

CITY OF ROLLING MEADOWS

3600 Kirchoff Road, Rolling Meadows, IL. 60008

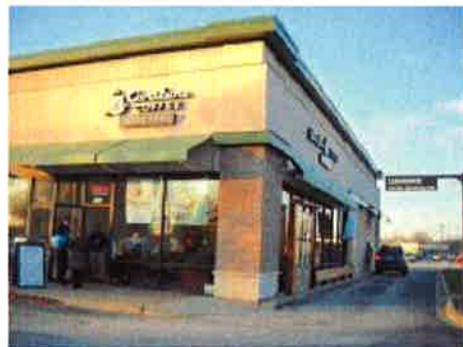
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2011

Comprehensive Annual Financial Report

For the Fiscal Year Ending December 31, 2011



CITY OF ROLLING MEADOWS, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

Prepared by 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
- Organization Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Officials
December 31, 2011**

LEGISLATIVE

Mayor: Tom Rooney

Deputy City Clerk: Ginny Cotugno

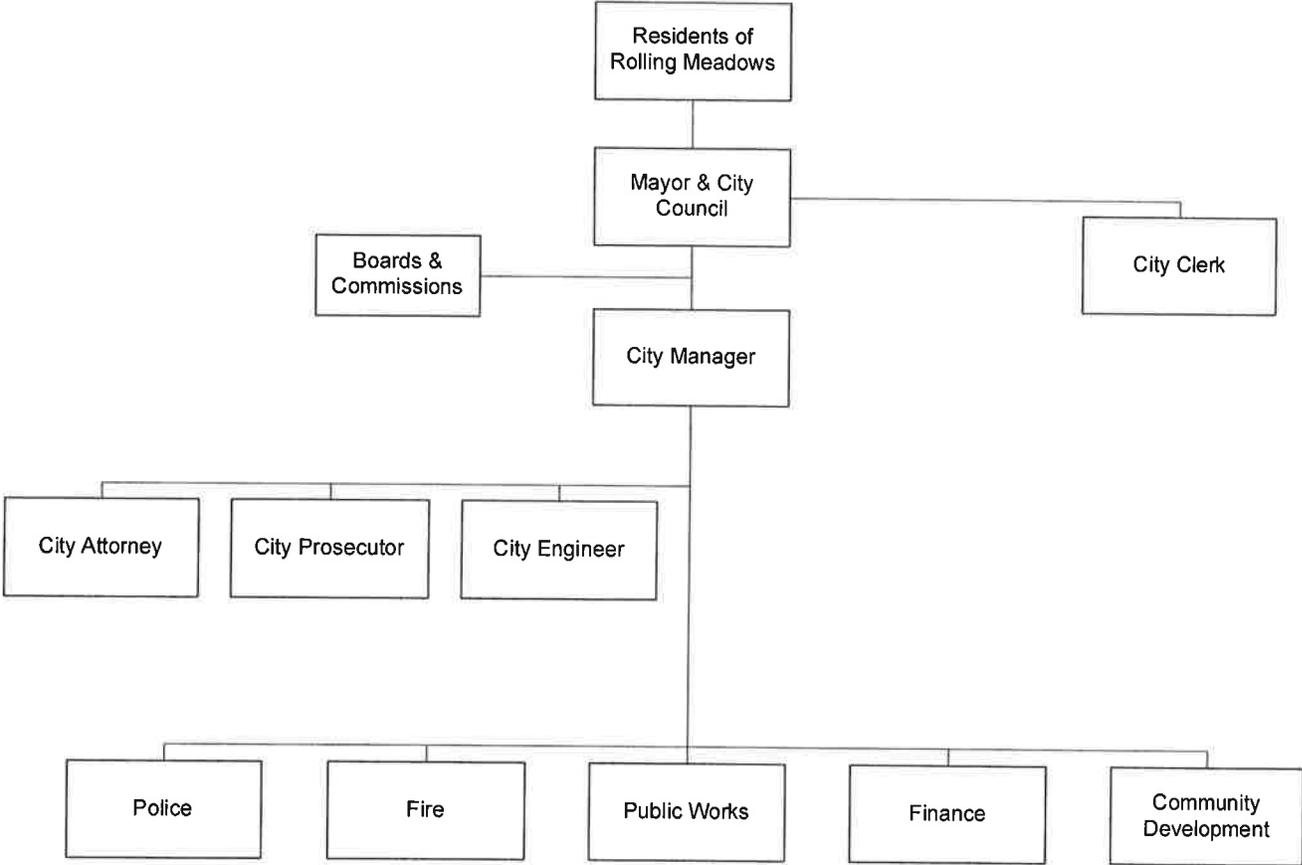
Ward 1:	Mike Cannon, Alderman
Ward 2:	Jim Allen, Alderman
Ward 3:	Larry Buske, Alderman
Ward 4:	Brad Judd, Alderman
Ward 5:	Rob Banger, Jr., Alderman
Ward 6:	John D’Astice, Alderman
Ward 7:	James Larsen, Alderman

ADMINISTRATIVE

City Manager:	Barry Krumstok
Assistant Finance Director:	Melissa Gallagher
Public Works Director:	Fred Vogt
Police Chief:	David Scanlan
Fire Chief:	Ronald Stewart
Community Development Director:	Valerie Dehner

City of Rolling Meadows

Organizational Chart





"PROGRESS THRU PARTICIPATION"

April 12, 2012

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, 2011, 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, 2011, the licensed certified public accounting firm of Lauterbach & Amen, LLP, has issued an unqualified ("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 (discretely presented component unit). Component units are autonomous entities for which the primary government is financially accountable.

Generally accepted accounting principles 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. 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 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 154 full-time, and 26 part-time persons working in public safety, public works, planning and zoning, community development, economic development, 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 Joint Action Water Agency (JAWA), which provides water from Lake Michigan through Chicago. The City also maintains a few deep water wells and reserves. 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 Rolling Meadows Library is operated under an appointed board, which is separate from the City Council. Library Board positions are appointed by the City's Mayor 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.

MAJOR INITIATIVES - ECONOMIC DEVELOPMENT

The City, located in the northwest Chicago suburbs, actively encourages economic development to maintain and expand its property and sales tax bases and to ultimately diversify its revenue bases. The City's economic development activities are focused on the following efforts:

- Retention, redevelopment and expansion of existing 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.

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 2006, the Economic Development Committee has heard and recommended approval for six 6B Cook County Incentive Programs which has resulted in multi-million dollar rehabilitation/renovation of the buildings, reoccupation of nearly 250,000 square feet of industrial space in Rolling Meadows and more than 300 new employees.

- **3121 Tollview, Goodman Distribution** – 22,644 sq. ft. building and 6 employees – company headquartered in Houston, TX – warehousing and distribution of HVAC units and parts for the industrial, commercial and residential markets.
- **3100 Tollview, occupied by NSORO** – 31,720 sq. ft. building and 25 employees – light assembly, warehousing and distribution of parts for cellular towers and related apparatus.
- **5655 Meadowbrook Dr., sortimat Technology** – 52,042 sq. ft. building and 100 employees – Rolling Meadows site will serve as North American headquarters for sortimat which is a leading provider of assembly systems for the medical and pharmaceutical industries and producer of feeder solutions for engineering companies.
- **3640 Edison Place, LC Mold** – 23,750 sq. ft. building and 45 employees – provides design, mold, prototyping, programming for high quality mold making, warehousing and distribution of its finished products.
- **3200 Squibb Dr., JC Restoration** – 82,000 sq. ft. building and 70 employees - Disaster recovery operation and industrial company that stores, cleans, refurbishes and remanufactures products that have been damaged due to fire, water, storm, mold and more.
- **5650 Meadowbrook – US Waterproofing and Construction** – 36,000 sq. ft. building and 80 employees.

After review by the Economic Development Committee, in December 2011, the City Council approved an **Economic Incentive Program** to promote Economic Development in the City of Rolling Meadows and increase sales tax. Based on the certain parameters, the program rebates part of the real estate transfer tax if vacant commercial space is reoccupied. The goal is to incent current businesses to expand or fill vacancies and attract new business to the City.

Golf Road Corridor – The City's Corporate Park North and South zones are large and highly visible. Commonly known as the Golf Road Corridor, the area is a very, accessible mixed-use development area that border Route 53 and I-90.

Redevelopment Relating to Tax Increment Financing Districts

- **TIF District No. 1 - Downtown Rolling Meadows (created 1988)** – In 2010, the City contracted to have a market analysis prepared for the downtown area which would identify the types of uses and housing that could be supported by the market area. The market analysis has been a very useful marketing tool and was instrumental in aligning the City with its next phase for redevelopment of the downtown area.

TIF District No. 1 is an 11-acre parcel dominated by a vacant 130,000 square foot vacant neighborhood shopping center in the heart of the City's downtown area. The City is currently working with Clark Street Development of Chicago who holds the bank note on the property and has plans for redevelopment. TIF monies have been obligated for possible environmental clean-up and/or rehabilitation of the site. With the 2010 market analysis in-hand, the Clark Street Development Company has reached out to potential users who have expressed interest in the site. This TIF District expires on December 31, 2012.

- **TIF District No. 2 - Riverwalk Condominiums and Retail Space (created 2002)** – 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. As market conditions improve, the land may be sold or redeveloped in the future.
- **TIF District No. 3 – Route 53 / Algonquin Road (created 2004)** – 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 City is anticipating on making future infrastructure improvements in this area to supplement the improvements that are already being made. The close proximity to Woodfield Mall and the Renaissance Hotel and Convention Center in Schaumburg make this an attractive development parcel.

Collaboration Initiatives

- **Golf Road Transit and Pedestrian Mobility Study** - The Golf Road Corridor between Route 53 on the west and the corporate limits on the east is the City's major corporate and retail center. In response to comments from existing companies in this area as to how difficult it is for these companies to attract bright new employees from the City of Chicago, the City of Rolling Meadows applied for and was awarded an RTA Planning grant for \$80,000 in June 2010. The City is working closely with the businesses in this corridor as well as the RTA, PACE, IDOT and Metra to identify and rectify those conditions that are hindering people traveling to and from the Golf Road corridor using transportation other than the automobile. In addition, the City created a fund to build savings for the future Metra STAR line and currently has approximately \$400,000 in reserve for that specific use.
- **Northwest Suburban Housing Collaborative** – For several years, representatives from the Villages of Arlington Heights, Mt. Prospect, Palatine, Buffalo Grove and the City of Rolling Meadows met informally to discuss common housing related issues in the area. In 2011, the five municipalities entered into an Intergovernmental Agreement and formed the Northwest Suburban Housing Collaborative. The Collaborative is addressing the issues of 1) condominium foreclosures; 2) multi-family rental housing preservation; and 3) vacant and abandoned properties.

Other Economic Development Activities

Recognizing the need for to promote the City of Rolling Meadows as a place to do business, the City updated its website to provide economic development resources, maps and videos for companies seeking a location in the City and to offer research and information. The City uses its bi-monthly newsletter as a means to promote new businesses opening in the City. At its City Council Meeting, the City highlights new businesses opening and provides that information to the media. The City partners with organizations such as the Woodfield Chicago Northwest Convention Bureau and the Rolling Meadows of Chamber of Commerce to foster communication and marketing for businesses.

MAJOR INITIATIVES - INFRASTRUCTURE IMPROVEMENTS & GRANT FUNDING

New Wilke Road: The state-funded \$1.4 million project reconstructed the area of New Wilke Road, between Golf and Algonquin Road. New Wilke Road is a vital part of the City's infrastructure because of its proximity to retailers, major employers and two major highways.

Frontage Road Bridge Rehabilitation: The final phase of \$3.6 million in federally funded projects renovated the Frontage Roads along Route 53 and focused on two bridges that span a section of Salt Creek.

2011 Street Program: The City spent more than \$600,000 for its annual City street, sidewalk and curb replacement program to repair and improve its City's infrastructure.

Algonquin Road Street Lighting: Improvements to lighting along the Algonquin Road corridor began in 2011 which are federally reimbursable expenses. This project is projected to be completed in 2012.

Narrow Banding Grant: The City was awarded \$11,640 from the Department of Homeland Security to purchase narrow banding radios for public safety.

FEMA Snow Expenses Reimbursement: The City was awarded \$41,947, by the Federal Emergency Management Agency, as a partial reimbursement for the February 2011 blizzard storm event.

FEMA Assistance to Firefighters Grant: The City was awarded \$88,564, by the Federal Emergency Management Agency, to purchase cardiac monitors/defibrillators.

LOCAL ECONOMY

The local economy is still in a slow recovery. Housing values have lowered and the housing market is somewhat impacted with pre-foreclosure and foreclosure issues. The City has taken proactive steps to minimize the impact of property maintenance issues from vacant properties. In 2011, the City implemented a late filing fee for real estate property tax transfers if the foreclosed property does not purchase City real estate transfer stamps in a period of thirty-one days. This filing assists the City with locating who the owner of record is on file and curbs property maintenance issues. The City also maintains a foreclosed and vacant property listing.

The Golf Road Corridor is a core area in the City for sales tax. City-wide, in 2011, there was a slight increase of 4.3% over the previous year in sales tax by \$204,553. In 2011, the City celebrated a re-opening of Caribou Coffee at its new location on Golf Road. Two popular restaurant chains have opened their doors – Noodles & Company and Five Guys. These are the latest examples of respected companies that are drawn to the City because of its business-friendly environment and high-profile business corridor.

In its downtown area, as mentioned, the City is moving ahead with guarded optimism for the redevelopment of the Kirchoff / Meadow area. In 2011, Chase Bank moved its Rolling Meadows location on Kirchoff Road to a large, out lot building on that same stretch of road in the downtown area. Retail and restaurant expansion is the focus city-wide in 2012 and beyond.

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 2011:

- Seeking to reduce expenditures, the City offered a voluntary separation incentive (VSI) program in FY 2011 to full-time staff with at least eight years of employment. Sixteen employees accepted the VSI in exchange for a one-time payment of \$20,000. The VSI program provides the opportunity to hire new employees at lower pay scales and revisit staffing plans.
- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- Posted on the City's website employees' salary and benefit data, as a continued transparency initiative.
- Staff and the City Council discussed long-range financial planning in 2011 during its budget discussions. One of the goals discussed was reviewing the City's outstanding debt. In 2012, the City will be refunding 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.)
- Met informally with two aldermen on a semi-monthly basis to review monthly financial items.
- Developed a written credit card / purchasing card policy and procedure manual for employees.
- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of capital assets.

- Prepared a five-year capital plan with a three-year financial forecast which outlines management's intentions regarding fixed 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.
- 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 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 Firefighters' and Police Pension Funds are funded through an annual property tax levy, employee contributions and investment earnings. In previous years an independent actuary would advise the City on the amount of the property tax levy necessary to meet the funding requirements of the pension, with an amortization period for the unfunded liability ending in 2033. However, starting in 2010 the City based its pension funds property tax levy amounts on the actuarial required contribution recommendation of the Illinois Department of Insurance. (If one is provided to the City in a timely manner.) This was agreed upon in the fall of 2009, by an ad hoc committee consisting of representatives from the City and the pension funds.

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' maintained the prudent approach to continue funding at the 2033 mark with a funding target of 100%.

Firefighters contribute 9.455% of their annual base salary, and police officers contribute 9.91% of their annual base salary. Sworn firefighters and police officers 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 notes to the financial statement provide more information pertaining to employee pensions.

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, 2010. This was the twenty-fifth 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.

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 and all other members of this Department and all City Departments who assisted and contributed to the preparation of this report.

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,



Barry Krumstok
City Manager

Certificate of Achievement 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Egan

Executive Director

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

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

April 12, 2012

The Honorable 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, 2011, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Rolling Meadows, Illinois' management. 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 (discretely presented component unit), which represents 100% of the assets, net assets and revenues of the district presented component units of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rolling Meadows Public Library, is based 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a 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 and the other auditors 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.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Rolling Meadows, Illinois' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Rolling Meadows, Illinois
Management's Discussion and Analysis
December 31, 2011

The City of Rolling Meadows' Management's Discussion and Analysis (MD&A) is designed to provide readers a narrative overview and analysis of the City's financial statements for the year ending December 31, 2011. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Transmittal Letter (beginning on page iii) and the City's financial statements (beginning on page 3).

Financial Highlights

The following are a few highlights to be discussed in greater detail in this Management's Discussion and Analysis and within the 2011 Comprehensive Annual Financial Report:

- **Net Asset Position and Performance in Total:** The City's total net assets at December 31, 2011 were \$118,414,505, an increase of \$2,676,389 or 2.3% from FY 2010. As of the close of the current fiscal year, the City of Rolling Meadows' governmental funds reported combined ending fund balances of \$3,480,732, a decrease of \$906,079 from the previous fiscal year.
- **Governmental Activity Summary:** Net assets for governmental activities ended at \$107,023,146, an increase of \$1,466,371 (more to be discussed in the MD&A).
- **Business-Type Activity Summary:** Net assets for business-type activities ended at \$11,391,359, an increase of \$1,210,018 (more to be discussed in the MD&A).
- **General Fund Summary:** The City's General Fund reported an increase of \$2,090,525 in fund balance for the year. The ending fund balance at December 31, 2011 for the General Fund was a positive \$1,852,801.

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 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 I) 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 I

Description	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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 assets 2. Statement of activities	1. Balance sheet 2. Statement of revenues, expenditures and changes in fund balance	1. Statement of net assets 2. Statement of revenues, expenses, and changes in net assets 3. Statement of cash flows	1. Statement of fiduciary net assets 2. Statement of changes in fiduciary net assets.
Accounting Basis	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resource	Current Financial resources	Economic resource	Economic resource
Type of asset & liability information	All assets and liabilities; both financial and capital short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities; both financial and capital short and long-term	All assets and liabilities, 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.

Governmental Funds include:

Major Funds: General Fund, Motor Fuel Tax Fund and Debt Service Fund; and **Non-Major Funds:** 911 Emergency Fund, Foreign Fire Tax Fund, Asset Seizure Fund, Local Road Fund, Transit Development Fund, TIF #1 Kirchoff/Meadow Fund, TIF #2 Kirchoff/Owl Fund, TIF #3 Woodfield, and Plum Grove Road Fund.

Proprietary Funds include:

Enterprise Funds: Utilities Fund and Refuse Fund; and **Internal Service Funds:** Municipal Garage Fund, Vehicle Replacement Fund, Buildings and Land Fund, Liability Insurance Fund, and Health Insurance Fund.

Fiduciary Funds include:

Pension Trust Funds: Police Pension Fund and Firefighters’ Pension Fund; and **Agency Fund:** Compliance Deposit Fund.

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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. All changes in net assets 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, 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 City of Rolling Meadows 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 3 through 6 of this CAFR.

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.

The City of Rolling Meadows maintains fourteen 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, Motor Fuel Tax Fund and the Debt Service Fund, of which these three are considered to be major funds. Data from the other eleven 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 7 through 10 of this CAFR.

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 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 vehicle replacement and garage funds account for its fleet of vehicles, the building and land fund to account for building maintenance and improvements, the health insurance fund for health insurance premiums (including retirees), and the liability insurance fund 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 and 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 11 through 13 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 14 and 15 of this CAFR.

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 16 through 65 of this CAFR.

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, as well as budgetary comparison schedules for the General and Motor Fuel Tax Funds. Required supplementary information may be found on pages 66 through 71 of this CAFR. 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 72 through 116 of this CAFR.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rolling Meadows, total net assets at December 31, 2011 were \$118,414,505. The following table (Table II) displays total net assets for the City for the past four years.

Table II. City of Rolling Meadows Net Assets (in thousands)

Net Assets	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Governmental Activities	\$104,990	\$105,289	\$105,557	\$107,023
Business-Type Activities	\$7,870	\$8,806	\$10,181	\$11,391
Total City Net Assets	\$112,830	\$114,095	\$115,738	\$118,414

**TABLE III. City of Rolling Meadows
Statement of Net Assets
As of December 31, 2010 and 2011
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 18.7	\$ 18.9	\$ 3.5	\$ 4.3	\$ 22.2	\$ 23.3
Capital assets	129.1	129.2	11.1	11.0	140.2	140.2
Total assets	\$ 147.8	\$ 148.2	\$ 14.6	\$ 15.3	\$ 162.4	\$ 163.5
Long-term liabilities	\$ 26.3	\$ 25.6	\$ 3.4	\$ 3.2	\$ 29.7	\$ 28.7
Other liabilities	15.9	15.6	1.0	0.7	16.9	16.3
Total liabilities	\$ 42.2	\$ 41.2	\$ 4.4	\$ 3.9	\$ 46.6	\$ 45.1
Net assets:						
Invested in capital assets, net of debt	\$ 108.4	\$ 111.7	\$ 8.1	\$ 8.4	\$ 116.5	\$ 120.2
Restricted	1.7	2.8	-	-	1.7	
Unrestricted (deficit)	(4.5)	(7.5)	2.1	2.9	(2.4)	(4.6)
Total net assets	\$ 105.6	\$ 107.0	\$ 10.2	\$ 11.4	\$ 115.7	\$ 118.4

By far the largest portion of the City of Rolling Meadows' net assets shown in the summary Table III, \$120,220,463 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to finance those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rolling Meadows' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City of Rolling Meadows' net assets (approximately \$2.8 million) represents resources that are subject to external restrictions as to how they may be used. These restrictions include \$524,945 for public safety, \$1,428,665 for the balance in the Motor Fuel Tax Fund and \$813,726 restricted balances in the Tax Increment Financing (TIF) Funds.

At the end of the current fiscal year, the City of Rolling Meadows is able to report positive net assets for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Additional information on the Statement of Net Assets may be found on page 3 and 4 of this CAFR.

Change in Net Assets

The fiscal year 2011 activities of the City of Rolling Meadows caused total net assets to increase by \$2,676,389 (both governmental and business-type activities had an increase in net assets of \$1,466,371 and \$1,210,018, respectively). The net assets as of the end of fiscal year 2011 are \$118,414,505. Key elements are as follows:

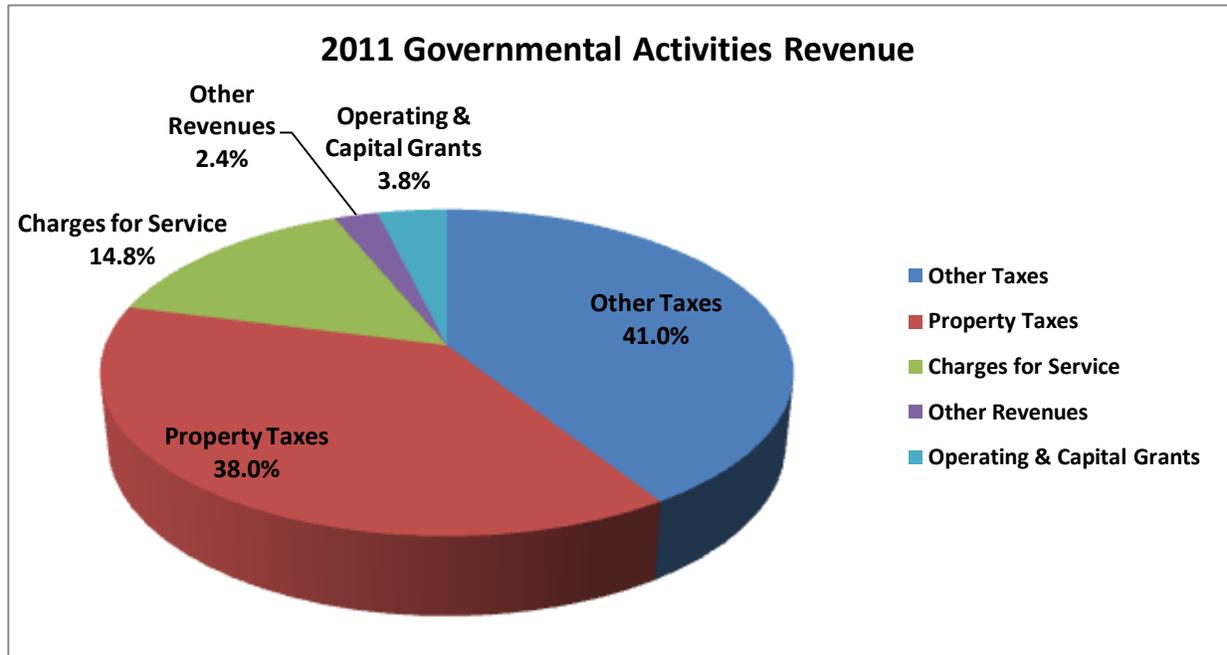
City of Rolling Meadows
Changes in Net Assets
For the Fiscal Year Ended December 31, 2010 and 2011
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Revenue						
Program revenues:						
Charges for service	\$ 4.9	\$ 4.6	\$ 10.4	\$ 10.2	\$ 15.3	\$ 14.8
Operating & capital grants	0.9	1.2	0.0	0.0	0.9	1.2
General revenue:						
Property taxes	10.5	11.8	-	-	10.5	11.8
Other taxes	12.5	12.7	-	-	12.5	12.7
Other revenues	0.5	0.7	<.1	-	0.6	0.7
Total revenue	29.3	31.1	10.5	10.2	39.8	41.4
Expenses						
Governmental activities:						
General Government	\$ 3.9	\$ 4.2	\$ -	\$ -	\$ 3.9	\$ 4.2
Public Safety	18.0	19.5	-	-	18.0	19.5
Highway & Streets	0.7	1.1	-	-	0.7	1.1
Public Works	5.7	3.9	-	-	5.7	3.9
Health & Welfare	0.0	0.0	-	-	0.0	0.0
Economic Development	0.0	0.0	-	-	0.0	0.0
Interest	0.8	0.8	-	-	0.8	0.8
Business-type:						
Water	-	-	0.0	0.0	0.0	0.0
Sewer	-	-	0.0	0.0	0.0	0.0
Refuse	-	-	2.5	2.3	2.5	2.3
Stormwater	-	-	0.0	0.0	0.0	0.0
Utilities	-	-	6.4	6.7	6.4	6.7
Total expenses	29.1	29.7	9.0	9.0	38.1	38.7
Revenues over (under) expenses	0.2	1.5	1.5	1.2	1.6	2.7
Transfers	0.1	-	(0.1)	0.0	-	-
Change in net assets	\$ 0.3	\$ 1.5	\$ 1.4	\$ 1.2	\$ 1.6	\$ 2.7

Governmental Activities

Revenues:

For the fiscal year ended December 31, 2011 revenues from governmental activities total \$31,125,509. The following table 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 comprise 41.0% of total governmental activity revenue or \$12,761,652. Property Taxes follow at 38.0% or \$11,826,132, Charges for Services at 14.8% or \$4,604,406, Operating and Capital Grants at 3.8% or \$1,183,980 and Other Revenues at 2.4% or \$749,339.

Overall, FY 2011 Budgeted Revenues were developed on a very low growth rate or zero-growth. With that conservative outlook, actual numbers came in better than budget for many revenue line items. State Sales Tax was budgeted at \$2,811,040 and came in at \$2,871,640 - \$60,600 more than budget. Home Rule Sales Tax was budgeted at \$1,948,067 and came in at \$2,058,935 - \$110,868 more than budget. Telecommunications Tax was budgeted at \$1,799,315 and came in at \$1,936,227 - \$136,912 more than budget. Hotel Tax was budgeted at \$291,347 and came in at \$333,374 - \$42,027 more than budget. Income Tax was budgeted at \$1,835,840 and came in at \$1,915,788 - \$79,948 more than budget.

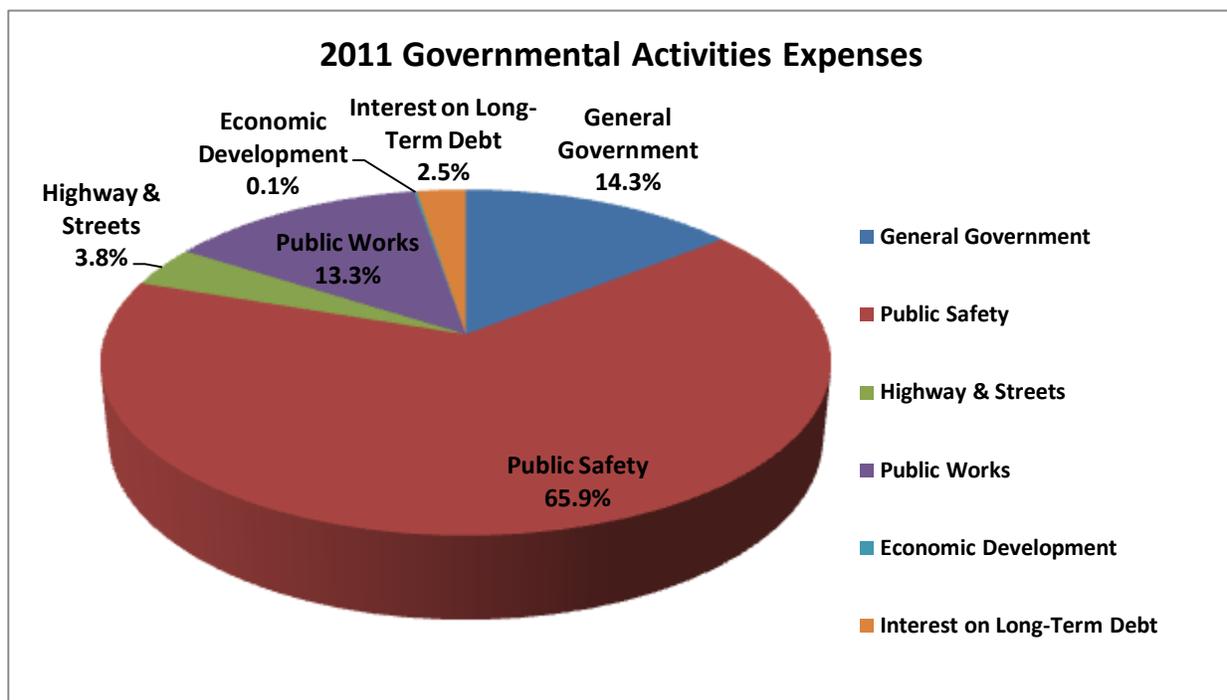
In January 2011, the City Council passed, by resolution, a request to transfer excess surplus funds from the Intergovernmental Personnel Benefit Cooperative (IPBC) and the Intergovernmental Risk Management Agency (IRMA) to the City (City excess funds held in reserve). The \$500,000 surplus in funds from IPBC was allocated by crediting the General Fund with \$100,000 and \$400,000 into the Health Insurance Fund. The \$150,000 in surplus funds from IRMA was allocated by crediting the General Fund with \$100,000 and the Liability Insurance Fund with \$50,000. As mentioned in the Transmittal Letter, with the sixteen Voluntary Separation Incentive (VSI) Program requirements, the City was proactive in ensuring that costs associated with the VSI were covered, rather than leaving the excess surplus at IPBC or IRMA.

There were some line items that came in less than budget: Electric Utility Tax came in \$21,483 under the \$1,233,605 budgeted and real estate transfer came in at \$16,312 less than the \$170,000 budgeted. These revenue streams can be explained by the fact that the local economy is impacted by the housing market.

Another note for FY 2011 – the rental income line item shows \$430,638 for the budget and \$316,835 as an actual number. This is due to the fact that the City set aside \$130,000 to comply with a contractual obligation in the event a billboard company forfeits their billboard in the next three years. This more than likely will not happen, but the City prudently is setting aside these funds as a liability if that were to occur.

Expenses:

For the fiscal year that ended December 31, 2011, expenses for governmental activities totaled \$29,659,138. The following table reflects the percentage breakdown for each of the categories of governmental activities expenses.



Typical to a municipality such as the size of the City of Rolling Meadows, public safety – police and fire operations – comprise 65.9% or \$19,535,204 of the City’s governmental activities expenses. This is followed by General Government at 14.3% or \$4,244,555, Public Works 13.3% or \$3,948,420, Highway and Streets at 3.8% or \$1,136,370, Interest on Long-Term Debt at 2.5% or \$752,459 and Economic Development at 0.1% or \$42,130.

Total expenses for governmental activities increased by 2.0% or \$578,523 from FY 2010 to FY 2011. This is primarily due to contractual obligations and infrastructure improvements as detailed in the Transmittal Letter, beginning on page iii of this CAFR.

Business-Type Activities

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. Total charges for services for these activities were \$10,241,643, which represents a decrease of \$171,367. Business-type activities increased the City of Rolling Meadows’ net assets by \$1,210,018 as compared with FY 2010.

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. At December 31, 2011 the governmental funds reported a combined fund balance of \$3,480,732.

General Fund Budgetary Highlights

	<u>Original</u> <u>Budget</u>		<u>Final</u> <u>Budget</u>		<u>Actual</u>
Revenues	\$ 24,887,640	\$	24,890,390	\$	26,033,714
Expenditures	24,647,907		24,546,312		24,254,971
Excess of Revenues Over Expenditures	239,733		344,078		1,778,743
Other Financing Sources or (Uses)	356,668		356,668		311,782
Net Change in Fund Balance	\$ 596,401	\$	700,746	\$	2,090,525
<u>Ending General Fund Balance</u>				\$	<u>1,852,801</u>

The General Fund is the City's primary operating fund and the largest source of funding for day-to-day activities of all the primary City services. Shown in the chart "General Fund Budgetary Highlights," in the chart above, are the original and final budgets, as well as the actual amounts received in 2011. The FY 2011 Budget was developed with expected revenues to exceed expenditures. In prior budgets, the **budgeted** expenditures were greater than revenues, thereby creating a structural deficit as a starting point for the year. This structural issue continues to be addressed in the FY 2012 Budget and in longer-range planning and resource allocation the City is reviewing in 2012.

At December 31, 2010, the City's General Fund actual surplus of \$486,814 increased General Fund, fund balance from a negative \$724,541 at the beginning of the year, to a negative \$237,724. This reduction in negative fund balance is directly attributable to a conscious effort by management and the City Council to address the negative fund balance position of the General Fund, by containing costs and carefully monitoring revenues.

At December 31, 2011, the City's General Fund actual surplus of the General Fund, fund balance is \$2,090,525 from a negative \$237,724 at the beginning of the year, to a positive \$1,852,801. The City of Rolling Meadows' General Fund's revenues came in better than budget by \$1,143,324. The General Fund's expenditures were under budget by \$291,341. City Management and the City Council monitored each monthly revenues and expenditures and reviewed year-end projections. City Management conservatively budgeted and forecasted the FY 2011 Budget and ending fund balance position. City Departments all took part in managing their budgets to ensure that expenditures were held in check. The ending actual result is a better than forecast position for the General Fund. Additional information may be found on page 70 of this report.

At December 31, 2011, the Motor Fuel Tax Fund reported a decrease of \$270,826 to fund balance due to budgeted capital outlay expenditures that were undertaken during the year. Remaining fund balance of \$1,428,665 at December 31, 2011 is restricted for future qualifying highways and streets expenditures.

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. Unrestricted net assets of the Utilities and Refuse Funds at the end of the year amounted to a total of \$2,942,316 — increased by \$856,923 from 2010.

Capital Asset and Debt Administration

Capital Assets - The City of Rolling Meadows' investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$140,169,763 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, buildings, machinery, equipment, roads, bridges and vehicles.

The governmental activities capital assets net of depreciation increased by \$152,063 or 0.1%. Governmental activities' asset activity increased by \$3,560,879 (new asset additions) and decreased by \$966,319 (asset retirements) and accumulated depreciation for governmental activities was \$2,442,497. For business-type activities, the capital assets net of depreciation decreased by \$164,735 or 1.5%. The slight decrease is due primarily to depreciation on existing assets. Business-type activities' asset activity increased by \$575,661 (new asset additions) and decreased by \$91,933 (asset retirements) and accumulated depreciation for governmental activities was \$648,463.

**City of Rolling Meadows
Capital Assets at Year End
Net of Depreciation
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Land	\$ 99.2	\$ 99.2	\$ -	\$ -	\$ 99.2	\$ 99.2
Land improvements	.9	.8	-	-	.9	.8
Construction in progress	.8	3.0	.2	.4	1.1	.9
Building	6.9	6.4	1.7	1.6	8.6	8.0
Machinery and equipment	1.1	2.9	.5	.5	1.5	3.4
Infrastructure	18.2	17.5	-	-	18.2	17.5
Vehicles	1.2	1.1	-	-	1.2	1.1
Waterworks	-	-	3.3	3.3	3.3	3.3
Sewage	-	-	5.2	5.1	5.2	5.1
Total	\$ 129.1	\$ 129.2	\$ 11.1	\$ 11.0	\$ 140.1	\$ 140.1

Additional information on the City of Rolling Meadows' capital assets may be found on pages 35 through 37 of this CAFR.

DEBT OUTSTANDING

Long-term Debt - At the end of the fiscal year 2011, the City of Rolling Meadows had total bonded debt outstanding of \$19,640,000. Of this amount, 100% comprises debt backed by the full faith and credit of the government.

City of Rolling Meadows
Outstanding General Obligation Debt (000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
General obligation bonds	\$ 19.0	\$ 17.1	\$ 2.8	\$ 2.5	\$ 21.8	\$ 19.6

The City of Rolling Meadows made principal payments on outstanding debt in the current year of \$2,115,000, in accordance with the terms of the various bond issues. No new short or long-term debt was issued during 2011. The City repaid a 2010 Short-Term Tax Anticipation Note with First Trust Bank in the amount of \$1,500,000. This note was paid in full on April 15, 2011.

The City of Rolling Meadows current bond rating is an A1 from Moody's. Standard & Poor's bond rating is an A+. The City's Management and the City Council will be reviewing its debt structure and will take advantage of historically low interest rates to refund or refinance eligible general obligation debt.

The City of Rolling Meadows as a home rule authority is not limited to the amount of general obligation debt it may issue, except that any debt issue may not exceed a forty-year payment period. The total per capita general obligation debt for the community is \$814.97.

Additional information on the City of Rolling Meadows' long-term debt may be found in Note 3 on pages 39 through 43 of this CAFR.

Economic Factors and Next Year's Budget

While the City has seen declines in its revenue base, the City Council and Staff have responded by reducing expenses, and working towards implementing economic development incentives and measures to attract and maintain business. In light of declining revenues as a result of the nationwide recession and increasing costs, the City has had to make difficult decisions over the last few years. Positions have been eliminated, layoffs have occurred, positions left vacant after retirements, non-union employees salaries have been frozen and expenditures for capital and infrastructure have been reduced or delayed. In addition, capital asset lives have been extended for vehicles and equipment.

Fiscal Year 2011 ended positively as the City's General Fund ended with a surplus and its ending fund balance is \$1,852,801. The General Fund's financial health is improving and is slowly stabilizing. However, work continues on longer-range financial and capital improvement planning. For the FY 2012 Budget, some fees were increased such as vehicle stickers, utilities' rates and refuse rates, and the City increased its tax levy by 11.7%. Also, the electric utility tax sunset of December 2012 will be extended. The City continues to address the critical issue of pension funding.

In 2012, the City will be refunding three general obligation bonds, as a cost-saving measure over the years to come. Also, in 2012, the City will be working on its capital planning, financial forecast and budget assumptions sooner than in past years to allow for ample time to review and plan for the future. As the City begins its budget process soon, the City Council and Staff will continue to strive to look for cost-efficient ways to deliver services, review fund balance structure and cash flow requirements to update capital and build future reserves.

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 Assets
December 31, 2011**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Assets
December 31, 2011**

	Governmental Activities	Business- Type Activities	Total	Component Unit Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 2,264,581	2,333,624	4,598,205	2,010,899
Receivables - Net of Allowances	15,058,974	1,423,807	16,482,781	3,422,211
Prepays/Inventories	1,579,732	92,132	1,671,864	9,673
Total Current Assets	18,903,287	3,849,563	22,752,850	5,442,783
Noncurrent Assets				
Capital Assets				
Nondepreciable	102,238,661	387,251	102,625,912	608,893
Depreciable	67,276,044	21,860,085	89,136,129	8,052,101
Accumulated Depreciation	(40,302,317)	(11,289,961)	(51,592,278)	(4,702,873)
	129,212,388	10,957,375	140,169,763	3,958,121
Other Assets				
Investment in Joint Venture	-	448,542	448,542	-
Unamortized Bond Issuance Costs	100,973	10,786	111,759	-
	100,973	459,328	560,301	-
Total Noncurrent Assets	129,313,361	11,416,703	140,730,064	3,958,121
Total Assets	148,216,648	15,266,266	163,482,914	9,400,904

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

	Governmental Activities	Business- Type Activities	Total	Component Unit Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	890,449	323,575	1,214,024	131,810
Accrued Payroll	-	-	-	64,835
Deposits Payable	130,978	-	130,978	-
Interest Payable	26,426	-	26,426	-
Unearned/Deferred Revenue	11,951,966	72,792	12,024,758	-
Current Portion of Long-Term Liabilities				
Compensated Absences Payable	635,763	39,495	675,258	75,281
Capital Leases Payable	52,634	-	52,634	-
General Obligation Bonds Payable - Net	1,926,774	288,038	2,214,812	-
Total Current Liabilities	15,614,990	723,900	16,338,890	271,926
Noncurrent Liabilities				
Deposits Payable	303,110	342,927	646,037	-
Net Pension Obligation Payable	4,687,172	-	4,687,172	46,394
Compensated Absences Payable	3,973,691	587,786	4,561,477	-
Capital Leases Payable	232,079	-	232,079	-
General Obligation Bonds Payable - Net	15,229,481	2,220,294	17,449,775	-
Net Other Post-Employment Benefit Payable	1,152,979	-	1,152,979	60,384
Total Noncurrent Liabilities	25,578,512	3,151,007	28,729,519	106,778
Total Liabilities	41,193,502	3,874,907	45,068,409	378,704
NET ASSETS				
Invested in Capital Assets - Net of Related Debt	111,771,420	8,449,043	120,220,463	3,958,121
Restricted - Public Safety	524,945	-	524,945	-
Restricted - Highways and Streets	1,428,665	-	1,428,665	-
Restricted - Economic Development	813,726	-	813,726	-
Unrestricted	(7,515,610)	2,942,316	(4,573,294)	5,064,079
Total Net Assets	107,023,146	11,391,359	118,414,505	9,022,200

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

CITY OF ROLLING MEADOWS, ILLINOIS

Statement of Activities
Year Ended December 31, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 4,235,018	2,292,373	-	-
Public Safety	19,535,204	1,935,468	115,719	-
Highways and Streets	1,136,370	376,565	-	1,068,261
Public Works	3,948,420	-	-	-
Health and Welfare	9,537	-	-	-
Economic Development	42,130	-	-	-
Interest on Long-Term Debt	752,459	-	-	-
	<u>29,659,138</u>	<u>4,604,406</u>	<u>115,719</u>	<u>1,068,261</u>
Business-Type Activities				
Utilities	6,740,808	7,690,989	-	-
Refuse Collection	2,291,402	2,550,654	-	-
	<u>9,032,210</u>	<u>10,241,643</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>38,691,348</u>	<u>14,846,049</u>	<u>115,719</u>	<u>1,068,261</u>
Component Unit - Public Library	<u>3,594,685</u>	<u>44,971</u>	<u>25,178</u>	<u>-</u>

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 Assets

Net Assets - Beginning

Net Assets - Ending

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

Net Expense/Revenue			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Public Library
(1,942,645)	-	(1,942,645)	-
(17,484,017)	-	(17,484,017)	-
308,456	-	308,456	-
(3,948,420)	-	(3,948,420)	-
(9,537)	-	(9,537)	-
(42,130)	-	(42,130)	-
(752,459)	-	(752,459)	-
<u>(23,870,752)</u>	-	<u>(23,870,752)</u>	-
-	950,181	950,181	-
-	259,252	259,252	-
-	1,209,433	1,209,433	-
<u>(23,870,752)</u>	<u>1,209,433</u>	<u>(22,661,319)</u>	-
-	-	-	(3,524,536)
11,826,132	-	11,826,132	3,551,137
4,930,575	-	4,930,575	-
1,936,227	-	1,936,227	-
1,295,918	-	1,295,918	-
333,374	-	333,374	-
1,212,122	-	1,212,122	-
153,688	-	153,688	-
451,177	-	451,177	-
1,915,788	-	1,915,788	-
351,103	-	351,103	-
181,680	-	181,680	-
8,471	585	9,056	1,436
740,868	-	740,868	1,747
<u>25,337,123</u>	<u>585</u>	<u>25,337,708</u>	<u>3,554,320</u>
1,466,371	1,210,018	2,676,389	29,784
<u>105,556,775</u>	<u>10,181,341</u>	<u>115,738,116</u>	<u>8,992,416</u>
<u>107,023,146</u>	<u>11,391,359</u>	<u>118,414,505</u>	<u>9,022,200</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2011**

	General	Motor Fuel Tax	Debt Service	Nonmajor	Totals
ASSETS					
Cash and Investments	\$ -	611,186	-	303,730	914,916
Receivables - Net of Allowances					
Property Taxes	9,725,138	-	1,371,937	746,487	11,843,562
Other Taxes	2,889,351	50,689	-	27,087	2,967,127
Accounts	215,490	-	-	27,953	243,443
Due from Other Funds	-	831,257	-	1,429,226	2,260,483
Prepays	17,154	-	-	43,704	60,858
Total Assets	12,847,133	1,493,132	1,371,937	2,578,187	18,290,389
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	310,797	64,467	-	54,453	429,717
Deposits Payable	130,978	-	-	-	130,978
Due to Other Funds	671,008	-	196,762	1,429,226	2,296,996
Unearned/Deferred Revenue	9,881,549	-	1,357,116	713,301	11,951,966
Total Liabilities	10,994,332	64,467	1,553,878	2,196,980	14,809,657
Fund Balances					
Nonspendable	17,154	-	-	43,704	60,858
Restricted	-	1,428,665	-	1,338,671	2,767,336
Assigned	-	-	-	394,257	394,257
Unassigned	1,835,647	-	(181,941)	(1,395,425)	258,281
Total Fund Balances	1,852,801	1,428,665	(181,941)	381,207	3,480,732
Total Liabilities and Fund Balances	12,847,133	1,493,132	1,371,937	2,578,187	18,290,389

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 Assets - Governmental Activities**

December 31, 2011

Total Governmental Fund Balances	\$ 3,480,732
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	120,073,363
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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 Assets.	10,780,044
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Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Unamortized Bond Issuance Costs	98,568
Net Pension Obligation Payable	(4,687,172)
Compensated Absences Payable	(4,521,729)
General Obligation Bonds Payable - Net	(17,021,255)
Net Other Post-Employment Benefit Payable	(1,152,979)
Accrued Interest Payable	<u>(26,426)</u>

Net Assets of Governmental Activities	<u>107,023,146</u>
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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
Year Ended December 31, 2011

	General	Motor Fuel Tax	Debt Service	Nonmajor	Totals
Revenues					
Taxes	\$ 18,841,006	-	1,363,301	1,934,906	22,139,213
Intergovernmental	2,564,290	716,935	-	351,326	3,632,551
Licenses and Permits	960,952	-	-	376,565	1,337,517
Charges for Services	2,070,328	-	-	-	2,070,328
Fines and Forfeitures	963,836	-	-	232,725	1,196,561
Interest	7,133	151	-	474	7,758
Miscellaneous	626,169	1,773	-	112,926	740,868
Total Revenues	26,033,714	718,859	1,363,301	3,008,922	31,124,796
Expenditures					
Current					
General Government	3,316,082	-	-	41,417	3,357,499
Public Safety	18,511,698	-	-	758,008	19,269,706
Highways and Streets	-	290,785	-	845,585	1,136,370
Public Works	2,417,384	-	-	-	2,417,384
Health/Welfare and Culture	9,537	-	-	-	9,537
Economic Development	270	-	-	41,860	42,130
Capital Outlay	-	698,900	-	1,363,721	2,062,621
Debt Service					
Principal Retirement	-	-	2,255,000	717,170	2,972,170
Interest and Fiscal Charges	-	-	634,175	130,955	765,130
Total Expenditures	24,254,971	989,685	2,889,175	3,898,716	32,032,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,778,743	(270,826)	(1,525,874)	(889,794)	(907,751)
Other Financing Sources (Uses)					
Disposal of Capital Assets	1,672	-	-	-	1,672
Transfers In	337,400	-	610,243	465,260	1,412,903
Transfers Out	(27,290)	-	-	(1,385,613)	(1,412,903)
	311,782	-	610,243	(920,353)	1,672
Net Change in Fund Balances	2,090,525	(270,826)	(915,631)	(1,810,147)	(906,079)
Fund Balances - Beginning	(237,724)	1,699,491	733,690	2,191,354	4,386,811
Fund Balances - Ending	1,852,801	1,428,665	(181,941)	381,207	3,480,732

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

Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (906,079)

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	2,239,260
Depreciation Expense	(1,707,675)

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.

Additions to Net Pension Obligation Payable	(380,233)
Additions to Compensated Absences Payable	(506,460)
Additions to Net Other Post-Employment Benefit Payable	(280,552)
Retirement of Debt	2,972,170
Amortization of Premium	24,265
Amortization of Bond Issue Costs	(15,090)

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.

3,496

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.

23,269

Changes in Net Assets of Governmental Activities

1,466,371

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Assets - Proprietary Funds
Year Ended December 31, 2011**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Assets - Proprietary Funds
December 31, 2011**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse	Totals	Activities
		Collection		Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 2,091,665	241,959	2,333,624	1,349,665
Receivables - Net of Allowances - Accounts	1,036,010	387,797	1,423,807	4,842
Inventories	45,741	-	45,741	-
Prepays	2,025	44,366	46,391	1,518,874
Total Current Assets	3,175,441	674,122	3,849,563	2,873,381
Noncurrent Assets				
Capital Assets				
Nondepreciable	387,251	-	387,251	1,083,270
Depreciable	21,261,472	598,613	21,860,085	20,757,987
Accumulated Depreciation	(10,992,297)	(297,664)	(11,289,961)	(12,702,232)
	10,656,426	300,949	10,957,375	9,139,025
Other Assets				
Investment in Joint Venture	448,542	-	448,542	-
Unamortized Bond Issuance Costs	8,629	2,157	10,786	2,405
	457,171	2,157	459,328	2,405
Total Noncurrent Assets	11,113,597	303,106	11,416,703	9,141,430
Total Assets	14,289,038	977,228	15,266,266	12,014,811
LIABILITIES				
Current Liabilities				
Accounts Payable	291,399	32,176	323,575	424,219
Unearned/Deferred Revenue	72,792	-	72,792	-
Compensated Absences Payable	21,903	17,592	39,495	4,736
Capital Leases Payable	-	-	-	52,634
General Obligation Bonds Payable	258,358	29,680	288,038	65,000
Total Current Liabilities	644,452	79,448	723,900	546,589
Noncurrent Liabilities				
Deposits Payable	342,927	-	342,927	303,110
Compensated Absences Payable	464,394	123,392	587,786	82,989
Capital Leases Payable	-	-	-	232,079
General Obligation Bonds Payable	2,056,464	163,830	2,220,294	70,000
Total Noncurrent Liabilities	2,863,785	287,222	3,151,007	688,178
Total Liabilities	3,508,237	366,670	3,874,907	1,234,767
NET ASSETS				
Invested in Capital Assets - Net of Related Debt	8,341,604	107,439	8,449,043	8,719,312
Unrestricted	2,439,197	503,119	2,942,316	2,060,732
Total Net Assets	10,780,801	610,558	11,391,359	10,780,044

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 Assets - Proprietary Funds
Year Ended December 31, 2011**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse	Totals	Activities
		Collection		Internal Service
Operating Revenues				
Charges for Services	\$ 7,526,668	2,397,820	9,924,488	-
Miscellaneous	164,321	152,834	317,155	1,586,407
Interfund Services	-	-	-	5,962,837
Total Operating Revenues	7,690,989	2,550,654	10,241,643	7,549,244
Operating Expenses				
Administration	871,634	768,939	1,640,573	6,304,265
Public Safety	-	-	-	150,997
Public Works	575,000	-	575,000	214,563
Operations	4,594,114	1,457,070	6,051,184	-
Depreciation and Amortization	592,476	57,578	650,054	905,661
Total Operating Expenses	6,633,224	2,283,587	8,916,811	7,575,486
Operating Income (Loss)	1,057,765	267,067	1,324,832	(26,242)
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	-	-	-	34,192
Other Income	-	-	-	39,254
Interest Income	585	-	585	713
Interest Expense	(107,584)	(7,815)	(115,399)	(24,648)
	(106,999)	(7,815)	(114,814)	49,511
Change in Net Assets	950,766	259,252	1,210,018	23,269
Net Assets - Beginning	9,830,035	351,306	10,181,341	10,756,775
Net Assets - Ending	10,780,801	610,558	11,391,359	10,780,044

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2011**

	<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	\$ 7,818,609	2,509,688	10,328,297	-
Interfund Services Provided	-	-	-	8,883,945
Payments to Suppliers	(4,823,814)	(1,759,784)	(6,583,598)	(5,493,193)
Payments to Employees	(1,256,984)	(471,510)	(1,728,494)	(1,295,571)
	<u>1,737,811</u>	<u>278,394</u>	<u>2,016,205</u>	<u>2,095,181</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	-	-	-	-
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	34,192
Purchase of Capital Assets	(483,727)	-	(483,727)	(524,981)
Principal Paid on Debt	(489,210)	(28,620)	(517,830)	(230,792)
Interest Paid on Debt	(107,584)	(7,815)	(115,399)	(24,648)
	<u>(1,080,521)</u>	<u>(36,435)</u>	<u>(1,116,956)</u>	<u>(746,229)</u>
Cash Flows from Investing Activities				
Interest Received	585	-	585	713
Net Change in Cash and Cash Equivalents	657,875	241,959	899,834	1,349,665
Cash and Cash Equivalents - Beginning	1,433,790	-	1,433,790	-
Cash and Cash Equivalents - Ending	<u>2,091,665</u>	<u>241,959</u>	<u>2,333,624</u>	<u>1,349,665</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	1,057,765	267,067	1,324,832	(26,242)
Adjustments to Reconcile Operating Income Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	592,476	57,578	650,054	905,661
Other Income	-	-	-	39,254
(Increase) Decrease in Current Assets	127,620	(40,966)	86,654	1,295,447
Increase (Decrease) in Current Liabilities	(40,050)	(5,285)	(45,335)	(118,939)
Net Cash Provided by Operating Activities	<u>1,737,811</u>	<u>278,394</u>	<u>2,016,205</u>	<u>2,095,181</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Assets - Fiduciary Funds
December 31, 2011**

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 6,181,719	231,158
Investments		
U.S. Government and Agency Obligations	12,243,953	-
Corporate Bonds	8,600,309	-
Mutual Funds	16,518,793	-
Common Stock	2,553,876	-
Insurance Company Contracts	181,839	-
Receivables		
Accrued Interest	108,357	-
Due from Other Governments	-	82,500
Due from Other Funds	36,513	-
Prepays	2,421	-
Total Assets	<u>46,427,780</u>	<u>313,658</u>
LIABILITIES		
Accounts Payable	22,594	82,500
Deposits Payable	-	231,158
Total Liabilities	<u>22,594</u>	<u>313,658</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u><u>46,405,186</u></u>	<u>-</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Changes in Net Assets - Fiduciary Funds
Year Ended December 31, 2011**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 4,459,152
Contributions - Plan Members	886,945
Miscellaneous	2,149
Total Contributions	<u>5,348,246</u>
Investment Earnings	
Interest Earned	1,497,040
Net Change in Fair Value	<u>(1,091,262)</u>
	405,778
Less Investment Expenses	<u>(127,719)</u>
Net Investment Income	<u>278,059</u>
Total Additions	<u>5,626,305</u>
Deductions	
Administration	100,273
Benefits and Refunds	<u>4,429,661</u>
Total Deductions	<u>4,529,934</u>
Change in Net Assets	1,096,371
Net Assets - Beginning	<u>45,308,815</u>
Net Assets - Ending	<u><u>46,405,186</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, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rolling Meadows, 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. 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. 39, “Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14,” and includes all component units that have a significant operational or financial relationship with the City.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

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.

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. The Library is presented as a governmental fund type. 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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

In the government-wide Statement of Net Assets, 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 and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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 assets resulting from the current year's activities.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

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, liabilities, reserves, 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.

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, 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 or 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, liabilities, 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, liabilities, 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 four nonmajor special revenue funds, the 911 Emergency Telephone Fund, the Foreign Fire Tax Fund, the Enhanced DUI Enforcement Fund and the Asset Seizure Fund.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

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 seven nonmajor capital projects funds, the Local Road Fund, the Transit Oriented Area Development Fund, the TIF #1 Kirchoff/Meadow Fund, the TIF #2 Kirchoff/Owl Fund, the TIF #3 Woodfield, the Plum Grove Road Fund and the Fire Station Fund. The Fire Station closed in 2011 per FY2011 adopted budget.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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, 2011

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 assets and changes in net assets 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, 2011

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 Assets and the Statement of Activities, both governmental and business-like 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 and liabilities 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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets.

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, 2011

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 Assets and Statement of Activities, both governmental and business-like 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 is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Cash and Investments

For the purpose of the Statement of Net Assets, 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 reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

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.

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 prepaids/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 prepaids in both the government-wide and fund financial statements.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market 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

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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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.

Unearned/Deferred Revenue

Governmental funds report unearned/deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Fund Equity

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt—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.

Restricted net assets—Consists of net assets 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 net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

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, 2011**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds 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 #3 Woodfield (50)	\$ 1,393
Health Insurance (45)	287,266

Available fund balances and transfers from other funds funded the overexpenditures.

DEFICIT FUND EQUITY

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

<u>Fund/Fund Number</u>	<u>Deficit</u>
Debt Service (47)	\$ 181,941
911 Emergency Telephone (04)	219,958
Local Road (61)	399,371
TIF #2 Kirchoff/Owl (37)	682,428
Plum Grove Road (82)	49,964
Municipal Garage (14)	47,717

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, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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.

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 assets. Pension funds of at least 5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty-five percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

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, business-type and agency activities totaled \$3,463,684 and the bank balances totaled \$3,609,606. Additionally, the City has \$32,728 invested in the Illinois Funds and \$1,332,951 invested in the IMET Fund.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

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

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 and the IMET Fund have an average maturity of less than one year.

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. IMET's 1-3 year government bond fund receives Standard & Poor's AAAf rating for credit quality and Standard & Poor's S1 rating for volatility, or interest rate risk.

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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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

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, 2011, 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’s investment in the IMET Fund is over 5 percent of the total cash and investment portfolio.

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

Deposits. At year-end, the carrying amount of the Pension Fund’s deposits totaled \$3,308,880 and the bank balances totaled \$3,317,236.

Investments. The Pension 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. Treasury Notes	\$ 2,537,762	292,462	849,032	1,396,268	-
U.S. Government Backed Securities	4,334,527	139,684	1,369,871	2,463,191	361,781
Tennessee Valley Authorities	314,925	-	-	-	314,925
Governmental National Mortgage	131,603	-	66,838	-	64,765
Federal Home Loan Mortgage	276,142	-	34,356	134,021	107,765
Federal Home Loan Bank	1,101,085	-	120,666	480,445	499,974
Federal National Mortgage	1,864,190	1,331	135,514	34,951	1,692,394
Money Market Mutual Funds	709,337	709,337	-	-	-
	11,269,571	1,142,814	2,576,277	4,508,876	3,041,604

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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 provides no additional limitations related to interest rate risk.

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 investments in the securities of the U.S. government agencies were all rated triple A by Standard & Poor’s or by Moody’s Investors Services or were small issues that were unrated. The following is a schedule of unrated investments by investment type:

<u>Investment Type</u>	<u>Total Value</u>	<u>AAA Rate</u>	<u>Unrated</u>
Federal Home Loan Mortgage Corp	\$276,142	\$191,602	\$84,540
Federal National Mortgage Association	\$1,864,190	\$306,005	\$1,558,185

Custodial Credit Risk. For deposits, this is the risk that in the event of a bank failure the Fund’s deposits may not be returned to it. At December, 31, 2011, \$3,067,236 of the bank balance was uninsured and uncollateralized. 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.

Concentration Risk. At December 31, 2011, the Fund has over 5% of plan net assets invested in Fifth Third money market fund \$709,336, as well as various agency securities as indicated in the above table. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier, are backed by the issuing organization. Although unlike treasuries, agency securities do not have the “full faith and credit” backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Fund’s investment policy specifies “the Board of Trustees has consciously diversified the aggregate fund to ensure adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.” The Fund’s investment policy has state diversification is necessary to meet the Fund’s goal of safety of principal and reasonable return. The Pension Board has diversified its equity mutual fund holdings as follows:

Vanguard Institutional - \$5,742,652
Harbor International - \$2,232,684
Blair Williams - \$575,879

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$2,872,790 and the bank balances totaled \$2,876,658.

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. Treasury Notes	\$ 1,293,653	537,999	269,094	486,560	-
U. S. Treasury Bonds	864,765	-	-	-	864,765
Governmental National Mortgage	16,285	-	447	-	15,838
Federal Home Loan Mortgage	265,956	-	-	265,956	-
Federal Home Loan Bank	1,587,378	-	209,900	698,002	679,476
Federal National Mortgage	1,316,949	-	-	536,881	780,068
Federal Farm Credit Bureau	140,936	-	-	-	140,936
Tennessee Valley Strip	532,324	-	-	-	532,324
Mutual Funds	7,258,241	7,258,241	-	-	-
Corporate Bonds	4,265,782	-	1,204,976	2,278,727	782,079
Insurance Contracts	181,839	181,839	-	-	-
Illinois Metropolitan Investment Fund	49	49	-	-	-
	<u>17,724,157</u>	<u>7,978,128</u>	<u>1,684,417</u>	<u>4,266,126</u>	<u>3,795,486</u>

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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

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

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 all rated triple A by Standard & Poor's and by Moody's Investors Services. IMET's 1-3 year government bond fund receives Standard & Poor's AAAs rating for credit quality and Standard & Poor's S1 rating for volatility, or interest rate, risk.

Custodial Credit Risk. The Fund's investment policy does not limit custodial credit risk for deposits. At December 31, 2011, 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, 2011, the U.S. Government Securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

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

Concentration Risk. The Fund does not have a formal written policy with regards to concentration credit risk for investments. At December 31, 2011, the Firefighters' Pension Fund has over 5% of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Ishares TR Russell 3000 of \$3,716,566.

PROPERTY TAXES

Property taxes for 2011 attach as an enforceable lien on January 1, 2011, 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, 2011**

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
Nondepreciable Capital Assets				
Land	\$ 99,236,456	-	-	99,236,456
Construction in Progress	1,608,286	2,190,557	796,638	3,002,205
	<u>100,844,742</u>	<u>2,190,557</u>	<u>796,638</u>	<u>102,238,661</u>
Depreciable Capital Assets				
Land Improvements	1,367,862	-	-	1,367,862
Buildings	12,929,367	-	-	12,929,367
Infrastructure	42,820,796	873,247	-	43,694,043
Machinery and Equipment	3,491,160	260,478	-	3,751,638
Vehicles	5,466,218	236,597	169,681	5,533,134
	<u>66,075,403</u>	<u>1,370,322</u>	<u>169,681</u>	<u>67,276,044</u>
Less Accumulated Depreciation				
Land Improvements	495,119	46,748	-	541,867
Buildings	6,035,874	457,745	-	6,493,619
Infrastructure	24,643,820	1,586,281	-	26,230,101
Machinery and Equipment	2,427,401	167,111	-	2,594,512
Vehicles	4,257,606	354,293	169,681	4,442,218
	<u>37,859,820</u>	<u>2,612,178</u>	<u>169,681</u>	<u>40,302,317</u>
Net Depreciable Capital Assets	<u>28,215,583</u>	<u>(1,241,856)</u>	<u>-</u>	<u>26,973,727</u>
Net Capital Assets	<u>129,060,325</u>	<u>948,701</u>	<u>796,638</u>	<u>129,212,388</u>

Depreciation expense was charged to governmental activities as follows:

Public Works	\$ 1,707,675
Internal Service	<u>904,503</u>
	<u>2,612,178</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, 2011**

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	\$ 209,993	269,191	91,933	387,251
Depreciable Capital Assets				
Land Improvements	233,640	16,602	-	250,242
Building Improvements	3,674,232	-	-	3,674,232
Machinery and Equipment	1,978,564	-	-	1,978,564
Waterworks System	6,636,804	-	-	6,636,804
Sewerage System	8,990,556	289,868	-	9,280,424
Garage	39,819	-	-	39,819
	<u>21,553,615</u>	<u>306,470</u>	<u>-</u>	<u>21,860,085</u>
Less Accumulated Depreciation				
Land Improvements	121,778	15,139	-	136,917
Building Improvements	2,029,951	75,065	-	2,105,016
Machinery and Equipment	1,462,044	76,555	-	1,538,599
Waterworks System	3,193,790	132,954	-	3,326,744
Sewerage System	3,794,116	348,750	-	4,142,866
Garage	39,819	-	-	39,819
	<u>10,641,498</u>	<u>648,463</u>	<u>-</u>	<u>11,289,961</u>
Net Depreciable Capital Assets	<u>10,912,117</u>	<u>(341,993)</u>	<u>-</u>	<u>10,570,124</u>
Net Capital Assets	<u>11,122,110</u>	<u>(72,802)</u>	<u>91,933</u>	<u>10,957,375</u>

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

Utilities	\$ 591,203
Refuse Collection	<u>57,260</u>
	<u>648,463</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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
Nondepreciable Capital Assets				
Land	\$ 608,893	-	-	608,893
Depreciable Capital Assets				
Buildings and Improvements	4,325,887	-	-	4,325,887
Furniture and Equipment	593,483	6,424	9,422	590,485
Books and Other Library Materials	2,623,879	248,717	273,960	2,598,636
Audio Visual Materials	518,738	67,732	49,377	537,093
	<u>8,061,987</u>	<u>322,873</u>	<u>332,759</u>	<u>8,052,101</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,141,480	93,138	-	2,234,618
Furniture and Equipment	399,415	32,193	9,422	422,186
Books and Other Library Materials	1,696,783	255,572	273,960	1,678,395
Audio Visual Materials	346,464	70,587	49,377	367,674
	<u>4,584,142</u>	<u>451,490</u>	<u>332,759</u>	<u>4,702,873</u>
Net Depreciable Capital Assets	<u>3,477,845</u>	<u>(128,617)</u>	<u>-</u>	<u>3,349,228</u>
Net Capital Assets	<u>4,086,738</u>	<u>(128,617)</u>	<u>-</u>	<u>3,958,121</u>

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Interfund Transfers – Continued

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental	General	\$ 27,290
General	Nonmajor Governmental	337,400
Debt Service	Nonmajor Governmental	610,243
Nonmajor Governmental	Nonmajor Governmental	<u>437,970</u>
		<u>1,412,903</u>

Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Motor Fuel Tax	General	\$ 634,495
Motor Fuel Tax	Debt Service	196,762
Nonmajor Governmental	Nonmajor Governmental	1,429,226
Police Pension	General	18,409
Firefighters' Pension	General	<u>18,104</u>
		<u>2,296,996</u>

Interfund balances are advances in anticipation of receipts.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Note Payable

The City enters into loans payable to provide funds for operations. A note payable has been issued for general government activities and is currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
Note Payable of 2010 - Due in one installment of \$1,500,000, plus interest at 1.30% due on April 30, 2011.	Debt Service Capital Projects Utilities	\$ 1,500,000	-	1,500,000	-

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 2002A (\$4,885,000), due in annual installments of \$310,000 to \$485,000 plus interest at 4.40% to 4.90% through December 1, 2018.	Debt Service (Property Tax)	\$ 3,325,000	-	355,000	2,970,000
General Obligation Bonds of 2002B (\$2,600,000), due in annual installments of \$120,000 to \$205,000 plus interest at 3.65% to 4.75% through December 1, 2020.	Utilities	1,675,000	-	135,000	1,540,000

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2003 (\$4,030,000), due in annual installments of \$315,000 to \$430,000 plus interest at 2.90% to 3.70% through January 1, 2018.	TIF #2 Kirchoff/Owl	\$ 2,725,000	-	350,000	2,375,000
General Obligation Bonds of 2004 (\$8,070,000), due in annual installments of \$225,000 to \$785,000 plus interest at 3.25% to 4.40% through January 1, 2024.	Debt Service (Sales Tax)	6,695,000	-	295,000	6,400,000
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)	5,035,000	-	645,000	4,390,000
General Obligation Bonds of 2007 (\$410,000), due in annual installments of \$35,000 to \$70,000 plus interest at 3.95% to 4.15% through December 1, 2013.	Vehicle Replacement	200,000	-	65,000	135,000
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	889,032	-	114,210	774,822
	Refuse Collection	222,130	-	28,620	193,510
	Local Roads	988,838	-	127,170	861,668
		<u>21,755,000</u>	<u>-</u>	<u>2,115,000</u>	<u>19,640,000</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT -- Continued

Capital Leases

The City has entered into four separate lease agreements as lessee for financing the acquisition of a fire truck, a self-contained breathing apparatus, a front-end loader, and a floor scrubber. Capital assets of \$121,805 have been added to machinery and equipment and \$421,895 to vehicles in the Vehicle Replacement fund, \$9,247 to machinery and equipment in the Garage fund as a result of these four capital leases. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases have been recorded as liabilities of the Municipal Garage and Vehicle Replacement Funds.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Lease Payment</u>
2012	\$ 66,846
2013	53,689
2014	53,292
2015	53,292
2016	53,293
2017	51,022
	<u>331,434</u>
Interest Portion	<u>(46,721)</u>
Principal Balance	<u><u>284,713</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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
Governmental Activities					
Net Pension Obligation	\$ 4,306,939	380,233	-	4,687,172	-
Compensated Absences	4,166,947	885,014	442,507	4,609,454	635,763
Note Payable	1,260,000	-	1,260,000	-	-
General Obligation Bonds	18,968,838	-	1,837,170	17,131,668	1,926,774
Plus: Unamortized Premium	48,852	-	24,265	24,587	-
Capital Leases	390,505	-	105,792	284,713	52,634
Net Other Post-Employment Benefit Obligation	872,427	280,552	-	1,152,979	-
	<u>30,014,508</u>	<u>1,545,799</u>	<u>3,669,734</u>	<u>27,890,573</u>	<u>2,615,171</u>
Business-Type Activities					
Compensated Absences	638,410	11,129	22,258	627,281	39,495
Note Payable	240,000	-	240,000	-	-
General Obligation Bonds	2,786,162	-	277,830	2,508,332	288,202
	<u>3,424,572</u>	<u>11,129</u>	<u>300,088</u>	<u>3,135,613</u>	<u>327,697</u>
Component Unit - Public Library					
Compensated Absences	-	150,562	75,281	75,281	75,281
Net Pension Obligation	-	46,394	-	46,394	-
Net Other Post-Employment Benefit Obligation	49,180	11,204	-	60,384	-
	<u>49,180</u>	<u>208,160</u>	<u>75,281</u>	<u>182,059</u>	<u>75,281</u>

Payments on the net pension obligation and net other post-employment benefits obligation are made by the General Fund. For the governmental activities, compensated absences are generally liquidated by the General Fund and 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, \$87,725 of internal service funds' compensated absences, \$284,713 of capital leases and \$135,000 of general obligation bonds 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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year Ending December 31	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Capital Leases		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,926,774	694,303	52,634	14,212	288,202	103,723
2013	2,011,561	619,768	43,117	10,572	303,439	92,710
2014	2,041,270	541,676	44,706	8,586	313,730	80,948
2015	2,130,979	461,778	46,713	6,579	324,021	68,629
2016	2,235,688	377,362	48,811	4,482	339,312	55,749
2017	2,350,396	287,510	48,732	2,290	354,628	42,152
2018	1,025,000	191,858	-	-	185,000	27,696
2019	585,000	146,492	-	-	195,000	19,000
2020	630,000	122,360	-	-	205,000	9,738
2021	680,000	95,900	-	-	-	-
2022	730,000	66,660	-	-	-	-
2023	785,000	34,540	-	-	-	-
Total	17,131,668	3,640,207	284,713	46,721	2,508,332	500,345

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, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET ASSETS/FUND BALANCE

Net Assets Classifications

Investment in capital assets – net of related debt, was comprised of the following as of December 31, 2011:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 129,212,388
Less Capital Related Debt:	
General Obligation Bonds of 2002A	(2,970,000)
General Obligation Bonds of 2003	(2,375,000)
General Obligation Bonds of 2004	(6,400,000)
General Obligation Bonds of 2005	(4,390,000)
General Obligation Bonds of 2007 - Internal Service	(135,000)
General Obligation Bonds of 2007A	(861,668)
Capital Leases	(284,713)
Unamortized Premium on Debt Issuance	(24,587)
	<u>(17,440,968)</u>
Investment in Capital Assets - Net of Related Debt	<u>111,771,420</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	10,957,375
Less Capital Related Debt:	
General Obligation Bonds of 2002B	(1,540,000)
General Obligation Bonds of 2007A	(968,332)
	<u>(2,508,332)</u>
Investment in Capital Assets - Net of Related Debt	<u>8,449,043</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET ASSETS/FUND BALANCE – Continued

Fund Balance Classifications

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

	General	Motor Fuel Tax	Debt Service	Nonmajor	Total
Fund Balances					
Nonspendable	\$ 17,154	-	-	43,704	60,858
Restricted					
Public Safety	-	-	-	524,945	524,945
Highways and Streets	-	1,428,665	-	-	1,428,665
Tax Increment Financing	-	-	-	813,726	813,726
	-	1,428,665	-	1,338,671	2,767,336
Assigned					
Capital Projects Funds	-	-	-	394,257	394,257
Unassigned	1,835,647	-	(181,941)	(1,395,425)	258,281
Total Fund Balances	1,852,801	1,428,665	(181,941)	381,207	3,480,732

The City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended December 31, 2011. In the governmental funds financial statements, the City first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance.

Assigned Fund Balance. The City reports assigned fund balance in the Transit Oriented Area Development nonmajor fund. The City’s Board/management has assigned these for future Metra STAR Line station improvements based on approved management expenditures as determined through the annual budget process.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

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.

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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

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.

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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

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, amounts totaling \$19,060,451 through fiscal year 2016 as listed below:

Fiscal Year Ending December 31	Amount
2012	\$ 2,859,209
2013	3,288,090
2014	3,781,304
2015	4,348,499
2016	<u>4,783,349</u>
	<u>19,060,451</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 \$2.92 charged by JAWA in the fiscal year ended 2011, with an estimated increase in the per gallon cost each of the following years.

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 Ending December 31	Amount
2012	\$ 580,000
2013	609,000
2014	639,450
2015	<u>671,423</u>
	<u>2,499,873</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

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, 2011 are as follows:

	<u>Percent Share</u>
Village of Elk Grove Village	16.40 %
Village of Hanover Park	10.70
Village of Hoffman Estates	16.50
Village of Mount Prospect	11.40
City of Rolling Meadows	8.20
Village of Schaumburg	26.70
Village of Streamwood	<u>10.10</u>
	<u>100.00 %</u>

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.

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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

Summary of financial positions as of April 30, 2011:

Current Assets	\$ 11,834,195	Current Liabilities	\$ 4,196,659
Noncurrent Assets		Long-Term Liabilities	<u>75,617,884</u>
Capital Assets	48,524,786		
Other Assets	<u>23,792,901</u>	Total Liabilities	<u>79,814,543</u>
Total Assets	<u>84,151,882</u>	Net Assets	<u>4,337,339</u>

Summary of revenues, expenses and changes in net assets for the year ended April 30, 2011:

Operating Revenues	\$ 30,654,804
Operating Expenses	<u>27,557,831</u>
Operating Income	3,096,973
Nonoperating Revenue (Expenses)	<u>(2,812,897)</u>
Change in Net Assets	284,076
Net Assets - Beginning	<u>4,053,263</u>
Net Assets - Ending	<u>4,337,339</u>

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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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 \$2,378,053 to JAWA for the year ended December 31, 2011. All payments were paid from the Utilities Fund. The City’s share of net assets of JAWA was \$0 at December 31, 2011.

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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

The twenty-three members of SWANCC and their percentage shares as of April 30, 2011 are as follows:

	<u>Percent Share</u>
Village of Arlington Heights	9.97 %
Village of Barrington	1.54
Village of Buffalo Grove	6.42
Village of Elk Grove Village	4.99
City of Evanston	6.96
Village of Glencoe	1.32
Village of Glenview	4.75
Village of Hoffman Estates	4.36
Village of Inverness	1.09
Village of Kenilworth	0.84
Village of Lincolnwood	1.70
Village of Morton Grove	2.82
Village of Mount Prospect	7.78
Village of Niles	3.14
Village of Palatine	11.04
City of Park Ridge	5.70
City of Prospect Heights	1.78
City of Rolling Meadows	4.03
Village of Skokie	7.46
Village of South Barrington	0.69
Village of Wheeling	4.51
Village of Wilmette	3.97
Village of Winnetka	3.14
	<u>100.00 %</u>

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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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, 2011:

Current Assets	\$ 6,843,409	Current Liabilities	\$ 5,164,235
Noncurrent Assets		Long-Term Liabilities	<u>4,788,844</u>
Capital Assets	11,228,739	Total Liabilities	<u>9,953,079</u>
Other Assets	<u>66,091</u>		
Total Assets	<u>18,138,239</u>	Net Assets	<u>8,185,160</u>

Summary of revenues, expenses and changes in net assets for the year ended April 30, 2011:

Operating Revenues	\$ 329,737
Operating Expenses	<u>242,615</u>
Change in Net Assets	87,122
Net Assets - Beginning	<u>8,098,038</u>
Net Assets - Ending	<u>8,185,160</u>

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

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.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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 \$443,042 to SWANCC for the year ended December 31, 2011, which is recorded in the City’s Refuse Collection Fund.

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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution rate for calendar year 2011 was 14.17 percent and the annual required contribution rate for calendar year 2011 was 15.65 percent.

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Police Pension Plan – Continued

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	33
Current Employees	
Vested	38
Nonvested	<u>13</u>
	<u>84</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Firefighters’ Pension Plan

The Firefighters’ Pension Plan is a single-employer defined pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At fiscal year end the Firefighters’ Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	40
Current Employees	
Vested	19
Nonvested	<u>25</u>
	<u>84</u>

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

The Firefighters’ Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Firefighters’ Pension Plan – Continued

Covered employees, if any, 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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters’ Pension Plan is 90% funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

At December 31, 2011, the Police Pension Fund has over 5% of net plan assets available for retirement (other than U.S. Government guaranteed obligations) invested in the Fifth Third Monty Market Fund of \$709,336 and the Firefighters’ Pension Fund has over 5% of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Ishares TR Russell 3000 of \$3,716,566.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation

The City’s annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	14.17%	38.89%	48.90%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/11	12/31/10	12/31/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	23 Years	27 Years
Asset Valuation Method	5-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10%	5.50%	5.50%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The pension liability for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension	Total
Annual Required Contributions	\$ 1,189,917	2,090,287	2,128,673	5,408,877
Interest on Net Pension Obligation	7,735	136,901	185,058	329,694
Adjustment to Annual Required Contribution	(5,529)	86,884	96,847	178,202
Annual Pension Cost	1,192,123	2,314,072	2,410,578	5,916,773
Actual Contribution	1,077,388	2,245,217	2,213,935	5,536,540
Increase to the NPO	114,735	68,855	196,643	380,233
NPO - Beginning of Year	103,129	1,772,086	2,431,724	4,306,939
NPO - End of Year	217,864	1,840,941	2,628,367	4,687,172

The above calculations for the Police and Firefighters' Pension Funds were based on the City's private actuarial studies.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2009	\$ 1,085,521	\$ 1,468,836	\$ 1,720,215
	2010	1,117,099	1,610,081	1,727,803
	2011	1,192,123	2,314,072	2,410,578
Actual Contributions	2009	1,085,521	1,022,014	1,014,127
	2010	1,013,970	2,045,289	2,073,970
	2011	1,077,388	2,245,217	2,213,935
Percentage of APC Contributed	2009	100.00%	69.58%	58.95%
	2010	90.77%	127.03%	120.04%
	2011	90.38%	97.02%	91.84%
Net Pension Obligation	2009	-	2,207,294	2,777,891
	2010	103,129	1,772,086	2,431,724
	2011	217,864	1,840,941	2,628,367

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The City’s funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement*	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/11	12/31/10	12/31/10
Percent Funded	61.87%	48.17%	41.62%
Actuarial Accrued Liability for Benefits	\$31,602,092	\$51,404,624	\$48,584,953
Actuarial Value of Assets	\$19,552,396	\$24,759,482	\$20,219,977
(Over) Under Funded Actuarial Accrued Liability (UAAL)	\$12,049,696	\$26,645,142	\$28,364,976
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$ 7,603,546	\$ 4,841,699	\$ 3,899,331
Ratio of UAAL to Covered Payroll	158.47%	550.33%	727.43%

*Includes Library discretely presented component unit

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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, 2011, retirees contributed \$521,902. Active employees do not contribute to the plan until retirement.

At December 31, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	64
Active Employees	<u>154</u>
	<u>218</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2011**

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, 2011, was calculated as follows:

	<u>Governmental Activities</u>
Annual Required Contribution	\$ 492,469
Interest on the NPO	34,897
Adjustment to the ARC	<u>(29,081)</u>
Annual OPEB Cost	498,285
Actual Contribution	<u>217,733</u>
Increase in the NPO	280,552
NOPEBO - Beginning of Year	<u>872,427</u>
NOPEBO - End of Year	<u><u>1,152,979</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
2009	\$ 498,722	\$ 204,918	41.09%	\$ 591,582
2010	474,656	193,811	40.83%	872,427
2011	498,285	217,733	43.70%	1,152,979

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2011

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, 2010, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 5,722,184
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	5,722,184
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	13,843,167
UAAL as a Percentage of Covered Payroll	41.34%

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, 2010 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 4.00% wage inflation assumption as well as a healthcare cost trend rate of 4.50% to 8.86% depending on fiscal year. The actuarial value of assets was not determined as the City has not advance 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, 2011, 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
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefits Plan

- 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

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2011**

Funding Progress						(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 Accrued Liability (2) - (1)	(5) Annual Covered Payroll	
2006	\$ 23,961,821	\$ 28,492,247	84.10%	\$ 4,530,426	\$ 8,748,334	51.79%
2007	25,459,071	30,746,627	82.80%	5,287,556	9,368,892	56.44%
2008	19,674,004	30,071,268	65.42%	10,397,264	9,906,874	104.95%
2009	20,296,058	32,067,786	63.29%	11,771,728	9,270,036	126.99%
2010	20,661,952	31,298,990	66.01%	10,637,038	7,872,440	135.12%
2011	19,552,396	31,602,092	61.87%	12,049,696	7,603,546	158.47%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 1,000,809	\$ 1,000,809	100.00%
2007	1,076,486	1,076,486	100.00%
2008	1,130,374	1,130,374	100.00%
2009	1,085,521	1,085,521	100.00%
2010	1,013,970	1,117,099	90.77%
2011	1,077,388	1,189,917	90.54%

Data Source: Illinois Municipal Retirement Fund

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2011**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ 19,050,226	\$ 31,390,882	60.69%	\$ 12,340,656	\$ 3,988,850	309.38%
2006	21,094,351	34,048,263	61.95%	12,953,912	4,274,342	303.06%
2007	22,276,012	37,127,790	60.00%	14,851,778	4,477,359	331.71%
2008	19,473,991	39,306,318	49.54%	19,832,327	4,701,227	421.85%
2009	22,055,478	48,808,345	45.19%	26,752,867	4,660,498	574.03%
2010	24,759,482	51,404,624	48.17%	26,645,142	4,841,699	550.33%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 494,978	\$ 718,490	68.89%
2007	488,124	985,476	49.53%
2008	846,468	1,060,907	79.79%
2009	1,022,014	1,468,836	69.58%
2010	2,045,289	1,509,629	135.48%
2011	2,245,217	2,090,287	107.41%

Data Source: Actuarial Valuation Reports

The above calculations for the Annual Required Contribution were performed by the City's private actuary.

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2011**

Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Liability (AAL) - Entry Age	Funded Ratio (1) ÷ (2)	Unfunded (Overfunded) Actuarial Liability (2) - (1)	Annual Covered Payroll	Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
Dec. 31						
2005	\$ 17,571,192	\$ 29,890,514	58.79%	\$ 12,319,322	\$ 3,332,551	369.67%
2006	18,638,346	33,305,824	55.96%	14,667,478	3,316,233	442.29%
2007	19,846,639	36,096,221	54.98%	16,249,582	3,741,436	434.31%
2008	15,802,062	37,791,992	41.81%	21,989,930	3,928,508	559.75%
2009	18,235,794	46,137,827	39.52%	27,902,033	3,535,416	789.21%
2010	20,219,977	48,584,953	41.62%	28,364,976	3,899,331	727.43%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 500,086	\$ 644,000	77.65%
2007	493,662	1,017,801	48.50%
2008	850,986	1,172,057	72.61%
2009	1,014,127	1,720,215	58.95%
2010	2,073,970	1,658,207	125.07%
2011	2,213,935	2,128,673	104.01%

Data Source: Actuarial Valuation Reports

The above calculations for the Annual Required Contribution were performed by the City's private actuary.

CITY OF ROLLING MEADOWS, ILLINOIS

Other Post-Employment Benefits Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2011**

Funding Progress							(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 Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll		
2006	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A	
2007	N/A	N/A	N/A	N/A	N/A	N/A	
2008	-	5,495,553	0.00%	5,495,553	15,178,035	36.21%	
2009	-	5,832,237	0.00%	5,832,237	15,785,156	36.95%	
2010	-	5,722,184	0.00%	5,722,184	13,843,167	41.34%	
2011	N/A	N/A	N/A	N/A	N/A	N/A	

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A
2008	173,645	471,423	36.83%
2009	204,918	498,722	41.09%
2010	193,811	470,711	41.17%
2011	217,733	492,469	44.21%

The City Implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available. The City is required to have an actuarial valuation performed triennially.

Data Source: Actuarial Valuation Reports

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 18,383,505	18,383,505	18,841,006
Intergovernmental	2,309,409	2,312,159	2,564,290
Licenses and Permits	761,517	761,517	960,952
Charges for Services	2,063,701	2,063,701	2,070,328
Fines and Forfeitures	823,895	823,895	963,836
Interest	2,500	2,500	7,133
Miscellaneous	543,113	543,113	626,169
Total Revenues	<u>24,887,640</u>	<u>24,890,390</u>	<u>26,033,714</u>
Expenditures			
General Government	3,679,613	3,679,613	3,316,082
Public Safety	18,443,342	18,341,219	18,511,698
Public Works	2,504,172	2,504,700	2,417,384
Health/Welfare and Culture	18,230	18,230	9,537
Economic Development	2,550	2,550	270
Total Expenditures	<u>24,647,907</u>	<u>24,546,312</u>	<u>24,254,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>239,733</u>	<u>344,078</u>	<u>1,778,743</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	500	500	1,672
Transfers In	383,458	383,458	337,400
Transfers Out	(27,290)	(27,290)	(27,290)
	<u>356,668</u>	<u>356,668</u>	<u>311,782</u>
Net Change in Fund Balance	<u>596,401</u>	<u>700,746</u>	2,090,525
Fund Balance - Beginning			<u>(237,724)</u>
Fund Balance - Ending			<u>1,852,801</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 636,500	636,500	716,935
Interest	-	-	151
Miscellaneous	-	-	1,773
Total Revenues	<u>636,500</u>	<u>636,500</u>	<u>718,859</u>
Expenditures			
Highways and Streets			
Contracted Services	310,000	310,000	157,521
Supplies			
Snow and Ice Control	174,000	174,000	133,264
Capital Outlay	930,000	930,000	698,900
Total Expenditures	<u>1,414,000</u>	<u>1,414,000</u>	<u>989,685</u>
Net Change in Fund Balance	<u>(777,500)</u>	<u>(777,500)</u>	(270,826)
Fund Balance - Beginning			<u>1,699,491</u>
Fund Balance - Ending			<u><u>1,428,665</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
 - General Fund
 - Debt Service Fund
- 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
- Statement of Changes in Assets and Liabilities – Agency Fund

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund accounts 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

Debt Service Funds are created to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes			
Prior Years' Taxes	\$ 61,000	61,000	108,851
Current Levy	4,435,080	4,435,080	4,448,872
Police Pension	2,039,222	2,039,222	2,094,560
Fire Pension	2,010,832	2,010,832	2,064,287
Municipal Sales Tax	2,811,040	2,811,040	2,871,640
Home Rule Sales Tax	1,948,067	1,948,067	2,058,935
Simplified Telecommunications Tax	1,799,315	1,799,315	1,936,227
Electric Utility Tax	1,327,036	1,327,036	1,295,918
Hotel Tax	291,347	291,347	333,374
Food and Beverage Tax	1,233,605	1,233,605	1,212,122
Real Estate Transfer Tax	170,000	170,000	153,688
Cable Franchise Fees	256,961	256,961	262,532
Total Taxes	18,383,505	18,383,505	18,841,006
Intergovernmental			
State Income Tax	1,835,840	1,835,840	1,915,788
Local Use Tax	299,084	299,084	351,103
Replacement Tax	154,485	154,485	181,680
Other Grants	20,000	22,750	115,719
Total Intergovernmental	2,309,409	2,312,159	2,564,290
Licenses and Permits			
Business Licenses	265,000	265,000	265,325
Liquor Licenses	160,000	160,000	186,886
Other Licenses	9,857	9,857	15,482
Building Permits	250,000	250,000	372,296
Rental Unit Permits	58,660	58,660	64,190
Other Permits	18,000	18,000	56,773
Total Licenses and Permits	761,517	761,517	960,952
Charges for Services			
Police Special Details	100,000	100,000	94,411
School Liaison Charges	171,919	171,919	183,868
Ambulance Fees	525,000	525,000	460,628

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Charges for Services - Continued			
Overhead Charges			
Garage	\$ 102,793	102,793	102,793
TIF #1	39,074	39,074	39,074
TIF #2	39,074	39,074	39,074
Refuse	268,932	268,932	268,932
Utilities	575,000	575,000	575,000
Library	36,813	36,813	36,813
Other Inspection Fees	71,080	71,080	89,427
Other Charges for Services	134,016	134,016	180,308
Total Charges for Services	<u>2,063,701</u>	<u>2,063,701</u>	<u>2,070,328</u>
Fines and Forfeitures			
Circuit Court Fines	150,000	150,000	102,316
Traffic Fines	105,000	105,000	218,691
Compliance Fines	55,000	55,000	25,196
DUI Fines	10,000	10,000	11,972
Red Light Enforcement Fines	450,000	450,000	486,320
Adjudication	30,000	30,000	75,431
Other Fines	23,895	23,895	43,910
Total Fines and Forfeitures	<u>823,895</u>	<u>823,895</u>	<u>963,836</u>
Interest	<u>2,500</u>	<u>2,500</u>	<u>7,133</u>
Miscellaneous			
Rental Income	430,638	430,638	316,835
Other	112,475	112,475	309,334
Total Miscellaneous	<u>543,113</u>	<u>543,113</u>	<u>626,169</u>
Total Revenues	<u>24,887,640</u>	<u>24,890,390</u>	<u>26,033,714</u>

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Mayor			
Salaries and Wages	\$ 9,950	9,950	9,950
Benefits	2,171	2,171	1,231
Contracted Services	5,310	5,310	1,819
Supplies	400	400	73
Total Mayor	17,831	17,831	13,073
City Council			
Salaries and Wages	28,001	28,001	27,445
Benefits	5,732	5,732	4,147
Contracted Services	52,516	52,516	52,521
Supplies	1,125	1,125	336
Total City Council	87,374	87,374	84,449
City Manager			
Salaries and Wages	230,580	230,580	294,048
Benefits	49,062	49,062	69,445
Contracted Services	59,829	59,829	43,958
Supplies	3,000	3,000	110
Total City Manager	342,471	342,471	407,561
Human Resources			
Salaries and Wages	221,332	221,332	111,419
Benefits	49,881	49,881	25,604
Contracted Services	67,812	67,812	44,754
Supplies	8,500	8,500	767
Total Human Resources	347,525	347,525	182,544
City Clerk			
Salaries and Wages	106,936	106,936	104,510
Benefits	23,750	23,750	23,188
Contracted Services	30,866	30,866	25,662
Supplies	2,500	2,500	1,479
Total City Clerk	164,052	164,052	154,839
Public Relations			
Contracted Services	30,300	30,300	28,357
Supplies	1,500	1,500	48
Total Public Relations	31,800	31,800	28,405

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Video Production			
Salaries and Wages	\$ 12,000	12,000	9,930
Benefits	-	-	252
Contracted Services	6,000	6,000	950
Supplies	3,200	3,200	1,240
Total Video Production	21,200	21,200	12,372
Adjudication			
Contracted Services	49,800	49,800	20,152
Supplies	750	750	25
Total Adjudication	50,550	50,550	20,177
Community Events			
Contracted Services	5,450	5,450	-
Supplies	44,250	44,250	38,080
Total Community Events	49,700	49,700	38,080
Finance and Administration			
Salaries and Wages	257,596	257,596	173,333
Benefits	56,866	56,866	39,278
Contracted Services	127,879	127,879	109,884
Supplies	1,000	1,000	980
Total Finance and Administration	443,341	443,341	323,475
Administrative Services			
Legal Contracted Services	257,000	257,000	197,575
Engineering Contracted Services	30,000	30,000	28,795
Special Details			
Salaries and Wages	100,000	100,000	138,563
Benefits	-	-	132
Other Contracted Services	133,122	133,122	97,996
Other Supplies	7,650	7,650	10,461
Total Administrative Services	527,772	527,772	473,522

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Information Technology			
Salaries and Wages	\$ 178,974	178,974	178,894
Benefits	42,186	42,186	45,567
Contracted Services	96,771	96,771	92,335
Supplies	22,250	22,250	15,967
Total Information Technology	340,181	340,181	332,763
Total Administrative	2,423,797	2,423,797	2,071,260
Community Development			
Administration			
Salaries and Wages	308,030	308,030	305,742
Benefits	100,876	101,596	100,181
Contracted Services	107,709	106,989	86,339
Supplies and Materials	4,800	4,800	1,687
Total Administration	521,415	521,415	493,949
Building Inspections			
Salaries and Wages	453,806	453,806	450,723
Benefits	106,321	106,321	108,532
Contracted Services	168,009	168,009	189,071
Supplies and Materials	3,708	3,708	1,568
Total Building Inspections	731,844	731,844	749,894
Zoning Board of Appeals			
Contracted Services	747	747	154
Plan Commission			
Contracted Services	1,260	1,260	825
Tobacco Information/Prevention			
Contracted Services	550	550	-
Total Community Development	1,255,816	1,255,816	1,244,822

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
General Government - Continued			
Total General Government	\$ 3,679,613	3,679,613	3,316,082
Public Safety			
Police Department			
Administration			
Salaries and Wages	480,245	486,489	540,428
Benefits	2,198,595	2,198,776	2,283,083
Contracted Services	759,699	759,699	740,442
Supplies and Materials	17,563	17,563	18,685
Total Administration	3,456,102	3,462,527	3,582,638
Patrol			
Salaries and Wages	4,237,423	4,164,237	4,237,535
Benefits	181,937	178,440	196,849
Contracted Services	921,510	921,510	882,827
Supplies and Materials	54,345	54,345	51,140
Total Patrol	5,395,215	5,318,532	5,368,351
Investigation			
Salaries and Wages	769,289	769,289	805,337
Benefits	30,953	30,953	33,036
Contracted Services	178,108	178,108	170,549
Supplies and Materials	6,600	6,600	5,438
Total Investigation	984,950	984,950	1,014,360
Records Processing			
Salaries and Wages	187,287	170,677	195,525
Benefits	44,253	28,998	44,701
Contracted Services	76,014	76,014	46,396
Supplies and Materials	1,008	1,008	552
Total Records Processing	308,562	276,697	287,174
Total Police Department	10,144,829	10,042,706	10,252,523

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department			
Administration			
Salaries and Wages	\$ 305,749	305,749	284,930
Benefits	2,149,145	2,149,145	2,228,666
Contracted Services	580,356	580,356	582,006
Supplies and Materials	7,325	7,325	4,290
Total Administration	<u>3,042,575</u>	<u>3,042,575</u>	<u>3,099,892</u>
Fire Operations			
Salaries and Wages	4,026,026	4,026,026	4,128,090
Benefits	121,006	121,006	105,252
Contracted Services	761,354	761,354	744,967
Supplies and Materials	83,309	83,309	62,450
Total Fire Operations	<u>4,991,695</u>	<u>4,991,695</u>	<u>5,040,759</u>
Special Rescue Teams			
Salaries and Wages	37,640	37,640	42,270
Contracted Services	27,025	27,025	12,057
Supplies and Materials	8,275	8,275	8,863
Total Special Rescue Teams	<u>72,940</u>	<u>72,940</u>	<u>63,190</u>
Prevention Program			
Salaries and Wages	70,788	70,788	26,899
Benefits	12,791	12,791	5,000
Contracted Services	5,400	5,400	4,031
Supplies and Materials	4,400	4,400	3,939
Total Prevention Program	<u>93,379</u>	<u>93,379</u>	<u>39,869</u>
Training Program			
Salaries and Wages	32,308	32,308	-
Benefits	7,494	7,494	-
Contracted Services	28,192	28,192	4,010
Supplies and Materials	4,930	4,930	484
Total Training Program	<u>72,924</u>	<u>72,924</u>	<u>4,494</u>
Total Fire Department	<u>8,273,513</u>	<u>8,273,513</u>	<u>8,248,204</u>

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Board of Police and Fire Commission			
Salaries and Wages	\$ 3,000	3,000	-
Contracted Services	22,000	22,000	10,971
Total Board of Police and Fire Commission	25,000	25,000	10,971
Total Public Safety	18,443,342	18,341,219	18,511,698
Public Works			
Administration			
Salaries and Wages	444,987	444,987	456,196
Benefits	106,214	106,214	113,201
Contracted Services	287,678	288,206	277,662
Supplies and Materials	11,600	11,600	9,585
Total Administration	850,479	851,007	856,644
Buildings and Grounds			
Salaries and Wages	351,744	351,744	352,692
Benefits	87,401	87,401	90,325
Contracted Services	96,172	96,172	95,579
Supplies and Materials	2,500	2,500	2,283
Total Buildings and Grounds	537,817	537,817	540,879
Forestry Program			
Salaries and Wages	85,093	85,093	83,326
Benefits	22,540	22,540	13,241
Contracted Services	64,922	64,922	54,266
Supplies and Materials	3,275	3,275	2,843
Total Forestry Program	175,830	175,830	153,676
Street Operations			
Salaries and Wages	644,939	644,939	583,979
Benefits	133,085	133,085	137,973
Contracted Services	157,197	157,197	139,711
Supplies and Materials	4,825	4,825	4,522
Total Street Operations	940,046	940,046	866,185
Total Public Works	2,504,172	2,504,700	2,417,384

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Health/Welfare and Culture			
Museum			
Contracted Services	\$ 5,730	5,730	3,812
ESDA			
Supplies and Materials	2,000	2,000	85
Safety Committee			
Supplies and Materials	1,300	1,300	910
Employee Wellness Program			
Contracted Services	6,700	6,700	4,475
Urban Affairs			
Supplies	2,500	2,500	255
Total Health/Welfare and Culture	18,230	18,230	9,537
Economic Development			
Community Development			
Contracted Services	700	700	270
Supplies and Materials	1,850	1,850	-
Total Economic Development	2,550	2,550	270
Total Expenditures	24,647,907	24,546,312	24,254,971

CITY OF ROLLING MEADOWS, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,360,088	1,360,088	1,363,301
Expenditures			
Debt Service			
Principal Retirement	2,255,000	2,255,000	2,255,000
Interest and Fiscal Charges	634,175	634,175	634,175
Total Expenditures	2,889,175	2,889,175	2,889,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,529,087)	(1,529,087)	(1,525,874)
Other Financing Sources			
Debt Issuance	960,000	960,000	-
Transfers In	610,243	610,243	610,243
	1,570,243	1,570,243	610,243
Net Change in Fund Balance	41,156	41,156	(915,631)
Fund Balance - Beginning			733,690
Fund Balance - Ending			(181,941)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2011**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 233,719	70,011	303,730
Receivables - Net of Allowances			
Property Taxes	557,051	189,436	746,487
Other Taxes	-	27,087	27,087
Accounts	25,745	2,208	27,953
Due from Other Funds	291,254	1,137,972	1,429,226
Prepays	42,479	1,225	43,704
Total Assets	1,150,248	1,427,939	2,578,187
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	2,507	51,946	54,453
Due to Other Funds	291,254	1,137,972	1,429,226
Unearned/Deferred Revenues	551,500	161,801	713,301
Total Liabilities	845,261	1,351,719	2,196,980
Fund Balances			
Nonspendable	42,479	1,225	43,704
Restricted	524,945	813,726	1,338,671
Assigned	-	394,257	394,257
Unassigned	(262,437)	(1,132,988)	(1,395,425)
Total Fund Balances	304,987	76,220	381,207
Total Liabilities and Fund Balances	1,150,248	1,427,939	2,578,187

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2011**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 699,226	1,235,680	1,934,906
Intergovernmental	-	351,326	351,326
Licenses and Permits	-	376,565	376,565
Fines and Forfeitures	232,725	-	232,725
Interest	404	70	474
Miscellaneous	2	112,924	112,926
Total Revenues	<u>932,357</u>	<u>2,076,565</u>	<u>3,008,922</u>
Expenditures			
General Government	-	41,417	41,417
Public Safety	758,008	-	758,008
Highways and Streets	-	845,585	845,585
Economic Development	-	41,860	41,860
Capital Outlay	-	1,363,721	1,363,721
Debt Service			
Principal Retirement	-	717,170	717,170
Interest and Fiscal Charges	-	130,955	130,955
Total Expenditures	<u>758,008</u>	<u>3,140,708</u>	<u>3,898,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>174,349</u>	<u>(1,064,143)</u>	<u>(889,794)</u>
Other Financing Sources (Uses)			
Transfers In	27,290	437,970	465,260
Transfers Out	(87,400)	(1,298,213)	(1,385,613)
	<u>(60,110)</u>	<u>(860,243)</u>	<u>(920,353)</u>
Net Change in Fund Balances	114,239	(1,924,386)	(1,810,147)
Fund Balances - Beginning	<u>190,748</u>	<u>2,000,606</u>	<u>2,191,354</u>
Fund Balances - Ending	<u>304,987</u>	<u>76,220</u>	<u>381,207</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.

Enhanced DUI Enforcement Fund

The Enhanced DUI Enforcement Fund is used to account for the receipts and disbursements incurred as a result of the City's DUI enforcement program. This fund was closed to the General Fund as of December 31, 2011.

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, 2011**

	911 Emergency Telephone	Foreign Fire Tax	Enhanced DUI Enforcement	Asset Seizure	Totals
ASSETS					
Cash and Investments	\$ -	43,074	-	190,645	233,719
Receivables - Net of Allowances					
Property Taxes	557,051	-	-	-	557,051
Accounts	25,745	-	-	-	25,745
Due from Other Funds	-	-	-	291,254	291,254
Prepays	42,479	-	-	-	42,479
Total Assets	625,275	43,074	-	481,899	1,150,248
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	2,479	28	-	-	2,507
Due to Other Funds	291,254	-	-	-	291,254
Unearned/Deferred Revenues	551,500	-	-	-	551,500
Total Liabilities	845,233	28	-	-	845,261
Fund Balances					
Nonspendable	42,479	-	-	-	42,479
Restricted	-	43,046	-	481,899	524,945
Unassigned	(262,437)	-	-	-	(262,437)
Total Fund Balances	(219,958)	43,046	-	481,899	304,987
Total Liabilities and Fund Balances	625,275	43,074	-	481,899	1,150,248

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2011**

	911 Emergency Telephone	Foreign Fire Tax	Enhanced DUI Enforcement	Asset Seizure	Totals
Revenues					
Taxes	\$ 670,975	28,251	-	-	699,226
Fines and Forfeitures	-	-	2,637	230,088	232,725
Interest	-	1	-	403	404
Miscellaneous	2	-	-	-	2
Total Revenues	670,977	28,252	2,637	230,491	932,357
Expenditures					
Public Safety	624,073	26,321	-	107,614	758,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,904	1,931	2,637	122,877	174,349
Other Financing Sources (Uses)					
Transfers In	-	-	27,290	-	27,290
Transfers Out	-	-	-	(87,400)	(87,400)
	-	-	27,290	(87,400)	(60,110)
Net Change in Fund Balances	46,904	1,931	29,927	35,477	114,239
Fund Balances - Beginning	(266,862)	41,115	(29,927)	446,422	190,748
Fund Balances - Ending	(219,958)	43,046	-	481,899	304,987

CITY OF ROLLING MEADOWS, ILLINOIS

911 Emergency Telephone - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 509,000	509,000	510,581
Other Taxes	180,000	180,000	160,394
Miscellaneous	-	-	2
Total Revenues	<u>689,000</u>	<u>689,000</u>	<u>670,977</u>
Expenditures			
Public Safety			
Contracted Services	<u>647,065</u>	<u>647,065</u>	<u>624,073</u>
Net Change in Fund Balance	<u>41,935</u>	<u>41,935</u>	46,904
Fund Balance - Beginning			<u>(266,862)</u>
Fund Balance - Ending			<u>(219,958)</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Enhanced DUI Enforcement - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Fines and Forfeitures	\$ -	-	2,637
Expenditures			
Public Safety	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	2,637
Other Financing Sources			
Transfers In	27,290	27,290	27,290
Net Change in Fund Balance	<u>27,290</u>	<u>27,290</u>	29,927
Fund Balance - Beginning			<u>(29,927)</u>
Fund Balance - Ending			<u><u>-</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

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.

Local Road Fund

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

Transit Oriented Area Development Fund

The Transit Oriented Area Development Fund is used to account for savings for the future Metra STAR Line station in the City.

TIF #1 Kirchoff/Meadow Fund

The TIF #1 Kirchoff/Meadow Fund is used to account for the accumulation of monies for the payment of the 1996B General Obligation Bond Series. These bonds were issued to partially refund the 1992B General Obligation Bond Series. Financing is being provided by an annual property tax levy.

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 #3 Woodfield

The Woodfield Area Development Fund is used to account for the revenues and expenditures associated with the development of activities in the Woodfield Garden area.

Plum Grove Road Fund

The Plum Grove Road Fund is used to account for the City's share of the State project of widening and improvement of Plum Grove Road south of Euclid and north of Old Plum Grove Road.

Fire Station Fund

The Fire Station Fund is used to account for accumulating funds to build a new fire station on Algonquin Road.

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Balance Sheet
December 31, 2011**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

December 31, 2011

	Local Road	Transit Oriented Area Development
ASSETS		
Cash and Investments	\$ -	-
Receivables - Net of Allowances		
Property Taxes	151,405	-
Other Taxes	27,087	-
Accounts	2,208	-
Due from Other Funds	-	394,257
Prepays	1,225	-
	<u>181,925</u>	<u>394,257</u>
Total Assets	<u>181,925</u>	<u>394,257</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	51,946	-
Due to Other Funds	367,549	-
Unearned/Deferred Revenues	161,801	-
Total Liabilities	<u>581,296</u>	<u>-</u>
Fund Balances		
Nonspendable	1,225	-
Restricted	-	-
Assigned	-	394,257
Unassigned	(400,596)	-
Total Fund Balances	<u>(399,371)</u>	<u>394,257</u>
Total Liabilities and Fund Balances	<u>181,925</u>	<u>394,257</u>

TIF #1 Kirchoff/ Meadow	TIF #2 Kirchoff/ Owl	TIF #3 Woodfield	Plum Grove Road	Fire Station	Totals
47,847	-	22,164	-	-	70,011
-	38,031	-	-	-	189,436
-	-	-	-	-	27,087
-	-	-	-	-	2,208
743,715	-	-	-	-	1,137,972
-	-	-	-	-	1,225
<u>791,562</u>	<u>38,031</u>	<u>22,164</u>	<u>-</u>	<u>-</u>	<u>1,427,939</u>
-	-	-	-	-	51,946
-	720,459	-	49,964	-	1,137,972
-	-	-	-	-	161,801
-	<u>720,459</u>	<u>-</u>	<u>49,964</u>	<u>-</u>	<u>1,351,719</u>
-	-	-	-	-	1,225
791,562	-	22,164	-	-	813,726
-	-	-	-	-	394,257
-	(682,428)	-	(49,964)	-	(1,132,988)
<u>791,562</u>	<u>(682,428)</u>	<u>22,164</u>	<u>(49,964)</u>	<u>-</u>	<u>76,220</u>
<u>791,562</u>	<u>38,031</u>	<u>22,164</u>	<u>-</u>	<u>-</u>	<u>1,427,939</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2011**

	Local Road	Transit Oriented Area Development
Revenues		
Taxes	\$ 610,219	-
Intergovernmental	351,326	-
Licenses and Permits	376,565	-
Interest	26	-
Miscellaneous	112,924	-
Total Revenues	<u>1,451,060</u>	<u>-</u>
Expenditures		
General Government	-	-
Highways and Streets	845,585	-
Economic Development	-	-
Capital Outlay	1,363,721	-
Debt Service		
Principal Retirement	267,170	-
Interest and Fiscal Charges	35,845	-
Total Expenditures	<u>2,512,321</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,061,261)</u>	<u>-</u>
Other Financing Sources (Uses)		
Transfers In	437,970	-
Transfers Out	<u>(250,000)</u>	<u>-</u>
	<u>187,970</u>	<u>-</u>
Net Change in Fund Balances	(873,291)	-
Fund Balances - Beginning	<u>473,920</u>	<u>394,257</u>
Fund Balances - Ending	<u>(399,371)</u>	<u>394,257</u>

TIF #1 Kirchoff/ Meadow	TIF #2 Kirchoff/ Owl	TIF #3 Woodfield	Plum Grove Road	Fire Station	Totals
153,355	415,427	56,679	-	-	1,235,680
-	-	-	-	-	351,326
-	-	-	-	-	376,565
10	26	8	-	-	70
-	-	-	-	-	112,924
153,365	415,453	56,687	-	-	2,076,565
41,417	-	-	-	-	41,417
-	-	-	-	-	845,585
-	40,467	1,393	-	-	41,860
-	-	-	-	-	1,363,721
-	450,000	-	-	-	717,170
-	95,110	-	-	-	130,955
41,417	585,577	1,393	-	-	3,140,708
111,948	(170,124)	55,294	-	-	(1,064,143)
-	-	-	-	-	437,970
-	-	-	-	(1,048,213)	(1,298,213)
-	-	-	-	(1,048,213)	(860,243)
111,948	(170,124)	55,294	-	(1,048,213)	(1,924,386)
679,614	(512,304)	(33,130)	(49,964)	1,048,213	2,000,606
791,562	(682,428)	22,164	(49,964)	-	76,220

CITY OF ROLLING MEADOWS, ILLINOIS

Local Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 594,301	594,301	610,219
Intergovernmental	2,811,126	2,811,126	351,326
Licenses and Permits	365,000	365,000	376,565
Interest	250	250	26
Miscellaneous	15,000	15,000	112,924
Total Revenues	3,785,677	3,785,677	1,451,060
Expenditures			
Highways and Streets			
Contracted Services	776,749	776,749	774,761
Supplies			
Operating Supplies	99,600	99,600	61,507
Repairs and Maintenance Supplies	20,000	20,000	9,317
Capital Outlay			
Street Improvements	2,656,858	2,656,858	1,363,721
Debt Service			
Principal Retirement	250,170	250,170	267,170
Interest and Fiscal Charges	35,393	35,393	35,845
Total Expenditures	3,838,770	3,838,770	2,512,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,093)	(53,093)	(1,061,261)
Other Financing Sources (Uses)			
Transfers In	437,970	437,970	437,970
Transfers Out	(250,000)	(250,000)	(250,000)
	187,970	187,970	187,970
Net Change in Fund Balance	134,877	134,877	(873,291)
Fund Balance - Beginning			473,920
Fund Balance - Ending			(399,371)

CITY OF ROLLING MEADOWS, ILLINOIS

Transit Oriented Area Development - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 500	500	-
Miscellaneous	26,000	26,000	-
Total Revenues	26,500	26,500	-
Expenditures			
Public Works	26,000	26,000	-
Net Change in Fund Balance	500	500	-
Fund Balance - Beginning			394,257
Fund Balance - Ending			394,257

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #1 Kirchoff/Meadow - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 65,000	65,000	153,355
Interest	250	250	10
Total Revenues	<u>65,250</u>	<u>65,250</u>	<u>153,365</u>
Expenditures			
General Government			
Contracted Services	54,074	54,074	41,417
Net Change in Fund Balance	<u>11,176</u>	<u>11,176</u>	<u>111,948</u>
Fund Balance - Beginning			<u>679,614</u>
Fund Balance - Ending			<u><u>791,562</u></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
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 400,000	400,000	415,427
Interest	-	-	26
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>415,453</u>
Expenditures			
Economic Development			
Contracted Services	44,074	44,074	40,467
Debt Service			
Principal Retirement	467,000	467,000	450,000
Interest and Fiscal Charges	95,735	95,735	95,110
Total Expenditures	<u>606,809</u>	<u>606,809</u>	<u>585,577</u>
Net Change in Fund Balance	<u>(206,809)</u>	<u>(206,809)</u>	(170,124)
Fund Balance - Beginning			<u>(512,304)</u>
Fund Balance - Ending			<u><u>(682,428)</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #3 Woodfield - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 25,000	25,000	56,679
Interest	-	-	8
Total Revenues	25,000	25,000	56,687
Expenditures			
Economic Development	-	-	1,393
Net Change in Fund Balance	25,000	25,000	55,294
Fund Balance - Beginning			(33,130)
Fund Balance - Ending			22,164

CITY OF ROLLING MEADOWS, ILLINOIS

Fire Station - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ -	-	-
Expenditures			
Capital Outlay	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing (Uses)			
Transfers Out	(1,048,213)	(1,048,213)	(1,048,213)
Net Change in Fund Balance	<u>(1,048,213)</u>	<u>(1,048,213)</u>	(1,048,213)
Fund Balance - Beginning			<u>1,048,213</u>
Fund Balance - Ending			<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 Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 7,615,689	7,615,689	7,526,668
Miscellaneous	3,441,292	3,441,292	164,321
Total Operating Revenues	<u>11,056,981</u>	<u>11,056,981</u>	<u>7,690,989</u>
Operating Expenses			
Administration	889,691	889,691	871,634
Public Works	575,000	575,000	575,000
Operations	9,696,832	9,696,392	4,594,114
Depreciation and Amortization	-	-	592,476
Total Operating Expenses	<u>11,161,523</u>	<u>11,161,083</u>	<u>6,633,224</u>
Operating Income (Loss)	<u>(104,542)</u>	<u>(104,102)</u>	<u>1,057,765</u>
Nonoperating Revenues (Expenses)			
Interest Income	250	250	585
Interest Expense	(107,595)	(107,595)	(107,584)
	<u>(107,345)</u>	<u>(107,345)</u>	<u>(106,999)</u>
Change in Net Assets	<u>(211,887)</u>	<u>(211,447)</u>	950,766
Net Assets - Beginning			<u>9,830,035</u>
Net Assets - Ending			<u>10,780,801</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Administration			
Salaries and Wages	\$ 170,976	170,976	167,362
Benefits	87,426	87,426	87,282
Contracted Services	630,789	630,789	616,871
Supplies	500	500	119
Total Administration	889,691	889,691	871,634
Public Works			
Contracted Services	575,000	575,000	575,000
Operations			
Water			
Salaries and Wages	753,975	753,975	627,484
Benefits	345,781	345,781	314,049
Contracted Services	317,774	315,010	239,008
Supplies	2,910,115	2,912,615	2,478,531
Machinery & Equipment	2,053,400	2,053,400	83,026
Total Water	6,381,045	6,380,781	3,742,098
Sewer			
Salaries and Wages	341,597	341,597	376,068
Benefits	177,580	177,580	190,440
Contracted Services	138,622	138,534	35,710
Supplies	66,750	66,750	40,443
Machinery & Equipment	1,940,000	1,940,000	1,956
Total Sewer	2,664,549	2,664,461	644,617

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operations - Continued			
Stormwater			
Salaries and Wages	\$ 93,045	93,045	89,082
Benefits	24,213	24,213	25,790
Contracted Services	169,205	169,117	42,664
Supplies	42,275	42,275	14,711
Machinery & Equipment	322,500	322,500	35,152
Total Stormwater	651,238	651,150	207,399
Total Operations	9,696,832	9,696,392	4,594,114
Depreciation and Amortization	-	-	592,476
Total Operating Expenses	11,161,523	11,161,083	6,633,224

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,397,932	2,397,932	2,397,820
Miscellaneous	97,114	97,114	152,834
Total Operating Revenues	<u>2,495,046</u>	<u>2,495,046</u>	<u>2,550,654</u>
Operating Expenses			
Administration	769,221	769,133	768,939
Operations	1,700,690	1,700,690	1,457,070
Depreciation and Amortization	-	-	57,578
Total Operating Expenses	<u>2,469,911</u>	<u>2,469,823</u>	<u>2,283,587</u>
Operating Income	25,135	25,223	267,067
Nonoperating (Expenses)			
Interest Expense	<u>(7,818)</u>	<u>(7,818)</u>	<u>(7,815)</u>
Change in Net Assets	<u>17,317</u>	<u>17,405</u>	259,252
Net Assets - Beginning			<u>351,306</u>
Net Assets - Ending			<u>610,558</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Administration			
Salaries and Wages	\$ 27,602	27,602	32,255
Benefits	6,433	6,433	7,629
Contracted Services	734,936	734,848	728,877
Supplies	250	250	178
Total Administration	769,221	769,133	768,939
Operations			
Salaries and Wages	395,034	395,034	439,255
Benefits	175,416	175,416	184,497
Contracted Services	1,123,315	1,123,315	829,955
Supplies	6,925	6,925	3,363
Total Operations	1,700,690	1,700,690	1,457,070
Depreciation and Amortization	-	-	57,578
Total Operating Expenses	2,469,911	2,469,823	2,283,587

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

**Combining Statement of Net Assets
Internal Service Funds**

December 31, 2011

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Combining Statement of Net Assets
Internal Service Funds**

December 31, 2011

		<u>Municipal Garage</u>
ASSETS		
Current Assets		
Cash and Investments		\$ 64,750
Receivables - Net of Allowances - Accounts		-
Prepays		-
Total Current Assets		<u>64,750</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable		-
Depreciable		9,247
Accumulated Depreciation		<u>(6,472)</u>
		2,775
Other Assets		
Unamortized Bond Issuance Costs		-
Total Noncurrent Assets		<u>2,775</u>
Total Assets		<u>67,525</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		25,514
Deposits Payable		-
Compensated Absences Payable		4,736
Capital Leases Payable		1,849
General Obligation Bonds Payable		-
Total Current Liabilities		<u>32,099</u>
Noncurrent Liabilities		
Compensated Absences Payable		82,989
Capital Leases Payable		154
General Obligation Bonds Payable		-
Total Noncurrent Liabilities		<u>83,143</u>
Total Liabilities		<u>115,242</u>
NET ASSETS		
Invested in Capital Assets - Net of Related Debt		772
Unrestricted		<u>(48,489)</u>
Total Net Assets		<u>(47,717)</u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
625,975	66,293	230,598	362,049	1,349,665
-	3,282	1,560	-	4,842
-	-	92,584	1,426,290	1,518,874
625,975	69,575	324,742	1,788,339	2,873,381
742,109	341,161	-	-	1,083,270
17,820,910	2,927,830	-	-	20,757,987
(11,558,961)	(1,136,799)	-	-	(12,702,232)
7,004,058	2,132,192	-	-	9,139,025
2,405	-	-	-	2,405
7,006,463	2,132,192	-	-	9,141,430
7,632,438	2,201,767	324,742	1,788,339	12,014,811
91,439	67,856	5,432	233,978	424,219
-	-	-	303,110	303,110
-	-	-	-	4,736
50,785	-	-	-	52,634
65,000	-	-	-	65,000
207,224	67,856	5,432	537,088	849,699
-	-	-	-	82,989
231,925	-	-	-	232,079
70,000	-	-	-	70,000
301,925	-	-	-	385,068
509,149	67,856	5,432	537,088	1,234,767
6,586,348	2,132,192	-	-	8,719,312
536,941	1,719	319,310	1,251,251	2,060,732
7,123,289	2,133,911	319,310	1,251,251	10,780,044

CITY OF ROLLING MEADOWS, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds**

Year Ended December 31, 2011

	<u>Municipal Garage</u>
Operating Revenues	
Interfund Services	\$ 1,176,132
Miscellaneous	6,318
Total Operating Revenues	<u>1,182,450</u>
Operating Expenses	
Administration	1,116,592
Public Safety	-
Public Works	-
Depreciation and Amortization	1,849
Total Operating Expenses	<u>1,118,441</u>
Operating Income (Loss)	<u>64,009</u>
Nonoperating Revenues (Expenses)	
Disposal of Capital Assets	-
Other Income	-
Interest Income	-
Interest Expense	(481)
	<u>(481)</u>
Change in Net Assets	63,528
Net Assets - Beginning	<u>(111,245)</u>
Net Assets - Ending	<u>(47,717)</u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
458,127	364,242	964,454	2,999,882	5,962,837
143,620	6,600	78,987	1,350,882	1,586,407
601,747	370,842	1,043,441	4,350,764	7,549,244
-	-	730,261	4,457,412	6,304,265
150,997	-	-	-	150,997
-	214,563	-	-	214,563
708,623	195,189	-	-	905,661
859,620	409,752	730,261	4,457,412	7,575,486
(257,873)	(38,910)	313,180	(106,648)	(26,242)
34,192	-	-	-	34,192
39,254	-	-	-	39,254
-	-	79	634	713
(24,167)	-	-	-	(24,648)
49,279	-	79	634	49,511
(208,594)	(38,910)	313,259	(106,014)	23,269
7,331,883	2,172,821	6,051	1,357,265	10,756,775
7,123,289	2,133,911	319,310	1,251,251	10,780,044

CITY OF ROLLING MEADOWS, ILLINOIS

**Combining Statement of Cash Flows
Internal Service Funds**

Year Ended December 31, 2011

	Municipal Garage
Cash Flows from Operating Activities	
Interfund Services Provided	\$ 1,248,479
Payments to Suppliers	(947,514)
Payments to Employees	(233,885)
	<u>67,080</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	-
Principal Paid on Debt	(1,849)
Interest Paid on Debt	(481)
	<u>(2,330)</u>
Cash Flows from Investing Activities	
Interest Received	-
	<u>-</u>
Net Change in Cash and Cash Equivalents	64,750
Cash and Cash Equivalents - Beginning	<u>-</u>
Cash and Cash Equivalents - Ending	<u><u>64,750</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	64,009
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	1,849
Other Income	-
(Increase) Decrease in Current Assets	66,029
Increase (Decrease) in Current Liabilities	(64,807)
	<u>67,080</u>
Net Cash Provided by Operating Activities	<u><u>67,080</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,400,783	414,216	982,071	4,838,396	8,883,945
(84,729)	(294,103)	(751,552)	(3,415,295)	(5,493,193)
-	-	-	(1,061,686)	(1,295,571)
1,316,054	120,113	230,519	361,415	2,095,181
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
34,192	-	-	-	34,192
(471,161)	(53,820)	-	-	(524,981)
(228,943)	-	-	-	(230,792)
(24,167)	-	-	-	(24,648)
(690,079)	(53,820)	-	-	(746,229)
-	-	79	634	713
625,975	66,293	230,598	362,049	1,349,665
-	-	-	-	-
625,975	66,293	230,598	362,049	1,349,665
(257,873)	(38,910)	313,180	(106,648)	(26,242)
708,623	195,189	-	-	905,661
39,254	-	-	-	39,254
759,782	43,374	(61,370)	487,632	1,295,447
66,268	(79,540)	(21,291)	(19,569)	(118,939)
1,316,054	120,113	230,519	361,415	2,095,181

CITY OF ROLLING MEADOWS, ILLINOIS

Municipal Garage - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,174,582	1,174,582	1,176,132
Miscellaneous	6,500	6,500	6,318
Total Operating Revenues	<u>1,181,082</u>	<u>1,181,082</u>	<u>1,182,450</u>
Operating Expenses			
Administration			
Motor Pool			
Salaries and Wages	316,425	316,425	233,885
Benefits	126,695	126,695	113,000
Contracted Services	316,152	316,152	301,180
Supplies	430,950	430,950	468,527
Depreciation and Amortization	-	-	1,849
Total Operating Expenses	<u>1,190,222</u>	<u>1,190,222</u>	<u>1,118,441</u>
Operating Income (Loss)	(9,140)	(9,140)	64,009
Nonoperating (Expenses)			
Interest Expense	-	-	(481)
Change in Net Assets	<u>(9,140)</u>	<u>(9,140)</u>	63,528
Net Assets - Beginning			<u>(111,245)</u>
Net Assets - Ending			<u><u>(47,717)</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Vehicle Replacement - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 458,127	458,127	458,127
Miscellaneous	88,565	88,565	143,620
Total Operating Revenues	<u>546,692</u>	<u>546,692</u>	<u>601,747</u>
Operating Expenses			
Administration	1,200	1,200	-
Public Safety	714,555	756,275	150,997
Depreciation and Amortization	-	-	708,623
Total Operating Expenses	<u>715,755</u>	<u>757,475</u>	<u>859,620</u>
Operating Income (Loss)	<u>(169,063)</u>	<u>(210,783)</u>	<u>(257,873)</u>
Nonoperating Revenues (Expenses)			
Disposal of Capital Assets	-	-	34,192
Other Income	-	-	39,254
Interest Income	250	250	-
Interest Expense	(24,316)	(24,316)	(24,167)
	<u>(24,066)</u>	<u>(24,066)</u>	<u>49,279</u>
Change in Net Assets	<u>(193,129)</u>	<u>(234,849)</u>	<u>(208,594)</u>
Net Assets - Beginning			<u>7,331,883</u>
Net Assets - Ending			<u>7,123,289</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Buildings and Land - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 361,400	361,400	364,242
Miscellaneous	104,200	104,200	6,600
Total Operating Revenues	<u>465,600</u>	<u>465,600</u>	<u>370,842</u>
Operating Expenses			
Public Works	453,213	453,213	214,563
Depreciation	-	-	195,189
Total Operating Expenses	<u>453,213</u>	<u>453,213</u>	<u>409,752</u>
Change in Net Assets	<u>12,387</u>	<u>12,387</u>	(38,910)
Net Assets - Beginning			<u>2,172,821</u>
Net Assets - Ending			<u>2,133,911</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Liability Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 964,454	964,454	964,454
Miscellaneous			
Insurance Rebate	10,000	10,000	21,069
Other	-	-	57,918
Total Operating Revenues	<u>974,454</u>	<u>974,454</u>	<u>1,043,441</u>
Operating Expenses			
Administration			
Liability Insurance	790,264	790,264	764,475
Unemployment	50,000	50,000	13,380
Reimbursable Repairs	12,500	12,500	11,777
Change to Insurance Reserves	-	-	(59,371)
Total Operating Expenses	<u>852,764</u>	<u>852,764</u>	<u>730,261</u>
Operating Income	121,690	121,690	313,180
Nonoperating Revenues			
Interest Income	-	-	<u>79</u>
Change in Net Assets	<u>121,690</u>	<u>121,690</u>	313,259
Net Assets - Beginning			<u>6,051</u>
Net Assets - Ending			<u><u>319,310</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Health Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 3,267,837	3,267,837	2,999,882
Miscellaneous			
Employee Contributions	365,000	365,000	329,689
Retiree Contributions	475,000	475,000	539,496
Other	-	-	481,697
Total Operating Revenues	<u>4,107,837</u>	<u>4,107,837</u>	<u>4,350,764</u>
Operating Expenses			
Administration			
Group Health			
PPO White	1,155,910	1,155,910	1,135,889
PPO Blue	105,818	105,818	96,409
HMO	1,511,156	1,511,156	1,471,713
Retirees	522,859	522,859	521,902
PSEBA	22,326	22,326	22,023
Dental Insurance			
PPO	69,551	69,551	69,114
HMO	55,388	55,388	51,633
Retirees	5,714	5,714	4,757
Life Insurance	17,659	17,659	17,038
Medical Waivers	765	765	648
Retiree Payouts	700,000	700,000	1,061,686
Other	3,000	3,000	4,600
Total Operating Expenses	<u>4,170,146</u>	<u>4,170,146</u>	<u>4,457,412</u>
Operating Income (Loss)	(62,309)	(62,309)	(106,648)
Nonoperating Revenues			
Interest Income	<u>250</u>	<u>250</u>	<u>634</u>
Change in Net Assets	<u>(62,059)</u>	<u>(62,059)</u>	(106,014)
Net Assets - Beginning			<u>1,357,265</u>
Net Assets - Ending			<u>1,251,251</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 Net Plan Assets
December 31, 2011**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 3,308,880	2,872,839	6,181,719
Investments			
U.S. Government and Agency Obligations	6,225,707	6,018,246	12,243,953
Corporate Bonds	4,334,527	4,265,782	8,600,309
Mutual Funds	9,260,552	7,258,241	16,518,793
Common Stock	2,553,876	-	2,553,876
Insurance Company Contracts	-	181,839	181,839
Receivables			
Accrued Interest	24,938	83,419	108,357
Due from Other Funds	18,409	18,104	36,513
Prepays	775	1,646	2,421
Total Assets	25,727,664	20,700,116	46,427,780
LIABILITIES			
Liabilities			
Accounts Payable	20,221	2,373	22,594
NET ASSETS			
Held in Trust for Pension Benefits	25,707,443	20,697,743	46,405,186

CITY OF ROLLING MEADOWS, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Net Plan Assets
Year Ended December 31, 2011**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 2,245,217	2,213,935	4,459,152
Contributions - Plan Members	515,232	371,713	886,945
Miscellaneous	-	2,149	2,149
Total Contributions	2,760,449	2,587,797	5,348,246
Investment Earnings			
Interest Earned	654,266	842,774	1,497,040
Net Change in Fair Value	(489,123)	(602,139)	(1,091,262)
	165,143	240,635	405,778
Less Investment Expenses	(68,852)	(58,867)	(127,719)
Net Investment Income	96,291	181,768	278,059
Total Additions	2,856,740	2,769,565	5,626,305
Deductions			
Administration	51,718	48,555	100,273
Benefits and Refunds	2,019,213	2,410,448	4,429,661
Total Deductions	2,070,931	2,459,003	4,529,934
Change in Net Assets	785,809	310,562	1,096,371
Net Assets - Beginning	24,921,634	20,387,181	45,308,815
Net Assets - Ending	25,707,443	20,697,743	46,405,186

CITY OF ROLLING MEADOWS, ILLINOIS

Compliance Deposits - Agency Fund

Statement of Changes in Assets and Liabilities

Year Ended December 31, 2011

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 271,183	82,750	122,775	231,158
Due from Other Governments	-	82,500	-	82,500
Total Assets	271,183	165,250	122,775	313,658
LIABILITIES				
Accounts Payable	-	82,500	-	82,500
Deposits Payable	271,183	82,750	122,775	231,158
Total Liabilities	271,183	165,250	122,775	313,658

SUPPLEMENTAL SCHEDULES

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2002A**

December 31, 2011

Date of Issue	April 15, 2002
Date of Maturity	December 1, 2018
Authorized Issue	\$4,885,000
Denomination of Bonds	\$5,000
Interest Rates	4.40% - 4.90%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired By	Debt Service
Purpose of Debt	Access Road from Golf Road to Algonquin Road

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2011	\$ 370,000	141,516	511,516	2012	70,758	2012	70,758
2012	385,000	124,682	509,682	2013	62,341	2013	62,341
2013	405,000	106,876	511,876	2014	53,438	2014	53,438
2014	420,000	87,840	507,840	2015	43,920	2015	43,920
2015	440,000	67,890	507,890	2016	33,945	2016	33,945
2016	465,000	46,550	511,550	2017	23,275	2017	23,275
2017	485,000	23,766	508,766	2018	11,883	2018	11,883
	<u>2,970,000</u>	<u>599,120</u>	<u>3,569,120</u>		<u>299,560</u>		<u>299,560</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2002B**

December 31, 2011

Date of Issue	June 15, 2002
Date of Maturity	December 1, 2020
Authorized Issue	\$2,600,000
Denomination of Bonds	\$5,000
Interest Rates	3.65% - 4.75%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired By	Utilities
Purpose of Debt	Storm Water System Improvements

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2011	\$ 140,000	69,718	209,718	2012	34,859	2012	34,859
2012	150,000	63,908	213,908	2013	31,954	2013	31,954
2013	155,000	57,534	212,534	2014	28,767	2014	28,767
2014	160,000	50,790	210,790	2015	25,395	2015	25,395
2015	170,000	43,670	213,670	2016	21,835	2016	21,835
2016	180,000	36,020	216,020	2017	18,010	2017	18,010
2017	185,000	27,696	212,696	2018	13,848	2018	13,848
2018	195,000	19,000	214,000	2019	9,500	2019	9,500
2019	205,000	9,738	214,738	2020	4,869	2020	4,869
	<u>1,540,000</u>	<u>378,074</u>	<u>1,918,074</u>		<u>189,037</u>		<u>189,037</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2003**

December 31, 2011

Date of Issue	March 15, 2003
Date of Maturity	January 1, 2018
Authorized Issue	\$4,030,000
Denomination of Bonds	\$5,000
Interest Rates	2.90% - 3.70%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired By	TIF #2 Kirchoff/Owl
Purpose of Debt	Redevelopment Project Costs

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2011	\$ 365,000	82,900	447,900	2012	41,450	2013	41,450
2012	375,000	70,672	445,672	2013	35,336	2014	35,336
2013	390,000	58,110	448,110	2014	29,055	2015	29,055
2014	400,000	44,850	444,850	2015	22,425	2016	22,425
2015	415,000	30,850	445,850	2016	15,425	2017	15,425
2016	430,000	15,910	445,910	2017	7,955	2018	7,955
	<u>2,375,000</u>	<u>303,292</u>	<u>2,678,292</u>		<u>151,646</u>		<u>151,646</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2004**

December 31, 2011

Date of Issue	September 15, 2004
Date of Maturity	January 1, 2024
Authorized Issue	\$8,070,000
Denomination of Bonds	\$5,000
Interest Rates	3.25% - 4.40%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired By	Debt Service
Purpose of Debt	Redevelopment Costs - Meadows Town Mall and Meijer Store

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2011	\$ 325,000	258,452	583,452	2012	129,226	2013	129,226
2012	355,000	247,076	602,076	2013	123,538	2014	123,538
2013	390,000	234,652	624,652	2014	117,326	2015	117,326
2014	420,000	220,612	640,612	2015	110,306	2016	110,306
2015	460,000	205,072	665,072	2016	102,536	2017	102,536
2016	500,000	187,592	687,592	2017	93,796	2018	93,796
2017	540,000	168,092	708,092	2018	84,046	2019	84,046
2018	585,000	146,492	731,492	2019	73,246	2020	73,246
2019	630,000	122,360	752,360	2020	61,180	2021	61,180
2020	680,000	95,900	775,900	2021	47,950	2022	47,950
2021	730,000	66,660	796,660	2022	33,330	2023	33,330
2022	785,000	34,540	819,540	2023	17,270	2024	17,270
	<u>6,400,000</u>	<u>1,987,500</u>	<u>8,387,500</u>		<u>993,750</u>		<u>993,750</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2005**

December 31, 2011

Date of Issue	November 1, 2005
Date of Maturity	December 1, 2017
Authorized Issue	\$7,425,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired By	Debt Service
Purpose of Debt	Street, Water Supply, and Sanitary Sewer Improvements

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2011	\$ 670,000	175,600	845,600	2012	87,800	2012	87,800
2012	690,000	148,800	838,800	2013	74,400	2013	74,400
2013	715,000	121,200	836,200	2014	60,600	2014	60,600
2014	745,000	92,600	837,600	2015	46,300	2015	46,300
2015	770,000	62,800	832,800	2016	31,400	2016	31,400
2016	800,000	32,000	832,000	2017	16,000	2017	16,000
	<u>4,390,000</u>	<u>633,000</u>	<u>5,023,000</u>		<u>316,500</u>		<u>316,500</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2007**

December 31, 2011

Date of Issue	May 1, 2007
Date of Maturity	December 1, 2013
Authorized Issue	\$410,000
Denomination of Bonds	\$5,000
Interest Rates	3.95% - 4.15%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Harris Bank N.A. Chicago
Fund Debt Retired By	Vehicle Replacement
Purpose of Debt	Acquisition of Vehicles and Equipment

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2011	\$ 65,000	5,570	70,570	2012	2,785	2012	2,785
2012	70,000	2,904	72,904	2013	1,452	2013	1,452
	<u>135,000</u>	<u>8,474</u>	<u>143,474</u>		<u>4,237</u>		<u>4,237</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2007A**

December 31, 2011

Date of Issue	December 31, 2007
Date of Maturity	December 1, 2017
Authorized Issue	\$2,835,000
Denomination of Bonds	\$5,000
Interest Rate	3.512%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Bank of America Chicago
Fund Debt Retired By	Utilities, Refuse Collection, Local Roads
Purpose of Debt	Fire Station, Water Supply/Distribution System Improvements, Acquisition of Recycling Carts

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2011	\$ 280,000	64,270	344,270	2012	32,135	2012	32,135
2012	290,000	54,436	344,436	2013	27,218	2013	27,218
2013	300,000	44,250	344,250	2014	22,125	2014	22,125
2014	310,000	33,714	343,714	2015	16,857	2015	16,857
2015	320,000	22,828	342,828	2016	11,414	2016	11,414
2016	330,000	11,590	341,590	2017	5,795	2017	5,795
	<u>1,830,000</u>	<u>231,088</u>	<u>2,061,088</u>		<u>115,544</u>		<u>115,544</u>
	861,668	Governmental Activities					
	<u>968,332</u>	Business-Type Activities					
	<u>1,830,000</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 Assets by Component - Last Ten Fiscal Years*
December 31, 2011 (Unaudited)

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Net Assets by Component - Last Ten Fiscal Years*
December 31, 2011 (Unaudited)**

	2002	2003	2004	2005
Governmental Activities				
Invested in Capital Assets -				
Net of Related Debt	\$ 114,467,959	118,105,904	110,976,358	104,921,357
Restricted	9,574,375	9,237,670	7,452,856	13,012,711
Unrestricted	10,293,208	4,810,686	4,075,589	4,126,247
Total Governmental Activities Net Assets	134,335,542	132,154,260	122,504,803	122,060,315
Business-Type Activities				
Invested in Capital Assets -				
Net of Related Debt	3,800,644	5,310,646	5,760,042	5,880,429
Restricted	-	-	-	-
Unrestricted	5,369,935	2,983,549	1,431,808	1,382,591
Total Business-Type Activities Net Assets	9,170,579	8,294,195	7,191,850	7,263,020
Primary Government				
Invested in Capital Assets -				
Net of Related Debt	118,268,603	123,416,550	116,736,400	110,801,786
Restricted	9,574,375	9,237,670	7,452,856	13,012,711
Unrestricted	15,663,143	7,794,235	5,507,397	5,508,838
Total Primary Government Net Assets	143,506,121	140,448,455	129,696,653	129,323,335

* Accrual Basis of Accounting

Data Source: Audited Financial Statements

Note: The City adopted GASB No. 34 for the year ended December 31, 2002.

2006	2007	2008	2009	2010	2011
109,358,442	105,646,508	109,272,518	108,882,307	108,392,130	111,771,420
5,940,947	3,753,784	1,647,970	2,051,851	1,699,491	2,767,336
5,356,570	8,983,731	(5,930,130)	(5,645,470)	(4,534,846)	(7,515,610)
120,655,959	118,384,023	104,990,358	105,288,688	105,556,775	107,023,146
6,576,137	5,085,394	7,126,881	8,491,159	8,095,948	8,449,043
-	-	-	-	-	-
1,069,107	1,259,025	713,479	315,541	2,085,393	2,942,316
7,645,244	6,344,419	7,840,360	8,806,700	10,181,341	11,391,359
115,934,579	110,731,902	116,399,399	117,373,466	116,488,078	120,220,463
5,940,947	3,753,784	1,647,970	2,051,851	1,699,491	2,767,336
6,425,677	10,242,756	(5,216,651)	(5,329,929)	(2,449,453)	(4,573,294)
128,301,203	124,728,442	112,830,718	114,095,388	115,738,116	118,414,505

CITY OF ROLLING MEADOWS, ILLINOIS

Changes in Net Assets - Last Ten Fiscal Years*
December 31, 2011 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010**	2011
Expenses										
Governmental Activities										
General Government	\$ 6,842,446	5,830,572	7,521,694	6,145,099	3,490,225	4,721,609	5,050,686	5,142,807	3,866,996	4,235,018
Public Safety	12,214,412	13,576,522	14,351,010	15,253,378	16,061,263	19,927,423	20,450,625	18,504,150	17,950,149	19,535,204
Highways and Streets	1,060,477	1,019,805	1,142,852	1,869,904	5,012,517	4,476,613	2,639,761	1,063,134	673,460	1,136,370
Public Works	1,899,263	1,559,325	1,601,180	1,871,045	1,935,883	2,246,108	4,155,140	3,449,304	5,708,281	3,948,420
Health and Welfare	226,215	243,413	251,207	236,829	67,394	103,638	25,680	30,071	23,721	9,537
Economic Development	408,374	345,131	8,221,945	50,827	48,841	122,229	251,734	62,322	32,982	42,130
Interest on Long-Term Debt	577,846	594,438	615,250	844,525	1,021,232	922,866	1,050,211	913,918	825,026	752,459
Total Governmental Activities Expenses	23,229,033	23,169,206	33,705,138	26,271,607	27,637,355	32,520,486	33,623,837	29,165,706	29,080,615	29,659,138
Business-Type Activities										
Water	3,918,608	4,107,305	4,332,690	4,307,934	4,393,038	4,768,120	4,772,997	4,859,697	-	-
Sewer	1,239,791	1,000,747	823,218	764,523	982,322	1,251,397	1,178,925	1,305,382	-	-
Refuse	1,797,742	1,756,057	1,853,234	1,763,795	2,123,270	2,381,456	2,488,338	2,471,363	2,543,279	2,291,402
Storm Water Management	88,157	326,571	317,309	435,541	390,878	508,623	603,328	476,415	-	-
Street Light Utility	-	76,140	84,201	86,316	103,826	91,310	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	6,432,610	6,740,808
Total Business-Type Activities Expenses	7,044,298	7,266,820	7,410,652	7,358,109	7,993,334	9,000,906	9,043,588	9,112,857	8,975,889	9,032,210
Total Primary Government Expenses	30,273,331	30,436,026	41,115,790	33,629,716	35,630,689	41,521,392	42,667,425	38,278,563	38,056,504	38,691,348
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	3,027,809	4,246,842	4,742,608	5,551,277	3,175,688	3,641,078	2,862,046	2,409,957	2,235,239	2,292,373
Public Safety	895,163	909,788	1,424,161	1,459,145	1,674,630	1,830,923	1,680,285	2,227,513	2,278,235	1,935,468
Highways and Streets	-	-	-	-	-	-	367,344	377,951	379,500	376,565
Public Works	-	-	-	-	-	-	40,000	-	-	-
Operating Grants/Contributions	120,069	2,622,898	103,324	72,863	179,560	56,871	131,846	87,436	129,711	115,719
Capital Grants/Contributions	815,879	761,664	716,557	787,515	756,145	1,004,163	862,720	868,063	743,796	1,068,261
Total Governmental Activities Program Revenues	4,858,920	8,541,192	6,986,650	7,870,800	5,786,023	6,533,035	5,944,241	5,970,920	5,766,481	5,788,386
Business-Type Activities										
Charges for Services										
Water	3,311,046	3,388,150	3,417,460	3,824,944	3,765,740	3,917,773	4,580,044	5,428,887	-	-
Sewer	965,318	1,020,144	1,011,446	1,115,544	1,200,544	1,277,885	1,576,209	1,663,771	-	-
Refuse	1,704,758	1,631,862	1,896,759	2,020,598	2,230,404	2,281,387	2,525,528	2,481,918	2,441,652	2,550,654
Storm Water Management	260,249	302,642	326,491	414,679	463,534	493,815	520,222	895,935	-	-
Street Light Utility	-	-	-	300	2,405	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	7,971,358	7,690,989
Operating Grants/Contributions	-	185,922	20,658	-	-	-	-	-	-	-
Capital Grants/Contributions	-	-	-	-	-	-	813,878	-	-	-
Total Business-Type Activities Program Revenues	6,241,371	6,528,720	6,672,814	7,376,065	7,662,627	7,970,860	10,015,881	10,470,511	10,413,010	10,241,643
Total Primary Government Program Revenues	11,100,291	15,069,912	13,659,464	15,246,865	13,448,650	14,503,895	15,960,122	16,441,431	16,179,491	16,030,029

	2002	2003	2004	2005	2006	2007	2008	2009	2010**	2011
Net (Expense) Revenue										
Governmental Activities	\$ (18,370,113)	(14,628,014)	(26,718,488)	(18,400,807)	(21,851,332)	(25,987,451)	(27,679,596)	(23,194,786)	(23,314,134)	(23,870,752)
Business-Type Activities	(802,927)	(738,100)	(737,838)	17,956	(330,707)	(1,030,046)	972,293	1,357,654	1,437,121	1,209,433
Total Primary Government Net (Expense) Revenue	(19,173,040)	(15,366,114)	(27,456,326)	(18,382,851)	(22,182,039)	(27,017,497)	(26,707,303)	(21,837,132)	(21,877,013)	(22,661,319)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property	6,326,670	6,667,625	6,631,757	7,361,063	7,534,448	9,308,152	8,532,810	9,112,215	10,548,012	11,826,132
Sales and Home Rule	4,021,769	3,850,781	5,384,657	5,724,848	5,642,929	5,878,245	5,612,900	5,115,760	4,726,022	4,930,575
Income	1,624,833	1,511,770	1,574,803	1,851,239	2,015,888	2,196,417	2,326,382	1,999,825	1,923,695	1,915,788
Replacement	147,876	159,125	172,583	238,523	250,109	303,772	207,587	177,371	194,281	181,680
Hotel	273,810	259,596	263,684	248,527	304,677	265,716	451,898	288,634	289,076	333,374
Food and Beverage	1,129,800	899,494	1,250,607	1,276,799	1,318,674	1,339,008	1,293,970	1,221,391	1,216,961	1,212,122
Real Estate Transfer	525,481	661,454	912,866	802,639	594,248	386,091	269,663	191,259	174,819	153,688
Other Taxes	264,879	245,743	258,288	288,052	585,297	605,793	1,181,778	918,055	783,518	802,280
Electric Utility	-	-	-	-	-	-	-	1,301,016	1,310,453	1,295,918
Telecommunications Taxes	-	-	-	-	2,065,561	2,047,648	2,038,337	2,075,334	1,846,728	1,936,227
Interest	508,892	195,008	129,419	224,106	573,027	261,614	61,928	4,572	3,736	8,471
Miscellaneous	227,795	436,235	117,425	13,708	356,266	612,121	1,174,766	696,661	508,518	740,868
Gain (Loss) on Sale of Capital Assets	-	-	-	-	2,518	(4,137)	-	-	-	-
Transfers	228,065	448,816	372,942	(73,185)	(568,093)	700,644	(490,990)	404,714	56,402	-
Total Governmental Activities	15,279,870	15,335,647	17,069,031	17,956,319	20,675,549	23,901,084	22,661,029	23,506,807	23,582,221	25,337,123
Business-Type Activities										
Interest	102,865	39,422	8,435	(19,971)	(42,536)	(25,828)	32,658	13,400	(6,078)	585
Miscellaneous	332,093	111,836	-	-	3,300	88,161	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	51,000	-	-	-	-	-
Transfers	(228,065)	(448,816)	(372,942)	73,185	568,093	(399,863)	490,990	(404,714)	(56,402)	-
Total Business-Type Activities	206,893	(297,558)	(364,507)	53,214	579,857	(337,530)	523,648	(391,314)	(62,480)	585
Total Primary Government	15,486,763	15,038,089	16,704,524	18,009,533	21,255,406	23,563,554	23,184,677	23,115,493	23,519,741	25,337,708
Changes in Net Assets										
Governmental Activities	(3,090,243)	707,633	(9,649,457)	(444,488)	(1,175,783)	(2,086,367)	(5,018,567)	312,021	268,087	1,466,371
Business-Type Activities	(596,034)	(1,035,658)	(1,102,345)	71,170	249,150	(1,367,576)	1,495,941	966,340	1,374,641	1,210,018
Total Primary Government	(3,686,277)	(328,025)	(10,751,802)	(373,318)	(926,633)	(3,453,943)	(3,522,626)	1,278,361	1,642,728	2,676,389

* 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

Note: The City adopted GASB No. 34 for the year ended December 31, 2002.

CITY OF ROLLING MEADOWS, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2011 (Unaudited)**

	2002	2003	2004
General Fund			
Reserved	\$ 1,410,309	1,756,020	1,631,733
Unreserved	2,931,491	1,405,341	1,801,605
Nonspendable	-	-	-
Unassigned	-	-	-
Total General Fund	4,341,800	3,161,361	3,433,338
All Other Governmental Funds			
Reserved	993,523	881,247	698,338
Unreserved, Reported in,			
Special Revenue Funds	1,058,323	860,986	1,145,141
Debt Service Funds	8,622,159	(70,912)	(60,449)
Capital Projects Funds	-	6,199,786	3,816,748
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total All Other Governmental Funds	10,674,005	7,871,107	5,599,778
Total Fund Balances of All Governmental Funds	15,015,805	11,032,468	9,033,116

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

Note: The City moved the accounting for its insurance activities from the General Fund to two newly created internal service funds. The City also transferred certain capital projects funds to internal service funds.

The City adopted GASB No. 54 for the year ended December 31, 2011.

2005	2006	2007	2008	2009	2010	2011
2,373,441	2,759,673	23,280	885,176	31,143	38,662	-
1,483,152	933,072	(558,108)	(3,259,880)	(755,684)	(276,386)	-
-	-	-	-	-	-	17,154
-	-	-	-	-	-	1,835,647
3,856,593	3,692,745	(534,828)	(2,374,704)	(724,541)	(237,724)	1,852,801
589,942	684,867	406,996	3,083	39,266	-	-
1,036,954	1,621,101	1,880,821	1,632,220	1,558,533	1,890,239	-
-	(11,785)	(94,750)	(202,957)	944,481	733,690	-
10,919,372	3,802,109	1,394,085	759,234	2,143,972	2,000,606	-
-	-	-	-	-	-	43,704
-	-	-	-	-	-	2,767,336
-	-	-	-	-	-	394,257
-	-	-	-	-	-	(1,577,366)
12,546,268	6,096,292	3,587,152	2,191,580	4,686,252	4,624,535	1,627,931
16,402,861	9,789,037	3,052,324	(183,124)	3,961,711	4,386,811	3,480,732

CITY OF ROLLING MEADOWS, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2011 (Unaudited)**

	2002	2003	2004
Revenues			
Taxes	\$ 12,653,281	12,343,971	16,160,343
Intergovernmental	2,846,593	2,955,248	3,032,939
Licenses and Permits	995,859	1,192,524	1,136,599
Charges for Services	1,181,818	1,507,908	1,993,875
Fines and Forfeitures	366,022	331,176	476,295
Interest	488,383	183,585	117,937
Miscellaneous	1,800,276	5,120,271	1,457,052
Total Revenues	20,332,232	23,634,683	24,375,040
Expenditures			
General Government	3,292,943	2,915,476	3,834,734
Public Safety	12,395,620	13,375,679	14,858,842
Highways and Streets	1,168,464	1,127,800	1,168,220
Public Works	1,356,053	1,428,484	1,440,080
Health and Welfare	228,616	244,736	251,597
Economic Development	408,374	345,131	8,221,945
Capital Outlay	3,933,587	8,734,712	3,321,074
Debt Service			
Bond Defeasance	-	3,014,290	-
Professional Fees	-	21,295	137,781
Principal Retirement	855,000	895,000	955,000
Interest	553,491	605,759	628,554
Total Expenditures	24,192,148	32,708,362	34,817,827
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,859,916)	(9,073,679)	(10,442,787)
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	-
Debt Issuance	4,885,000	4,030,000	8,070,000
Premium/Discount on Debt Issuance	-	-	-
Transfers In	3,543,088	4,068,246	11,562,784
Transfers Out	(3,215,023)	(3,609,456)	(11,189,349)
Total Other Financing Sources (Uses)	5,213,065	4,488,790	8,443,435
Net Change in Fund Balances	1,353,149	(4,584,889)	(1,999,352)
Debt Service as a Percentage of Noncapital Expenditures	7.0%	7.2%	5.0%

* Modified Accrual Basis of Accounting
Data Source: Audited Financial Statements

2005	2006	2007	2008	2009	2010	2011
17,289,700	17,832,188	18,308,907	19,016,882	19,937,896	20,571,562	22,139,213
3,964,740	3,857,675	4,021,047	3,933,009	3,788,179	3,385,015	3,632,551
1,173,272	1,093,799	1,010,634	1,017,538	1,153,258	1,164,750	1,337,517
2,049,499	2,700,640	2,996,532	2,872,146	2,437,206	2,210,123	2,070,328
484,245	654,288	618,072	1,019,991	1,055,241	1,448,596	1,196,561
203,689	537,225	190,513	26,760	3,244	3,656	7,758
759,733	530,800	407,520	1,174,766	696,661	508,518	740,868
25,924,878	27,206,615	27,553,225	29,061,092	29,071,685	29,292,220	31,124,796
3,546,548	4,083,515	4,176,068	4,225,872	3,541,481	3,512,882	3,357,499
14,928,155	16,002,500	17,700,593	19,222,960	17,272,340	18,731,524	19,269,706
1,288,266	1,630,778	1,376,631	1,997,103	586,396	673,460	1,136,370
1,602,790	2,105,611	2,817,057	2,128,901	2,545,694	2,668,228	2,417,384
35,956	42,000	23,013	25,680	30,071	23,721	9,537
136,170	48,841	119,358	251,734	62,322	32,982	42,130
2,336,720	8,746,520	2,356,659	1,670,995	995,943	1,114,952	2,062,621
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,370,000	1,445,000	1,535,000	1,474,744	1,639,923	3,007,460	2,972,170
808,782	1,074,145	944,177	892,309	890,602	837,422	765,130
26,053,387	35,178,910	31,048,556	31,890,298	27,564,772	30,602,631	32,032,547
(128,509)	(7,972,295)	(3,495,331)	(2,829,206)	1,506,913	(1,310,411)	(907,751)
-	74,968	7,040	851	1,258	10,456	1,672
7,425,000	-	-	83,897	1,315,000	1,200,000	-
145,912	-	-	-	-	-	-
3,351,565	2,595,995	2,093,122	2,977,970	3,288,518	2,712,782	1,412,903
(3,424,222)	(2,228,222)	(4,275,361)	(3,468,960)	(3,182,211)	(1,656,380)	(1,412,903)
7,498,255	442,741	(2,175,199)	(406,242)	1,422,565	2,266,858	1,672
7,369,746	(7,529,554)	(5,670,530)	(3,235,448)	2,929,478	956,447	(906,079)
9.2%	9.0%	8.6%	7.71%	9.36%	12.96%	12.54%

CITY OF ROLLING MEADOWS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years
December 31, 2011 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property
2002	\$ 311,568,710	\$ 341,333,865	\$ 160,214,607	\$ -
2003	311,038,930	328,652,215	147,797,998	-
2004	362,666,983	376,208,886	164,827,057	-
2005	389,984,765	393,743,154	175,310,583	-
2006	404,157,732	383,299,304	177,721,407	-
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	N/A	N/A	N/A	-

Data Source: Office of the Cook County Clerk

Note: Property is assessed at 33% of actual value.

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 813,117,182	0.775	\$ 2,439,351,546	33.33%
787,489,143	0.818	2,362,467,429	33.33%
903,702,926	0.763	2,711,108,778	33.33%
959,038,502	0.719	2,877,115,506	33.33%
965,178,443	0.723	2,895,535,329	33.33%
1,085,113,672	0.723	3,255,341,016	33.33%
1,152,685,356	0.730	3,458,056,068	33.33%
1,146,153,220	0.849	3,438,459,660	33.33%
1,003,838,180	1.065	3,011,514,540	33.33%

CITY OF ROLLING MEADOWS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Levy Years

Elk Grove Township

December 31, 2011 (Unaudited)

	2001	2002	2003
City Direct Rates			
General	\$ 0.585	0.534	0.569
Debt Service	0.121	0.115	0.119
Pension Trust			
Police Pension	0.049	0.061	0.065
Firefighters' Pension	0.052	0.065	0.065
Total City Direct Rates	0.807	0.775	0.818
Component Unit - Library Direct Rate	0.340	0.327	0.355
Total City Direct Rate	1.147	1.102	1.173
Overlapping Rates - Elk Grove Township			
Cook County	0.746	0.690	0.630
Forest Preserve District	0.067	0.061	0.059
Suburban Tuberculosis Sanitarium	0.007	0.006	0.004
Metropolitan Sanitary District	0.401	0.371	0.361
Northwest Mosquito Abatement	0.010	0.009	0.010
Consolidated Elections	0.032	-	0.029
Elk Grove			
Town	0.053	0.050	0.051
Road and Bridge	0.009	0.009	0.010
General Assistance	0.011	0.011	0.011
School Districts			
School District Number 15	3.289	3.185	3.313
High School District Number 214	1.989	1.888	1.982
Community College District Number 512	0.308	0.295	0.310
Rolling Meadows Park District	0.464	0.448	0.498
Total Overlapping Rates - Elk Grove Township	7.386	7.023	7.268
Total Direct and Overlapping Rates	8.533	8.125	8.441

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value.

2004	2005	2006	2007	2008	2009	2010
0.497	0.468	0.473	0.473	0.428	0.445	0.507
0.153	0.144	0.139	0.139	0.124	0.124	0.142
0.056	0.053	0.055	0.055	0.089	0.139	0.209
0.057	0.054	0.056	0.056	0.089	0.141	0.206
0.763	0.719	0.723	0.723	0.730	0.849	1.065
0.325	0.317	0.331	0.302	0.289	0.309	0.352
1.088	1.036	1.054	1.025	1.019	1.158	1.417
0.593	0.533	0.500	0.446	0.415	0.394	0.423
0.060	0.060	0.057	0.053	0.051	0.490	0.051
0.001	0.005	0.005	-	-	-	-
0.347	0.315	0.284	0.263	0.252	0.261	0.274
0.009	0.009	0.009	0.008	0.008	0.008	0.009
-	0.014	-	0.012	-	0.021	-
0.046	0.044	0.044	0.040	0.041	0.044	0.049
0.009	0.009	0.009	0.009	0.009	0.010	0.010
0.007	0.009	0.009	0.008	0.009	0.010	0.010
2.925	2.840	2.763	2.435	2.385	2.307	2.512
1.818	1.759	1.823	1.621	1.587	1.636	1.839
0.279	0.281	0.288	0.260	0.256	0.258	0.295
0.471	0.429	0.449	0.418	0.411	0.420	0.486
6.565	6.307	6.240	5.573	5.424	5.859	5.958
7.653	7.343	7.294	6.598	6.443	7.017	7.375

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
Palatine Township (High School District 211)
December 31, 2011 (Unaudited)**

	2001	2002	2003
City Direct Rates			
General	\$ 0.585	0.534	0.569
Debt Service	0.121	0.115	0.119
Pension Trust			
Police Pension	0.049	0.061	0.065
Firefighters' Pension	0.052	0.065	0.065
Total City Direct Rates	0.807	0.775	0.818
Component Unit - Library Direct Rate	0.340	0.327	0.355
Total City Direct Rate	1.147	1.102	1.173
Overlapping Rates - Palatine Township			
Cook County	0.746	0.690	0.630
Forest Preserve District	0.067	0.061	0.059
Suburban Tuberculosis Sanitarium	0.007	0.006	0.004
Water Reclamation District	0.401	0.371	0.361
Northwest Mosquito Abatement	0.010	0.009	0.010
Consolidated Elections	0.032	-	0.029
Palatine			
Town	0.042	0.041	0.042
Road and Bridge	0.077	0.074	0.009
General Assistance	0.008	0.008	0.078
School Districts			
School District Number 15	3.289	3.185	3.313
High School District Number 211	2.147	2.067	2.165
Community College District Number 512	0.308	0.295	0.310
Rolling Meadows Park District	0.464	0.448	0.498
Total Overlapping Rates - Elk Grove Township	7.598	7.255	7.508
Total Direct and Overlapping Rates	8.745	8.357	8.681

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value.

2004	2005	2006	2007	2008	2009	2010
0.497	0.468	0.473	0.473	0.428	0.445	0.507
0.153	0.144	0.139	0.139	0.124	0.124	0.142
0.056	0.053	0.055	0.055	0.089	0.139	0.209
0.057	0.054	0.056	0.056	0.089	0.141	0.206
0.763	0.719	0.723	0.723	0.730	0.849	1.065
0.325	0.317	0.331	0.302	0.289	0.309	0.352
1.088	1.036	1.054	1.025	1.019	1.158	1.417
0.593	0.533	0.500	0.446	0.415	0.394	0.423
0.060	0.060	0.057	0.053	0.051	0.490	0.051
0.001	0.005	0.005	-	-	-	-
0.347	0.315	0.284	0.263	0.252	0.261	0.274
0.009	0.009	0.009	0.008	0.008	0.008	0.009
-	0.014	-	0.012	-	0.021	-
0.038	0.037	0.039	0.035	0.035	0.034	0.041
0.070	0.069	0.072	0.064	0.063	0.061	0.070
0.008	0.008	0.009	0.008	0.008	0.008	0.009
2.925	2.840	2.763	2.435	2.385	2.307	2.512
2.158	2.191	2.261	1.972	1.928	1.916	2.200
0.279	0.281	0.288	0.260	0.256	0.258	0.295
0.471	0.429	0.449	0.418	0.411	0.420	0.486
6.959	6.791	6.736	5.974	5.812	6.178	6.370
8.047	7.827	7.790	6.999	6.831	7.336	7.787

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
Palatine Township (High School District 214)
December 31, 2011 (Unaudited)**

	2001	2002	2003
City Direct Rates			
General	\$ 0.585	0.534	0.569
Debt Service	0.121	0.115	0.119
Pension Trust			
Police Pension	0.049	0.061	0.065
Firefighters' Pension	0.052	0.065	0.065
Total City Direct Rates	0.807	0.775	0.818
Component Unit - Library Direct Rate	0.340	0.327	0.355
Total City Direct Rate	1.147	1.102	1.173
Overlapping Rates - Palatine Township			
Cook County	0.746	0.690	0.630
Forest Preserve District	0.067	0.061	0.059
Suburban Tuberculosis Sanitarium	0.007	0.006	0.004
Water Reclamation District	0.401	0.371	0.361
Northwest Mosquito Abatement	0.010	0.009	0.010
Consolidated Elections	0.032	-	0.029
Palatine			
Town	0.042	0.041	0.042
Road and Bridge	0.077	0.074	0.009
General Assistance	0.008	0.008	0.078
School Districts			
School District Number 15	3.289	3.185	3.313
High School District Number 214	1.989	1.888	1.982
Community College District Number 512	0.308	0.295	0.310
Rolling Meadows Park District	0.464	0.448	0.498
Total Overlapping Rates - Elk Grove Township	7.440	7.076	7.325
Total Direct and Overlapping Rates	8.587	8.178	8.498

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value.

2004	2005	2006	2007	2008	2009	2010
0.497	0.468	0.473	0.473	0.428	0.445	0.507
0.153	0.144	0.139	0.139	0.124	0.124	0.142
0.056	0.053	0.055	0.055	0.089	0.139	0.209
0.057	0.054	0.056	0.056	0.089	0.141	0.206
0.763	0.719	0.723	0.723	0.730	0.849	1.065
0.325	0.317	0.331	0.302	0.298	0.309	0.352
1.088	1.036	1.054	1.025	1.028	1.158	1.417
0.593	0.533	0.500	0.446	0.415	0.394	0.423
0.060	0.060	0.057	0.053	0.051	0.490	0.051
0.001	0.005	0.005	-	-	-	-
0.347	0.315	0.284	0.263	0.252	0.261	0.274
0.009	0.009	0.009	0.008	0.008	0.008	0.009
-	0.014	-	0.012	-	0.021	-
0.038	0.037	0.039	0.035	0.035	0.034	0.041
0.070	0.069	0.072	0.064	0.063	0.061	0.070
0.008	0.008	0.009	0.008	0.008	0.008	0.009
2.925	2.840	2.763	2.435	2.385	2.307	2.512
1.818	1.759	1.823	1.621	1.587	1.636	1.839
0.279	0.281	0.288	0.260	0.256	0.256	0.295
0.471	0.429	0.449	-	0.411	0.420	0.486
6.619	6.359	6.298	5.205	5.471	5.896	6.009
7.707	7.395	7.352	6.230	6.499	7.054	7.426

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Property Tax Payers - Current Year and Nine Years Ago
December 31, 2011 (Unaudited)**

Taxpayer	2011 Tax Levy Year			2002 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
1701 Golf Road Holdings	\$ 40,010,768	1	3.99%			
Atrium Corporation Center LLC	24,337,480	2	2.42%			
Northrop Corporation	23,814,921	3	2.37%	\$ 6,424,399	5	0.79%
Rolling Meadows Delaware	18,097,612	4	1.80%	6,453,827	3	0.79%
Tower Realty Management Corp.	15,750,062	5	1.57%	6,453,826	4	0.79%
YPI 1600 Corporate Center	15,126,454	6	1.51%	6,723,521	2	0.83%
12 Oaks Realty	12,895,119	7	1.28%			
Marc Realty	12,857,705	8	1.28%			
Walmart Stores	11,175,031	9	1.11%			
Meijer Stores LTD	11,098,900	10	1.11%			
Prime Group Realty (formerly American National Bank)				17,297,536	1	2.13%
3Com Corporation				5,715,617	7	0.70%
Lincoln Atrium Management Co.				5,364,452	9	0.66%
WMRM Scan LLCs				5,882,169	6	0.72%
Teachers Insurance				5,469,719	8	0.67%
Burr Wolff Property				4,936,475	10	0.61%
YPI 1600 Corporate Center	<u>185,164,052</u>		<u>18.44%</u>	<u>70,721,541</u>		<u>8.70%</u>
12 Oaks Realty						

Data Source: Office of the Cook County Clerk - Tax Extension Department

CITY OF ROLLING MEADOWS, ILLINOIS

**Property Tax Levies and Collections - Last Ten Levy Years
December 31, 2011 (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
2002	2001	\$ 6,218,751	\$ 5,619,849	90.37%	\$ 150,789	\$ 5,770,638	92.79%
2003	2002	6,308,471	6,283,466	99.60%	(152,404)	6,131,062	97.19%
2004	2003	6,438,424	6,413,838	99.62%	(221,234)	6,192,604	96.18%
2005	2004	6,893,476	6,667,518	96.72%	57,974	6,725,492	97.56%
2006	2005	6,891,780	6,719,499	97.50%	68,802	6,788,301	98.50%
2007	2006	6,973,121	6,473,354	92.83%	445,674	6,919,028	99.22%
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%	-	10,481,601	98.04%

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, 2011 (Unaudited)**

Fiscal Year	2002	2003	2004	2005
General Merchandise	\$ 62,664,280	66,675,940	65,459,920	64,188,280
Food	14,634,400	15,330,580	13,072,900	13,779,560
Drinking and Eating Places	42,753,980	43,968,520	45,969,580	47,885,120
Apparel	4,886,400	4,644,480	3,356,000	3,621,500
Furniture and H.H. and Radio	3,460,400	4,261,200	4,136,200	3,699,140
Lumber, Building, Hardware	2,433,620	2,172,540	3,211,060	2,807,960
Automobile and Filling Stations	15,904,820	15,328,260	37,261,380	46,308,020
Drugs and Misc. Retail	23,902,980	13,496,240	13,628,840	16,269,740
Agriculture and All Others	45,995,820	36,870,780	36,813,940	31,777,380
Manufacturers	9,654,680	8,744,460	9,413,220	10,828,300
Total	226,291,380	211,493,000	232,323,040	241,165,000
Local Sales Tax Rate	1.50%	1.50%	2.00%	2.00%
Total Sales Tax Rate	8.25%	8.25%	8.75%	8.75%

Data Source: Illinois Department of Revenue

2006	2007	2008	2009	2010	2011
61,123,560	60,275,753	59,529,361	60,495,368	39,328,192	28,167,711
15,127,480	15,001,571	11,690,306	11,157,166	9,916,455	9,785,079
49,420,200	48,936,206	48,805,003	44,742,470	42,917,114	43,795,249
3,443,500	3,405,336	2,521,712	2,522,896	2,443,133	11,089,518
7,149,700	7,218,336	7,372,794	6,164,965	5,862,267	6,649,299
2,915,620	2,715,061	2,697,156	1,205,151	1,186,241	794,665
44,328,920	65,703,526	46,737,476	45,088,883	52,407,264	64,965,950
16,478,260	16,190,972	13,493,447	12,878,726	12,343,741	12,821,333
32,129,520	32,404,576	30,093,783	20,523,263	23,267,418	24,719,294
8,593,220	8,463,314	9,521,908	6,873,845	6,851,196	2,831,417
240,709,980	260,314,651	232,462,946	211,652,733	196,523,021	205,619,515
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
8.75%	8.75%	10.00%	10.00%	9.50%	9.25%

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years
December 31, 2011 (Unaudited)**

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
2002	5.00%	1.00%	0.50%	0.75%	1.00%	8.25%
2003	5.00%	1.00%	0.50%	0.75%	1.00%	8.25%
2004	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2005	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2006	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2007	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
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%

Data Source: Illinois Department of Revenue

CITY OF ROLLING MEADOWS, ILLINOIS

**Local Tax Revenues - Last Ten Fiscal Years
December 31, 2011 (Unaudited)**

Fiscal Year	State Sales Tax	Home Rule Sales Tax (A)	Telecom Tax (B)	Electric Utility Tax (C)	Food & Beverage (D)	Hotel Tax (E)	Real Estate Transfer Tax
2002	\$ 2,921,745	1,152,434	389,169	N/A	1,129,800	273,810	525,481
2003	2,785,074	1,041,430	988,767	N/A	899,494	259,596	661,454
2004	3,073,337	2,140,654	1,632,101	N/A	1,250,607	263,684	912,866
2005	3,245,233	2,448,482	2,289,734	N/A	1,276,799	248,527	802,639
2006	3,298,095	2,344,833	2,065,561	N/A	1,318,674	304,677	594,248
2007	3,405,981	2,471,264	2,047,648	N/A	1,339,008	265,716	386,091
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

Data Source: City of Rolling Meadows CAFR

- Notes: (A) Home Rule Sales Tax rate increased from .5% to 1.0% in 2004.
 (B) The 1.0% "Infrastructure Maintenance Fee" was changed to a 4.0% Telecom Tax in Sept, 2004. Telecom Tax rates increased from 4.5% to 6% in 2005.
 (C) Electric Utility Tax was implemented in 2009.
 (D) Food & Beverage Tax increased from 1% to 1.5% in 2002 and to 2% in 2004.
 (E) Hotel Tax rate increased from 4% to 5% in 2002 to 8% in 2008.

CITY OF ROLLING MEADOWS, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2011 (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				
2002	\$ 11,790,000	\$ -	\$ 2,600,000		\$ 14,390,000	4.38%	\$ 585
2003	12,125,000	-	2,500,000		14,625,000	4.36%	594
2004	19,245,000	-	2,390,000		21,635,000	6.14%	879
2005	25,300,000	-	2,280,000		27,580,000	7.43%	1,121
2006	23,855,000	-	2,165,000		26,020,000	6.61%	1,058
2007	24,030,000	537,286	3,550,000		28,117,286	6.68%	1,143
2008	22,404,048	556,387	3,310,952		26,271,387	6.08%	1,068
2009	20,721,298	471,887	3,053,702		24,246,887	5.70%	985
2010	18,968,838	390,505	2,786,162		22,145,505	6.12%	922
2011	17,131,668	284,713	2,508,332		19,924,713	4.74%	827

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, 2011 (Unaudited)**

Fiscal Year	General Obligation Bonds	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2002	\$ 14,390,000	1.87%	\$ 585
2003	14,625,000	1.80%	594
2004	21,635,000	2.75%	879
2005	27,580,000	3.05%	1,121
2006	26,020,000	2.71%	1,058
2007	27,580,000	2.86%	1,121
2008	25,715,000	2.37%	1,045
2009	23,775,000	2.06%	966
2010	21,755,000	1.90%	903
2011	19,640,000	1.96%	815

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, 2011 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to City (1)	City's Share of Debt
City Direct Debt	\$ 19,640,000	100.00%	\$ 19,640,000
Overlapping Debt			
Arlington Heights Township			
High School District 214	28,260,000	5.95%	1,684,296
Cook County	3,738,830,000	0.59%	22,059,097
Forest Preserve District of Cook County	101,935,000	0.59%	601,417
Harper Community College District 512	185,775,000	6.45%	11,982,488
Metro Water Reclamation District of Greater Chicago	2,495,258,695	0.60%	14,971,552
Palatine Township High School District 211	17,255,000	4.34%	748,867
Rolling Meadows Park District	3,320,000	89.27%	2,963,764
Arlington Heights Park District	24,996,550	0.18%	44,994
Palatine Park District	21,665,000	5.97%	1,293,401
Schaumburg Park District	174,120,000	0.20%	348,240
School District 69	43,530,000	1.76%	766,128
School District CC 15	52,503,000	20.79%	10,915,374
Total Overlapping Debt	6,887,448,245		68,379,618
Total Direct and Overlapping Debt	6,907,088,245		88,019,618

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, 2011 (Unaudited)

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, 2011 (Unaudited)**

Fiscal Year	(1) Population	(2) Personal Income (in Thousands)	(3) Per Capita Personal Income	(1) Median Age	(1) Education Level in Years of Schooling	(3) School Enrollment	(4) Unemployment Rate
2002	24,604	\$ 328,703	\$ 26,178	34.4	14.0	5,441	5.30%
2003	24,604	335,574	26,178	34.4	14.0	5,220	5.30%
2004	24,604	352,359	26,178	34.4	14.0	5,378	4.80%
2005	24,604	371,160	26,178	34.4	14.0	5,231	4.70%
2006	24,604	393,382	26,178	34.4	14.0	5,075	3.50%
2007	24,604	421,143	26,178	34.4	14.0	5,142	3.80%
2008	24,604	431,795	26,178	34.4	14.0	4,818	5.10%
2009	24,604	425,178	26,178	34.4	14.0	4,167	10.00%
2010	24,099	361,800	26,178	34.4	14.0	4,392	10.10%
2011	24,099	420,051	30,678	34.2	14.0	5,196	8.90%

Data Sources:

(1) U.S. Census

(2) Data provided by School District Administrative Offices

(3) Illinois Department of Employment Security, Economic Information and Analysis

(4) U.S. Bureau of Economic Analysis

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Employers - Current Year and Nine Years Ago
December 31, 2011 (Unaudited)**

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Defense Systems	2,400	1	10.42%	2,500	1	11.10%
Riverside Publishing Co.	410	2	1.78%			
Komatsu	310	3	1.35%			
Harris Bank	305	4	1.32%			
Cook County Courthouse	300	5	1.30%			
A.H. Management Group	268	6	1.16%			
Wal-Mart Stores Inc.	267	7	1.16%			
Research in Motion	250	8	1.09%			
Panasonic	250	9	1.09%			
Meijer	245	10	1.06%			
3 Comm Corp				1,000	2	4.40%
Transamerica Commercial				500	3	2.20%
Kelso Burnett Co.				400	4	1.80%
Middleby Corp.				300	5	1.30%
New Resources				285	6	1.30%
ElectroDynamics Inc.				270	7	1.20%
Carlson Wagonlit Travel				250	8	1.10%
Coleman Floor Co.				250	9	1.10%
Methode Electrics, Inc.				250	10	1.10%
	<u>5,005</u>		<u>21.72%</u>	<u>6,005</u>		<u>26.60%</u>

Data Source: Rolling Meadows Chamber of Commerce

CITY OF ROLLING MEADOWS, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
December 31, 2011 (Unaudited)**

	2002	2003	2004
Full-Time			
General Government			
Management	7	6	6
Finance	11	11	11
Community Development	9	9	9
Public Safety			
Police			
Officers	56	56	55
Civilians	24	25	28
Fire			
Firefighters and Officers	45	45	45
Civilians	3	3	3
Public Works			
Administration	5	5	5
Engineering/Inspections	1	1	1
Streets and Grounds	17	18	17
Utilities and Garage	19	20	20
Part-Time			
General Government			
Management	-	-	-
Finance	2	2	2
Community Development	2	2	2
Public Safety			
Police	11	11	11
Fire	1	-	-
Public Works			
Streets and Grounds	2	2	2
Utilities	3	3	2

Data Source: City Human Resources and Budget Departments

2005	2006	2007	2008	2009	2010	2011
5	8	8	8	7	7	6
10	9	8	8	6	4	4
9	9	9	9	8	8	8
54	54	54	56	52	51	48
29	27	27	27	13	9	8
45	45	46	49	42	44	44
3	2	2	2	-	-	-
5	4	5	5	4	4	4
1	4	5	3	2	2	1
15	14	14	14	16	16	15
20	20	20	20	16	15	15
-	-	-	-	1	1	2
2	2	2	2	3	3	3
2	2	3	2	1	1	1
10	13	20	25	7	9	12
-	-	-	1	1	1	-
2	2	2	2	1	-	-
2	3	3	1	2	3	4

CITY OF ROLLING MEADOWS, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2011 (Unaudited)**

	2002	2003	2004
Public Safety			
Police			
Physical Arrests	1,438	1,051	886
Parking Violations	4,863	4,327	4,293
Traffic Violations	6,936	6,268	6,616
Fire			
Emergency Responses	1,890	1,934	1,912
Fire Calls	1,039	1,103	1,036
Fires Extinguished	N/A	N/A	N/A
Public Works			
Street Resurfacing (Miles)	3.28	0.70	0.41
Snow and Ice Control (Tons of Salt)	1,270	1,380	1,395
Water			
Number of Water Main Repairs	74	83	43
Water Average Daily Consumption (Thousands of Gallons)	2,657	2,595	2,481
Refuse Collection			
Refuse Collected (Tons per Day)	N/A	N/A	N/A
Recyclables Collected (Tons per Day)	N/A	N/A	N/A

Data Source: Various City Departments

N/A - Information not Available

Prior to 2010, fire calls included false alarms, unfunded reports, investigations, and actual fires extinguished.

2005	2006	2007	2008	2009	2010	2011
798	1,084	1,043	921	510	456	921
4,014	4,540	3,418	4,795	3,066	3,469	6,165
5,837	5,928	5,731	5,364	5,906	5,947	4,665
1,945	1,978	1,976	2,282	2,204	3,599	3,487
1,055	1,227	1,019	1,148	1,093	1,097	1,196
N/A	N/A	N/A	N/A	N/A	42	41
2.28	8.28	0.77	0.95	-	1.60	1.36
1,150	1,636	2,500	3,000	1,476	1,668	678
78	42	41	53	51	58	54
2,557	2,563	2,487	2,616	2,692	2,300	1,871
25	29	25	22	27	19	19
9	9	9	10	10	9	10

CITY OF ROLLING MEADOWS, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2011 (Unaudited)**

	2002	2003	2004
Public Safety			
Police			
Stations	1	1	1
Patrol Units	12	12	12
Fire			
Fire Stations	2	2	2
Fire Engines	4	4	4
Public Works			
Streets (Miles)	70.50	70.50	70.50
Streetlights	257	257	257
Traffic Signals	45	45	45
Water			
Water Mains (Miles)	85.73	86.78	87.38
Fire Hydrants	1,265	1,285	1,295
Storage Capacity (Millions of Gallons)	5.50	5.50	5.50
Wastewater			
Sanitary Sewer (Miles)	76.12	76.60	76.88
Lift Stations	3	3	3
Storm Sewers (Miles)	60	60	60

Data Source: Various City Departments

2005	2006	2007	2008	2009	2010	2011
1	1	1	1	1	1	1
12	12	18	15	15	15	15
2	2	2	2	2	2	2
4	4	5	5	5	5	5
70.50	70.50	60.89	60.89	60.89	60.89	60.89
257	257	257	257	257	260	260
45	45	45	45	49	49	49
88.03	88.63	89.50	88.21	88.40	89.92	90.12
1,314	1,327	1,392	1,395	1,395	1,353	1,356
5.50	5.50	5.50	5.50	5.50	5.50	5.50
77.16	77.33	77.67	77.94	77.94	82.00	82.00
3	3	3	3	3	3	3
60	60	60	60	60	61	61

CITY OF ROLLING MEADOWS, ILLINOIS

**Water Sold by Type of Customer - Last Ten Fiscal Years
December 31, 2011 (Unaudited)**

Type of Customer	2002	2003	2004
Industrial	65,337	54,445	56,856
Residential/Multi-Family	637,538	623,441	581,221
Commercial	233,376	236,591	225,158
School/Government	33,642	32,606	42,278
Total	969,893	947,083	905,513
Water Rate per 1,000 Gallons	\$ 3.31	\$ 3.44	\$ 3.58
Sewer Rate per 1,000 Gallons	\$ 0.99	\$ 1.03	\$ 1.07

Data Source: City of Rolling Meadows Water Department Pumpage Report

2005	2006	2007	2008	2009	2010	2011
54,273	52,830	43,802	40,803	34,102	44,149	37,534
615,602	586,794	575,905	547,625	529,064	520,636	495,298
227,754	223,024	204,060	189,405	171,698	166,978	155,393
35,628	34,704	32,071	26,450	26,712	26,343	25,827
933,257	897,352	855,838	804,283	761,576	758,106	714,052
\$ 3.78	\$ 4.06	\$ 4.34	\$ 4.96	\$ 5.83	\$ 5.83	\$ 6.35
\$ 1.13	\$ 1.34	\$ 1.43	\$ 1.64	\$ 1.92	\$ 2.10	\$ 2.10

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures
December 31, 2011 (Unaudited)**

**City of Rolling Meadows, Cook County, Illinois
2011 Continuing Bond Disclosures Relating to the Following Bonds:**

\$4,885,000 General Obligation Bonds of 2002A

\$2,600,000 General Obligation Bonds of 2002B

\$4,030,000 General Obligation Bonds of 2003

\$8,070,000 General Obligation Bonds of 2004

\$7,425,000 General Obligation Bonds of 2005

\$410,000 General Obligation Bonds of 2007

\$2,835,000 General Obligation Bonds of 2007A

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, 2011 (Unaudited)

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, 2010. The City has received the award to each of the last 25 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 132 - 133 and 141 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 134 - 139 of these audited financial statements.

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2011 (Unaudited)**

Debt Statement

Issue Date	Bond Issue	Principal Outstanding	Supported by
04/15/2002	General Obligation Bond Series of 2002A	\$ 2,970,000	Property Taxes
06/15/2002	General Obligation Bond Series of 2002B	1,540,000	Proprietary
03/15/2003	General Obligation Bond Series of 2003	2,375,000	Incremental Taxes
09/15/2004	General Obligation Bond Series of 2004	6,400,000	Sales Taxes
10/18/2005	General Obligation Bond Series of 2005	4,390,000	Property Taxes
05/01/2007	General Obligation Bond Series of 2007	135,000	Proprietary
12/31/2007	General Obligation Bond Series of 2007A	<u>1,830,000</u>	Proprietary
	Total Gross Direct Bonded Debt	19,640,000	
	Less: Self-Supporting Bonded Debt	<u>12,280,000</u>	
	Total Net Direct Bonded Debt	<u><u>7,360,000</u></u>	

The City's overlapping and underlying bonded debt is updated as of December 31, 2011, and can be found on pages 146 - 148 of the audited financial statements.

The City's debt ratios are updated using the 2010 equalized assessed valuation and the 2010 estimated full value of taxable property.

Estimated Full Value of Taxable Property - 2010	\$ 3,011,514,540
Equalized Assessed Valuation - 2010	1,003,838,180

	Gross Direct Debt	Gross Direct Debt and Overlapping Debt
Per Capita	\$ 814.97	\$ 3,652.42
Percent of Estimated Full Value	0.652%	2.923%
Percent of Equalized Assessed Value	1.956%	8.768%

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2011 (Unaudited)**

Debt Maturity Schedule

The following schedule sets forth the maturity schedule for all general obligation bonded debt of the City:

Calendar Year	Annual Requirement	Cumulative Retirement	
		Amount	Percent
2012	\$ 2,215,000	\$ 2,215,000	11.28%
2013	2,315,000	4,530,000	23.07%
2014	2,355,000	6,885,000	35.06%
2015	2,455,000	9,340,000	47.56%
2016	2,575,000	11,915,000	60.67%
2017	2,705,000	14,620,000	74.44%
2018	1,210,000	15,830,000	80.60%
2019	780,000	16,610,000	84.57%
2020	835,000	17,445,000	88.82%
2021	680,000	18,125,000	92.29%
2022	730,000	18,855,000	96.00%
2023	785,000	19,640,000	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 54 through 65.