000	-	295,000	-
Total Noncurrent Liabilities	4,022,351	114,023	4,136,374	129,027
Total Liabilities	5,362,225	190,528	5,552,753	818,281
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	69,459	-	69,459	-
Deferred Items - IMRF	1,190,744	200,564	1,391,308	-
Total Deferred Inflows of Resources	1,260,203	200,564	1,460,767	-
Total Liabilities and Deferred Inflows of Resources	6,622,428	391,092	7,013,520	818,281
<b>NET POSITION</b>				
Net Investment in Capital Assets Unrestricted	14,031,425	64,397	14,095,822	10,525,788
Total Net Position	16,116,422	890,751	17,007,173	21,488,217

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Fiscal Year Ended December 31, 2017**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Activities
				Internal Service
Operating Revenues				
Charges for Services	\$ 11,247,596	2,168,009	13,415,605	-
Miscellaneous	165,558	26,619	192,177	1,418,572
Interfund Services	-	-	-	7,528,801
Total Operating Revenues	<u>11,413,154</u>	<u>2,194,628</u>	<u>13,607,782</u>	<u>8,947,373</u>
Operating Expenses				
Administration	1,348,349	1,004,734	2,353,083	5,786,507
Public Safety	-	-	-	138,699
Public Works	700,000	-	700,000	548,541
Operations	6,712,012	1,161,173	7,873,185	-
Depreciation	769,575	11,063	780,638	989,169
Total Operating Expenses	<u>9,529,936</u>	<u>2,176,970</u>	<u>11,706,906</u>	<u>7,462,916</u>
Operating Income	<u>1,883,218</u>	<u>17,658</u>	<u>1,900,876</u>	<u>1,484,457</u>
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	-	-	-	9,606
Interest Income	60,030	1,501	61,531	828
Grant Income	-	-	-	12,265
Interest Expense	(71,426)	(1,225)	(72,651)	-
	<u>(11,396)</u>	<u>276</u>	<u>(11,120)</u>	<u>22,699</u>
Income Before Transfers	<u>1,871,822</u>	<u>17,934</u>	<u>1,889,756</u>	<u>1,507,156</u>
Transfers In	-	-	-	300,000
Transfers Out	-	-	-	(650,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Change in Net Position	<u>1,871,822</u>	<u>17,934</u>	<u>1,889,756</u>	<u>1,157,156</u>
Net Position - Beginning	<u>14,244,600</u>	<u>872,817</u>	<u>15,117,417</u>	<u>20,331,061</u>
Net Position - Ending	<u>16,116,422</u>	<u>890,751</u>	<u>17,007,173</u>	<u>21,488,217</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended December 31, 2017**

	<u>Business-Type Activities - Enterprise</u>			<u>Governmental</u>
	<u>Utilities</u>	<u>Refuse Collection</u>	<u>Totals</u>	<u>Internal Service</u>
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 11,316,013	2,199,375	13,515,388	-
Interfund Services Provided	-	-	-	9,014,850
Payments to Suppliers	(7,292,023)	(1,933,115)	(9,225,138)	(6,056,897)
Payments to Employees	(1,430,080)	(251,605)	(1,681,685)	(334,147)
	<u>2,593,910</u>	<u>14,655</u>	<u>2,608,565</u>	<u>2,623,806</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	-	-	-	300,000
Transfers Out	-	-	-	(650,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	9,606
Purchase of Capital Assets	(1,790,244)	-	(1,790,244)	(2,042,589)
Principal Paid on Debt	(450,273)	(34,510)	(484,783)	-
Interest Paid on Debt	(71,426)	(1,225)	(72,651)	-
	<u>(2,311,943)</u>	<u>(35,735)</u>	<u>(2,347,678)</u>	<u>(2,032,983)</u>
Cash Flows from Investing Activities				
Interest Received	60,030	1,501	61,531	828
Net Change in Cash and Cash Equivalents	341,997	(19,579)	322,418	241,651
Cash and Cash Equivalents - Beginning	<u>3,007,219</u>	<u>833,697</u>	<u>3,840,916</u>	<u>6,626,701</u>
Cash and Cash Equivalents - Ending	<u><u>3,349,216</u></u>	<u><u>814,118</u></u>	<u><u>4,163,334</u></u>	<u><u>6,868,352</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	1,883,218	17,658	1,900,876	1,484,457
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	769,575	11,063	780,638	989,169
Other Income (Expense)	79,774	(14,354)	65,420	12,265
(Increase) Decrease in Current Assets	(97,141)	4,747	(92,394)	67,477
Increase (Decrease) in Current Liabilities	(41,516)	(4,459)	(45,975)	70,438
Net Cash Provided by Operating Activities	<u>2,593,910</u>	<u>14,655</u>	<u>2,608,565</u>	<u>2,623,806</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Fiduciary Net Position  
December 31, 2017**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,246,702	418,754
Investments		
U.S. Government Obligations	6,570,879	-
U.S. Agency Obligations	2,473,096	-
Corporate Bonds	11,910,844	-
Mutual Funds	4,782,038	-
Common Stock	44,450,961	-
Insurance Contracts	2,111,775	-
Certificate of Deposits	1,163,642	-
Receivables		
Accrued Interest	158,483	-
Prepays	2,340	-
Total Assets	<u>77,870,760</u>	<u>418,754</u>
<b>LIABILITIES</b>		
Accounts Payable	25,256	-
Due to Other Funds	59,086	-
Deposits Payable	-	418,754
Total Liabilities	<u>84,342</u>	<u>418,754</u>
<b>NET POSITION</b>		
Net Position Restricted for Pensions	<u>77,786,418</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended December 31, 2017**

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	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 7,688,333
Contributions - Plan Members	<u>899,980</u>
Total Contributions	<u>8,588,313</u>
Investment Earnings	
Interest Earned	4,924,147
Net Change in Fair Value	<u>4,518,595</u>
	9,442,742
Less Investment Expenses	<u>(151,683)</u>
Net Investment Income	<u>9,291,059</u>
Total Additions	<u>17,879,372</u>
Deductions	
Administration	116,011
Benefits and Refunds	<u>6,853,246</u>
Total Deductions	<u>6,969,257</u>
Change in Fiduciary Net Position	10,910,115
Net Position Restricted for Pensions	
Beginning	<u>66,876,303</u>
Ending	<u><u>77,786,418</u></u>

The notes to the financial statements are an integral part of this statement.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### **This came in NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rolling Meadows (City), Illinois, is a municipal corporation and operates under the City Manager form of government. The City's major operations include police and fire protection, highways and streets maintenance and reconstruction, planning and zoning services, public improvements, economic development, water, sewer, refuse collection, stormwater management, and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City's accounting policies established in GAAP and used by the City are described below.

### **REPORTING ENTITY**

The City's financial reporting entity comprises the following:

Primary Government:	City of Rolling Meadows
Discretely Presented Component Unit:	City of Rolling Meadows Public Library

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the City.

### **Police Pension Employees Retirement System**

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). 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 elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining 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 determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a pension trust fund.

# **CITY OF ROLLING MEADOWS, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **REPORTING ENTITY – Continued**

##### **Firefighters' Pension Employees Retirement System**

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the City's Mayor, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining 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 is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a pension trust fund.

#### **Discretely Presented Component Unit**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

##### **City of Rolling Meadows Public Library**

The City of Rolling Meadows Public Library operates and maintains the public library within the City. The Public Library's Board is appointed by the Mayor of the City. The Public Library may not issue bonded debt without the City's approval. Separate audited financial statements for the Public Library may be obtained from the Public Library's offices at 3110 Martin Lane, Rolling Meadows, Illinois 60008.

### **BASIS OF PRESENTATION**

#### **Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, highways and streets maintenance and reconstruction, planning and zoning services, public improvements, economic development, and general administrative services are classified as governmental activities. The City's water, sewer, refuse collection, and stormwater management services are classified as business-type activities.

# **CITY OF ROLLING MEADOWS, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Government-Wide Statements – Continued**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, highways and streets, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from foods, 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

#### **Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either have debt outstanding or a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, 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

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

#### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

*General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains one major special revenue fund, the Motor Fuel Tax Fund, which is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The City uses this fund to maintain and construct transportation-related community needs, such as streets, bridges, and traffic signals. The City also maintains three nonmajor special revenue funds, the 911 Emergency Telephone Fund, the Foreign Fire Tax Fund and the Asset Seizure Fund.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Governmental Funds – Continued

*Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for the payment of interest and principal on the City's general long-term debt obligations for the governmental activities.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains one major capital projects fund, the Local Road Fund, which is used to account for street improvements, including resurfacing, curb and gutter, sidewalks and bike paths. The City also maintains three nonmajor capital projects funds: the TIF #2 Kirchoff/Owl Fund, the TIF #4 Golf Road Fund, and the Fire Station Fund.

#### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

*Enterprise Funds* are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two major enterprise funds, the Utilities Fund and the Refuse Collection Fund. The Utilities Fund is used to account for all resources collected and used to provide water and sanitary services to the City as well as to account for the resources collected to finance storm water runoff and creek bank improvements. The Refuse Collection Fund is used to account for all the resources collected and used to provide waste collection and disposal services.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Proprietary Funds – Continued

*Internal Service Funds* are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains five internal services funds, the Municipal Garage Fund, the Vehicle Replacement Fund, the Buildings and Land Fund, the Liability Insurance Fund, and the Health Insurance Fund. The Municipal Garage Fund is used to account for the resources collected from other City departments used to provide maintenance to City vehicles and major equipment/machinery. The Vehicle Replacement Fund is used to account for the resources collected from other City departments used in replacing City vehicles and major equipment. The Buildings and Land Fund is used to account for the resources collected from other City departments used for the purchase of land or buildings, or the remodeling, renovation, and expansion of current buildings. The Liability Insurance Fund is used to account for the resources collected from other City departments used to manage funding of the property/casualty/workers compensation claims. The Health Insurance Fund is used to account for resources collected from other City departments to fund the City's portion of health insurance premiums as well as those of retired employees.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, highways and streets, etc.).

#### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

*Pension Trust Funds* are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

*Agency Funds* are used to account for assets held by the City in a purely custodial capacity. The City's Compliance Deposits Fund is used to account for money paid to the City pursuant to zoning and building codes.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Fiduciary Funds – Continued

The City’s fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City’s enterprise funds and of the City’s internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds “Statement of Cash Flows,” cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

##### Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Prepays/Inventories**

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$25,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	7 - 31.5 Years
Buildings	7 - 45 Years
Vehicles and Equipment	15 - 60 Years
Water and Sewerage Infrastructure	5 - 20 Years
Other Infrastructure	5 - 15 Years

**Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement pursuant to the City’s personnel rules and union contracts.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### Net Position

In the government-wide financial 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 of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Net Position – Continued**

Restricted – Consists of net position with constraints placed on the 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 legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds, except the Foreign Fire Tax, the Asset Seizure, and the pension trust funds. All annual appropriations lapse at fiscal year-end.

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the prior years, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations. A final budget must be prepared and adopted prior to December 31.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures/expenses of any fund must be approved by the governing body.

During the year, supplemental appropriations were necessary. The amounts reflected in the financial statements represent the original and final amended budget.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund (Fund Number)</u>	<u>Excess</u>
TIF #2 Krchoff/Owl (37)	\$ 496
Liability Insurance (23)	52,098

The TIF #2 Kirchoff/Owl (37) Fund was created in 2002 and is located at the southeast corner of Kirchoff Road and Owl Drive. In January 2003, the City entered into a redevelopment agreement with Salt Creek Development Corporation. The site now houses three buildings with 124 condominiums and 14,000 square feet of commercial / office space.

A fourth building, originally planned, was not built. The City owns this land and uses it as a green space, but this parcel does not generate property taxes. In FY 2017, for TIF #2 Kirchoff/Owl (37), the overage in expenditures of \$496 is due to land appraisal services for the fourth parcel of land for the purpose of assessing its value for future development. (Note: in December 2017 the Bonds were paid in full for this TIF.)

For the Liability Insurance Fund (23), the overage of \$52,098 is due to reimbursable repair items and due to the change in reserves for the fiscal year. (Vehicles that were damaged by others and IRMA reimburses the City for those expenses.)

**DEFICIT FUND BALANCE**

The following funds had deficit fund balance as of the date of this report:

<u>Fund (Fund Number)</u>	<u>Deficit</u>
TIF #2 Kirchoff/Owl (37)	\$ 1,544,381

The TIF #2 Kirchoff/Owl (37) Fund was created in 2002 and is located at the southeast corner of Kirchoff Road and Owl Drive. The parcel was redeveloped with 124 condominiums and 14,000 square feet of commercial / office space. However, a fourth building, originally planned, was not built. The Fund is estimated to end in a positive net position at the end of its term.

**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Funds are held separately from those of other City funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net position. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### City – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$17,424,596 and the bank balances totaled \$17,629,562. Additionally, the City has \$340,724 invested in the Illinois Funds and \$2,685,326 invested in the IMET Fund. The City's investments in Illinois Funds and IMET are 2a7-like investment pools that are measured at the net asset value per share as determined by the pool.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its interests rate risk by structuring its 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 by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools. The City's investments in the Illinois Funds have an average maturity of less than one year. The City's investments in the IMET Fund have an average maturity of one to three years.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the City's investment policy further states investments are limited to U.S. government obligations; U.S. government agency obligations which have a liquid market value with a readily determinable market value; certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances and commercial paper, rated in the highest tier by a nationally recognized rating agency; investment-grade obligations of state and local governments and public authorities; repurchase agreements whose underlying purchased securities consist of money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; local government investment pools; any other investments allowed by Illinois Complied Statutes. At year-end, the City's investment in the Illinois Funds was rated AAAM by Standard & Poor's. The Illinois Metropolitan Investment Trust Convenience Fund is not rated and the Illinois Metropolitan Investment Trust 1-3 Year Fund is rated AA Af by Standard & Poor's.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states that the City shall diversify its investments to avoid incurring unreasonable risks regarding specific security types and/or individual institutions. Furthermore, no financial institution shall hold more than fifty percent (50%) of the City's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping. Commercial paper shall not exceed twenty-five percent (25%) of the City's investment portfolio. At December 31, 2017, all of the City's investments are in compliance with the guidelines outlined above in the City's investment policy. At year-end, the City does not have any investments over 5 percent of the cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**City – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Per the City’s investment policy, the amount of collateral provided shall not be less than 110 percent of the fair market value of the net amount of public funds secured. Pledged collateral will be held in safekeeping by an independent third-party depository designated by the City and evidenced by a safekeeping agreement. In accordance with its investment policy, all City deposits with financial institutions are fully insured and collateralized.

For an investment, this 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’s investments in the Illinois Funds and the IMET Fund are not subject to custodial credit risk.

**Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Fund’s deposits totaled \$294,443 and the bank balances totaled \$294,443.

*Investments.* The Fund assumes any callable securities will not be called. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government Obligations	\$ 3,512,426	-	2,737,696	774,730	-
U.S. Agency Obligations	1,607,894	-	1,445,177	155,601	7,116
Corporate Bonds	7,877,756	885,291	3,668,704	3,245,507	78,254
Certificates of Deposit	1,163,642	-	1,163,642	-	-
	<u>14,161,718</u>	<u>885,291</u>	<u>9,015,219</u>	<u>4,175,838</u>	<u>85,370</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 3,512,426	3,512,426	-	-
U.S. Agency Obligations	1,607,894	-	1,607,894	-
Corporate Bonds	7,877,756	-	7,877,756	-
Equity Securities				
Mutual Funds	1,953,031	1,953,031	-	-
Common Stock	24,899,880	24,899,880	-	-
Insurance Contracts	2,111,775	2,111,775	-	-
Certificate of Deposits	1,163,642	1,163,642	-	-
Total Investments by Fair Value Level	43,126,404	33,640,754	9,485,650	-

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*Credit Risk.* The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The credit ratings of the Fund's rated corporate bonds were rated Aaa-Baa3 and the Fund's U.S. Agencies were rated AA+.

*Custodial Credit Risk.* For deposits, this is the risk that in the event of bank failure the Fund's deposits may not be returned to it. At December 31, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository, since flow-through FDIC is available for the Fund's deposits with financial institutions. For investments, the Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Fund, to act as custodian for its securities and collateral.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Interest Rate Risk.* In accordance with the Fund’s investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities. The Fund’s investment policy requires that the average maturity and duration of the portfolio be maintained at approximately five years and range from two to seven years.

*Concentration Risk.* At year end, the Fund also has \$1,953,031 invested in mutual funds, \$24,899,880 invested in common stock, and \$2,111,775 invested in insurance contracts. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.00%	2.10%
Domestic Equities	40.00%	5.60%
International Equities	15.00%	5.8%
Private Core Real Estate	5.00%	3.9%
Global Tactical	5.00%	5.20%
Cash and Cash Equivalents	0.00%	0.40%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in January 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2017 are listed in the previous table.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

##### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.41%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Firefighters' Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$3,952,259 and the bank balances totaled \$4,210,325.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government Obligations	\$ 3,058,453	-	2,265,285	45,399	747,769
U.S. Agency Obligations	865,202	-	99,847	765,355	-
Corporate Bonds	4,033,088	184,376	1,388,702	1,660,843	799,167
	<u>7,956,743</u>	<u>184,376</u>	<u>3,753,834</u>	<u>2,471,597</u>	<u>1,546,936</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 3,058,453	3,058,453	-	-
U.S. Agency Obligations	865,202	-	865,202	-
Corporate Bonds	4,033,088	-	4,033,088	-
Equity Securities				
Mutual Funds	2,829,007	2,829,007	-	-
Common Stock	19,551,081	19,551,081	-	-
<b>Total Investments by Fair Value Level</b>	<b>30,336,831</b>	<b>25,438,541</b>	<b>4,898,290</b>	<b>-</b>

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund’s investment policy does not address interest rate risk.

*Credit Risk.* The Fund’s investment policy helps limit exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The investments in securities of the U.S. Agencies were rated AA+ by Standard & Poor’s and the corporate bonds were rated BBB to AAA by Standard & Poor’s.

*Custodial Credit Risk.* The Fund’s investment policy does not limit custodial credit risk for deposits. At December 31, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Fund’s investment policy does not limit custodial credit risk for investments. At December 31, 2017, the U.S. Government Securities are categorized as insured, registered, or held by the Fund or its agent in the Fund’s name.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Foreign Currency Risk.* The Fund’s investment policy does not address exposure to foreign currency risk.

*Concentration Risk.* At year end, the Fund also has \$19,551,081 invested in common stock, and \$2,829,007 invested in mutual funds. The Fund does not have a formal written policy with regards to concentration credit risk for investments. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	42.00%	0.75% - 3.00%
Domestic Equities	45.00%	3.25% - 3.50%
International Equities	5.00%	4.00%
Commodities	5.00%	1.50%
REITS	5.00%	4.00%
Cash and Cash Equivalents	3.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in January 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2017 are listed in the table above.

#### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 99,631,384	1,222,925	-	100,854,309
Construction in Progress	5,974,844	3,718,572	4,801,066	4,892,350
	<u>105,606,228</u>	<u>4,941,497</u>	<u>4,801,066</u>	<u>105,746,659</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	1,367,862	-	-	1,367,862
Buildings	13,160,718	649,627	-	13,810,345
Infrastructure	50,476,690	4,517,996	-	54,994,686
Machinery and Equipment	4,604,282	430,735	-	5,035,017
Vehicles	6,649,752	509,200	-	7,158,952
	<u>76,259,304</u>	<u>6,107,558</u>	<u>-</u>	<u>82,366,862</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	775,607	46,748	-	822,355
Buildings	9,026,334	487,106	-	9,513,440
Infrastructure	35,156,543	1,867,804	-	37,024,347
Machinery and Equipment	3,251,111	237,855	-	3,488,966
Vehicles	4,051,687	314,423	-	4,366,110
	<u>52,261,282</u>	<u>2,953,936</u>	<u>-</u>	<u>55,215,218</u>
Net Depreciable Capital Assets	<u>23,998,022</u>	<u>3,153,622</u>	<u>-</u>	<u>27,151,644</u>
Net Capital Assets	<u>129,604,250</u>	<u>8,095,119</u>	<u>4,801,066</u>	<u>132,898,303</u>

Depreciation expense was charged to governmental activities as follows:

Public Works	\$ 1,964,767
Internal Service	<u>989,169</u>
	<u><u>2,953,936</u></u>

Depreciation of capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS – Continued**

**Business-Type Activities**

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 3,290,436	1,342,688	1,793,722	2,839,402
Depreciable Capital Assets				
Land Improvements	400,336	-	-	400,336
Building Improvements	3,801,290	-	-	3,801,290
Machinery and Equipment	1,978,564	-	-	1,978,564
Waterworks System	9,093,982	1,957,968	-	11,051,950
Sewerage System	11,946,441	283,310	-	12,229,751
Garage	39,819	-	-	39,819
	<u>27,260,432</u>	<u>2,241,278</u>	<u>-</u>	<u>29,501,710</u>
Less Accumulated Depreciation				
Land Improvements	220,385	20,044	-	240,429
Building Improvements	2,464,702	71,388	-	2,536,090
Machinery and Equipment	1,838,663	24,989	-	1,863,652
Waterworks System	4,103,684	210,019	-	4,313,703
Sewerage System	6,054,500	454,198	-	6,508,698
Garage	39,819	-	-	39,819
	<u>14,721,753</u>	<u>780,638</u>	<u>-</u>	<u>15,502,391</u>
Net Depreciable Capital Assets	<u>12,538,679</u>	<u>1,460,640</u>	<u>-</u>	<u>13,999,319</u>
Net Capital Assets	<u>15,829,115</u>	<u>2,803,328</u>	<u>1,793,722</u>	<u>16,838,721</u>

Depreciation expense was charged to business-type activities as follows:

Utilities	\$ 769,575
Refuse Collection	<u>11,063</u>
	<u>780,638</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS – Continued**

**Component Unit – Public Library**

Component Unit – Public Library capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 608,893	-	-	608,893
Construction in Progress	71,369	-	71,369	-
	<u>680,262</u>	<u>-</u>	<u>71,369</u>	<u>608,893</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	4,457,127	861,622	-	5,318,749
Furniture and Equipment	600,295	11,156	19,071	592,380
Books and Other Library Materials	2,507,734	258,559	283,308	2,482,985
Audio Visual Materials	535,316	61,065	46,151	550,230
	<u>8,100,472</u>	<u>1,192,402</u>	<u>348,530</u>	<u>8,944,344</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	2,710,403	108,690	-	2,819,093
Furniture and Equipment	543,847	25,098	9,980	558,965
Books and Other Library Materials	1,596,517	259,298	283,308	1,572,507
Audio Visual Materials	376,634	63,130	46,151	393,613
	<u>5,227,401</u>	<u>456,216</u>	<u>339,439</u>	<u>5,344,178</u>
Net Depreciable Capital Assets	<u>2,873,071</u>	<u>736,186</u>	<u>9,091</u>	<u>3,600,166</u>
Net Capital Assets	<u>3,553,333</u>	<u>736,186</u>	<u>80,460</u>	<u>4,209,059</u>

**PROPERTY TAXES**

Property taxes for 2017 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and September 1 during the following year. The County collects such taxes and remits them periodically. Based upon collection histories, the City has provided an allowance for uncollectible property taxes equivalent to 5% and 3% of the current year's levy for Debt Service Funds and all other funds, respectively.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**INTERFUND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Internal Service	\$ 300,000 (1)
Debt Service	General	682,075 (2)
Local Road	Motor Fuel Tax	300,000 (1)
911 Emergency Telephone	Internal Service	150,000 (1)
Fire Stations	General	2,120,000 (3)
Internal Service	General	100,000 (3)
Internal Service	Internal Service	<u>200,000 (1)</u>
		<u><u>3,852,075</u></u>

**INTERFUND BALANCES**

Interfund balances are advances in anticipation of receipts. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	TIF #3 Kirchoff/Owl	\$ 1,542,781
General	Fire Stations	2,120,000
General	Police Pension	28,822
General	Firefighters' Pension	<u>30,264</u>
		<u><u>3,721,867</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2005 (\$7,425,000), due in annual installments of \$590,000 to \$800,000 plus interest at 3.75% to 4.00% through December 1, 2017.	Debt Service (Property Tax)	\$ 800,000	-	800,000	-
General Obligation Bonds of 2007A (\$2,835,000), due in annual installments of \$225,000 to \$330,000 plus interest at 3.512% through December 1, 2017.	Utilities	140,142	-	140,142	-
	Refuse Collection	34,510	-	34,510	-
	Local Roads	155,348	-	155,348	-
General Obligation Refunding Bonds of 2012 (\$9,690,000), due in annual installments of \$80,000 to \$1,215,000 plus interest at 2.00% to 3.00% through January 1, 2024.	Debt Service (Property Tax)	840,000	-	420,000	420,000
	Debt Service (Sales Tax)	4,455,000	-	560,000	3,895,000
	Utilities	685,000	-	195,000	490,000
General Obligation Refunding Bonds of 2013 (\$2,055,000), due in annual installments of \$400,000 to \$425,000 plus interest at 2.00% through January 1, 2018.	TIF #2 Kirchoff/Owl	425,000	-	425,000	-
		<u>7,535,000</u>	<u>-</u>	<u>2,730,000</u>	<u>4,805,000</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**LONG-TERM DEBT – Continued**

**IEPA Loans Payable**

The City has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA (L17-4070) Loan Payable of 2012 - Due in semi-annual installments of \$40,440 including interest at 2.295% through September 15, 2033.	Utilities	\$ 1,133,158	-	55,189	1,077,969
IEPA (L17-4141) Loan Payable of 2013 - Due in semi-annual installments of \$41,743 including interest at 1.930% through May 1, 2034.	Utilities	1,234,872	-	59,942	1,174,930
		<u>2,368,030</u>	<u>-</u>	<u>115,131</u>	<u>2,252,899</u>

**Legal Debt Margin**

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to the 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...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences					
General	\$ 3,518,577	299,734	149,867	3,668,444	623,855
Internal Services	117,016	14,082	7,041	124,057	6,001
Net Pension Liability					
IMRF	5,547,968	-	3,716,803	1,831,165	-
Police Pension	37,295,637	-	5,409,212	31,886,425	-
Firefighters' Pension	39,237,063	-	4,477,723	34,759,340	-
Net Other Post-Employment					
Benefit Obligation	2,707,762	244,567	-	2,952,329	-
General Obligation Bonds	6,675,348	-	2,360,348	4,315,000	1,020,000
	<u>95,099,371</u>	<u>558,383</u>	<u>16,120,994</u>	<u>79,536,760</u>	<u>1,649,856</u>
<b>Business-Type Activities</b>					
Compensated Absences					
	614,025	44,871	89,742	569,154	57,082
Net Pension Liability - IMRF					
	2,154,128	-	1,426,613	727,515	-
IEPA Loans Payable					
	2,368,030	-	115,131	2,252,899	117,566
General Obligation Bonds					
	859,652	-	369,652	490,000	195,000
	<u>5,995,835</u>	<u>44,871</u>	<u>2,001,138</u>	<u>4,039,568</u>	<u>369,648</u>
<b>Component Unit - Public Library</b>					
Compensated Absences					
	80,521	17,486	8,742	89,265	17,853
Net Pension Liability - IMRF					
	2,273,428	-	1,517,039	756,389	-
Net Other Post-Employment					
Benefit Obligation	110,025	22,190	-	132,215	-
	<u>2,463,974</u>	<u>39,676</u>	<u>1,525,781</u>	<u>977,869</u>	<u>17,853</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity – Continued**

For the governmental activities, payments on the compensated absences, the net pension liability and the net other post-employment benefits obligation are generally made by the General Fund and Health Insurance Fund. Payments on general obligation bonds are being liquidated by the Debt Service, the TIF #2 Kirchoff/Owl, and Local Roads Funds. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$124,057 of internal service funds' compensated absences are included in the above amounts.

Additionally, for business-type activities, compensated absences are generally liquidated by the Utilities and Refuse Collection Funds and general obligation bonds are being liquidated by the Utilities and Refuse Collection Funds. Payments on the IEPA loans payable are being made by the Utilities Fund.

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation Bonds		IEPA Loans Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,020,000	118,574	117,566	46,800	195,000	12,988
2019	595,000	93,075	120,055	44,311	165,000	8,113
2020	675,000	76,713	122,596	41,770	130,000	3,575
2021	635,000	58,150	125,192	39,174	-	-
2022	675,000	40,688	127,842	36,524	-	-
2023	715,000	21,450	130,549	33,817	-	-
2024	-	-	133,315	31,051	-	-
2025	-	-	136,140	28,226	-	-
2026	-	-	139,025	25,341	-	-
2027	-	-	141,970	22,396	-	-
2028	-	-	144,979	19,387	-	-
2029	-	-	148,053	16,313	-	-
2030	-	-	151,191	13,175	-	-
2031	-	-	154,396	9,970	-	-
2032	-	-	157,671	6,695	-	-
2033	-	-	161,014	3,352	-	-
2034	-	-	41,345	399	-	-
Totals	4,315,000	408,650	2,252,899	418,701	490,000	24,676

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCE**

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of December 31, 2017:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation	\$ 132,898,303
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2012	(4,315,000)
Unamortized Loss on Refunding	<u>168,644</u>
Net Investment in Capital Assets	<u><u>128,751,947</u></u>

Business-Type Activities

Capital Assets - Net of Accumulated Depreciation	16,838,721
Less Capital Related Debt:	
IEPA Loan Payable of 2012	(1,077,969)
IEPA Loan Payable of 2013	(1,174,930)
General Obligation Refunding Bonds of 2012	<u>(490,000)</u>
Net Investment in Capital Assets	<u><u>14,095,822</u></u>

**Fund Balance Classifications**

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCE – Continued**

**Fund Balance Classifications – Continued**

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue Motor Fuel Tax	Debt Service	Capital Projects Local Road      Fire Stations		Nonmajor	Totals
Fund Balances							
Nonspendable							
Prepays	\$ 46,467	-	-	-	-	41,990	88,457
Restricted							
IMRF	35,178	-	-	-	-	-	35,178
Public Safety							
Police	-	-	-	-	-	1,335,822	1,335,822
Fire	-	-	-	-	-	51,925	51,925
Highways and Streets	-	115,275	-	63,223	-	-	178,498
Debt Service	-	-	68,587	-	-	-	68,587
	<u>35,178</u>	<u>115,275</u>	<u>68,587</u>	<u>63,223</u>	<u>-</u>	<u>1,387,747</u>	<u>1,670,010</u>
Committed							
Compensated Absences	1,021,452	-	-	-	-	-	1,021,452
Assigned							
Labor Negotiations	750,000	-	-	-	-	-	750,000
Capital Projects	-	-	-	54,247	852,055	378,813	1,285,115
	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>54,247</u>	<u>852,055</u>	<u>378,813</u>	<u>2,035,115</u>
Unassigned	7,711,972	-	-	-	-	(1,544,381)	6,167,591
Total Fund Balances	<u>9,565,069</u>	<u>115,275</u>	<u>68,587</u>	<u>117,470</u>	<u>852,055</u>	<u>264,169</u>	<u>10,982,625</u>

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

## CITY OF ROLLING MEADOWS, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCE – Continued

#### Fund Balance Classifications – Continued

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City's Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the City Council itself or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City's highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*Minimum Fund Balance Policy.* The City's policy manual states that the General Fund should maintain a minimum fund balance equal to 15% to 30% of operating expenditures.

#### NOTE 4 – OTHER INFORMATION

#### RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees. These risks, along with medical claims for employees and retirees, are provided for through the City's participation in the Intergovernmental Risk Management Agency (IRMA) and the Intergovernmental Personnel Benefit Cooperative (IPBC). The City accounts for these activities in the Liability Insurance – Internal Service Fund and the Health Insurance – Internal Service Fund. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage for any of the past three years.

#### Intergovernmental Risk Management Agency (IRMA)

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

# **CITY OF ROLLING MEADOWS, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 4 – OTHER INFORMATION – Continued**

#### **RISK MANAGEMENT – Continued**

##### **Intergovernmental Risk Management Agency (IRMA) – Continued**

The City's payments to IRMA are displayed on the financial statements as expenses in the Liability Insurance Fund. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level. Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The City does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

##### **Intergovernmental Personnel Benefit Cooperative (IPBC)**

Risks for medical and death benefits for employees and retirees are provided for through the City's participation in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC acts as an administrative agency to receive, process and pay such claims as may come within the benefit program of each member. IPBC maintains specific reinsurance coverage for claims in excess of \$50,000 per individual employee participant. The City pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into subsequent years experience factor for premiums.

### **CONTINGENT LIABILITIES**

#### **Litigation**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### **Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**CONTINGENT LIABILITIES – Continued**

**Northwest Suburban Municipal Joint Action Water Agency (JAWA)**

The City’s water purchase contract with the Northwest Suburban Municipal Joint Action Water Agency (JAWA) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

**Solid Waste Agency of Northern Cook County (SWANCC)**

The City’s contract with the Solid Waste Agency of Northern Cook County (SWANCC) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

**COMMITMENTS**

**Northwest Suburban Municipal Joint Action Water Agency (JAWA)**

The City has committed to purchase water from the Northwest Suburban Municipal Joint Action Water Agency. This agreement expires in 2022, with minimum amounts of gallons required for purchase every five years. The City is obligated to pay, at the minimum, the following amounts through fiscal year 2021 as listed below:

Fiscal Year	Amount
2018	\$ 4,362,750
2019	4,428,191
2020	4,494,614
2021	4,562,033
2022	<u>4,630,464</u>
	<u><u>22,478,052</u></u>

These amounts have been computed using the minimum amount, or 785 million gallons per year, to be purchased per the agreement between the City and JAWA, multiplied by an average cost per gallon of \$5.60 charged by JAWA in the fiscal year ended 2017, with an estimated increase in the per gallon cost each of the following years.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**Solid Waste Agency of Northern Cook County (SWANCC)**

The City has committed to make payments to the Solid Waste Agency of Northern Cook County (SWANCC). The City expects to pay the following minimum amounts:

Fiscal Year	Amount
2018	<u>\$ 417,000</u>

**JOINT VENTURES**

**Northwest Suburban Municipal Joint Action Water Agency (JAWA)**

The City is a member of the Northwest Suburban Municipal Joint Action Water Agency (JAWA) which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers.

The seven members of JAWA and their percentage shares as of December 31, 2017 are as follows:

These percentage shares are based upon formulae contained in the water supply agreement and are subject to change in future years based upon consumption by the municipalities.

The members form a contiguous geographic service area which is located 15 to 30 miles northwest of downtown Chicago. Under the Agency Agreement, additional members may join JAWA upon the approval of each member.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**JOINT VENTURES – Continued**

**Northwest Suburban Municipal Joint Action Water Agency (JAWA) – Continued**

JAWA is governed by a Board of Directors which consists of one elected official from each member municipality. Each Director has an equal vote. The officers of JAWA are appointed by the Board of Directors. The Board of Directors determines the general policy of JAWA, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts bylaws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the bylaws.

Summary of financial positions as of April 30, 2017:

Current Assets	\$ 30,885,994	Current Liabilities	\$ 8,435,138
Noncurrent Assets		Long-Term Liabilities	109,241,381
Capital Assets	110,162,235	Deferred Inflows	<u>245,561</u>
Other Assets	2,097,486		
Deferred Outflows	<u>606,537</u>	Total Liabilities and Deferred Inflows	<u>117,922,080</u>
Total Assets and Deferred Outflows	<u>143,752,252</u>	Net Position	<u><u>25,830,172</u></u>

Summary of revenues, expenses and changes in net position for the year ended April 30, 2017:

Operating Revenues	\$ 53,273,443
Operating Expenses	<u>45,996,802</u>
Operating Income	7,276,641
Nonoperating Revenue (Expenses)	<u>(1,110,644)</u>
Change in Net Position	6,165,997
Net Position - Beginning	<u>19,664,175</u>
Net Position - Ending	<u><u>25,830,172</u></u>

## **CITY OF ROLLING MEADOWS, ILLINOIS**

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **JOINT VENTURES – Continued**

##### **Northwest Suburban Municipal Joint Action Water Agency (JAWA) – Continued**

Complete financial statements can be obtained from the Northwest Suburban Municipal Joint Action Water Agency, 903 Brantwood Avenue, Elk Grove Village, Illinois 60007.

Revenues of the system consist of: (a) all receipts derived from Water Supply Agreements or any other contract for the supply of water; (b) all income derived from the investment of monies; and (c) all income, fees, water service charges, and all rates, rents and receipts derived by JAWA from the ownership and operation of the system and the sale of water. JAWA covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

JAWA has entered into Water Supply Agreements with the seven-member municipalities for a term of 40 years, extending to December 31, 2022. The Agreements are irrevocable and may not be terminated or amended except as provided in the General Resolution. Each member is obligated, on a “take or pay” basis, to purchase or in any event to pay for a minimum annual quantity of water.

JAWA has entered into an agreement with the City of Chicago under which the City has agreed to sell quantities of lake water sufficient to supply the projected water needs of JAWA through the year 2020.

The obligation of the City to make all payments as required by this agreement is unconditional and irrevocable, without regard to performance or nonperformance by JAWA of its obligations under this Agreement.

The payments required to be made by the City under this Agreement shall be required to be made solely from revenues to be derived by the City from the operation of the Water System. Members are not prohibited by the Agreement, however, from using other available funds to make payments under the Agreement. This Agreement shall not constitute an indebtedness of the City within the meaning of any statutory or constitutional limitation.

The obligation of the City to make payments required by this Agreement from revenues of the Water System shall be payable from the operation and maintenance account of the Water Fund.

In accordance with the joint venture agreement, the City remitted \$4,074,500 to JAWA for the year ended December 31, 2017. All payments were paid from the Utilities Fund. The City’s share of net position of JAWA was \$626,533 at December 31, 2017.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**JOINT VENTURES – Continued**

**Solid Waste Agency of Northern Cook County (SWANCC)**

The City is a member of the Solid Waste Agency of Northern Cook County (SWANCC), which consists of twenty-three municipalities. SWANCC is a municipal joint action agency, established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. SWANCC is reported as a nonequity proprietary joint venture.

The twenty-three members of SWANCC and their percentage shares as of April 30, 2017 are as follows:

	<u>Percent Share</u>
Village of Arlington Heights	9.70 %
Village of Barrington	1.39
Village of Buffalo Grove	6.53
Village of Elk Grove Village	4.88
City of Evanston	6.45
Village of Glencoe	1.31
Village of Glenview	4.64
Village of Hoffman Estates	5.52
Village of Inverness	1.13
Village of Kenilworth	0.78
Village of Lincolnwood	1.99
Village of Morton Grove	3.33
Village of Mount Prospect	8.75
Village of Niles	3.35
Village of Palatine	10.34
City of Park Ridge	5.16
City of Prospect Heights	3.05
City of Rolling Meadows	3.55
Village of Skokie	7.31
Village of South Barrington	0.71
Village of Wheeling	3.52
Village of Wilmette	3.73
Village of Winnetka	<u>2.88</u>
	<u>100.00 %</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**JOINT VENTURES – Continued**

**Solid Waste Agency of Northern Cook County (SWANCC) – Continued**

These percentage shares are subject to change in future years based on the population of the municipalities. The members form a contiguous geographic service area, which is located northwest of downtown Chicago.

SWANCC is governed by a Board of Directors, which consists of one appointed Mayor or President from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors.

The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the by-laws.

Summary of financial positions as of April 30, 2017:

Current Assets	\$ 2,058,663	Current Liabilities	\$ 1,989,852
Noncurrent Assets		Deferred Inflows	<u>116,571</u>
Capital Assets	<u>8,625,458</u>	Total Liabilities and Deferred Inflows	<u>2,106,423</u>
Total Assets	<u>10,684,121</u>	Net Position	<u><u>8,577,698</u></u>

Summary of revenues, expenses and changes in net position for the year ended April 30, 2017:

Operating Revenues	\$ 12,029,784
Operating Expenses	<u>12,540,648</u>
Change in Net Position	(510,864)
Net Position - Beginning as Restated	<u>9,088,562</u>
Net Position - Ending	<u><u>8,577,698</u></u>

Complete financial statements for SWANCC can be obtained from the Agency's administrative office at 1616 East Golf Road, Des Plaines, Illinois 60016.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### JOINT VENTURES – Continued

##### Solid Waste Agency of Northern Cook County (SWANCC) – Continued

SWANCC's bonds are revenue obligations. They are limited obligations of SWANCC, with a claim for payment solely from and secured by a pledge of the revenues of the system, and amounts in various funds and accounts established by SWANCC resolutions. SWANCC has no power to levy taxes.

Revenues of the system consist of: (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies; and (c) all income, fees, service charges, and all grants, rents, and receipts derived by SWANCC from the ownership and operation of the system.

SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into Solid Waste Disposal Contracts with the member municipalities. The Contracts are irrevocable, and may not be terminated or amended, except as provided in the Contract. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual cost of the system.

The obligation of the City to make all payments as required by this Contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under this Contract.

The payments required to be made by the City under this Contract are required to be made solely from revenues to be derived by the City from the operation of the Refuse Collection System. The City is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall not constitute an indebtedness of the City within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the City remitted \$400,953 to SWANCC for the year ended December 31, 2017, which is recorded in the City's Refuse Collection Fund.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit 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 also a single-employer pension plan. Publicly available financial reports that include financial statements and required supplementary information (RSI) for the Police and Firefighters' Pension Plans may be obtained by writing to the City at 3600 Kirchoff Road, Rolling Meadows, Illinois 60008. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

#### Illinois Municipal Retirement Fund (IMRF)

##### Plan Descriptions

*Plan Administration.* All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Benefits Provided – Continued.* 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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Plan Membership.* As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	172
Inactive Plan Members Entitled to but not yet Receiving Benefits	85
Active Plan Members	<u>112</u>
Total	<u><u>369</u></u>

*Contributions.* As set by statute, the City’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2017, the City’s contribution was 15.37% of covered payroll.

*Net Pension Liability.* The City’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Actuarial Assumptions – Continued.*

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	27.00%	3.00%
Domestic Equities	38.00%	6.85%
International Equities	17.00%	6.75%
Real Estate	8.00%	5.75%
Blended	9.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)			
City	\$ 8,615,767	2,558,680	(2,479,839)
Library	2,546,967	756,389	(733,082)
Total	11,162,734	3,315,069	(3,212,921)

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 67,537,951	57,562,427	9,975,524
Changes for the Year:			
Service Cost	769,374	-	769,374
Interest on the Total Pension Liability	4,959,320	-	4,959,320
Difference Between Expected and Actual Experience of the Total Pension Liability	79,030	-	79,030
Changes of Assumptions	(1,952,922)	-	(1,952,922)
Contributions - Employer	-	1,159,896	(1,159,896)
Contributions - Employees	-	346,110	(346,110)
Net Investment Income	-	10,348,710	(10,348,710)
Benefit Payments, including Refunds of Employee Contributions	(3,596,746)	(3,596,746)	-
Other (Net Transfer)	-	(1,339,459)	1,339,459
Net Changes	258,056	6,918,511	(6,660,455)
Balances at December 31, 2017	67,796,007	64,480,938	3,315,069

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the City recognized pension expense of \$1,032,482 and the Library recognized pension expense of \$305,219. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 76,206	-	76,206
Change in Assumptions	-	(1,411,648)	(1,411,648)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,892,014	(4,928,128)	(3,036,114)
Total Deferred Amounts Related to IMRF	<u>1,968,220</u>	<u>(6,339,776)</u>	<u>(4,371,556)</u>
Total Deferred Amounts Related to IMRF			
City	1,519,137	(4,893,249)	(3,374,112)
Library	449,083	(1,446,527)	(997,444)
Total	<u>1,968,220</u>	<u>(6,339,776)</u>	<u>(4,371,556)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	City Net Deferred (Inflows) of Resources	Library Net Deferred (Inflows) of Resources	Total Net Deferred (Inflows) of Resources
2018	\$ (720,606)	(213,019)	(933,625)
2019	(777,447)	(229,827)	(1,007,274)
2020	(925,138)	(273,487)	(1,198,625)
2021	(950,921)	(281,111)	(1,232,032)
2022	-	-	-
Thereafter	-	-	-
Totals	<u>(3,374,112)</u>	<u>(997,444)</u>	<u>(4,371,556)</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan**

**Plan Descriptions**

*Plan Administration.* The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership.* At December 31, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	48
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>49</u>
Total	<u><u>98</u></u>

*Benefits Provided.* The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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. 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 percent of the original pension and 3 percent compounded annually thereafter.

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 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 officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

*Contributions.* 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 plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2017, the City's contribution was 72.99% of covered payroll.

*Concentrations.* At year-end, the Pension Plan does not have any investments over 5 percent of net position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.50% - 11.00%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2017. The other non-economic actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance (GRS) in 2017.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Discount Rate Sensitivity**

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 41,746,187	31,886,425	23,746,263

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 75,045,504	37,749,867	37,295,637
Changes for the Year:			
Service Cost	1,168,217	-	1,168,217
Interest on the Total Pension Liability	5,135,650	-	5,135,650
Difference Between Expected and Actual Experience of the Total Pension Liability	(192,715)	-	(192,715)
Changes of Assumptions	(2,442,434)	-	(2,442,434)
Contributions - Employer	-	3,607,352	(3,607,352)
Contributions - Employees	-	482,643	(482,643)
Net Investment Income	-	5,047,122	(5,047,122)
Benefit Payments, including Refunds of Employee Contributions	(3,358,167)	(3,358,167)	-
Other (Net Transfer)	-	(59,187)	59,187
Net Changes	310,551	5,719,763	(5,409,212)
Balances at December 31, 2017	75,356,055	43,469,630	31,886,425

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the City recognized pension revenue of \$2,149,949. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 76,910	(1,639,487)	(1,562,577)
Change in Assumptions	5,562,730	(3,001,184)	2,561,546
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,655	(2,808,366)	(2,774,711)
Total Deferred Amounts Related to Police Pension	<u>5,673,295</u>	<u>(7,449,037)</u>	<u>(1,775,742)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2018	\$ (1,240,863)
2019	(1,240,865)
2020	(466,215)
2021	(381,291)
2022	387,702
Thereafter	<u>1,165,790</u>
Total	<u>(1,775,742)</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Firefighters’ Pension Plan**

**Plan Descriptions**

*Plan Administration.* The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

*Plan Membership.* At December 31, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	49
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>43</u>
Total	<u>94</u>

*Benefits Provided.* The following is a summary of the Firefighters’ Pension Plan as provided for in Illinois State Statutes.

The Firefighters’ Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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. The monthly benefit of a firefighter 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 percent of the original pension and 3percent compounded annually thereafter.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Firefighters' Pension Plan – Continued**

**Plan Descriptions – Continued**

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 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 the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> 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 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees are required to contribute 9.455% of their base salary to the Firefighters' 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 plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2017, the City's contribution was 94.07% of covered payroll.

*Significant Investments.* At year end, the Pension Plan does not have any investments over 5 percent of net position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments)

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Firefighters’ Pension Plan – Continued**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.50% - 12.50%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2017. The other non-economic actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance (GRS) in 2017.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Firefighters’ Pension Plan – Continued**

**Discount Rate Sensitivity**

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 43,374,800	34,759,340	37,599,579

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 68,363,499	29,126,436	39,237,063
Changes for the Year:			
Service Cost	1,212,059	-	1,212,059
Interest on the Total Pension Liability	4,663,118	-	4,663,118
Difference Between Expected and Actual Experience of the Total Pension Liability	15,822	-	15,822
Changes of Assumptions	(1,683,291)	-	(1,683,291)
Contributions - Employer	-	4,080,981	(4,080,981)
Contributions - Employees	-	417,337	(417,337)
Net Investment Income	-	4,243,937	(4,243,937)
Benefit Payments, including Refunds of Employee Contributions	(3,495,079)	(3,495,079)	-
Other (Net Transfer)	-	(56,824)	56,824
Net Changes	712,629	5,190,352	(4,477,723)
Balances at December 31, 2017	69,076,128	34,316,788	34,759,340

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Firefighters’ Pension Plan – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the City recognized pension revenue of \$4,050,714. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 181,484	(97,349)	84,135
Change in Assumptions	5,597,257	(2,310,258)	3,286,999
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	49,953	(1,890,656)	(1,840,703)
Total Deferred Amounts Related to Firefighters' Pension	<u>5,828,694</u>	<u>(4,298,263)</u>	<u>1,530,431</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2018	\$ (753,270)
2019	(753,270)
2020	(448,205)
2021	289,449
2022	445,774
Thereafter	<u>2,749,953</u>
Total	<u>1,530,431</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

**Plan Descriptions, Provisions, and Funding Policies**

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's Health Insurance Fund.

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending December 31, 2017, retirees contributed \$726,173. Active employees do not contribute to the plan until retirement.

At December 31, 2017, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	30
Active Employees	<u>153</u>
	<u>183</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

	<u>Governmental Activities</u>
Annual Required Contribution	\$ 470,184
Interest on the NPO	108,310
Adjustment to the ARC	<u>(96,707)</u>
Annual OPEB Cost	481,787
Actual Contribution	<u>237,220</u>
Change in the NOPEBO	244,567
NOPEBO - Beginning	<u>2,707,762</u>
NOPEBO - Ending	<u><u>2,952,329</u></u>

**Trend Information**

The District’s annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 521,360	\$ 218,048	41.82%	\$ 2,377,822
2016	566,522	236,582	41.76%	2,707,762
2017	481,787	237,220	49.24%	2,952,329

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Funded Status and Funding Progress**

The funded status of the plan as of December 31, 2017, was as follows:

Actuarial Accrued Liability (AAL)	\$ 4,915,691
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,915,691
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 14,567,338
UAAL as a Percentage of Covered Payroll	33.74%

Actuarial valuations of an ongoing plan involve estimates of 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 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.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial 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, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% discount rate, a 3.00% price inflation assumption, a 3.50% wage inflation assumption as well as a healthcare cost trend rate of 4.50% to 8.50% depending on fiscal year. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions  
    Other Post-Employment Benefit Plan
  
- Schedule of Employer Contributions  
    Illinois Municipal Retirement Fund  
    Police Pension Fund  
    Firefighters' Pension Fund
  
- Schedule of Changes in the Employer's Net Pension Liability  
    Illinois Municipal Retirement Fund  
    Police Pension Fund  
    Firefighters' Pension Fund
  
- Schedule of Investment Returns  
    Police Pension Fund  
    Firefighters' Pension Fund
  
- Budgetary Comparison Schedules  
    General Fund  
    Motor Fuel Tax – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Other Post-Employment Benefits Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2017**

<b>Funding Progress</b>							(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll		
2012	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A	
2013	N/A	N/A	N/A	N/A	N/A	N/A	
2014	-	5,114,496	0.00%	5,114,496	13,984,805	36.57%	
2015	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	
2017	-	4,915,691	0.00%	4,915,691	14,567,338	33.74%	

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2012	\$ 226,298	\$ 543,929	41.60%
2013	281,522	568,908	49.48%
2014	197,118	484,252	40.71%
2015	218,048	507,530	42.96%
2016	236,582	550,670	42.96%
2017	237,220	470,184	50.45%

Data Source: Actuarial Valuation Reports

The City is required to have an actuarial valuation performed triennially.

N/A - Not Available

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2017**

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	Total	\$ 1,131,864	\$ 1,131,864	\$ -	\$ 7,316,510	15.47%
2016	Total	1,200,910	1,201,445	(535)	7,376,594	16.29%
2017	City	895,246	895,246	-	5,824,631	15.37%
	Library	264,650	264,650	-	1,721,860	15.37%
2017 Total		<u>1,159,896</u>	<u>1,159,896</u>	-	<u>7,546,491</u>	<u>15.37%</u>

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 (base year 2012)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,478,905	\$ 2,483,648	\$ 4,743	\$ 4,604,542	53.94%
2015	2,507,804	2,547,497	39,693	4,628,740	55.04%
2016	2,805,767	3,104,921	299,154	4,741,621	65.48%
2017	3,219,336	3,607,352	388,016	4,942,478	72.99%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.50% - 11.00%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP 2014 Mortality Table Projected to 2018

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,662,914	\$ 2,678,449	\$ 15,535	\$ 4,053,549	66.08%
2015	2,706,989	2,755,511	48,522	4,139,289	66.57%
2016	2,977,769	3,245,390	267,621	4,095,760	79.24%
2017	3,540,137	4,080,981	540,844	4,338,255	94.07%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.50% - 12.50%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP 2014 Mortality Table Projected to 2018

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2017**

	2015 Total	2016 Total
Total Pension Liability		
Service Cost	\$ 754,337	764,608
Interest	4,704,433	4,796,080
Differences Between Expected and Actual Experience	(964,158)	70,604
Change of Assumptions	150,883	(305,973)
Benefit Payments, Including Refunds of Member Contributions	(3,115,648)	(3,391,363)
Net Change in Total Pension Liability	1,529,847	1,933,956
Total Pension Liability - Beginning	64,074,148	65,603,995
Total Pension Liability - Ending	65,603,995	67,537,951
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,131,864	1,201,445
Contributions - Members	338,251	348,298
Net Investment Income	279,814	3,774,049
Benefit Payments, Including Refunds of Member Contributions	(3,115,648)	(3,391,363)
Administrative Expense	(492,750)	702,941
Net Change in Plan Fiduciary Net Position	(1,858,469)	2,635,370
Plan Net Position - Beginning	56,785,526	54,927,057
Plan Net Position - Ending	54,927,057	57,562,427
Employer's Net Pension Liability	\$ 10,676,938	9,975,524
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.73%	85.23%
Covered Payroll	\$ 7,316,510	7,376,594
Employer's Net Pension Liability as a Percentage of Covered Payroll	145.93%	135.23%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

2017		
City	Library	Totals
593,828	175,546	769,374
3,825,110	1,134,210	4,959,320
60,998	18,032	79,030
(1,507,330)	(445,592)	(1,952,922)
(2,776,087)	(820,659)	(3,596,746)
196,519	61,537	258,056
52,360,260	15,177,691	67,537,951
52,556,779	15,239,228	67,796,007
895,246	264,650	1,159,896
267,139	78,971	346,110
7,987,476	2,361,234	10,348,710
(2,776,087)	(820,659)	(3,596,746)
(1,033,839)	(305,620)	(1,339,459)
5,339,935	1,578,576	6,918,511
44,658,164	12,904,263	57,562,427
49,998,099	14,482,839	64,480,938
2,558,680	756,389	3,315,069
95.13%	95.04%	95.11%
5,824,631	1,721,860	7,546,491
43.93%	43.93%	43.93%

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2017**

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 1,149,125	1,139,586	1,171,229	1,168,217
Interest	4,230,819	4,649,406	5,082,602	5,135,650
Differences Between Expected and Actual Experience	(599,310)	(1,820,391)	181,793	(192,715)
Change of Assumptions	3,979,187	5,292,677	(2,389,766)	(2,442,434)
Benefit Payments, Including Refunds of Member Contributions	(2,632,396)	(2,927,628)	(3,217,902)	(3,358,167)
Net Change in Total Pension Liability	6,127,425	6,333,650	827,956	310,551
Total Pension Liability - Beginning	61,756,473	67,883,898	74,217,548	75,045,504
Total Pension Liability - Ending	67,883,898	74,217,548	75,045,504	75,356,055
Plan Fiduciary Net Position				
Contributions - Employer	\$ 2,483,648	2,547,497	3,104,921	3,607,352
Contributions - Members	507,162	469,521	472,132	482,643
Net Investment Income	1,579,499	142,603	2,381,161	5,047,122
Benefit Payments, Including Refunds of Member Contributions	(2,632,396)	(2,927,628)	(3,217,902)	(3,358,167)
Administrative Expense	(55,519)	(54,640)	(57,478)	(59,187)
Net Change in Plan Fiduciary Net Position	1,882,394	177,353	2,682,834	5,719,763
Plan Net Position - Beginning	33,007,286	34,889,680	35,067,033	37,749,867
Plan Net Position - Ending	34,889,680	35,067,033	37,749,867	43,469,630
Employer's Net Pension Liability	\$ 32,994,218	39,150,515	37,295,637	31,886,425
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.40%	47.25%	50.30%	57.69%
Covered Payroll	\$ 4,604,542	4,628,740	4,741,621	4,942,478
Employer's Net Pension Liability as a Percentage of Covered Payroll	716.56%	845.81%	786.56%	645.15%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2017**

	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 1,229,937	1,204,872	1,291,068	1,212,059
Interest	3,784,080	4,130,260	4,626,392	4,663,118
Differences Between Expected and Actual Experience	237,138	(354,477)	347,104	15,822
Change of Assumptions	2,782,790	5,331,911	(2,345,758)	(1,683,291)
Benefit Payments, Including Refunds of Member Contributions	(3,020,345)	(3,156,692)	(3,293,238)	(3,495,079)
<b>Net Change in Total Pension Liability</b>	<b>5,013,600</b>	<b>7,155,874</b>	<b>625,568</b>	<b>712,629</b>
Total Pension Liability - Beginning	55,568,457	60,582,057	67,737,931	68,363,499
<b>Total Pension Liability - Ending</b>	<b>60,582,057</b>	<b>67,737,931</b>	<b>68,363,499</b>	<b>69,076,128</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 2,678,449	2,755,511	3,245,390	4,080,981
Contributions - Members	391,581	397,740	407,278	417,337
Net Investment Income	1,389,103	221,351	2,011,769	4,243,937
Benefit Payments, Including Refunds of Member Contributions	(3,020,345)	(3,156,692)	(3,293,238)	(3,495,079)
Administrative Expense	(41,149)	(43,840)	(40,939)	(56,824)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,397,639</b>	<b>174,070</b>	<b>2,330,260</b>	<b>5,190,352</b>
Plan Net Position - Beginning	25,224,467	26,622,106	26,796,176	29,126,436
<b>Plan Net Position - Ending</b>	<b>26,622,106</b>	<b>26,796,176</b>	<b>29,126,436</b>	<b>34,316,788</b>
<b>Employer's Net Pension Liability</b>	<b>\$ 33,959,951</b>	<b>40,941,755</b>	<b>39,237,063</b>	<b>34,759,340</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>43.94%</b>	<b>39.56%</b>	<b>42.61%</b>	<b>49.68%</b>
<b>Covered Payroll</b>	<b>\$ 4,053,549</b>	<b>4,139,289</b>	<b>4,095,760</b>	<b>4,338,255</b>
<b>Employer's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>837.78%</b>	<b>989.10%</b>	<b>957.99%</b>	<b>801.23%</b>

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	5.67%
2015	0.68%
2016	6.81%
2017	13.41%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	4.75%
2015	0.86%
2016	7.80%
2017	15.05%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 22,510,844	22,510,844	22,213,284
Intergovernmental	3,485,750	3,485,750	3,049,775
Licenses and Permits	1,011,500	1,011,500	992,950
Charges for Services	2,838,121	2,838,121	2,888,994
Fines and Forfeitures	1,268,500	1,268,500	1,303,941
Interest	20,000	20,000	76,091
Miscellaneous	352,860	352,860	400,141
Total Revenues	<u>31,487,575</u>	<u>31,487,575</u>	<u>30,925,176</u>
Expenditures			
General Government	3,156,215	3,156,215	2,666,435
Public Safety	24,555,593	24,555,593	24,312,477
Public Works	3,829,662	3,829,662	3,649,697
Health/Welfare and Culture	10,120	10,120	6,121
Economic Development	100,770	100,770	52,352
Total Expenditures	<u>31,652,360</u>	<u>31,652,360</u>	<u>30,687,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(164,785)</u>	<u>(164,785)</u>	<u>238,094</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	500	500	-
Transfers In	300,000	300,000	300,000
Transfers Out	(782,075)	(2,902,075)	(2,902,075)
	<u>(481,575)</u>	<u>(2,601,575)</u>	<u>(2,602,075)</u>
Net Change in Fund Balance	<u>(646,360)</u>	<u>(2,766,360)</u>	(2,363,981)
Fund Balance - Beginning			<u>11,929,050</u>
Fund Balance - Ending			<u><u>9,565,069</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Motor Fuel Tax - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 625,000	625,000	614,683
Interest	2,000	2,000	1,076
Total Revenues	<u>627,000</u>	<u>627,000</u>	<u>615,759</u>
Expenditures			
Highways and Streets			
Contracted Services	175,000	175,000	173,433
Supplies			
Snow and Ice Control	<u>186,500</u>	<u>186,500</u>	<u>108,493</u>
Total Expenditures	<u>361,500</u>	<u>361,500</u>	<u>281,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	265,500	265,500	333,833
Other Financing (Uses)			
Transfers Out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
Net Change in Fund Balance	<u>(34,500)</u>	<u>(34,500)</u>	33,833
Fund Balance - Beginning			<u>81,442</u>
Fund Balance - Ending			<u><u>115,275</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Internal Service Funds
- Budgetary Comparison Schedules – Internal Service Funds
- Combining Statements – Pension Trust Funds
- Schedule of Changes in Assets and Liabilities – Agency Fund

## **MAJOR GOVERNMENTAL FUNDS**

## **GENERAL FUND**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

## **MAJOR SPECIAL REVENUE FUND**

### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The City uses these funds to maintain and construct transportation-related community needs, such as streets, bridges, and traffic signals.

## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

## **MAJOR CAPITAL PROJECTS FUNDS**

### **Local Road Fund**

The Local Road Fund is used to account for street improvements, including resurfacing, curb and gutter, sidewalks and bike paths.

### **Fire Stations Fund**

The Fire Stations Fund is used to account for the purchase of property for two fire stations, demolition of existing structures, engineering and design costs, regulatory and permitting costs, construction and legal costs, as well as acquisition and installation of furniture, fixtures and equipment costs related to two fire stations.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes			
Prior Years' Taxes	\$ 10,000	10,000	(167,112)
Current Levy	4,178,473	4,178,473	4,222,431
Police Pension	3,220,749	3,220,749	3,192,820
Fire Pension	3,541,622	3,541,622	3,517,128
Municipal Sales Tax	3,600,000	3,600,000	3,563,795
Home Rule Sales Tax	2,700,000	2,700,000	2,646,872
Simplified Telecommunications Tax	1,500,000	1,500,000	1,317,282
Electric Utility Tax	1,400,000	1,400,000	1,241,455
Hotel Tax	480,000	480,000	437,536
Food and Beverage Tax	1,280,000	1,280,000	1,322,223
Real Estate Transfer Tax	300,000	300,000	587,918
Cable Franchise Fees	300,000	300,000	330,936
Total Taxes	22,510,844	22,510,844	22,213,284
<b>Intergovernmental</b>			
State Income Tax	2,650,000	2,650,000	2,189,384
Local Use Tax	570,000	570,000	623,358
Replacement Tax	207,500	207,500	221,448
Other Grants	58,250	58,250	15,585
Total Intergovernmental	3,485,750	3,485,750	3,049,775
<b>Licenses and Permits</b>			
Business Licenses	260,000	260,000	247,974
Liquor Licenses	150,000	150,000	172,100
Other Licenses	1,000	1,000	-
Building Permits	500,000	500,000	452,409
Rental Unit Permits	88,000	88,000	106,739
Other Permits	12,500	12,500	13,728
Total Licenses and Permits	1,011,500	1,011,500	992,950
<b>Charges for Services</b>			
Police Special Details	80,000	80,000	25,414
School Liaison Charges	193,000	193,000	191,350
Ambulance Fees	450,000	450,000	526,934

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
<b>Charges for Services - Continued</b>			
<b>Overhead Charges</b>			
Garage	\$ 219,000	219,000	219,000
E911	38,000	38,000	38,000
TIF #2	53,024	53,024	53,024
TIF #4	51,500	51,500	51,500
Refuse	415,000	415,000	415,000
Utilities	700,000	700,000	700,000
Library	43,297	43,297	43,297
Other Inspection Fees	120,300	120,300	148,343
Other Charges for Services	475,000	475,000	477,132
<b>Total Charges for Services</b>	<b>2,838,121</b>	<b>2,838,121</b>	<b>2,888,994</b>
<b>Fines and Forfeitures</b>			
Circuit Court Fines	60,000	60,000	61,793
Traffic and Compliance Fines	125,500	125,500	94,984
DUI Fines	10,000	10,000	10,942
Red Light Enforcement Fines	960,000	960,000	1,000,293
Adjudication	25,000	25,000	38,329
Other Fines	88,000	88,000	97,600
<b>Total Fines and Forfeitures</b>	<b>1,268,500</b>	<b>1,268,500</b>	<b>1,303,941</b>
<b>Interest</b>	<b>20,000</b>	<b>20,000</b>	<b>76,091</b>
<b>Miscellaneous</b>			
Rental Income	291,900	291,900	300,791
Other	60,960	60,960	99,350
<b>Total Miscellaneous</b>	<b>352,860</b>	<b>352,860</b>	<b>400,141</b>
<b>Total Revenues</b>	<b>31,487,575</b>	<b>31,487,575</b>	<b>30,925,176</b>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Detailed Expenditures - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Mayor			
Salaries and Wages	\$ 9,950	9,950	9,950
Benefits	761	761	761
Contracted Services	2,900	2,900	1
Supplies	150	150	-
Total Mayor	13,761	13,761	10,712
City Council			
Salaries and Wages	28,001	28,001	26,334
Benefits	2,142	2,142	2,015
Contracted Services	72,950	72,950	64,185
Supplies	600	600	780
Total City Council	103,693	103,693	93,314
City Manager			
Salaries and Wages	399,552	399,552	407,360
Benefits	171,636	171,636	175,320
Contracted Services	67,950	67,950	39,079
Supplies	12,500	12,500	480
Total City Manager	651,638	651,638	622,239
City Clerk			
Salaries and Wages	116,182	116,182	120,237
Benefits	48,247	48,247	50,144
Contracted Services	14,800	14,800	12,528
Supplies	14,700	14,700	541
Total City Clerk	193,929	193,929	183,450
Public Relations			
Contracted Services	36,500	36,500	45,947
Supplies	1,500	1,500	417
Total Public Relations	38,000	38,000	46,364

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Detailed Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Video Production			
Salaries and Wages	\$ 5,000	5,000	1,500
Benefits	382	382	115
Contracted Services	15,500	15,500	13,221
Supplies	2,200	2,200	320
Total Video Production	23,082	23,082	15,156
Adjudication			
Contracted Services	54,500	54,500	37,079
Supplies	1,000	1,000	549
Total Adjudication	55,500	55,500	37,628
Community Events			
Contracted Services	2,950	2,950	2,518
Supplies	75,800	75,800	90,319
Total Community Events	78,750	78,750	92,837
Finance			
Salaries and Wages	317,654	317,654	310,101
Benefits	123,892	123,892	120,566
Contracted Services	45,300	45,300	39,007
Supplies	1,640	1,640	850
Total Finance	488,486	488,486	470,524
Administrative Services			
Legal Contracted Services	411,000	411,000	254,105
Engineering Contracted Services	28,000	28,000	26,400
Police Special Detail			
Salaries and Wages	100,000	100,000	29,938
Benefits	-	-	47
Other Contracted Services	410,300	410,300	256,773
Other Supplies	10,000	10,000	12,889
Total Administrative Services	959,300	959,300	580,152

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Detailed Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Information Technology			
Salaries and Wages	\$ 285,544	285,544	254,159
Benefits	95,182	95,182	90,338
Contracted Services	137,700	137,700	136,561
Supplies	29,500	29,500	31,525
Total Information Technology	547,926	547,926	512,583
Total Administrative	3,154,065	3,154,065	2,664,959
Zoning Board of Appeals			
Contracted Services	675	675	75
Plan Commission			
Contracted Services	1,025	1,025	1,401
Tobacco Information/Prevention			
Contracted Services	450	450	-
Total Community Development	2,150	2,150	1,476
Total General Government	3,156,215	3,156,215	2,666,435
Public Safety			
Police Department			
Administration			
Salaries and Wages	477,214	477,214	464,914
Benefits	144,606	144,606	139,713
Employer Pension Contribution	3,635,731	3,635,731	3,607,802
Contracted Services	828,730	828,730	746,672
Supplies and Materials	98,635	98,635	91,802
Total Administration	5,184,916	5,184,916	5,050,903
Patrol			
Salaries and Wages	4,869,156	4,869,156	4,738,647
Benefits	1,177,499	1,177,499	1,130,769
Contracted Services	127,034	127,034	80,547

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Detailed Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Patrol - Continued			
Supplies and Materials	\$ 71,250	71,250	64,621
Total Patrol	6,244,939	6,244,939	6,014,584
Investigation			
Salaries and Wages	920,679	920,679	953,510
Benefits	168,764	168,764	195,034
Contracted Services	27,970	27,970	14,257
Supplies and Materials	7,750	7,750	4,565
Total Investigation	1,125,163	1,125,163	1,167,366
Total Police Department	12,555,018	12,555,018	12,232,853
Fire Department			
Administration			
Salaries and Wages	351,925	351,925	345,134
Benefits	85,452	85,452	78,205
Employer Pension Contribution	4,105,475	4,105,475	4,080,981
Contracted Services	1,027,050	1,027,050	1,028,255
Supplies and Materials	4,400	4,400	3,790
Total Administration	5,574,302	5,574,302	5,536,365
Fire Operations			
Salaries and Wages	4,932,469	4,932,469	4,796,107
Benefits	1,116,693	1,116,693	1,395,283
Contracted Services	131,315	131,315	130,653
Supplies and Materials	126,010	126,010	143,890
Total Fire Operations	6,306,487	6,306,487	6,465,933
Special Rescue Teams			
Salaries and Wages	54,200	54,200	33,407
Benefits	786	786	(74)
Contracted Services	19,025	19,025	16,207
Supplies and Materials	4,025	4,025	5,184
Total Special Rescue Teams	78,036	78,036	54,724
Total Fire Department	11,958,825	11,958,825	12,057,022

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Detailed Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Board of Police and Fire Commission			
Salaries and Wages	\$ 3,000	3,000	-
Contracted Services	37,950	37,950	22,602
Supplies and Materials	800	800	-
Total Board of Police and Fire Commission	41,750	41,750	22,602
Total Public Safety	24,555,593	24,555,593	24,312,477
Public Works			
Administration			
Salaries and Wages	670,744	670,744	710,354
Benefits	327,893	327,893	320,246
Contracted Services	266,450	266,450	230,355
Supplies and Materials	9,150	9,150	5,498
Total Administration	1,274,237	1,274,237	1,266,453
Community Development			
Administration			
Salaries and Wages	333,565	333,565	259,814
Benefits	117,357	117,357	99,287
Contracted Services	168,335	168,335	143,390
Supplies and Materials	2,300	2,300	1,571
Total Administration	621,557	621,557	504,062
Building Inspections			
Salaries and Wages	449,390	449,390	368,570
Benefits	203,234	203,234	87,349
Contracted Services	96,625	96,625	293,415
Supplies and Materials	2,380	2,380	2,126
Total Building Inspections	751,629	751,629	751,460
Forestry Program			
Salaries and Wages	746,016	746,016	696,205
Benefits	359,253	359,253	355,767
Contracted Services	67,470	67,470	66,322
Supplies and Materials	9,500	9,500	9,428
Total Forestry Program	1,182,239	1,182,239	1,127,722
Total Public Works	3,829,662	3,829,662	3,649,697

**CITY OF ROLLING MEADOWS, ILLINOIS**

**General Fund**

**Schedule of Detailed Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Health/Welfare and Culture			
Museum			
Contracted Services	\$ 5,220	5,220	3,645
ESDA			
Supplies and Materials	1,500	1,500	-
Safety Committee			
Supplies and Materials	1,400	1,400	1,733
Employee Wellness			
Contracted Services	1,000	1,000	743
Urban Affairs			
Supplies	1,000	1,000	-
Total Health/Welfare and Culture	10,120	10,120	6,121
Economic Development			
Community Development			
Contracted Services	100,270	100,270	52,025
Supplies and Materials	500	500	327
Total Economic Development	100,770	100,770	52,352
Total Expenditures	31,652,360	31,652,360	30,687,082

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Debt Service Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,273,000	1,273,000	1,286,906
Expenditures			
Debt Service			
Principal Retirement	1,780,000	1,780,000	1,780,000
Interest and Fiscal Charges	176,575	176,575	175,591
Total Expenditures	1,956,575	1,956,575	1,955,591
Excess (Deficiency) of Revenues Over (Under) Expenditures	(683,575)	(683,575)	(668,685)
Other Financing Sources			
Transfers In	682,075	682,075	682,075
Net Change in Fund Balance	<u>(1,500)</u>	<u>(1,500)</u>	13,390
Fund Balance - Beginning			<u>55,197</u>
Fund Balance - Ending			<u><u>68,587</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Local Road - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 770,000	770,000	764,460
Intergovernmental	885,000	885,000	556,291
Licenses and Permits	500,000	500,000	486,865
Interest	500	500	219
Miscellaneous	100,000	100,000	6,924
Total Revenues	<u>2,255,500</u>	<u>2,255,500</u>	<u>1,814,759</u>
Expenditures			
Highways and Streets			
Contracted Services	694,500	694,500	687,196
Supplies			
Operating Supplies	116,800	116,800	122,842
Repairs and Maintenance Supplies	21,100	21,100	16,167
Capital Outlay			
Street Improvements	3,020,000	3,020,000	2,185,782
Debt Service			
Principal Retirement	155,430	155,430	155,348
Interest and Fiscal Charges	5,459	5,459	5,526
Total Expenditures	<u>4,013,289</u>	<u>4,013,289</u>	<u>3,172,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,757,789)	(1,757,789)	(1,358,102)
Other Financing Sources			
Transfers In	300,000	300,000	300,000
Net Change in Fund Balance	<u>(1,457,789)</u>	<u>(1,457,789)</u>	(1,058,102)
Fund Balance - Beginning			<u>1,175,572</u>
Fund Balance - Ending			<u>117,470</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Fire Stations - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Miscellaneous	\$ -	-	88,540
Expenditures			
Public Safety			
Contracted Services	-	-	2,000
Capital Outlay	-	-	1,354,485
Total Expenditures	-	-	1,356,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,267,945)
Other Financing Sources			
Transfers In	-	2,120,000	2,120,000
Net Change in Fund Balance	-	2,120,000	852,055
Fund Balance - Beginning			-
Fund Balance - Ending			852,055

**NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet  
December 31, 2017**

	Special Revenue	Capital Projects	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 1,396,401	446,643	1,843,044
Receivables - Net of Allowances			
Property Taxes	651,878	-	651,878
Prepays	41,990	-	41,990
Total Assets	2,090,269	446,643	2,536,912
<b>LIABILITIES</b>			
Accounts Payable	9,032	69,430	78,462
Due to Other Funds	-	1,542,781	1,542,781
Total Liabilities	9,032	1,612,211	1,621,243
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	651,500	-	651,500
Total Liabilities and Deferred Inflows of Resources	660,532	1,612,211	2,272,743
<b>FUND BALANCES</b>			
Nonspendable	41,990	-	41,990
Restricted	1,387,747	-	1,387,747
Assigned	-	378,813	378,813
Unassigned	-	(1,544,381)	(1,544,381)
Total Fund Balances	1,429,737	(1,165,568)	264,169
Total Liabilities, Deferred Inflows of Resources and Fund Balances	2,090,269	446,643	2,536,912

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2017**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 640,767	1,506,303	2,147,070
Fines and Forfeitures	17,462	-	17,462
Interest	543	57	600
Miscellaneous	3,887	-	3,887
Total Revenues	<u>662,659</u>	<u>1,506,360</u>	<u>2,169,019</u>
Expenditures			
Public Safety	673,171	-	673,171
Economic Development	-	821,078	821,078
Debt Service			
Principal Retirement	-	425,000	425,000
Interest and Fiscal Charges	-	8,896	8,896
Total Expenditures	<u>673,171</u>	<u>1,254,974</u>	<u>1,928,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,512)	251,386	240,874
Other Financing Sources			
Transfers In	<u>150,000</u>	-	<u>150,000</u>
Net Change in Fund Balances	139,488	251,386	390,874
Fund Balances - Beginning	<u>1,290,249</u>	<u>(1,416,954)</u>	<u>(126,705)</u>
Fund Balances - Ending	<u><u>1,429,737</u></u>	<u><u>(1,165,568)</u></u>	<u><u>264,169</u></u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

### **911 Emergency Telephone Fund**

The 911 Emergency Telephone Fund is used to account for the operation of the emergency telephone communication system. Financing is provided by local and state surcharges and property taxes.

### **Foreign Fire Tax Fund**

The Foreign Fire Tax Fund is used to account for the receipt and disbursement of funds collected as foreign fire tax.

### **Asset Seizure Fund**

The Asset Seizure Fund is used to account for the receipts and disbursements incurred as a result of the City's asset seizure program pursuant to Federal and State drug seizure laws.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**December 31, 2017**

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	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 1,183,636	54,053	158,712	1,396,401
Receivables - Net of Allowances				
Property Taxes	651,878	-	-	651,878
Prepays	41,990	-	-	41,990
Total Assets	<u>1,877,504</u>	<u>54,053</u>	<u>158,712</u>	<u>2,090,269</u>
<b>LIABILITIES</b>				
Accounts Payable	6,904	2,128	-	9,032
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	651,500	-	-	651,500
Total Liabilities and Deferred Inflows of Resources	<u>658,404</u>	<u>2,128</u>	<u>-</u>	<u>660,532</u>
<b>FUND BALANCES</b>				
Nonspendable	41,990	-	-	41,990
Restricted	1,177,110	51,925	158,712	1,387,747
Total Fund Balances	<u>1,219,100</u>	<u>51,925</u>	<u>158,712</u>	<u>1,429,737</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>1,877,504</u>	<u>54,053</u>	<u>158,712</u>	<u>2,090,269</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2017**

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
Revenues				
Taxes	\$ 608,266	32,501	-	640,767
Fines and Forfeitures	-	-	17,462	17,462
Interest	154	-	389	543
Miscellaneous		-	3,887	3,887
Total Revenues	608,420	32,501	21,738	662,659
Expenditures				
Public Safety	549,914	32,429	90,828	673,171
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,506	72	(69,090)	(10,512)
Other Financing Sources				
Transfers In	150,000	-	-	150,000
Net Change in Fund Balances	208,506	72	(69,090)	139,488
Fund Balances - Beginning	1,010,594	51,853	227,802	1,290,249
Fund Balances - Ending	1,219,100	51,925	158,712	1,429,737

**CITY OF ROLLING MEADOWS, ILLINOIS**

**911 Emergency Telephone - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 601,500	601,500	608,266
Interest	-	-	154
Total Revenues	601,500	601,500	608,420
Expenditures			
Public Safety			
Contracted Services	618,198	618,198	549,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,698)	(16,698)	58,506
Other Financing Sources			
Transfers In	150,000	150,000	150,000
Net Change in Fund Balance	<u>133,302</u>	<u>133,302</u>	208,506
Fund Balance - Beginning			<u>1,010,594</u>
Fund Balance - Ending			<u><u>1,219,100</u></u>

## **NONMAJOR CAPITAL PROJECTS FUND**

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary funds.

### **TIF #2 Kirchoff/Owl Fund**

The TIF #2 Kirchoff/Owl Fund is used to account for the purchase of property and construction of a mixed-use development along Kirchoff Road. The plan includes condominium homes, senior housing, and office/retail space.

### **TIF #4 Golf Road Fund**

The TIF #4 Golf Road Fund is used to account for the redevelopment of the property located primarily in the Meadows Corporate Center area along the Golf Road corridor (2850 Golf Road). The large commercial insurance broker Arthur J. Gallagher Insurance set up its headquarters - moving from Itasca to Rolling Meadows to redevelop this area. The City approved the Golf Road Tax Increment Financing District with a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Nonmajor Governmental - Capital Projects Funds**

**Combining Balance Sheet  
December 31, 2017**

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	TIF #2 Kirchoff/Owl	TIF #4 Golf Road	Totals
<b>ASSETS</b>			
Cash and Investments	\$ -	446,643	446,643
<b>LIABILITIES</b>			
Accounts Payable	1,600	67,830	69,430
Due to Other Funds	1,542,781	-	1,542,781
Total Liabilities	1,544,381	67,830	1,612,211
<b>FUND BALANCES</b>			
Assigned	-	378,813	378,813
Unassigned	(1,544,381)	-	(1,544,381)
Total Fund Balances	(1,544,381)	378,813	(1,165,568)
Total Liabilities and Fund Balances	-	446,643	446,643

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**CITY OF ROLLING MEADOWS, ILLINOIS**

**Nonmajor Governmental - Capital Projects Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2017**

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	TIF #2 Kirchoff/Owl	TIF #4 Golf Road	Totals
Revenues			
Taxes	\$ 261,934	1,244,369	1,506,303
Interest	6	51	57
Total Revenues	<u>261,940</u>	<u>1,244,420</u>	<u>1,506,360</u>
Expenditures			
Economic Development	55,649	765,429	821,078
Debt Service			
Principal Retirement	425,000	-	425,000
Interest and Fiscal Charges	8,896	-	8,896
Total Expenditures	<u>489,545</u>	<u>765,429</u>	<u>1,254,974</u>
Net Change in Fund Balances	(227,605)	478,991	251,386
Fund Balances - Beginning	<u>(1,316,776)</u>	<u>(100,178)</u>	<u>(1,416,954)</u>
Fund Balances - Ending	<u>(1,544,381)</u>	<u>378,813</u>	<u>(1,165,568)</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**TIF #2 Kirchoff/Owl - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 350,000	350,000	261,934
Interest	100	100	6
Total Revenues	<u>350,100</u>	<u>350,100</u>	<u>261,940</u>
Expenditures			
Economic Development			
Contracted Services	55,024	55,024	55,649
Debt Service			
Principal Retirement	425,000	425,000	425,000
Interest and Fiscal Charges	9,025	9,025	8,896
Total Expenditures	<u>489,049</u>	<u>489,049</u>	<u>489,545</u>
Net Change in Fund Balance	<u>(138,949)</u>	<u>(138,949)</u>	(227,605)
Fund Balance - Beginning			<u>(1,316,776)</u>
Fund Balance - Ending			<u><u>(1,544,381)</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**TIF #4 Golf Road - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,488,965	2,488,965	1,244,369
Interest	-	-	51
Total Revenues	<u>2,488,965</u>	<u>2,488,965</u>	<u>1,244,420</u>
Expenditures			
Economic Development			
Contracted Services	<u>2,398,965</u>	<u>2,398,965</u>	<u>765,429</u>
Net Change in Fund Balance	<u>90,000</u>	<u>90,000</u>	478,991
Fund Balance - Beginning			<u>(100,178)</u>
Fund Balance - Ending			<u><u>378,813</u></u>

## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

### **Utilities Fund**

The Utilities Fund is used to account for all resources collected and used to provide water and sanitary services to the City as well as to account for the resources collected to finance storm water runoff and creek bank improvements. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration of billings and collections, operations, and maintenance of the system.

### **Refuse Collection Fund**

The Refuse Collection Fund is used to account for all the resources collected and used to provide waste collection and disposal services to the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration of billings and collections, operations, and maintenance of the waste collection vehicles.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Utilities - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 10,545,990	10,545,990	11,247,596
Miscellaneous	159,459	159,459	165,558
Total Operating Revenues	<u>10,705,449</u>	<u>10,705,449</u>	<u>11,413,154</u>
Operating Expenses			
Administration	1,788,525	1,788,525	1,348,349
Public Works	700,000	700,000	700,000
Operations	10,500,093	10,500,093	6,712,012
Depreciation	-	-	769,575
Total Operating Expenses	<u>12,988,618</u>	<u>12,988,618</u>	<u>9,529,936</u>
Operating Income (Loss)	<u>(2,283,169)</u>	<u>(2,283,169)</u>	<u>1,883,218</u>
Nonoperating Revenues (Expenses)			
Interest Income	5,000	5,000	60,030
Interest Expense	(72,003)	(72,003)	(71,426)
	<u>(67,003)</u>	<u>(67,003)</u>	<u>(11,396)</u>
Change in Net Position	<u>(2,350,172)</u>	<u>(2,350,172)</u>	1,871,822
Net Position - Beginning			<u>14,244,600</u>
Net Position - Ending			<u><u>16,116,422</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Utilities - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
<b>Administration</b>			
Salaries and Wages	\$ 232,377	232,377	216,981
Benefits	116,192	116,192	111,880
IMRF Pension Expense	-	-	12,230
Contracted Services	1,439,706	1,439,706	1,007,258
Supplies	250	250	-
<b>Total Administration</b>	<b>1,788,525</b>	<b>1,788,525</b>	<b>1,348,349</b>
<b>Public Works</b>			
Contracted Services	700,000	700,000	700,000
<b>Operations</b>			
<b>Water</b>			
Salaries and Wages	693,657	693,657	633,664
Benefits	307,325	307,325	286,804
IMRF Pension Expense	-	-	37,325
Contracted Services	422,300	422,300	348,130
Supplies	178,750	178,750	102,658
Lake Michigan Water	4,155,000	4,155,000	4,074,500
Machinery & Equipment	1,563,000	1,563,000	10,103
<b>Total Water</b>	<b>7,320,032</b>	<b>7,320,032</b>	<b>5,493,184</b>
<b>Sewer</b>			
Salaries and Wages	469,599	469,599	443,326
Benefits	10,557	10,557	223,527
IMRF Pension Expense	-	-	25,371
Contracted Services	356,147	356,147	87,840
Supplies	79,500	79,500	58,128
Machinery & Equipment	1,000,000	1,000,000	42,551
<b>Total Sewer</b>	<b>1,915,803</b>	<b>1,915,803</b>	<b>880,743</b>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Utilities - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operations - Continued			
Stormwater			
Salaries and Wages	\$ 104,284	104,284	95,246
Benefits	47,699	47,699	43,662
IMRF Pension Expense	-	-	4,848
Contracted Services	217,500	217,500	146,061
Supplies	39,775	39,775	17,447
Machinery & Equipment	855,000	855,000	30,821
Total Stormwater	1,264,258	1,264,258	338,085
Total Operations	10,500,093	10,500,093	6,712,012
Depreciation	-	-	769,575
Total Operating Expenses	12,988,618	12,988,618	9,529,936

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Refuse Collection - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,163,874	2,163,874	2,168,009
Miscellaneous	23,500	23,500	26,619
Total Operating Revenues	<u>2,187,374</u>	<u>2,187,374</u>	<u>2,194,628</u>
Operating Expenses			
Administration	1,006,900	1,006,900	1,004,734
Operations	1,323,441	1,323,441	1,161,173
Depreciation	-	-	11,063
Total Operating Expenses	<u>2,330,341</u>	<u>2,330,341</u>	<u>2,176,970</u>
Operating Income (Loss)	<u>(142,967)</u>	<u>(142,967)</u>	<u>17,658</u>
Nonoperating Income (Expenses)			
Interest Income	-	-	1,501
Interest Expense	(1,229)	(1,229)	(1,225)
	<u>(1,229)</u>	<u>(1,229)</u>	<u>276</u>
Change in Net Position	<u>(144,196)</u>	<u>(144,196)</u>	17,934
Net Position - Beginning			<u>872,817</u>
Net Position - Ending			<u><u>890,751</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Refuse Collection - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Administration			
Contracted Services	\$ 1,006,900	1,006,900	1,004,734
Operations			
Salaries and Wages	274,995	274,995	238,269
Benefits	167,639	167,639	153,537
IMRF Pension Expense	-	-	(14,354)
Contracted Services	874,007	874,007	779,145
Supplies	6,800	6,800	4,576
Total Operations	1,323,441	1,323,441	1,161,173
Depreciation	-	-	11,063
Total Operating Expenses	2,330,341	2,330,341	2,176,970

## **INTERNAL SERVICE FUNDS**

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 other governmental unit, or to other governmental units, on a cost-reimbursement basis.

### **Municipal Garage Fund**

The Municipal Garage Fund is used to account for the resources collected from other City departments used to provide maintenance to City vehicles and major equipment/machinery.

### **Vehicle Replacement Fund**

The Vehicle Replacement Fund is used to account for the resources collected from other City departments used in replacing City vehicles and major equipment.

### **Buildings and Land Fund**

The Buildings and Land Fund is used to account for the resources collected from other City departments used for the purchase of land or buildings, or the remodeling, renovation, and expansion of current buildings.

### **Liability Insurance Fund**

The Liability Insurance Fund is used to account for the resources collected from other City departments used to manage funding of the property/casualty/workers compensation claims.

### **Health Insurance Fund**

The Health Insurance Fund is used to account for resources collected from other City departments to fund the City's portion of health insurance premiums as well as those of retired employees.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Internal Service Funds**

**Combining Statement of Net Position**

**December 31, 2017**

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**See Following Page**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Internal Service Funds**

**Combining Statement of Net Position  
December 31, 2017**

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	<u>Municipal Garage</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 1,106,734
Receivables - Net of Allowances - Accounts	2,575
Prepays	147
Total Current Assets	<u>1,109,456</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	-
Depreciable	9,247
Accumulated Depreciation	<u>(9,247)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>1,109,456</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	96,700
Accrued Payroll	7,832
Compensated Absences Payable	6,001
Total Current Liabilities	<u>110,533</u>
Noncurrent Liabilities	
Deposits Payable	-
Compensated Absences Payable	118,056
Total Noncurrent Liabilities	<u>118,056</u>
Total Liabilities	<u>228,589</u>
<b>NET POSITION</b>	
Investment in Capital Assets	-
Unrestricted	<u>880,867</u>
Total Net Position	<u><u>880,867</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
2,030,487	298,800	1,451,337	1,980,994	6,868,352
12,265	10,167	-	-	25,007
-	-	1,338,259	3,548,945	4,887,351
2,042,752	308,967	2,789,596	5,529,939	11,780,710
1,111,139	1,016,304	-	-	2,127,443
20,730,107	3,808,808	-	-	24,548,162
(13,756,139)	(2,384,431)	-	-	(16,149,817)
8,085,107	2,440,681	-	-	10,525,788
10,127,859	2,749,648	2,789,596	5,529,939	22,306,498
65,073	294,445	1,876	217,327	675,421
-	-	-	-	7,832
-	-	-	-	6,001
65,073	294,445	1,876	217,327	689,254
-	-	-	10,971	10,971
-	-	-	-	118,056
-	-	-	10,971	129,027
65,073	294,445	1,876	228,298	818,281
8,085,107	2,440,681	-	-	10,525,788
1,977,679	14,522	2,787,720	5,301,641	10,962,429
10,062,786	2,455,203	2,787,720	5,301,641	21,488,217

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Internal Service Funds**

**Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended December 31, 2017**

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	<u>Municipal Garage</u>
Operating Revenues	
Interfund Services	\$ 1,530,780
Miscellaneous	5,560
Total Operating Revenues	<u>1,536,340</u>
Operating Expenses	
Administration	1,325,436
Public Safety	-
Public Works	-
Depreciation and Amortization	-
Total Operating Expenses	<u>1,325,436</u>
Operating Income	<u>210,904</u>
Nonoperating Revenues	
Disposal of Capital Assets	-
Interest Income	272
Grant Income	-
	<u>272</u>
Income (Loss) Before Transfers	<u>211,176</u>
Transfers In	-
Transfers Out	-
	<u>-</u>
Change in Net Position	211,176
Net Position - Beginning	<u>669,691</u>
Net Position - Ending	<u><u>880,867</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,401,200	544,785	838,880	3,213,156	7,528,801
-	-	288,275	1,124,737	1,418,572
1,401,200	544,785	1,127,155	4,337,893	8,947,373
-	-	777,098	3,683,973	5,786,507
138,699	-	-	-	138,699
-	548,541	-	-	548,541
778,557	210,612	-	-	989,169
917,256	759,153	777,098	3,683,973	7,462,916
483,944	(214,368)	350,057	653,920	1,484,457
9,606	-	-	-	9,606
122	61	42	331	828
12,265	-	-	-	12,265
21,993	61	42	331	22,699
505,937	(214,307)	350,099	654,251	1,507,156
100,000	200,000	-	-	300,000
-	-	(350,000)	(300,000)	(650,000)
100,000	200,000	(350,000)	(300,000)	(350,000)
605,937	(14,307)	99	354,251	1,157,156
9,456,849	2,469,510	2,787,621	4,947,390	20,331,061
10,062,786	2,455,203	2,787,720	5,301,641	21,488,217

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Internal Service Funds**

**Combining Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2017**

	<u>Municipal Garage</u>
Cash Flows from Operating Activities	
Interfund Services Provided	\$ 1,543,990
Payments to Suppliers	(923,350)
Payments to Employees	(334,147)
	<u>286,493</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	-
Transfers Out	-
	<u>-</u>
Cash Flows from Capital and Related Financing Activities	
Disposal of Capital Assets	-
Purchase of Capital Assets	-
	<u>-</u>
Cash Flows from Investing Activities	
Interest Received	272
	<u>272</u>
Net Change in Cash and Cash Equivalents	286,765
Cash and Cash Equivalents - Beginning	<u>819,969</u>
Cash and Cash Equivalents - Ending	<u><u>1,106,734</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income	210,904
Adjustments to Reconcile Operating Income	
to Net Cash Provided by (Used in)	
Operating Activities	
Depreciation and Amortization	-
Other Income	-
(Increase) Decrease in Current Assets	7,650
Increase (Decrease) in Current Liabilities	67,939
	<u>67,939</u>
Net Cash Provided by Operating Activities	<u><u>286,493</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,388,935	545,399	1,269,138	4,267,388	9,014,850
(328,363)	(293,560)	(792,016)	(3,719,608)	(6,056,897)
-	-	-	-	(334,147)
1,060,572	251,839	477,122	547,780	2,623,806
100,000	200,000	-	-	300,000
-	-	(350,000)	(300,000)	(650,000)
100,000	200,000	(350,000)	(300,000)	(350,000)
9,606	-	-	-	9,606
(888,920)	(1,153,669)	-	-	(2,042,589)
(879,314)	(1,153,669)	-	-	(2,032,983)
122	61	42	331	828
281,380	(701,769)	127,164	248,111	241,651
1,749,107	1,000,569	1,324,173	1,732,883	6,626,701
2,030,487	298,800	1,451,337	1,980,994	6,868,352
483,944	(214,368)	350,057	653,920	1,484,457
778,557	210,612	-	-	989,169
12,265	-	-	-	12,265
(12,265)	614	141,983	(70,505)	67,477
(201,929)	254,981	(14,918)	(35,635)	70,438
1,060,572	251,839	477,122	547,780	2,623,806

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Municipal Garage - Internal Service Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,538,000	1,538,000	1,530,780
Miscellaneous	5,500	5,500	5,560
Total Operating Revenues	<u>1,543,500</u>	<u>1,543,500</u>	<u>1,536,340</u>
Operating Expenses			
Administration			
Motor Pool			
Salaries and Wages	334,867	334,867	334,147
Benefits	164,262	164,262	82,537
Contracted Services	522,700	522,700	554,403
Supplies	487,900	487,900	354,349
Total Operating Expenses	<u>1,509,729</u>	<u>1,509,729</u>	<u>1,325,436</u>
Operating Income	33,771	33,771	210,904
Nonoperating Revenues			
Interest Income	-	-	<u>272</u>
Change in Net Position	<u>33,771</u>	<u>33,771</u>	211,176
Net Position - Beginning			<u>669,691</u>
Net Position - Ending			<u>880,867</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Vehicle Replacement - Internal Service Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,401,200	1,401,200	1,401,200
Operating Expenses			
Public Safety	1,360,000	1,360,000	138,699
Depreciation and Amortization	-	-	778,557
Total Operating Expenses	1,360,000	1,360,000	917,256
Operating Income	41,200	41,200	483,944
Nonoperating Revenues			
Disposal of Capital Assets	5,000	5,000	9,606
Interest Income	-	-	122
Grant Income	-	-	12,265
	5,000	5,000	21,993
Income Before Transfers	46,200	46,200	505,937
Transfer In	100,000	100,000	100,000
Change in Net Position	146,200	146,200	605,937
Net Position - Beginning			9,456,849
Net Position - Ending			10,062,786

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Buildings and Land - Internal Service Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 533,500	533,500	544,785
Operating Expenses			
Public Works	1,298,000	1,298,000	548,541
Depreciation	-	-	210,612
Total Operating Expenses	1,298,000	1,298,000	759,153
Operating Income (Loss)	(764,500)	(764,500)	(214,368)
Nonoperating Revenues			
Interest Income	-	-	61
(Loss) Before Transfers	(764,500)	(764,500)	(214,307)
Transfers In	200,000	200,000	200,000
Change in Net Position	<u>(564,500)</u>	<u>(564,500)</u>	(14,307)
Net Position - Beginning			<u>2,469,510</u>
Net Position - Ending			<u>2,455,203</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Liability Insurance - Internal Service Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 896,880	896,880	838,880
Miscellaneous			
Insurance Rebate	40,000	40,000	179,758
Other	-	-	108,517
Total Operating Revenues	<u>936,880</u>	<u>936,880</u>	<u>1,127,155</u>
Operating Expenses			
Administration			
Liability Insurance	700,000	700,000	754,610
Unemployment	5,000	5,000	449
Reimbursable Repairs	20,000	20,000	22,039
Total Operating Expenses	<u>725,000</u>	<u>725,000</u>	<u>777,098</u>
Operating Income (Loss)	211,880	211,880	350,057
Nonoperating Revenues			
Interest Income	<u>100</u>	<u>100</u>	<u>42</u>
Income Before Transfers	211,980	211,980	350,099
Transfers Out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>
Change in Net Position	<u>(138,020)</u>	<u>(138,020)</u>	99
Net Position - Beginning			<u>2,787,621</u>
Net Position - Ending			<u><u>2,787,720</u></u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Health Insurance - Internal Service Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 3,484,718	3,484,718	3,213,156
Miscellaneous			
Employee Contributions	355,773	355,773	355,140
Retiree Contributions	695,687	695,687	701,191
Insurance Rebate	-	-	68,406
Other	(25,000)	(25,000)	-
Total Operating Revenues	<u>4,511,178</u>	<u>4,511,178</u>	<u>4,337,893</u>
Operating Expenses			
Administration			
Group Health			
PPO White	832,906	832,906	706,046
PPO Blue	398,547	398,547	417,792
HMO	1,247,237	1,247,237	1,256,444
Retirees	512,780	512,780	490,018
PSEBA	24,834	24,834	24,412
PPO Purple	51,195	51,195	48,873
HMO Orange	34,954	34,954	34,421
Dental Insurance			
PPO	77,189	77,189	75,106
Retirees	15,052	15,052	13,958
HMO	58,000	58,000	53,512
Life Insurance	20,761	20,761	20,931
Medical Waivers	1,445	1,445	1,382
Retiree Medicare Reimbursements	225,000	225,000	222,197
Retiree Payouts	600,000	600,000	294,872
Retiree Taxes	35,000	35,000	4,789
Retiree IMRF	95,000	95,000	13,391
Other	8,000	8,000	5,829
Total Operating Expenses	<u>4,237,900</u>	<u>4,237,900</u>	<u>3,683,973</u>
Operating Income (Loss)	273,278	273,278	653,920
Nonoperating Revenues			
Interest Income	500	500	331
Income Before Transfers	273,778	273,778	654,251
Transfer Out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
Change in Net Position	<u>(26,222)</u>	<u>(26,222)</u>	354,251
Net Position - Beginning			<u>4,947,390</u>
Net Position - Ending			<u><u>5,301,641</u></u>

## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

#### **Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

### **AGENCY FUNDS**

#### **Compliance Deposits Fund**

The Compliance Deposits Fund is used to account for money paid to the City pursuant to zoning and building codes.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Pension Trust Funds**

**Combining Statement of Fiduciary Net Position  
December 31, 2017**

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	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 294,443	3,952,259	4,246,702
Investments			
U.S. Government Obligations	3,512,426	3,058,453	6,570,879
U.S. Agency Obligations	1,607,894	865,202	2,473,096
Corporate Bonds	7,877,756	4,033,088	11,910,844
Mutual Funds	1,953,031	2,829,007	4,782,038
Common Stock	24,899,880	19,551,081	44,450,961
Insurance Contracts	2,111,775	-	2,111,775
Certificate of Deposits	1,163,642	-	1,163,642
Receivables - Net of Allowance			
Accrued Interest	98,003	60,480	158,483
Prepays	1,558	782	2,340
Total Assets	43,520,408	34,350,352	77,870,760
<b>LIABILITIES</b>			
Accounts Payable	21,956	3,300	25,256
Due to Other Funds	28,822	30,264	59,086
Total Liabilities	50,778	33,564	84,342
<b>NET POSITION</b>			
Net Position Restricted for Pensions	43,469,630	34,316,788	77,786,418

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**CITY OF ROLLING MEADOWS, ILLINOIS**

**Pension Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended December 31, 2017**

	Police Pension	Firefighters' Pension	Totals
<b>Additions</b>			
Contributions - Employer	\$ 3,607,352	4,080,981	7,688,333
Contributions - Plan Members	482,643	417,337	899,980
<b>Total Contributions</b>	<b>4,089,995</b>	<b>4,498,318</b>	<b>8,588,313</b>
<b>Investment Earnings</b>			
Interest Earned	4,294,534	629,613	4,924,147
Net Change in Fair Value	854,759	3,663,836	4,518,595
	5,149,293	4,293,449	9,442,742
Less Investment Expenses	(102,171)	(49,512)	(151,683)
<b>Net Investment Income</b>	<b>5,047,122</b>	<b>4,243,937</b>	<b>9,291,059</b>
<b>Total Additions</b>	<b>9,137,117</b>	<b>8,742,255</b>	<b>17,879,372</b>
<b>Deductions</b>			
Administration	59,187	56,824	116,011
Benefits and Refunds	3,358,167	3,495,079	6,853,246
<b>Total Deductions</b>	<b>3,417,354</b>	<b>3,551,903</b>	<b>6,969,257</b>
<b>Change in Fiduciary Net Position</b>	<b>5,719,763</b>	<b>5,190,352</b>	<b>10,910,115</b>
<b>Net Position Restricted for Pensions</b>			
Beginning	37,749,867	29,126,436	66,876,303
Ending	43,469,630	34,316,788	77,786,418

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Compliance Deposits - Agency Fund**

**Schedule of Changes in Assets and Liabilities  
For the Fiscal Year Ended December 31, 2017**

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	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash and Investments	\$ 568,520	418,754	568,520	418,754
<b>LIABILITIES</b>				
Deposits Payable	568,520	418,754	568,520	418,754

## **SUPPLEMENTAL SCHEDULES**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Long-Term Debt Requirements  
General Obligation Refunding Bonds of 2012**

**December 31, 2017**

Date of Issue	May 8, 2012
Date of Maturity	January 1, 2024
Authorized Issue	\$9,690,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 3.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired by	Debt Service and Utilities
Purpose of Debt	Refunded Debt for Access Road from Golf Road to Algonquin Road, Storm Water System Improvements, and Redevelopment Costs - Meadows Town Mall and Meijer Store

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2017	\$ 1,215,000	131,562	1,346,562	2018	65,781	2019	65,781
2018	760,000	101,188	861,188	2019	50,594	2020	50,594
2019	805,000	80,288	885,288	2020	40,144	2021	40,144
2020	635,000	58,150	693,150	2021	29,075	2022	29,075
2021	675,000	40,688	715,688	2022	20,344	2023	20,344
2022	715,000	21,450	736,450	2023	10,725	2024	10,725
	<u>4,805,000</u>	<u>433,326</u>	<u>5,238,326</u>		<u>216,663</u>		<u>216,663</u>
	4,315,000	Governmental Activities					
	<u>490,000</u>	Business-Type Activities					
	<u>4,805,000</u>						

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Long-Term Debt Requirements**

**Illinois Environmental Protection Agency (L17-4070) Loan Payable of 2012**

**December 31, 2017**

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Date of Issue	December 13, 2012
Date of Maturity	September 15, 2033
Authorized Issue	\$1,265,744
Interest Rate	2.295%
Interest Dates	March 15 and September 15
Principal Maturity Date	September 15
Payable at	Illinois Environmental Protection Agency
Fund Debt Retired by	Utilities
Purpose of Debt	Drinking Water Project

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Mar. 15	Amount	Sept. 15	Amount
2017	\$ 56,462	24,418	80,880	2018	12,370	2018	12,048
2018	57,766	23,114	80,880	2019	11,722	2019	11,392
2019	59,099	21,781	80,880	2020	11,059	2020	10,722
2020	60,463	20,417	80,880	2021	10,381	2021	10,036
2021	61,859	19,021	80,880	2022	9,687	2022	9,334
2022	63,286	17,594	80,880	2023	8,977	2023	8,617
2023	64,747	16,133	80,880	2024	8,251	2024	7,882
2024	66,242	14,638	80,880	2025	7,508	2025	7,130
2025	67,771	13,109	80,880	2026	6,748	2026	6,361
2026	69,335	11,545	80,880	2027	5,970	2027	5,575
2027	70,935	9,945	80,880	2028	5,175	2028	4,770
2028	72,573	8,307	80,880	2029	4,361	2029	3,946
2029	74,248	6,632	80,880	2030	3,528	2030	3,104
2030	75,961	4,919	80,880	2031	2,676	2031	2,243
2031	77,715	3,165	80,880	2032	1,804	2032	1,361
2032	79,507	1,373	80,880	2033	912	2033	461
	<u>1,077,969</u>	<u>216,111</u>	<u>1,294,080</u>		<u>111,129</u>		<u>104,982</u>

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Long-Term Debt Requirements**

**Illinois Environmental Protection Agency (L17-4141) Loan Payable of 2013**

**December 31, 2017**

Date of Issue	October 18, 2013
Date of Maturity	May 1, 2034
Authorized Issue	\$1,365,863
Interest Rate	1.930%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	Illinois Environmental Protection Agency
Fund Debt Retired by	Utilities
Purpose of Debt	Wastewater Project

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2017	\$ 61,104	22,382	83,486	2018	11,338	2018	11,044
2018	62,289	21,197	83,486	2019	10,748	2019	10,449
2019	63,497	19,989	83,486	2020	10,147	2020	9,842
2020	64,729	18,757	83,486	2021	9,535	2021	9,222
2021	65,983	17,503	83,486	2022	8,910	2022	8,593
2022	67,263	16,223	83,486	2023	8,273	2023	7,950
2023	68,568	14,918	83,486	2024	7,624	2024	7,294
2024	69,898	13,588	83,486	2025	6,962	2025	6,626
2025	71,254	12,232	83,486	2026	6,288	2026	5,944
2026	72,635	10,851	83,486	2027	5,600	2027	5,251
2027	74,044	9,442	83,486	2028	4,899	2028	4,543
2028	75,480	8,006	83,486	2029	4,185	2029	3,821
2029	76,943	6,543	83,486	2030	3,457	2030	3,086
2030	78,435	5,051	83,486	2031	2,714	2031	2,337
2031	79,956	3,530	83,486	2032	1,957	2032	1,573
2032	81,507	1,979	83,486	2033	1,186	2033	793
2033	41,345	399	41,744	2034	399	2034	-
	<u>1,174,930</u>	<u>202,590</u>	<u>1,377,520</u>		<u>104,222</u>		<u>98,368</u>

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

#### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years\***  
**December 31, 2017 (Unaudited)**

	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 109,272,518	108,882,307	108,392,130	111,771,420
Restricted	1,647,970	2,051,851	1,699,491	2,767,336
Unrestricted	(5,930,130)	(5,645,470)	(4,534,846)	(7,515,610)
<b>Total Governmental Activities Net Position</b>	<b>104,990,358</b>	<b>105,288,688</b>	<b>105,556,775</b>	<b>107,023,146</b>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	7,126,881	8,491,159	8,095,948	8,449,043
Unrestricted	713,479	315,541	2,085,393	2,942,316
<b>Total Business-Type Activities Net Position</b>	<b>7,840,360</b>	<b>8,806,700</b>	<b>10,181,341</b>	<b>11,391,359</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	116,399,399	117,373,466	116,488,078	120,220,463
Restricted	1,647,970	2,051,851	1,699,491	2,767,336
Unrestricted	(5,216,651)	(5,329,929)	(2,449,453)	(4,573,294)
<b>Total Primary Government Net Position</b>	<b>112,830,718</b>	<b>114,095,388</b>	<b>115,738,116</b>	<b>118,414,505</b>

\* Accrual Basis of Accounting

Data Source: Audited Financial Statements

2012	2013	2014	2015	2016	2017
113,811,130	114,849,845	117,346,244	121,051,207	123,131,275	128,751,947
1,437,541	1,281,794	1,226,505	1,084,594	1,388,890	1,670,010
(2,230,163)	2,456,900	5,192,234	(62,359,303)	(68,600,811)	(57,482,713)
113,018,508	118,588,539	123,764,983	59,776,498	55,919,354	72,939,244
8,343,385	8,429,963	8,847,435	10,554,431	12,601,433	14,095,822
4,417,081	5,255,511	6,089,240	4,637,392	2,515,984	2,911,351
12,760,466	13,685,474	14,936,675	15,191,823	15,117,417	17,007,173
122,154,515	123,279,808	126,193,679	131,605,638	135,732,708	142,847,769
1,437,541	1,281,794	1,226,505	1,084,594	1,388,890	1,670,010
2,186,918	7,712,411	11,281,474	(57,721,911)	(66,084,827)	(54,571,362)
125,778,974	132,274,013	138,701,658	74,968,321	71,036,771	89,946,417

CITY OF ROLLING MEADOWS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years\*  
December 31, 2017 (Unaudited)

	2008	2009	2010**	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities										
General Government	5,050,686	5,142,807	3,866,996	4,235,018	2,551,436	1,884,228	1,978,376	4,710,309	929,813	1,354,511
Public Safety	20,450,625	18,504,150	17,950,149	19,535,204	19,817,544	21,310,555	21,718,054	30,989,615	33,691,854	11,271,148
Highways and Streets	2,639,761	1,063,134	673,460	1,136,370	1,201,640	1,271,488	993,051	1,019,272	1,013,213	1,253,252
Public Works	4,155,140	3,449,304	5,708,281	3,948,420	3,692,206	3,929,719	4,478,722	4,209,525	4,498,849	5,614,464
Health and Welfare	25,680	30,071	23,721	9,537	9,879	10,481	10,352	4,797	4,370	6,121
Economic Development	251,734	62,322	32,982	42,130	129,036	59,851	65,738	72,945	159,407	160,526
Interest on Long-Term Debt	1,050,211	913,918	825,026	752,459	670,105	512,086	412,711	346,695	283,878	221,075
Total Governmental Activities Expenses	33,623,837	29,165,706	29,080,615	29,659,138	28,071,846	28,978,408	29,657,004	41,353,158	40,581,384	19,881,097
Business-Type Activities										
Water	4,772,997	4,859,697	-	-	-	-	-	-	-	-
Sewer	1,178,925	1,305,382	-	-	-	-	-	-	-	-
Refuse	2,488,338	2,471,363	2,543,279	2,291,402	2,224,955	1,980,584	2,120,696	2,188,936	2,349,984	2,178,195
Storm Water Management	603,328	476,415	-	-	-	-	-	-	-	-
Utilities	-	-	6,432,610	6,740,808	7,735,312	8,178,445	8,557,359	9,443,330	10,425,577	9,601,362
Total Business-Type Activities Expenses	9,043,588	9,112,857	8,975,889	9,032,210	9,960,267	10,159,029	10,678,055	11,632,266	12,775,561	11,779,557
Total Primary Government Expenses	42,667,425	38,278,563	38,056,504	38,691,348	38,032,113	39,137,437	40,335,059	52,985,424	53,356,945	31,660,654
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
General Government	2,862,046	2,409,957	2,235,239	2,292,373	2,759,018	2,744,240	2,949,559	4,422,436	3,482,990	3,100,246
Public Safety	1,680,285	2,227,513	2,278,235	1,935,468	2,010,026	2,098,685	2,088,946	2,398,343	2,215,543	2,103,101
Highways and Streets	367,344	377,951	379,500	376,565	440,191	502,194	494,121	492,658	484,226	486,865
Public Works	40,000	-	-	-	-	-	-	-	-	-
Operating Grants/Contributions	131,846	87,436	129,711	115,719	89,572	45,133	34,668	131,706	26,655	15,585
Capital Grants/Contributions	862,720	868,063	743,796	1,068,261	1,981,230	1,641,349	1,620,109	1,584,544	1,129,271	1,170,974
Total Governmental Activities Program Revenues	5,944,241	5,970,920	5,766,481	5,788,386	7,280,037	7,031,601	7,187,403	9,029,687	7,338,685	6,876,771
Business-Type Activities										
Charges for Services										
Water	4,580,044	5,428,887	-	-	-	-	-	-	-	-
Sewer	1,576,209	1,663,771	-	-	-	-	-	-	-	-
Refuse	2,525,528	2,481,918	2,441,652	2,550,654	2,489,843	2,182,624	2,289,293	2,211,095	2,198,818	2,194,628
Storm Water Management	520,222	895,935	-	-	-	-	-	-	-	-
Street Light Utility	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	7,971,358	7,690,989	8,926,344	8,900,389	9,638,533	9,946,864	10,600,582	11,413,154
Capital Grants/Contributions	813,878	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	10,015,881	10,470,511	10,413,010	10,241,643	11,416,187	11,083,013	11,927,826	12,157,959	12,799,400	13,607,782
Total Primary Government Program Revenues	15,960,122	16,441,431	16,179,491	16,030,029	18,696,224	18,114,614	19,115,229	21,187,646	20,138,085	20,484,553

	2008	2009	2010**	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (27,679,596)	(23,194,786)	(23,314,134)	(23,870,752)	(20,791,809)	(21,946,807)	(22,469,601)	(32,323,471)	(33,242,699)	(13,004,326)
Business-Type Activities	972,293	1,357,654	1,437,121	1,209,433	1,455,920	923,984	1,249,771	525,693	23,839	1,828,225
Total Primary Government Net (Expense) Revenue	(26,707,303)	(21,837,132)	(21,877,013)	(22,661,319)	(19,335,889)	(21,022,823)	(21,219,830)	(31,797,778)	(33,218,860)	(11,176,101)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	8,532,810	9,112,215	10,548,012	11,826,132	12,794,326	13,212,272	13,185,352	13,330,729	13,352,220	14,931,202
Sales and Home Rule	5,612,900	5,115,760	4,726,022	4,930,575	5,127,489	5,287,152	5,725,672	5,696,766	6,332,653	6,210,667
Telecommunications Taxes	2,038,337	2,075,334	1,846,728	1,936,227	1,845,387	1,705,124	1,489,622	1,691,483	1,405,592	1,317,282
Electric Utility	-	1,301,016	1,310,453	1,295,918	1,298,887	1,314,755	1,318,396	1,291,072	1,285,380	1,241,455
Hotel	451,898	288,634	289,076	333,374	389,212	399,218	466,914	476,594	459,967	437,536
Food and Beverage	1,293,970	1,221,391	1,216,961	1,212,122	1,176,218	1,166,430	1,219,330	1,286,438	1,337,145	1,322,223
Real Estate Transfer	269,663	191,259	174,819	153,688	239,865	638,306	433,172	505,464	599,679	587,918
Income	2,326,382	1,999,825	1,923,695	1,915,788	2,136,575	2,323,902	2,282,225	2,605,804	2,315,210	2,189,384
Replacement	207,587	177,371	194,281	181,680	175,462	201,091	194,283	179,585	191,939	221,448
Other Taxes	1,181,778	918,055	783,518	802,280	840,015	905,187	952,161	1,020,476	943,578	986,795
Interest	61,928	4,572	3,736	8,471	12,070	12,125	(36,478)	17,131	54,407	78,814
Miscellaneous	1,174,766	696,661	508,518	740,868	664,470	351,276	415,396	713,424	907,785	499,492
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	(490,990)	404,714	56,402	-	87,195	-	-	-	200,000	-
Total Governmental Activities	22,661,029	23,506,807	23,582,221	25,337,123	26,787,171	27,516,838	27,646,045	28,814,966	29,385,555	30,024,216
Business-Type Activities										
Interest	32,658	13,400	(6,078)	585	382	1,024	1,430	20,876	101,755	61,531
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	490,990	(404,714)	(56,402)	-	(87,195)	-	-	-	(200,000)	-
Total Business-Type Activities	523,648	(391,314)	(62,480)	585	(86,813)	1,024	1,430	20,876	(98,245)	61,531
Total Primary Government	23,184,677	23,115,493	23,519,741	25,337,708	26,700,358	27,517,862	27,647,475	28,835,842	29,287,310	30,085,747
Changes in Net Position										
Governmental Activities	(5,018,567)	312,021	268,087	1,466,371	5,995,362	5,570,031	5,176,444	(3,508,505)	(3,857,144)	17,019,890
Business-Type Activities	1,495,941	966,340	1,374,641	1,210,018	1,369,107	925,008	1,251,201	546,569	(74,406)	1,889,756
Total Primary Government	(3,522,626)	1,278,361	1,642,728	2,676,389	7,364,469	6,495,039	6,427,645	(2,961,936)	(3,931,550)	18,909,646

\* Accrual Basis of Accounting  
\*\* For the year ended December 31, 2010, the City condensed Water, Sewer, and Stormwater Management into one Fund, the Utilities Fund.  
Data Source: Audited Financial Statements

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Fund Balances of Governmental Funds - Last Ten Fiscal Years\*  
December 31, 2017 (Unaudited)**

	2008	2009	2010
General Fund			
Reserved	\$ 885,176	31,143	31,143
Unreserved	(3,259,880)	(755,684)	(755,684)
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total General Fund	<u>(2,374,704)</u>	<u>(724,541)</u>	<u>(724,541)</u>
All Other Governmental Funds			
Reserved	3,083	39,266	39,266
Unreserved, Reported in,			
Special Revenue Funds	1,632,220	1,558,533	1,558,533
Debt Service Funds	(202,957)	944,481	944,481
Capital Projects Funds	759,234	2,143,972	2,143,972
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total All Other Governmental Funds	<u>2,191,580</u>	<u>4,686,252</u>	<u>4,686,252</u>
Total Fund Balances of All Governmental Funds	<u>(183,124)</u>	<u>3,961,711</u>	<u>3,961,711</u>

\* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

Note:

The City adopted GASB No. 54 for the year ended December 31, 2011.

2011	2012	2013	2014	2015	2016	2017
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,154	42,584	26,407	44,792	44,788	41,146	46,467
-	-	-	-	-	52,835	35,178
-	-	-	421,452	521,452	721,452	1,021,452
-	-	-	-	1,221,683	1,000,000	750,000
1,835,647	4,203,793	6,076,910	7,565,662	9,671,128	10,113,617	7,711,972
1,852,801	4,246,377	6,103,317	8,031,906	11,459,051	11,929,050	9,565,069
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
43,704	34,615	9,987	2,677	35,126	35,331	41,990
2,767,336	1,437,541	1,283,172	1,234,222	1,090,277	1,454,780	1,634,832
394,257	756,176	1,147,248	488,579	313,560	1,112,349	1,285,115
(1,577,366)	(1,194,218)	(890,492)	(1,020,387)	(1,147,851)	(1,416,954)	(1,544,381)
1,627,931	1,034,114	1,549,915	705,091	291,112	1,185,506	1,417,556
3,480,732	5,280,491	7,653,232	8,736,997	11,750,163	13,114,556	10,982,625

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years\*  
December 31, 2017 (Unaudited)**

	2008	2009	2010
<b>Revenues</b>			
Taxes	\$ 19,016,882	19,937,896	20,571,562
Intergovernmental	3,933,009	3,788,179	3,385,015
Licenses and Permits	1,017,538	1,153,258	1,164,750
Charges for Services	2,872,146	2,437,206	2,210,123
Fines and Forfeitures	1,019,991	1,055,241	1,448,596
Interest	26,760	3,244	3,656
Miscellaneous	1,174,766	696,661	508,518
<b>Total Revenues</b>	<b>29,061,092</b>	<b>29,071,685</b>	<b>29,292,220</b>
<b>Expenditures</b>			
General Government	4,225,872	3,541,481	3,512,882
Public Safety	19,222,960	17,272,340	18,731,524
Highways and Streets	1,997,103	586,396	673,460
Public Works	2,128,901	2,545,694	2,668,228
Health and Welfare	25,680	30,071	23,721
Economic Development	251,734	62,322	32,982
Capital Outlay	1,670,995	995,943	1,114,952
Debt Service			
Principal Retirement	1,474,744	1,639,923	3,007,460
Interest	892,309	890,602	837,422
<b>Total Expenditures</b>	<b>31,890,298</b>	<b>27,564,772</b>	<b>30,602,631</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,829,206)</b>	<b>1,506,913</b>	<b>(1,310,411)</b>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	851	1,258	10,456
Debt Issuance	83,897	1,315,000	1,200,000
Premium/Discount on Debt Issuance	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	2,977,970	3,288,518	2,712,782
Transfers Out	(3,468,960)	(3,182,211)	(1,656,380)
	<b>(406,242)</b>	<b>1,422,565</b>	<b>2,266,858</b>
<b>Net Change in Fund Balances</b>	<b>(3,235,448)</b>	<b>2,929,478</b>	<b>956,447</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.71%</b>	<b>9.36%</b>	<b>12.96%</b>

\* Modified Accrual Basis of Accounting  
Data Source: Audited Financial Statements

2011	2012	2013	2014	2015	2016	2017
22,139,213	23,327,064	24,194,556	24,319,808	24,763,044	25,130,858	26,411,720
3,632,551	4,767,174	4,645,363	4,602,096	5,037,617	4,248,431	4,220,749
1,337,517	1,504,274	1,387,226	1,549,965	2,743,938	1,906,181	1,479,815
2,070,328	2,433,701	2,609,891	2,615,701	2,972,949	2,926,258	2,888,994
1,196,561	1,271,260	1,348,002	1,366,960	1,596,550	1,350,320	1,321,403
7,758	11,033	10,590	(37,604)	16,965	53,648	77,986
740,868	664,470	351,276	415,396	713,424	907,785	499,492
31,124,796	33,978,976	34,546,904	34,832,322	37,844,487	36,523,481	36,900,159
3,357,499	4,042,299	3,564,299	4,062,109	4,320,711	4,039,414	2,666,435
19,269,706	20,259,585	21,237,148	21,688,294	21,970,277	23,764,984	24,987,648
1,136,370	1,201,640	1,271,488	993,051	1,019,272	1,013,213	1,108,131
2,417,384	2,136,425	2,256,611	2,400,591	2,336,042	2,287,326	3,649,697
9,537	9,879	10,481	10,352	4,797	4,370	6,121
42,130	129,036	59,851	65,738	72,945	159,407	873,430
2,062,621	1,948,992	1,187,260	1,986,357	2,666,447	1,661,489	3,540,267
2,972,170	1,926,880	2,101,590	2,166,300	2,230,830	2,275,720	2,360,348
765,130	615,941	457,492	381,365	315,000	253,165	190,013
32,032,547	32,270,677	32,146,220	33,754,157	34,936,321	35,459,088	39,382,090
(907,751)	1,708,299	2,400,684	1,078,165	2,908,166	1,064,393	(2,481,931)
1,672	763	539	600	-	-	-
-	8,265,000	2,055,000	-	-	-	-
-	5,791	-	-	-	-	-
-	(8,267,289)	(2,033,165)	-	-	-	-
1,412,903	961,494	1,698,570	1,712,967	1,700,724	2,997,575	3,552,075
(1,412,903)	(874,299)	(1,748,887)	(1,707,967)	(1,595,724)	(2,697,575)	(3,202,075)
1,672	91,460	(27,943)	5,600	105,000	300,000	350,000
(906,079)	1,799,759	2,372,741	1,083,765	3,013,166	1,364,393	(2,131,931)
12.54%	8.46%	8.41%	7.97%	7.87%	7.40%	7.25%

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years  
December 31, 2017 (Unaudited)**

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Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property
2007	\$ 480,227,000	\$ 408,031,980	\$ 196,854,692	\$ -
2008	522,464,745	419,355,712	210,864,899	-
2009	572,817,559	391,540,158	181,795,503	-
2010	511,782,750	325,424,028	166,631,402	-
2011	478,777,636	280,540,952	147,475,207	-
2012	441,318,353	259,333,247	135,360,243	-
2013	369,772,380	252,591,816	100,770,099	-
2014	394,371,663	254,681,126	81,117,603	-
2015	382,895,892	242,324,603	78,686,402	-
2016	454,910,891	259,421,096	79,071,548	-

Data Source: Office of the Cook County Clerk

Note: Property is assessed at 33% of actual value.

	Total Taxable Assessed Value	% Increase/ (Decrease)	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
\$	1,085,113,672	12.43%	\$ 3,255,341,016	33.33%	1.025
	1,152,685,356	6.23%	3,458,056,068	33.33%	1.019
	1,146,153,220	(0.57%)	3,438,459,660	33.33%	1.158
	1,003,838,180	(12.42%)	3,011,514,540	33.33%	1.416
	906,793,995	(9.67%)	2,720,381,985	33.33%	1.706
	836,011,843	(7.81%)	2,508,035,529	33.33%	1.918
	723,134,295	(13.50%)	2,169,402,885	33.33%	2.200
	730,170,392	0.97%	2,190,511,176	33.33%	2.187
	703,906,897	(3.60%)	2,111,720,691	33.33%	2.362
	793,403,535	12.71%	2,380,210,605	33.33%	2.190

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years**

**Elk Grove Township**

**December 31, 2017 (Unaudited)**

	2007	2008	2009
City Direct Rates			
General	\$ 0.473	0.428	0.445
Debt Service	0.139	0.124	0.124
Pension Trust			
Police Pension	0.055	0.089	0.139
Firefighters' Pension	0.056	0.089	0.141
Total City Direct Rates	0.723	0.730	0.849
Component Unit - Library Direct Rate	0.302	0.289	0.309
Total City Direct Rate	1.025	1.019	1.158
Overlapping Rates - Elk Grove Township			
Cook County	0.446	0.415	0.394
Forest Preserve District	0.053	0.051	0.490
Metropolitan Sanitary District	0.263	0.252	0.261
Northwest Mosquito Abatement	0.008	0.008	0.008
Consolidated Elections	0.012	-	0.021
Elk Grove			
Town	0.040	0.041	0.044
Road and Bridge	0.009	0.009	0.010
General Assistance	0.008	0.009	0.010
School Districts			
School District Number 15	2.435	2.385	2.307
High School District Number 214	1.621	1.587	1.636
Community College District Number 512	0.260	0.256	0.258
Rolling Meadows Park District	0.418	0.411	0.420
Total Overlapping Rates - Elk Grove Township	5.573	5.424	5.859
Total Direct and Overlapping Rates	6.598	6.443	7.017

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value.

2010	2011	2012	2013	2014	2015	2016
0.507	0.649	0.703	0.812	0.790	0.833	0.692
0.142	0.157	0.168	0.193	0.189	0.191	0.169
0.209	0.257	0.295	0.353	0.355	0.411	0.418
0.206	0.254	0.318	0.379	0.384	0.436	0.460
1.064	1.317	1.484	1.737	1.718	1.870	1.739
0.352	0.389	0.434	0.463	0.469	0.493	0.451
1.416	1.706	1.918	2.200	2.187	2.362	2.190
0.423	0.462	0.531	0.560	0.568	0.552	0.533
0.051	0.058	0.063	0.069	0.069	0.069	0.063
0.274	0.320	0.370	0.417	0.430	0.426	0.406
0.009	0.010	0.011	0.013	0.013	0.011	0.010
-	-	-	0.031	-	0.034	-
0.049	0.056	0.064	0.077	0.076	0.078	0.066
0.010	0.013	0.014	0.017	0.018	0.018	0.016
0.010	0.012	0.014	0.017	0.017	0.017	0.013
2.512	2.943	3.269	3.849	3.868	4.035	3.543
1.839	2.067	2.324	2.768	2.776	2.881	2.527
0.295	0.334	0.373	0.444	0.451	0.466	0.416
0.486	0.546	0.607	0.709	0.711	0.749	0.677
5.958	6.821	7.640	8.971	8.997	9.336	8.270
7.374	8.527	9.558	11.171	11.184	11.698	10.460

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years  
Palatine Township (High School District 211)  
December 31, 2017 (Unaudited)**

	2007	2008	2009
City Direct Rates			
General	\$ 0.473	0.428	0.445
Debt Service	0.139	0.124	0.124
Pension Trust			
Police Pension	0.055	0.089	0.139
Firefighters' Pension	0.056	0.089	0.141
Total City Direct Rates	0.723	0.730	0.849
Component Unit - Library Direct Rate	0.302	0.289	0.309
Total City Direct Rate	1.025	1.019	1.158
Overlapping Rates - Palatine Township			
Cook County	0.446	0.415	0.394
Forest Preserve District	0.053	0.051	0.490
Water Reclamation District	0.263	0.252	0.261
Northwest Mosquito Abatement	0.008	0.008	0.008
Consolidated Elections	0.012	-	0.021
Palatine			
Town	0.035	0.035	0.034
Road and Bridge	0.064	0.063	0.061
General Assistance	0.008	0.008	0.008
School Districts			
School District Number 15	2.435	2.385	2.307
High School District Number 211	1.972	1.928	1.916
Community College District Number 512	0.260	0.256	0.258
Rolling Meadows Park District	0.418	0.411	0.420
Total Overlapping Rates - Palatine Township	5.974	5.812	6.178
Total Direct and Overlapping Rates	6.999	6.831	7.336

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value.

2010	2011	2012	2013	2014	2015	2016
0.507	0.648	0.703	0.812	0.790	0.833	0.692
0.142	0.157	0.168	0.193	0.189	0.191	0.169
0.209	0.257	0.295	0.353	0.355	0.411	0.418
0.206	0.254	0.318	0.379	0.384	0.436	0.460
1.065	1.317	1.484	1.737	1.718	1.870	1.739
0.352	0.389	0.434	0.463	0.469	0.493	0.451
1.417	1.706	1.918	2.200	2.187	2.362	2.190
0.423	0.462	0.531	0.560	0.568	0.552	0.533
0.051	0.058	0.063	0.069	0.069	0.069	0.063
0.274	0.320	0.370	0.417	0.430	0.426	0.406
0.009	0.010	0.011	0.013	0.013	0.011	0.010
-	-	-	0.031	-	0.034	-
0.041	0.044	0.049	0.058	0.059	0.063	0.054
0.070	0.079	0.082	0.092	0.090	0.092	0.079
0.009	0.012	0.014	0.017	0.017	0.018	0.012
2.512	2.943	3.269	3.849	3.868	4.035	3.543
2.200	2.482	2.772	3.197	3.213	3.309	2.871
0.295	0.334	0.373	0.444	0.451	0.466	0.416
0.486	0.546	0.607	0.709	0.711	0.749	0.677
6.370	7.290	8.141	9.456	9.489	9.824	8.664
7.787	8.996	10.059	11.656	11.676	12.186	10.854

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years  
Palatine Township (High School District 214)  
December 31, 2017 (Unaudited)**

	2007	2008	2009
City Direct Rates			
General	\$ 0.473	0.428	0.445
Debt Service	0.139	0.124	0.124
Pension Trust			
Police Pension	0.055	0.089	0.139
Firefighters' Pension	0.056	0.089	0.141
Total City Direct Rates	0.723	0.730	0.849
Component Unit - Library Direct Rate	0.302	0.298	0.309
Total City Direct Rate	1.025	1.028	1.158
Overlapping Rates - Palatine Township			
Cook County	0.446	0.415	0.394
Forest Preserve District	0.053	0.051	0.049
Water Reclamation District	0.263	0.252	0.261
Northwest Mosquito Abatement	0.008	0.008	0.008
Consolidated Elections	0.012	-	0.021
Palatine			
Town	0.035	0.035	0.034
Road and Bridge	0.064	0.063	0.061
General Assistance	0.008	0.008	0.008
School Districts			
School District Number 15	2.435	2.385	2.307
High School District Number 214	1.621	1.587	1.636
Community College District Number 512	0.260	0.256	0.256
Rolling Meadows Park District	-	0.411	0.420
Total Overlapping Rates - Palatine Township	5.205	5.471	5.455
Total Direct and Overlapping Rates	6.230	6.499	6.613

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value.

2010	2011	2012	2013	2014	2015	2016
0.507	0.648	0.703	0.812	0.790	0.833	0.692
0.142	0.157	0.168	0.193	0.189	0.191	0.169
0.209	0.257	0.295	0.353	0.355	0.411	0.418
0.206	0.254	0.318	0.379	0.384	0.436	0.460
1.065	1.317	1.484	1.737	1.718	1.870	1.739
0.352	0.389	0.434	0.463	0.469	0.493	0.451
1.417	1.706	1.918	2.200	2.187	2.362	2.190
0.423	0.462	0.531	0.560	0.568	0.552	0.533
0.051	0.028	0.063	0.069	0.069	0.069	0.063
0.274	0.320	0.370	0.417	0.430	0.426	0.406
0.009	0.010	0.011	0.013	0.013	0.011	0.010
-	0.025	-	0.031	-	0.034	-
0.041	0.044	0.049	0.058	0.059	0.063	0.054
0.070	0.079	0.082	0.092	0.090	0.092	0.079
0.009	0.012	0.014	0.017	0.017	0.018	0.012
2.512	2.943	3.269	3.849	3.868	4.035	3.543
1.839	2.067	2.324	2.768	2.776	2.881	2.527
0.295	0.334	0.373	0.444	0.451	0.466	0.416
0.486	0.546	0.607	0.709	0.711	0.749	0.677
6.009	6.870	7.693	9.027	9.052	9.396	8.320
7.426	8.576	9.611	11.227	11.239	11.758	10.510

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago  
December 31, 2017 (Unaudited)**

Taxpayer	2016 Tax Levy Year			2008 Tax Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WSC ASP CT Holdings/1701 Golf Rd	\$ 11,737,024	1	1.48%			
Arthur J Gallagher	8,521,695	2	1.07%			
Atrium Corp. Center LLC	7,430,513	3	0.94%	\$ 9,993,688	3	0.87%
Northrop Grumman Systems	5,859,005	4	0.74%	10,391,682	2	0.90%
Walmart Stores	4,202,684	5	0.53%	6,867,833	4	0.60%
YPI 1600 Corporate Center	4,099,689	6	0.52%	6,390,581	5	0.55%
Meijer Stores	3,171,891	7	0.40%	4,780,396	9	0.41%
Marc Realty	3,118,972	8	0.39%	6,209,026	6	0.54%
Rolling Meadows 450 LLC	2,688,701	9	0.34%	4,281,276	10	0.37%
Woodfield Crossing	2,537,897	10	0.32%			
Prime Group Realty				23,757,988	1	2.06%
Tower Realty				6,141,517	7	0.53%
12 Oaks Realty/Management Office				5,844,150	8	0.51%
Totals	<u>53,368,071</u>		<u>6.73%</u>	<u>84,658,137</u>		<u>7.34%</u>

Data Source: Office of the Cook County Clerk - Tax Extension Department

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ 7,848,368	\$ 7,639,825	97.34%	\$ (46,927)	\$ 7,592,898	96.74%
2009	2008	8,428,123	8,301,100	98.49%	(35,600)	8,265,500	98.07%
2010	2009	9,730,232	9,383,289	96.43%	108,851	9,492,140	97.55%
2011	2010	10,690,980	10,481,601	98.04%	(2,868)	10,478,733	98.01%
2012	2011	11,939,545	11,565,351	96.87%	(76,090)	11,489,261	96.23%
2013	2012	12,393,762	12,006,864	96.88%	(173,168)	11,833,696	95.48%
2014	2013	12,559,428	12,374,321	98.53%	11,319	12,385,640	98.62%
2015	2014	12,546,303	12,294,644	97.99%	(170,334)	12,124,310	96.64%
2016	2015	13,160,870	12,938,003	98.31%	(167,112)	12,770,891	97.04%
2017	2016	13,791,764	13,049,529	94.62%	-	13,049,529	94.62%

Data Source: Office of the Cook County Clerk

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Taxable Sales by Category - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Fiscal Year	2008	2009	2010	2011
General Merchandise	\$ 59,529,361	60,495,368	39,328,192	28,167,711
Food	11,690,306	11,157,166	9,916,455	9,785,079
Drinking and Eating Places	48,805,003	44,742,470	42,917,114	43,795,249
Apparel	2,521,712	2,522,896	2,443,133	11,089,518
Furniture and H.H. and Radio	7,372,794	6,164,965	5,862,267	6,649,299
Lumber, Building, Hardware	2,697,156	1,205,151	1,186,241	794,665
Automobile and Filling Stations	46,737,476	45,088,883	52,407,264	64,965,950
Drugs and Misc. Retail	13,493,447	12,878,726	12,343,741	12,821,333
Agriculture and All Others	30,093,783	20,523,263	23,267,418	24,719,294
Manufacturers	9,521,908	6,873,845	6,851,196	2,831,417
Totals	232,462,946	211,652,733	196,523,021	205,619,515
Local Sales Tax Rate	2.00%	2.00%	2.00%	2.00%
Total Sales Tax Rate	10.00%	10.00%	9.50%	9.25%

Data Source: Illinois Department of Revenue

2012	2013	2014	2015	2016	2017
37,623,908	36,328,755	60,335,714	59,296,321	49,435,476	48,619,619
9,011,588	8,723,269	9,890,112	9,118,952	7,470,631	6,956,669
51,400,943	49,940,617	50,610,022	55,103,777	48,756,038	53,287,474
1,610,968	1,088,969	346,145	46,913	60,881	120,495
8,020,244	8,972,718	9,640,245	8,940,544	4,877,923	5,903,590
710,119	1,128,473	1,374,305	2,535,015	2,113,695	1,935,699
66,092,838	67,697,225	39,460,442	41,794,477	32,872,344	28,853,418
14,548,096	16,448,533	17,298,321	18,327,253	15,052,532	14,440,187
21,716,579	20,689,436	31,126,523	37,164,473	40,386,830	36,091,630
5,460,129	12,305,693	23,661,044	11,994,220	28,418,044	27,078,622
216,195,412	223,323,688	243,742,873	244,321,945	229,444,394	223,287,403
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
9.00%	9.00%	9.00%	9.00%	10.00%	10.00%

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

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Fiscal Year	State Sales Tax	Local Sales Tax to City	Home Rule Sales Tax to City	Mass Transit Portion	Cook County Portion	Total Sales Tax Rate
2008	5.25%	1.00%	1.00%	1.00%	1.75%	10.00%
2009	5.25%	1.00%	1.00%	1.00%	1.75%	10.00%
2010	5.25%	1.00%	1.00%	1.00%	1.25%	9.50%
2011	5.25%	1.00%	1.00%	1.00%	1.00%	9.25%
2012	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2013	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2014	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2015	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2016	6.25%	1.00%	1.00%	1.00%	0.75%	10.00%
2017	6.25%	1.00%	1.00%	1.00%	0.75%	10.00%

Data Source: Illinois Department of Revenue

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Local Tax Revenues - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

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Fiscal Year	State Sales Tax	Home Rule Sales Tax	Telecom Tax	Electric Utility Tax (A)	Food & Beverage	Hotel Tax	Real Estate Transfer Tax
2008	\$ 3,347,289	\$ 2,265,611	\$ 2,038,337	\$ N/A	\$ 1,293,970	\$ 451,898	\$ 269,663
2009	3,062,136	2,053,624	2,075,334	1,301,016	1,221,391	288,634	191,259
2010	2,768,676	1,957,345	1,846,728	1,310,453	1,216,961	289,076	174,819
2011	2,871,640	2,058,935	1,936,227	1,295,918	1,212,122	333,374	153,688
2012	2,978,856	2,148,633	1,845,387	1,298,887	1,176,218	389,212	239,865
2013	3,075,929	2,211,223	1,705,124	1,314,755	1,166,430	399,218	638,306
2014	3,318,967	2,406,705	1,489,622	1,318,396	1,219,330	466,914	433,172
2015	3,354,233	2,342,533	1,691,483	1,291,072	1,286,438	476,594	505,464
2016	3,665,593	2,667,060	1,405,592	1,285,380	1,337,145	459,967	599,679
2017	3,563,795	2,646,872	1,317,282	1,241,455	1,322,223	437,536	587,918

Data Source: Audited Financial Statements

N/A - Not Available

Notes:

(A) Electric Utility Tax was implemented in 2009.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Lease	General Obligation Bonds	IEPA Loans			
2008	\$ 22,404,048	\$ 556,387	\$ 3,310,952	\$ -	\$ 26,271,387	6.08%	\$ 1,143
2009	20,721,298	471,887	3,053,702	-	24,246,887	5.70%	1,068
2010	18,968,838	390,505	2,786,162	-	22,145,505	6.12%	900
2011	17,131,668	284,713	2,508,332	-	19,924,713	4.74%	922
2012	15,474,788	234,172	2,230,212	1,029,074	18,968,246	4.34%	787
2013	13,348,198	191,232	1,896,802	2,434,046	17,870,278	3.89%	742
2014	11,181,898	-	1,558,102	2,586,404	15,326,404	3.18%	636
2015	8,951,068	-	1,218,932	2,480,774	12,650,774	2.61%	525
2016	6,675,348	-	859,652	2,368,030	9,903,030	1.92%	401
2017	4,315,000	-	490,000	2,252,899	7,057,899	1.33%	286

Data Source: Audited Financial Statements

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

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Fiscal Year	General Obligation Bonds	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2008	\$ 25,715,000	2.86%	\$ 1,045
2009	23,775,000	2.06%	966
2010	21,755,000	1.90%	903
2011	19,640,000	1.96%	815
2012	17,705,000	1.95%	735
2013	15,245,000	1.82%	633
2014	12,740,000	1.76%	529
2015	10,170,000	1.39%	422
2016	7,535,000	1.07%	305
2017	4,805,000	0.61%	195

Data Source: Audited Financial Statements

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Schedule of Direct and Overlapping Governmental Activities Debt  
December 31, 2017 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to City (1)	City's Share of Debt
City Direct Debt	\$ 4,805,000	100.00%	\$ 4,805,000
Overlapping Debt			
County of Cook	3,393,485,561	0.59%	20,021,565
Cook County Forest Preserve	174,665,299	0.59%	1,030,525
Metropolitan Water Reclamation District	3,122,672,000	0.60%	18,736,032
Arlington Heights Park District	12,390,000	0.18%	22,302
Palatine Park District	16,134,534	5.97%	963,232
Rolling Meadows Park District	2,184,000	89.27%	1,949,657
Schaumburg Park District	11,193,193	0.20%	22,386
Community Consolidated School District No. 15	51,749,809	20.79%	10,758,785
Community Consolidated School District No. 59	15,235,000	1.76%	268,136
Township High School District 211	3,020,000	4.34%	131,068
Township High School District 214	39,490,000	5.96%	2,353,604
Harper College Comm College District No. 512	155,687,252	6.45%	10,041,828
Total Overlapping Debt	6,997,906,648		66,299,120
Total Direct and Overlapping Debt	7,002,711,648		71,104,120

Data Source: Cook County Treasurer's Office

(1) Determined by ratio of assessed valuation of property subject to taxation in the City to valuation of property subject to taxation in overlapping unit.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Schedule of Legal Debt Margin  
December 31, 2017 (Unaudited)**

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The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois constitution governs computation of legal debt margin.

The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by some 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...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.

To date the General Assembly has set no limits for home rule municipalities.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Demographic and Economic Statistics - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Fiscal Year	(1) Population	(4) Personal Income (in Thousands)	(1) Per Capita Personal Income	(5) Median Age	(1) *Percent High School Graduate or Higher %	(2) School Enrollment	(3) Unemployment Rate	(4) Bachelor's Degree or Better Education Level	(1) Median Household Income	(1) Median House Value
2008	24,604	\$ 431,795	\$ 26,178	34.4	N/A	4,818	5.10%	N/A	N/A	N/A
2009	24,604	425,178	26,178	34.4	N/A	4,167	10.00%	N/A	N/A	N/A
2010	24,099	361,800	26,178	34.4	N/A	4,392	10.10%	N/A	N/A	N/A
2011	24,099	420,051	30,678	34.2	N/A	5,196	9.90%	N/A	N/A	N/A
2012	24,099	436,998	30,678	37.5	86.3	5,032	8.90%	N/A	N/A	N/A
2013	24,099	459,981	30,919	35.3	85.4	5,703	9.20%	N/A	N/A	N/A
2014	24,099	482,206	28,813	37.0	84.9	5,646	6.40%	N/A	N/A	N/A
2015	24,099	484,322	29,331	36.6	85.6	5,258	6.70%	N/A	N/A	N/A
2016	24,667	514,662	32,238	37.2	85.4	5,513	5.90%	N/A	N/A	N/A
2017	24,639	529,121	33,722	37.7	87.0	5,486	5.00%	36.00%	65,965	248,361

Data source

(1) Illinois Hometown Locator - Data as of 07/01/17; (2) U.S. Bureau of Economic Analysis/Metropolitan Area; (3) U.S. Census Factfinder; (4) City-data.com; (5) Data provided by School District Administrative Offices; (6) Illinois Dept of Employment Security, Economic Information and Analysis/ides.illinois.gov(LAUS) Metro Areas

\* For year 2016, category was changed from "Education Level in Years of Schooling" due to lack of data available.

N/A - Not Available

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago  
December 31, 2017 (Unaudited)**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Defense Systems	2,300	1	9.40%	2,300	1	10.00%
Arthur J Gallagher	2,000	2	8.20%			
Verizon Wireless	900	3	3.70%			
Cennate	750	4	3.10%			
Capital One	600	5	2.50%			
Career Builder Employment						
Screening/Aurico Reports LLC	500	6	2.10%	310	5	1.30%
Komatsu	350	7	1.40%	200	10	0.90%
RTC	300	8	1.20%			
Meijer	300	9	1.20%	295	7	1.30%
A.H. Management Group	275	10	1.10%	315	4	1.40%
Harris Bank				365	2	1.60%
Riverside Publishing				335	3	1.50%
Panasonic				300	6	1.30%
City of Rolling Meadows				233	8	1.00%
Wal-Mart				220	9	1.00%
	<u>8,275</u>		<u>33.90%</u>	<u>4,873</u>		<u>21.30%</u>

Data source

Rolling Meadows Chamber of Commerce-Top Rolling Meadows Employers  
April 2018 data

2017 No updated data available from US Census Bureau  
Illinois.hometownlocator.com-Daytime Population-workers 20310

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Function/Program	2008	2009	2010
<b>Full-Time</b>			
General Government			
Management	8	7	7
Finance	8	6	4
Community Development	9	8	8
Public Safety			
Police			
Officers	56	52	51
Civilians	27	13	9
Fire			
Firefighters and Officers	49	42	44
Civilians	2	-	-
Public Works			
Administration	5	4	4
Engineering/Inspections	3	2	2
Streets and Grounds	14	16	16
Utilities and Garage	20	16	15
<b>Part-Time</b>			
General Government			
Management	-	1	1
Finance	2	3	3
Community Development	2	1	1
Public Safety			
Police	25	7	9
Fire	1	1	1
Public Works			
Streets and Grounds	2	1	-
Utilities	1	2	3

Data Source: City Human Resources and Budget Departments

2011	2012	2013	2014	2015	2016	2017
6	7	7	6	8	8	9
4	4	4	4	5	5	5
8	8	8	7	9	8	7
48	49	49	49	49	50	50
8	8	9	8	6	7	7
44	43	43	44	44	42	44
-	1	1	1	1	1	1
4	4	4	5	5	5	5
1	-	-	-	-	-	-
15	14	15	14	14	15	14
15	15	16	17	14	17	17
2	2	2	1	1	1	-
3	3	3	3	3	3	3
1	1	1	2	-	-	-
12	12	10	13	14	13	13
-	-	-	-	-	-	-
-	-	-	-	2	1	1
4	2	-	-	1	2	3

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Function/Program	2008	2009	2010
Public Safety			
Police			
Physical Arrests	921	510	456
Parking Violations	4,795	3,066	3,469
Traffic Violations	5,364	5,906	5,947
Fire			
Emergency Responses	2,282	2,204	3,599
Fire Calls	1,148	1,093	1,097
Fires Extinguished	N/A	N/A	42
Public Works			
Street Resurfacing (Miles)	0.95	-	1.60
Snow and Ice Control (Tons of Salt)	3,000	1,476	1,668
Water			
Number of Water Main Repairs	53	51	58
Water Average Daily Consumption (Thousands of Gallons)	2,616	2,692	2,300
Refuse Collection			
Refuse Collected (Tons per Day)	22	27	19
Recyclables Collected (Tons per Day)	10	10	9

Data Source: Various City Departments

N/A - Not Available

Prior to 2010, fire calls included false alarms, unfunded reports, investigations, and actual fires extinguished.

2011	2012	2013	2014	2015	2016	2017
921	812	861	871	678	692	513
6,165	6,198	6,494	4,983	2,281	2,220	2,152
4,665	3,591	3,688	3,069	3,999	4,241	2,145
3,487	3,507	3,589	3,535	3,787	3,991	3,955
1,196	1,070	1,181	1,280	1,096	1,141	1,114
41	53	54	54	42	43	52
1.36	0.07	0.75	0.91	1.00	1.52	1.57
678	1,301	2,078	1,420	1,408	952	673
54	61	69	52	66	46	66
1,871	2,173	2,037	2,006	1,944	1,928	1,946
19	18	10	18	19	20	19
10	9	11	9	9	9	9

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Function/Program	2008	2009	2010
<b>Public Safety</b>			
<b>Police</b>			
Stations	1	1	1
Patrol Units	15	15	15
<b>Fire</b>			
Fire Stations	2	2	2
Fire Engines	5	5	5
<b>Public Works</b>			
Streets (Miles)	61.71	61.71	61.71
Streetlights	257	257	260
Traffic Signals	45	49	49
<b>Water</b>			
Water Mains (Miles)	88.21	88.40	89.92
Fire Hydrants	1,395	1,395	1,353
Storage Capacity (Millions of Gallons)	5.50	5.50	5.50
<b>Wastewater</b>			
Sanitary Sewer (Miles)	77.94	77.94	82.00
Lift Stations	3	3	3
Storm Sewers (Miles)	60	60	61

Data Source: Various City Departments

2011	2012	2013	2014	2015	2016	2017
1	1	1	1	1	1	1
15	15	15	15	15	15	15
2	2	2	2	2	2	2
5	4	4	4	4	4	4
61.71	61.71	61.71	61.71	61.71	61.71	61.91
260	260	260	350	350	350	350
49	49	49	49	49	49	49
90.12	90.12	90.12	90.40	91.25	91.58	91.71
1,356	1,356	1,356	1,364	1,373	1,463	1,465
5.50	5.50	5.50	5.50	5.55	5.55	5.50
82.00	82.00	82.00	82.00	93.30	93.60	93.61
3	3	3	3	3	3	3
61	61	61	61	61	126	126

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Water Sold by Type of Customer - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

Type of Customer	2008	2009	2010
Industrial	40,803	34,102	44,149
Residential/Multi-Family	547,625	529,064	520,636
Commercial	189,405	171,698	166,978
School/Government	26,450	26,712	26,343
Totals	804,283	761,576	758,106
Water Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 4.96	\$ 5.83	\$ 5.83
Water Rate per 1,000 Gallons in Excess of 15,000 Gallons	\$ 5.79	\$ 6.81	\$ 7.43
Sewer Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 1.64	\$ 1.92	\$ 2.10
Sewer Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 1.91	\$ 2.25	\$ 2.45

Notes:

City of Rolling Meadows Current Utility Rates for Water and Sewer services may be found on the City's website at [www.cityrm.org](http://www.cityrm.org)

Data Source: City of Rolling Meadows Water Department Pumpage Report

2011	2012	2013	2014	2015	2016	2017
37,534	40,863	35,689	35,452	33,139	33,735	34,014
495,298	516,757	472,037	460,017	451,679	453,485	456,871
155,393	158,171	144,366	145,063	138,671	142,611	153,385
25,827	27,718	25,511	24,316	29,674	24,227	27,312
714,052	743,509	677,603	664,848	653,163	654,058	671,582

\$ 6.35	\$ 7.40	\$ 8.11	\$ 8.76	\$ 9.42	\$ 10.08	\$ 11.55
\$ 7.43	\$ 8.60	\$ 9.37	\$ 10.12	\$ 10.78	\$ 11.53	\$ 13.20
\$ 2.10	\$ 2.50	\$ 2.63	\$ 2.84	\$ 2.98	\$ 3.13	\$ 3.45
\$ 2.45	\$ 2.95	\$ 3.10	\$ 3.35	\$ 3.52	\$ 3.70	\$ 4.08

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Continuing Bond Disclosures  
December 31, 2017 (Unaudited)**

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**City of Rolling Meadows, Cook County, Illinois  
2017 Continuing Bond Disclosures Relating to the Following Bonds:**

\$9,690,000 General Obligation Refunding Bonds of 2012

**For further information please contact:**

City of Rolling Meadows  
3600 Kirchoff Road  
Rolling Meadows, Illinois 60008

Telephone Number: (847) 394-8500  
Fax Number: (847) 394-8710

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Continuing Bond Disclosures - Continued  
December 31, 2017 (Unaudited)**

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**Certain Information Regarding the City**

**General**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2016. The City has received the award to each of the last 31 years. According to the GFOA, this award represents a significant accomplishment for a government and its management and is the highest form of recognition in the field of governmental reporting.

**Budgetary Data**

There is no updated information to report.

**Cash Management**

There is no updated information to report.

**Property Taxes**

Information regarding property tax levies, collections, and valuations for the City can be found in the statistical section on pages 141- 142 and 150 of these audited financial statements.

**Tax Rates**

Information regarding updated property tax rates for the City can be found in the statistical section on pages 143 - 147 of these audited financial statements.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Continuing Bond Disclosures - Continued  
December 31, 2017 (Unaudited)**

**Debt Statement**

Issue Date	Bond Issue	Principal Outstanding	Supported by
05/08/2012	General Obligation Refunding Bonds of 2012	<u>\$ 4,805,000</u>	Proprietary

The City's overlapping and underlying bonded debt is updated as of December 31, 2017, and can be found on pages 155 - 157 of the audited financial statements.

The City's debt ratios are updated using the 2016 equalized assessed valuation and the 2016 estimated full value of taxable property.

Estimated Full Value of Taxable Property - 2016	\$ 2,380,210,605
Equalized Assessed Valuation - 2016	793,403,535

	Gross Direct Debt	Gross Direct Debt and Overlapping Debt
Per Capita	\$ 199.39	\$ 2,885.84
Percent of Estimated Full Value	0.202%	2.987%
Percent of Equalized Assessed Value	0.606%	8.962%

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Continuing Bond Disclosures - Continued  
December 31, 2017 (Unaudited)**

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**Debt Maturity Schedule**

The following schedule sets forth the maturity schedule for all general obligation bonded debt of the City:

Fiscal Year	Annual Requirement	Cumulative Retirement	
		Amount	Percent
2018	\$ 1,215,000	\$ 1,215,000	25.29%
2019	760,000	1,975,000	41.10%
2020	805,000	2,780,000	57.86%
2021	635,000	3,415,000	71.07%
2022	675,000	4,090,000	85.12%
2023	715,000	4,805,000	100.00%

**Future Debt**

There is no updated information to report.

**Pension and Retirement Fund Commitments**

Updated annual financial information is contained in the audited financial statements of the City on pages 60 through 78.