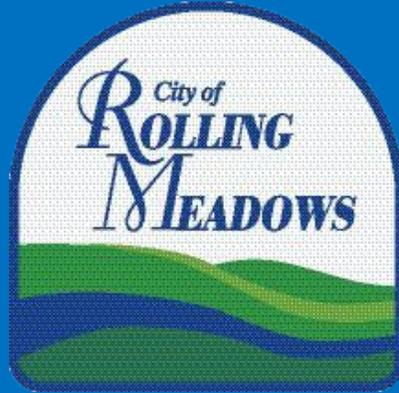


COMPREHENSIVE ANNUAL FINANCIAL REPORT

2
0
1
8



City of Rolling Meadows, 3600 Kirchoff Road, Rolling Meadows, IL 60008
847-394-8500 www.cityrm.org

CITY OF ROLLING MEADOWS, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018**

Prepared by the Finance Department

CITY OF ROLLING MEADOWS, ILLINOIS

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

List of Principal Officials	1
Organizational Chart	2
Letter of Transmittal	3 - 14
GFOA Certificate of Achievement for Excellence in Financial Reporting	15

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	16 - 18
-------------------------------------	---------

MANAGEMENT'S DISCUSSION AND ANALYSIS	19 - 42
---	---------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	43 - 44
Statement of Activities	45 - 46

Fund Financial Statements

Balance Sheet – Governmental Funds	47 - 48
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position – Governmental Activities	49
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	50 - 51
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities	52
Statement of Net Position – Proprietary Funds	53 - 54
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	55
Statement of Cash Flows – Proprietary	56
Statement of Fiduciary Net Position	57
Statement of Changes in Fiduciary Net Position	58

Notes to Financial Statements	59 - 117
-------------------------------	----------

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

Illinois Municipal Retirement Fund	118
Police Pension Fund	119
Firefighters' Pension Fund	120

CITY OF ROLLING MEADOWS, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

REQUIRED SUPPLEMENTARY INFORMATION – Continued

Schedule of Changes in the Employer’s Net Pension Liability	
Illinois Municipal Retirement Fund	121 - 122
Police Pension Fund	123 - 124
Firefighters' Pension Fund	125 - 126
Schedule of Investment Returns	
Police Pension Fund	127
Firefighters’ Pension Fund	128
Schedule of Changes in the Employer’s Total OPEB Liability	
Retiree Benefit Plan	129
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund	130
Motor Fuel Tax – Special Revenue Fund	131

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds

Major Governmental Funds

General Fund

Schedule of Revenues – Budget and Actual	132 - 133
Schedule of Detailed Expenditures – Budget and Actual	134 - 139

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	140
---	-----

Local Road – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	141
---	-----

Fire Station – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	142
---	-----

Nonmajor Governmental Funds

Combining Balance Sheet	143
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	144

Nonmajor Special Revenue Funds

Combining Balance Sheet	145
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	146

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	
---	--

911 Emergency Telephone – Special Revenue Fund	147
--	-----

CITY OF ROLLING MEADOWS, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES – Continued

Governmental Funds

Nonmajor Governmental Fund

Nonmajor Capital Projects Fund

Combining Balance Sheet 148

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances 149

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

TIF #2 Kirchoff/Owl – Capital Projects Fund 150

TIF #4 Golf Road – Capital Projects Fund 151

Proprietary Funds

Enterprise Funds

Utilities Fund

Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual 152

Schedule of Operating Expenses – Budget and Actual 153 - 154

Refuse Collection Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual 155

Schedule of Operating Expenses – Budget and Actual 156

Internal Service Funds

Combining Statement of Net Position 157 - 158

Combining Statement of Revenues, Expenses and Changes in Net Position 159 - 160

Combining Statement of Cash Flows 161 - 162

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

Municipal Garage – Internal Service Fund 163

Vehicle Replacement – Internal Service Fund 164

Buildings and Land – Internal Service Fund 165

Liability Insurance – Internal Service Fund 166

Health Insurance – Internal Service Fund 167

Trust and Agency Funds

Pension Trust Funds

Combining Statement of Fiduciary Net Position 168

Combining Statement of Changes in Fiduciary Net Position 169

Agency Fund

Schedule of Changes in Assets and Liabilities – Compliance Deposits 170

Consolidated Year-End Financial Report 171

CITY OF ROLLING MEADOWS, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES – Continued

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with

Governmental Auditing Standards

172 - 173

SUPPLEMENTAL SCHEDULES

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2012

174

General Obligation Bonds of 2018

175

Illinois Environmental Protection Agency (L17-4070) Loan Payable of 2012

176

Illinois Environmental Protection Agency (L17-4141) Loan Payable of 2013

177

STATISTICAL SECTION (Unaudited)

Net Position by Component – Last Ten Fiscal Years

178 - 179

Changes in Net Position – Last Ten Fiscal Years

180 - 181

Fund Balances of Governmental Funds – Last Ten Fiscal Years

182 - 183

Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years

184 - 185

Assessed Value and Actual Value of Taxable Property – Last Ten Tax Levy Years

186 - 187

Direct and Overlapping Property Tax Rates – Elk Grove Township

Last Ten Tax Levy Years

188 - 189

Direct and Overlapping Property Tax Rates – Palatine Township

(High School District 211) – Last Ten Tax Levy Years

190 - 191

Direct and Overlapping Property Tax Rates – Palatine Township

(High School District 214) – Last Ten Tax Levy Years

192 - 193

Principal Property Tax Payers – Current Tax Levy Year and Nine Tax Levy Years Ago

194

Property Tax Levies and Collections – Last Ten Fiscal Years

195

Taxable Sales by Category – Last Ten Fiscal Years

196 - 197

Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years

198

Local Tax Revenues – Last Ten Fiscal Years

199

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

200

Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years

201

Schedule of Direct and Overlapping Governmental Activities Debt

202

Schedule of Legal Debt Margin

203

Demographic and Economic Statistics – Last Ten Fiscal Years

204

Principal Employers – Current Fiscal Year and Nine Fiscal Years Ago

205

Full-Time and Part-Time Equivalent Government Employees

by Function/Program – Last Ten Fiscal Years

206 - 207

Operating Indicators by Function/Program – Last Ten Fiscal Years

208 - 209

Capital Asset Statistics by Function/Program – Last Ten Fiscal Years

210 - 211

Water Sold by Type of Customer – Last Ten Fiscal Years

212 - 213

Continuing Bond Disclosures

214 - 217

INTRODUCTORY SECTION

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**List of Principal Officials
December 31, 2018**

LEGISLATIVE

Mayor: Len Prejna

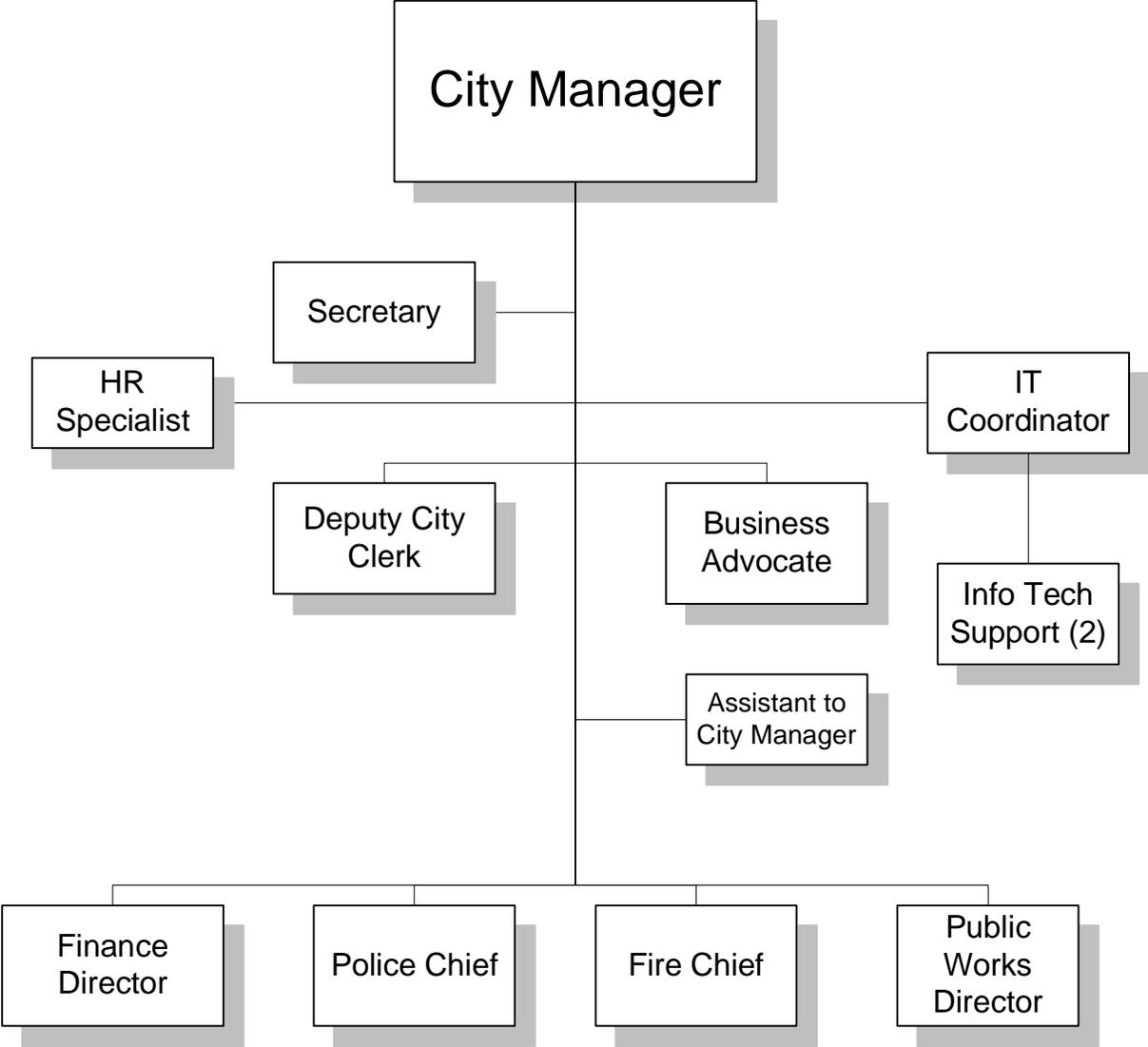
Deputy City Clerk: Judy Brose

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

ADMINISTRATIVE

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

City Departments





May 23, 2019

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, 2018, 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, 2018, the licensed certified public accounting firm of Lauterbach & Amen, LLP, has issued an unmodified (“clean”) opinion on the City of Rolling Meadows financial statements. The independent auditors report can be found at the front of the financial section of this report.

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

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

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

PROFILE OF THE CITY OF ROLLING MEADOWS

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

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

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

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

The City provides a full range of municipal services with 155 full-time and 18 part-time persons working in Public Safety, Public Works, Planning and Zoning, Community Development, Economic Development, Information Technology, Finance and General Administration. The City maintains approximately 61 miles of streets and about 134 miles of parkway. The City operates its own water distribution system with sewage treatment provided by the Metropolitan Water Reclamation District. The City is a member of two joint ventures; the first is the Northwest Suburban Joint Action Water Agency (JAWA), which provides water from Lake Michigan through Chicago. The City also maintains a few deep water wells as reserves (In case of emergency, the City also has two emergency water connects, one with the Village of Palatine and the other with the Village of Arlington Heights. These communities are currently in a different water system acquiring water from the City of Evanston.) The second joint venture is the Solid Waste Agency of Northern Cook County (SWANCC), which provides solid waste disposal services. The City also owns and operates its own fleet of refuse vehicles (recycling is a contracted service).

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

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

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

rating. In November 2018, Standard & Poor's reviewed the City's credit rating as part of the comprehensive review for the issuance of general obligation bonds. Standard & Poor's reaffirmed the City's credit rating of an AA+ with a stable outlook.

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

MAJOR INITIATIVES

The City is actively engaged in developing new strategies for economic growth and development. Economic Development continues to be a priority for the City of Rolling Meadows. The City encourages businesses to begin, grow and expand their businesses within the City limits.

Recent Accomplishments

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

The **Golf Road corridor** has also benefitted from recent roadway improvements. The City extended Squibb Avenue, one of the interior roads serving businesses based at the City's Golf Road corporate campus. This capital project significantly improved area traffic flow and safety. This extension provides local businesses and employees with a safer option for entering and leaving the corporate campus. The \$576,000 roadway extension project was funded by revenue raised through the Golf Road/Gallagher Tax Increment Financing (TIF) District.

In FY 2017, the City conducted an in-depth survey of the City's business community. The survey reinforced the City's reputation as a business-friendly community. The findings also helped foster ways to strengthen outreach and services to businesses (see below).

In FY 2018, highlights on the strengthening outreach, development and services to businesses included:

- With feedback from the business community, the City approved an Ordinance allowing local businesses to offer video gaming while ensuring proper oversight. The newly-approved video gaming ordinance, in accordance with Illinois law, allows businesses to place up to five video game machines – games such as poker and blackjack – on their premises. The State of Illinois collects 30% of the revenue generated from the video gaming machines (allocating 5% to the City), while businesses split the remaining 70% with the machine operator. The business must apply for a G-1 Liquor License and pay annual licensing fees for each machine. City Council's approval of this ordinance, places the City on a more competitive footing with nearby communities and provides opportunities for businesses to grow and develop.

- As a result of the video gaming ordinance, the Stadium Sports Club located at 4015 W. Algonquin Road, is renovating its space. The restaurant has operated in the City for more than 30 years and has expressed its appreciation for the City's 'pro-business' climate for continued success.
- The City approved a contract with Evanston-based urban planning firm, Teska Associates, to update the Rolling Meadows' Comprehensive Plan and Zoning Code. The firm will help modernize the current Comprehensive Plan – last updated in 2006. The updates will provide a blueprint for planning, development and land use for the next ten to twelve years. The Comprehensive Plan will also serve as a guideline when considering new development proposals, help the City pursue state and federal grant funding, and market the City to developers and businesses.
- The City launched a Business Newsletter called the "Business Messenger" to engage local businesses. The quarterly newsletter is developed specifically to provide timely and accurate information on topics that affect local businesses. The Business Messenger also showcases local businesses each quarter.
- Restructuring the Community Development Department with attention towards enhanced customer service.
- The City's recently hired Business Advocate has been working with local businesses to help them with development efforts and obtaining feedback from business owners.
- On the City's home webpage, the City's online "Community Portal" provides relevant, up to date information for residents and businesses. The interactive portal includes property information, local services and zoning classifications.
- The City hosted a Business & Community Showcase for local business leaders to network with other professionals and connect with customers.
- Restaurants looking to open in the City may apply for tax rebates and reduced permit fees through the City's Restaurant Incentive Program. This newly developed program started in 2018.

The City welcomed more than 37 new businesses to the community, underscoring the City's continued economic growth and development effort. Key additions included:

- In June, Rep's Place – Sports, Burgers, and Beers – opened, featuring the City's newest downtown sports bar/restaurant at 3200 Kirchoff Road. Within just a few months running, the restaurant has earned a reputation as a destination where residents can bond over a sports game, enjoy friendly conversation and choose from a wide variety of burgers, sandwiches, salads and dinner. In November, Rep's doubled their footprint and expanded their restaurant.
- Coquelicot Gallery & Café located at 4880 Euclid Avenue opened its doors by mother and daughter business partners. The café is a gallery, shop and meeting place.
- Jersey Mike's Subs located at 1450 Golf Road opened its restaurant serving the busy, Golf – Algonquin Road corridor.
- Dunkin Donuts/Baskin Robbins located at 1921 Algonquin Road opened in December, featuring state-of-the art meeting rooms. This one of a kind location is an attractive meeting spot.

Plans for 2019

Fiscal Year 2019 is expected to result in continued economic development across the City, hopefully leading to greater economic activity and growth in City sales tax, income tax, hotel taxed, food & beverage tax revenues and the newest revenue stream, video gaming revenue. As the City's recent Market Summary indicates, Rolling Meadows' daytime employment is estimated at 16,514.

For 2019, the City will enhance and expand its economic development activities:

- The City is planning its 2nd annual local business expo to encourage business-to-business networking and help residents learn more about companies.
- The City will be actively engaged with the regional collaboration, Next Level Northwest, a community-based business accelerator.
- The City conducted focus groups for its Comprehensive Plan Update. The Comprehensive Plan will be completed and discussed in FY 2019. The City will also be updating its Zoning Code in FY 2019.

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

- In 2019, a 1.75-mile stretch of Kirchoff Road between Hicks and Wilke Road, will be completely resurfaced with the help of state and federal funding. Covering approximately 80% of the resurfacing costs, this important initiative upgrades a section of road in the City's downtown area.
- There are several prospective businesses who are interested in space along the Kirchoff Road corridor to open video gaming cafes and/or full-service restaurants.
- The 11-acre parcel at the corner of Kirchoff Road and Meadow Drive (formerly the Dominick's Property) is being marketed by the current owner of the property, Clark Street Development. A mixed use – residential and retail – is the current plan.

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

- Arthur J. Gallagher & Company, recognized as one of "America's Best Employers" by Forbes Magazine, relocated to the Golf Road Corridor in March 2017. The fourth largest international insurance brokerage and risk management services firm, the business has reinvigorated a previously declining area. The City has also recently been working with commercial property tax owners to gain property tax relief when appropriate. Arthur J. Gallagher Co. has submitted information to apply for a Class 7b incentive (commercial, non-industrial). The large insurance broker is weighing its options to expand its corporate footprint in Rolling Meadows, Illinois, versus Houston, Texas. The company has proposed plans to build a new building and create more than 700 jobs.
- Continued efforts to further improve traffic flow and accessibility will take place in FY 2019 for the Golf Road corporate campus with additional traffic studies and planned upgrades to the Golf/Ring Road intersection. Pedestrian pathways are also being evaluated.
- Holiday Inn (3405 Algonquin Road) and Holiday Inn Express (3477 Algonquin Road) hotels have embarked on a redevelopment program that will convert the existing Holiday Inn to an Aloft Hotel – a brand known for its contemporary architectural design – and a separate senior living facility.

The City Council approved an application for a Cook County 7B tax incentive which helps commercial properties become economically feasible.

- School Health located at 5600 Apollo Drive will open a new 112,505 square office facility. Construction is taking place and is anticipated to be completed in 2019. The Hanover Park-based company will bring 130 employees to its new Rolling Meadows' location. Founded in 1957, School Health is a family-owned provider of health supplies and equipment to the U.S. education market.

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

- Amish Farmers, a new neighborhood grocery store, will be locating to Rolling Meadows in 2019. The business – to be located at 2122 Plum Grove Road – sources all of its products from authentic Amish farms located in Michigan, Indiana, and Wisconsin. The grocer will also offer an extensive selection of Polish specialties.
- Red Apple Restaurant, at 2121 Plum Grove Road, is under new ownership. The restaurant's owners has plans in the works for remodeling and adding outdoor seating.

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

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

To take advantage of interest savings, the City issued general obligation bonds in December 2018 and in March of 2019 for the fire stations projects and also for underground utilities capital infrastructure projects (watermains).

Continuing the success of the City's Community Events Program, the City held a full-line up of community events with live music, markets and other activities. The City held an expanded lineup of Farmers & Food Truck Markets, a summer block party along Kirchoff Road and events such as Taste the Town (held in March); Wine-Down-By the Creek and a Parking Lot Party (each with live music); and in December held a special Holiday Tree Lighting with a spaghetti dinner. In addition, the City displayed commemorative street banners which were customized for residents and businesses who sponsored the banners.

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

The City's 2018 National Night celebration set a record of nearly 3,500 people who came together to honor Rolling Meadows police officers and celebrate community pride. More than fifty local businesses and organizations sponsored or participated in the celebration. Guests at the event enjoyed performances by stunt dogs, mock sword battles by the knights of Medieval Times, law enforcement vehicle displays; a "star spangled" performance of our National Anthem by the Chicago Cubs' Wayne Messmer; and a fireworks display.

Long-Term City Initiatives

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

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

Economic Development Committee & Accomplishments

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

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

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

The Economic Development Committee meets regularly to review develop new services and programs to attract new businesses and to expand existing business activities.

In FY 2018, the EDC members provided ideas for the City's first Business & Community Showcase, attended ribbon cutting ceremonies, connected with business leaders and the Rolling Meadows Chamber of Commerce, developed a "Restaurant Incentive Plan", held meetings with existing and prospective businesses, updated the City's outdoor seating guidelines and kept in close contact with local businesses for business retention.

Redevelopment Relating to Tax Increment Financing Districts

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

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

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

TIF District No. 4 – Golf Road (created in 2015) – TIF #4 was created July 28, 2015. As mentioned previously, large commercial insurance broker **Arthur J. Gallagher Insurance** relocated its headquarters from Itasca to Rolling Meadows in March 2017. Arthur J. Gallagher Insurance invested more than \$85 million to upgrade buildings, add garages and roadways and landscaping in the Meadows Corporate Center (2850 Golf Road) relocating approximately 2,000 employees to the new location. The City approved the Golf Road Tax Increment Financing District with a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

LOCAL ECONOMY

The area economy is showing positive signs with some upward trends in the areas of sales tax, food & beverage taxes, use tax and hotel taxes. However, some items show while there have been some slight upward trends, there have been some unanticipated, one-time revenues such as real estate transfers, building permits and red light fines. The City's unemployment rate as of December 2018 was approximately 3.9%.

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

Based on area data, reports show that retail sales have nearly returned to pre-recession 2007 levels but lost some ground over the last few years. While the City experienced some natural growth, revenues are nearing or at pre-recession numbers. According to various data, vacancy rates for commercial real estate has decreased slightly with major stores shifting to meet the new challenges and impacts of e-commerce and customers' demands for quality, yet economical goods. The City is seeing changes in the way retail is set up and is looking for ways to ensure that available space is used for its highest and best use.

The City's population as of the 2010 U.S. Census is 24,099 and according to the City's recent Market Summary is estimated at 24,231. Family households make up approximately 67% of Rolling Meadows households. The median household income is approximately \$58,000, higher than the median Cook County and comparable to income levels in the seven county metropolitan area. Homeownership is predominant in Rolling Meadows as 70% of households are owner-occupied. Some recent data from various sources show that there is a positive turnaround trend in the real estate market.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

RELEVANT FINANCIAL POLICIES THIS YEAR

In order to insure that the City continues to meet its immediate and long term service goals, several financial policies and procedures have been implemented by management. Highlighted are some of the more pertinent policies that the City followed in FY 2018:

- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- The Ad-Hoc Capital Improvements Committee continues to review capital projects and offer recommendations for long-term capital improvements.
- The City is committed to rebuilding fund balance reserves and has eliminated negative fund balances and has made significant progress to that end. TIF #2 (Kirchoff/Owl) holds a negative fund balance position and is estimated to become positive by the end of its TIF term in 2025. TIF # 4 (Golf Road) has reversed the FY 2016 negative fund balance position to a positive for FY 2017. Cook County reassessed the value of the TIF and incremental tax revenue was received.
- The City adopted a Fund Balance Policy for the General Fund in FY 2014 which the City shall strive maintain a General Fund Unassigned Balance (available) from 15% to 30% of General Fund operating expenditures. The City will review this policy on an annual basis.
- In FY 2015, the City Council adopted a Fund Balance Policy for the Refuse Fund which the City shall strive to hold an amount known as Current Net Position ranging from 30% to 50% of the Refuse Fund's operating expenditures. The City will review this policy on an annual basis.

- In FY 2016, the City Council adopted a Fund Balance Policy for the 911 Fund to strive to hold between one to one and half times the annual expenditures for the 911 Fund. The City will review this policy on an annual basis and will prepare for a large capital purchase that all Northwest Central communities are dealing with.
- Posted on the City's website employees' salary and benefit data, as a continued transparency initiative (providing this data since 2011).
- As required by Public Act 97-0609, the City posted employee compensation data for Illinois Municipal Retirement Fund (IMRF) employees who are expected to receive compensation greater than \$75,000. The City took this mandate one step further, to enhance transparency, and published this data for all employees.
- City refinanced General Obligation Bonds worth more than \$2.0 million dollars which will save a little more than \$60,000 over the next five years. The bonds were originally issued to pay for redevelopment costs at the mixed use Riverwalk development on Kirchoff Road (the City's TIF #2 Fund).
- Staff and the City Council discussed long-range financial planning in 2011 and 2012 during its budget discussions. One of the goals discussed was reviewing the City's outstanding debt. In 2012, the City refunded nearly \$10 million worth of general obligation bonds to save taxpayers approximately \$750,000 over the next 12 years. [In 2013, the City refunded general obligation bonds to maximize its interest savings over the long-term.]
- Prepared and reviewed monthly revenue, expenditure and cash balance reporting for all funds with particular focus on the General Fund to the City Council. These financial reports ensure that the City Council is made aware of any variances from the appropriated budget. (The budget document continues to be revised and made easier to understand.)
- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of fixed assets.
- Mid-year prior to the presentation of the proposed budget, the City prepares a five-year capital plan with a five-year financial forecast which outlines management's intentions regarding capital asset purchases and infrastructure improvements.
- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.
- Followed a written credit card policy for all business-related credit card purchases. Employees must sign a credit card policy agreement prior to a city-issued credit card may be issued.
- Adhered to an investment policy which invests public funds in a manner which protects principal, maximizes return for a given level of risk and meets the daily cash flow needs of the City.
- In June, the City complied with the state-mandated annual treasurer reporting requirements. The report is published in a local newspaper and posted on the City's website at www.cityrm.org under the Finance Department page.

PENSION TRUST FUNDS AND POST EMPLOYMENT BENEFITS

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

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

The City of Rolling Meadows worked with the private actuary to ensure that the actuarial report for the Police and Fire Pension was current and the actuarial valuation matched the fiscal year. This was accomplished for this audit year. Based on December 31, 2018, the Net Position as a Percentage of the Total Pension Liability (known previously as funded status) for the Police Pension Fund is 53.2% (a decrease from FY 2017 of 4.5% from 57.7%) and for the Fire Pension Fund is 44.1% (a decrease from FY 2017 of 5.6% from 49.7%). The funded status decreased due to primarily negative investment returns.

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 IMRF pension plan's Net Position as a Percentage of the Total Pension Liability as of December 31, 2018 is 81.5% compared with the last year's funded status at 95.1% (due to negative investment returns). This amount meets or exceeds the State of Illinois' annual requirement for Net Position.

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

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

RISK MANAGEMENT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rolling Meadows for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the thirty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City an Award of Outstanding Achievement in Popular Annual Financial Reporting the FY 2017 Popular Annual Financial Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award for the FY 2018 Budget.

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

ACKNOWLEDGMENTS

The preparation of this report was made possible by the dedication and hard work of the entire Finance Department Staff. In particular, I would like to acknowledge Finance Director, Melissa Gallagher, and Senior Accountants Laura Matz and Diana Schoeneck, Utility Billing Accountant Debbie Rybarczyk, Accountant, Shelley Dulmage, and the City's two Part-Time Cashiers, Susan Harris, Marti McNally and all City Departments (and Department Heads) who assisted and contributed to the preparation of this report. Also, I would like to thank Lori Ciezak, Deb Austerlade, Judy Brose and Joyce Deleon in Administration. City Departments provide excellent service and work for the City.

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

Respectfully submitted,



Barry Krumstok
City Manager



Government Finance Officers Association

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, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

May 23, 2019

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Matters – Continued

Other Information – Continued

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

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROLLING MEADOWS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

The City of Rolling Meadows' Management's Discussion and Analysis is designed to provide readers a narrative overview and analysis of the City's financial statements for the year ending December 31, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal (beginning on page 3) and the City's financial statements (beginning on page 43).

Financial Highlights

The following are a few highlights to be discussed in greater detail in this Management's Discussion and Analysis and within the 2018 Comprehensive Annual Financial Report (CAFR):

Net Position and Performance in Total: The City's total net position as of December 31, 2018 was \$91,163,932, an increase of \$3.9 million or by 4.4% (from FY 2017's restated net position of \$87,307,330). Note: the Net Position – Beginning as Restated will reflect the City's changes in OPEB. The new Governmental Accounting Standards Board (GASB) Statement (also known as GASB Statement No. 75) reflects the full OPEB liability to be recorded on the City's Financials.

The City's total net position is comprised of \$146.9 million for net investment in capital assets; \$1,593,367 for Public Safety; \$161,274 for Highways and Streets; and \$42,994 for Debt Service; and a negative \$57.5 million for Unrestricted Deficit. The overall change of the Unrestricted Deficit for the net position was \$2.9 million (from a negative \$54.5 million to a negative \$57.5 million). This increase is primarily due to an increase in the net pension liability for the City's pension funds [Illinois Municipal Retirement Fund (IMRF), Police Pension Fund and Fire Pension Fund]. (This is due to negative investment returns for the pension funds.) The Total OPEB Liability is reflected in the Financials (an increase of \$5.6 million) and the long-term portion of Compensated Absences experienced a decrease of \$755,027. In addition, there are deferred items recognized and the City issued general obligation bonds in December of 2018.

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

In FY 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Similar to the GASB Statement No. 68 which requires the full accrual accounting for the City of Rolling Meadows' retirement plans (IMRF Firefighters' Pension Fund and the Police Pension Fund), GASB Statement No. 75, accounts for the Total OPEB Liability for the City's Postemployment Benefits (i.e., retiree healthcare).

For the City's pension funds for FY 2018, the net pension liabilities for these retirement plans are as follows: the Illinois Municipal Retirement Fund (IMRF) is \$10.6 million; Firefighters' Pension Fund is \$42.4 million; and the Police Pension Fund is \$36.9 million. The total OPEB liability is \$5.6 million.

Governmental Activity Summary: The net position for governmental activities ended at \$71,871,683, an increase of \$1.5 million from FY 2017. The primary reason is the increase in property tax revenue of \$2.4 million.

Business-Type Activity Summary: The net position for business-type activities ended at \$19.3 million, an increase of \$2.4 million from FY 2017. The primary reason for this increase is the capital projects that are still in process and the Utilities Fund included rate increases for FY 2018.

General Fund Summary: At December 31, 2018, the total fund balance for the General Fund was \$11,114,386 or 35.5% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$9,675,955 (or 30.9% of the General Fund's FY 2018 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City's ongoing obligations to its residents, businesses and creditors.

In FY 2018, the City Council committed \$1.4 million in the General Fund to be used for funding compensated absences.

For FY 2018, the City's total cash position increased from \$20.4 million to \$34.0 million or by \$13.6 million (an increase of 66.2% due primarily to governmental activities – the issuance of general obligation bonds in 2018). For governmental activities the cash position increased from \$16.3 million to \$28.5 million or by \$12.2 million (an increase of 75% due to additional revenues and the issuance of general obligation bonds). For business activities the cash position increased from \$4.2 million to \$5.5 million or by \$1.3 million (an increase of 31.6% due to additional revenues for business type activities).

The cash position of the General Fund at the end of the current fiscal year was \$6.0 million – an increase of \$1.8 million from FY 2017. The General Fund's cash increase was primarily due better than expected revenues and lower than budgeted expenditures for Fiscal Year 2018.

In FY 2017, the City Council approved a budgeted transfer to purchase land for the purpose of building two new fire stations. As noted in last year's CAFR, the General Fund has a corresponding "Due From" the Fire Stations to be paid back which will take place in FY 2019. In December 2018, the City issued \$9.5 million in general obligation bonds for the fire stations project. In March 2019, the City issued \$9.5 million in general obligation bonds for the remaining expenditures for the fire stations project and for the Utilities Fund (underground utilities – watermains).

Overview of the Financial Statements

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

The following table (Table 1) summarizes the major features of the City’s financial statements.

This is a useful tool and should be read in conjunction with this analysis and the CAFR.

TABLE (1)

Description	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 position 2. Statement of activities	1. Balance sheet 2. Statement of revenues, expenditures and changes in fund balance	1. Statement of net position 2. Statement of revenues, expenses, and changes in net position 3. Statement of cash flows	1. Statement of fiduciary net position 2. Statement of changes in fiduciary net position
Accounting Basis	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resource	Current financial resources	Economic resource	Economic resource
Type of asset/deferred outflows & liability/deferred inflows information	All assets/deferred outflows and liabilities/deferred inflows; both financial and capital short and long-term.	Assets/deferred inflows expected to be used and liabilities/deferred outflows that come due during the year or shortly thereafter; no capital assets.	All assets/deferred inflows and liabilities/deferred inflows; both financial and capital short and long-term.	All assets/deferred outflows and liabilities/deferred inflows, short and long-term. Does not contain capital assets.
Type or inflow & outflow information	All revenues and expenses during the year regardless of when the cash is received or paid.	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods and services that have been received and payment is due during the year or shortly thereafter.	All revenues and expenses during the year regardless of when the cash is received or paid.	All revenues and expenses during the year regardless of when the cash is received or paid.

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements may be found on pages 43 through 46 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The City of Rolling Meadows adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements may be found on pages 47 through 52 of this report.

Proprietary Funds

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

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

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

The basic proprietary fund financial statements may be found on pages 53 through 56 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 57 and 58 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 59 through 117 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedules for the General Fund and the Motor Fuel Tax Fund. Required supplementary information may be found on pages 118 through 131 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules may be found on pages 132 through 173 of this report.

Infrastructure Assets

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

In FY 2013 the City's total net position was \$132.2 million and in FY 2018 the City's total net position was \$91.2 million. The change in net position for the current year is primarily due the City's net pension liabilities and total OPEB liability which are reflected on the Financials, the issuance of general obligation bonds in FY 2018, capital improvements and the maturity (payment) of general obligation bonds. When comparing the last two fiscal years, the overall change is an increase of 4.4% in the City's total net position or approximately \$3.9 million increase. The following table and graph displays the City's net position for the past six years.

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

Net Position	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Governmental Activities (in thousands)	\$118,588	\$123,765	\$59,737	\$55,919	\$70,420	\$71,871
Business-Type Activities (in thousands)	\$13,685	\$14,936	\$15,191	\$15,117	\$16,886	\$19,292
Total City Net Position	\$132,273	\$138,701	\$74,968	\$71,036	\$87,306	\$91,163
\$ Change from Previous Year	\$6,495	\$6,428	(\$63,733)	(\$3,932)	\$16,270	\$3,857
% Change from Previous Year	5.2%	4.9%	-45.9%	-5.2%	22.9%	4.4%

The next table, Table 3, reflects the condensed Statement of Net Position compared between FY 2017 and FY 2018.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Current and Other Assets	\$ 38.2	\$ 51.4	\$ 6.8	\$ 7.4	\$ 44.9	\$ 58.8
Capital Assets	132.9	136.0	16.8	17.6	149.7	\$ 153.6
Total Assets	171.1	187.4	23.6	25.0	194.6	212.4
Deferred Outflows of Resources	12.7	19.9	0.4	1.2	13.1	21.1
Total Assets & Deferred Outflows of Resources	183.8	207.3	24.0	26.2	207.7	233.4
Current Liabilities	3.7	4.5	1.9	1.7	5.6	6.2
Noncurrent Liabilities	77.9	107.8	3.6	5.1	81.5	112.8
Total Liabilities	81.6	112.3	5.5	6.7	87.1	119.1
Deferred Inflows of Resources	29.3	23.1	1.5	0.1	30.7	23.2
Total Liabilities & Deferred Inflows of Resources	110.9	135.4	7.0	6.9	117.9	142.3
<u>Net Position:</u>						
Net Investment In:						
Capital Assets	\$ 128.7	\$ 132.3	\$ 14.1	\$ 14.5	\$ 142.8	\$ 146.8
Restricted	1.7	1.7	-	-	1.7	1.7
Unrestricted (Deficit)	(57.5)	(62.2)	2.9	4.7	(54.6)	(57.5)
Total Net Position	\$ 70.4	\$ 71.9	\$ 17.0	\$ 19.3	\$ 89.9	\$ 91.2

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

Current Year Financial Impacts

The City's combined net position across governmental and business-type activities is \$91.2 million (which is considered the City's bottom line). The City's net position increased by approximately \$3.9 million from FY 2017's restated balance (rounding differences between sections of this report will occur). This was a result of governmental activities increasing by \$1.5 million and business-type activities increasing by approximately \$2.4 million.

The City's net position is classified into three categories according to the order of their relative liquidity. These include assets invested in capital, restricted net position, and unrestricted net position. By far the largest portion of the total City of Rolling Meadows' net position shown in the summary Table 3, \$146.8 million reflects its net investment in capital assets (e.g., land, buildings, infrastructure, streets, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City of Rolling Meadows' net position (approximately \$1.7 million) represents resources that are subject to external restrictions as to how they may be used. These restrictions include \$1.6 million for public safety which represents the combined ending fund balances for the 911 Fund, the Foreign Fire Insurance Fund and the Police Asset Seizure Fund. The remainder of the restricted net position is for Highways and Streets which equals \$161,274 for the fund balance in the Motor Fuel Tax Fund; and for debt service which equals \$42,994 for FY 2018.

Unrestricted net position consists of net position that does not meet the definition of net position invested in capital assets or restricted net position. At the end of the current fiscal year, the City of Rolling Meadows reports a negative unrestricted net position for the government as a whole, in the amount negative \$57.5 million which is an increase of \$2.9 million. For governmental activities, there was an increase primarily due to the net pension liability for IMRF, Police Pension Fund and Fire Pension Fund and addition of the total OPEB liability. For business-type activities, the primary reason for this increase are additional non-capitalized capital projects completed in FY 2018, and paying down outstanding debt. The increase in the business-type activities offset the negative amounts from the governmental activities. Additional information on the Statement of Net Position may be found on page 43 and 44 of this CAFR.

Change in Net Position in the Statement of Activities

The fiscal year 2018 activities of the City of Rolling Meadows caused total net position to increase by approximately \$1.5 million for governmental activities and to increase by approximately \$2.4 million for business-type activities. Due to the fact that the City, as a whole, has a diversified base of assets, the City of Rolling Meadows' total net position at the end of the end of fiscal year 2018 is \$91.2 million. Key elements are as follows in Table 4. The basic premise of this financial statement is to reflect the relative type of revenue in that the format identifies how each function of the government on the whole draws from general revenues, utility fees, grants, or other fees.

TABLE 4. City of Rolling Meadows
Changes in Net Position
For the Fiscal Years Ended December 31, 2017 and 2018
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues						
Program Revenues:		0.5				
Charges for Services	\$ 5.7	\$ 6.2	\$ 11.8	\$ 14.0	\$ 17.5	\$ 20.2
Operating & Capital Grants	1.2	1.2	-	-	1.2	1.2
General Revenues:						
Property Taxes	14.9	17.3	-	-	14.9	17.3
Other Taxes	14.5	15.0	-	-	14.5	15.0
Other Revenues	0.6	0.6	-	-	0.6	0.6
Total Revenues	\$ 36.9	\$ 40.3	\$ 11.8	\$ 14.0	\$ 48.7	\$ 54.3
Expenses						
Governmental Activities:						
General Government	\$ 1.4	\$ 1.5	\$ -	\$ -	\$ 1.4	\$ 1.5
Public Safety	11.3	30.1	-	-	11.3	30.1
Highway & Streets	1.3	1.1	-	-	1.3	1.1
Public Works	5.6	5.7	-	-	5.6	5.7
Health & Welfare	0.06	0.00	-	-	0.06	0.00
Economic Development	0.16	0.40	-	-	0.16	0.40
Interest	0.2	0.2	-	-	0.2	0.2
Business Type Activities:						
Refuse	\$ -	\$ -	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2
Utilities	-	-	9.6	9.4	9.6	9.4
Total Expenses	\$ 20.0	\$ 39.0	\$ 11.8	\$ 11.6	\$ 31.8	\$ 50.6
Change in Net Position	\$ 17.0	\$ 1.5	\$ 1.9	\$ 2.4	\$ 18.9	\$ 3.9
Net Position Ending	\$ 72.9	\$ 71.9	\$ 17.0	\$ 19.3	\$ 89.9	\$ 91.2

FY 2018 Beginning Net Position Restated due to GASB/OPEB.

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

For FY 2018 program revenues (all governmental revenues combined) compared to FY 2017 – Charges for Services increased by \$559,515 some growth in building permit activity and other fees.

Operating grants/contributions for public safety consisted of a total of approximately \$35,781 for FY 2018 which are police-reimbursable expenses. For capital grants/contributions, this consists of a total of \$1,212,653. This amount is comprised of \$595,823 for local roadway improvement grants and for the state motor fuel tax annual allotment of \$616,830.

Governmental activities or expenses increased by approximately \$19.0 million from FY 2017 to FY 2018. For General Government, the overall change from FY 2017 to FY 2018 is due to planned expenses per the budget in the General Fund.

For Public Safety, expenses increased from \$11.3 million to \$30.1 million from FY 2017 to FY 2018 (the largest share for the overall increase in expenses for Governmental activities). The primary reason for this change is the overall increase of the pension liabilities due to negative investment returns.

For Highways and Streets, expenses decreased \$1.3 million to \$1.1 million (approximately \$170,758 or by a negative 13.6%) due to planned expenses per the budget and changes in depreciation of capital assets.

For Public Works, expenses increased from \$5.6 million to \$5.7 million due to due to planned expenses per the budget, changes in depreciation of capital assets and the settlement of labor negotiations.

For Health & Welfare the expenses decreased from \$6,121 to \$4,790 (an approximate change of \$1,331 or 21.7%) due to fewer than anticipated expenses in FY 2018.

For Economic Development the increase was from \$160,526 in FY 2017 to \$386,195 in FY 2018 for the City's Comprehensive Plan (approximately \$60,000), TIF #2 – Kirchoff & Owl professional services (approximately \$65,000) and TIF #4 Golf Road for the final work for roadway improvements (approximately \$245,000). Interest on Long Term Debt increased from \$221,075 in FY 2017 to \$230,817 in FY 2018 for planned expenses for repayment of debt.

For FY 2018 business-type activities in terms of charges for services, the FY 2018 Budget increased rates for Water (7.0%), Sewer (5%) and Stormwater (5%) with some additional received for other line items. The overall change in charges for services total \$14.0 million of which \$11.8 million is for the Utilities Fund (an increase of 3.3% due to the rate increases). For the Refuse Fund, charges for services decreased by \$15,818 or by 0.7%. In FY 2018, there was no rate increase for the Refuse Fund.

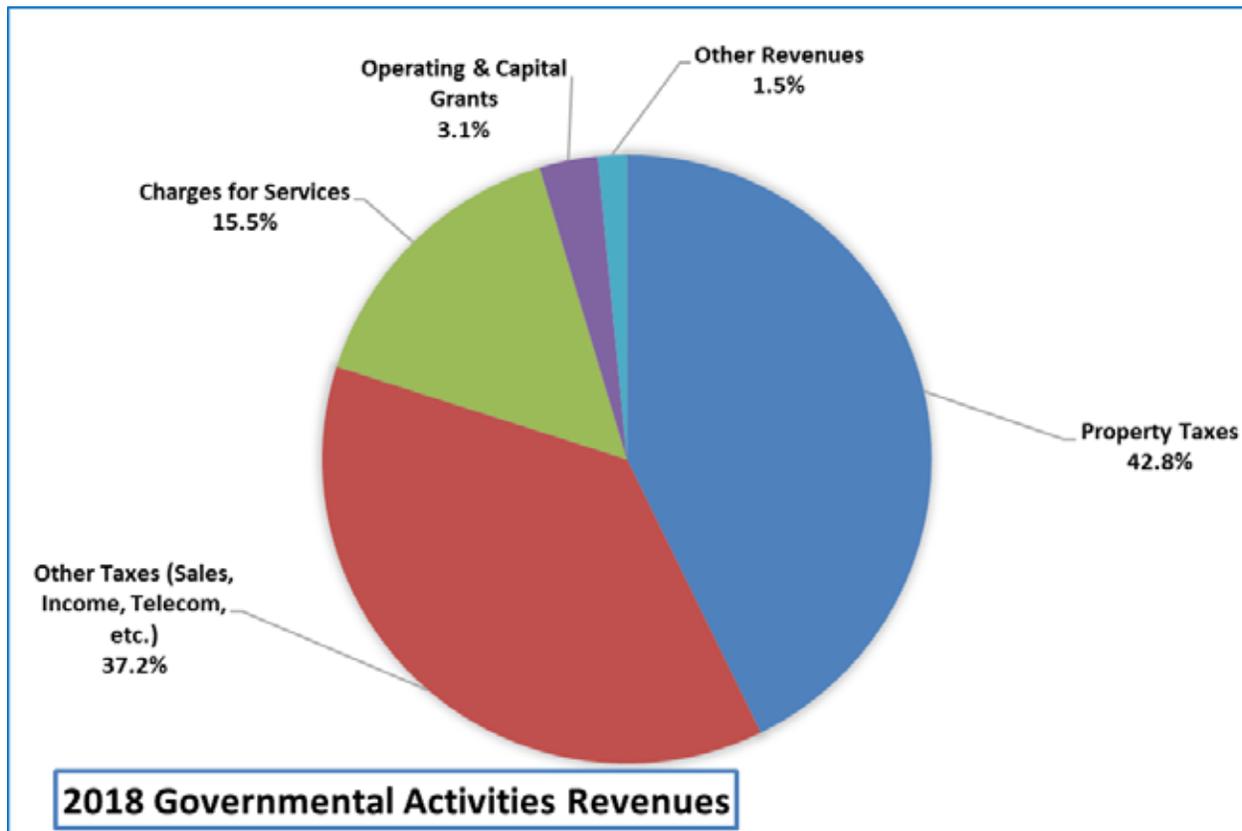
For FY 2018 business-type activities in terms of expenses, the Utilities Fund's expenses decreased year-over-year by \$201,826 or by 2.1% from FY 2017 due to the settlement of labor negotiations and a retirement in the Fund, cost savings on health care, and some capital improvements in process. For the Refuse Fund, expenses increased year-over-year by \$30,882 or 1.4% due to the settlement of labor negotiations.

Governmental Activities

Revenues:

Total revenues for the City's Governmental Activities for FY 2018 were \$40.3 million which shows an increase of \$3.4 million from FY 2017. Charges for Services were \$6.2 million (increased by approximately \$500,000), Operating and Capital Grants were \$1.2 million; Property Taxes (includes the TIF revenues – with increases in EAV) were \$17.3 million, Other Taxes were \$15.0 million and Other Revenues were approximately \$600,000.

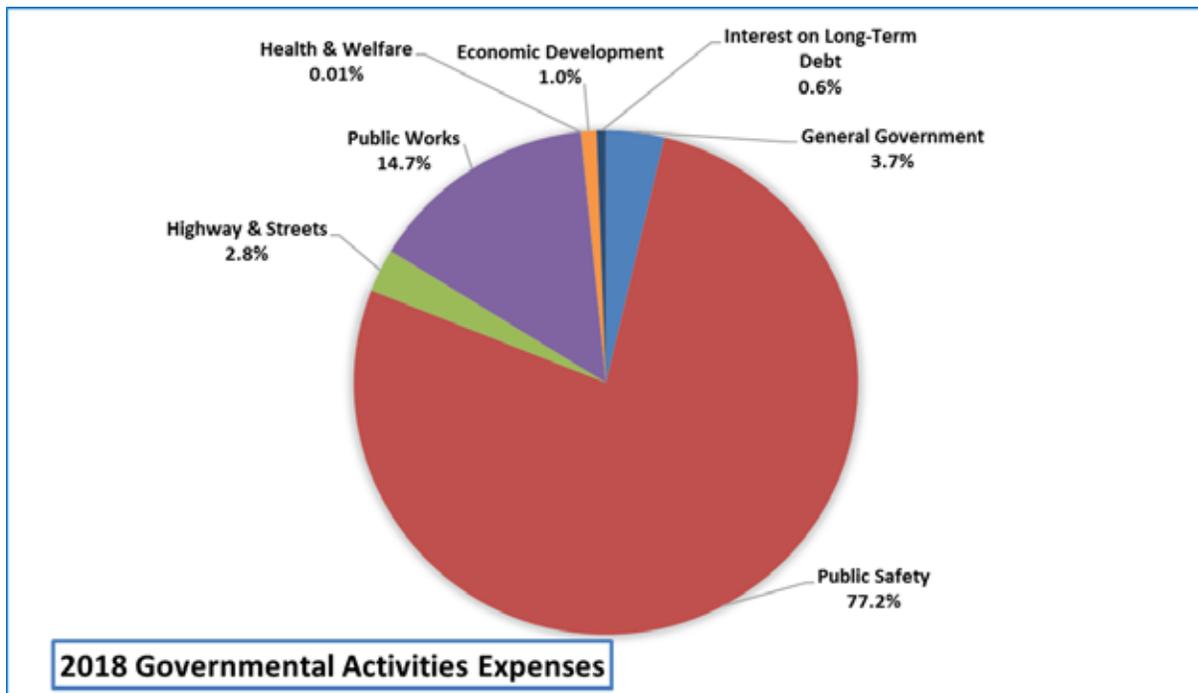
The following chart reflects the percentage breakdown for each of the categories of governmental activities revenue. Taxes such as sales tax (state and home rule), telecommunications taxes, electric utility tax, hotel tax, food & beverage tax, real estate tax, income tax and other taxes account for the a share at approximately 37.2% of total governmental activity revenue or at approximately \$15.0 million. Property Taxes are the largest share at 42.8% or \$17.3 million (this includes the TIF revenue), Charges for Services at 15.5% or \$6.2 million, Operating and Capital Grants at 3.1% or \$1.2 million and Other Revenues at 1.5% or approximately \$620,092 (includes interest, rental income and other miscellaneous revenue amounts from non-major funds). The City has a balanced and diversified revenue stream to help with the City's overall fiscal strength and sustainability.



Expenses:

Total expenses for the City’s governmental activities for FY 2018 were approximately \$39.9 million – an approximate increase of \$19 million from FY 2017. There were also some additional non-capital projects for local roads and some savings in contractual, supply and health care line items in general government, public safety increases due to employee contracts and pension benefits, and retirement of long-term debt. The largest share of the decrease is related to the overall negative financial results for the IMRF Pension Fund, Police Pension Fund and Fire Pension Fund. (The largest share of this expense is Public Safety due to the Police and Fire Pension Funds.)

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



As expected, typical to a municipality such as the size of the City of Rolling Meadows, public safety – police and fire operations – comprise a large share of the governmental activities. For the City of Rolling Meadows, public safety expenses are 77.2% or \$30.1 million (of \$39.0 million of Governmental Activities). Public safety includes police and fire public safety operations in the General Fund, 911 Fund expenditures, Foreign Fire Insurance expenditures and Asset Seizure expenditures (non-capital).

It is important to highlight that the fire and police pension expenses are budgeted and expended from the public safety budget. The employer contribution for Police and Fire Pensions comprised \$7.3 million or approximately 23% of the General Fund’s total expenses and 24% the total public safety expenses for FY 2018. The employer contribution (levied on the City’s property tax levy) for the Police Pension Fund was \$3,480,637 and for the Fire Pension Fund was \$3,788,593.

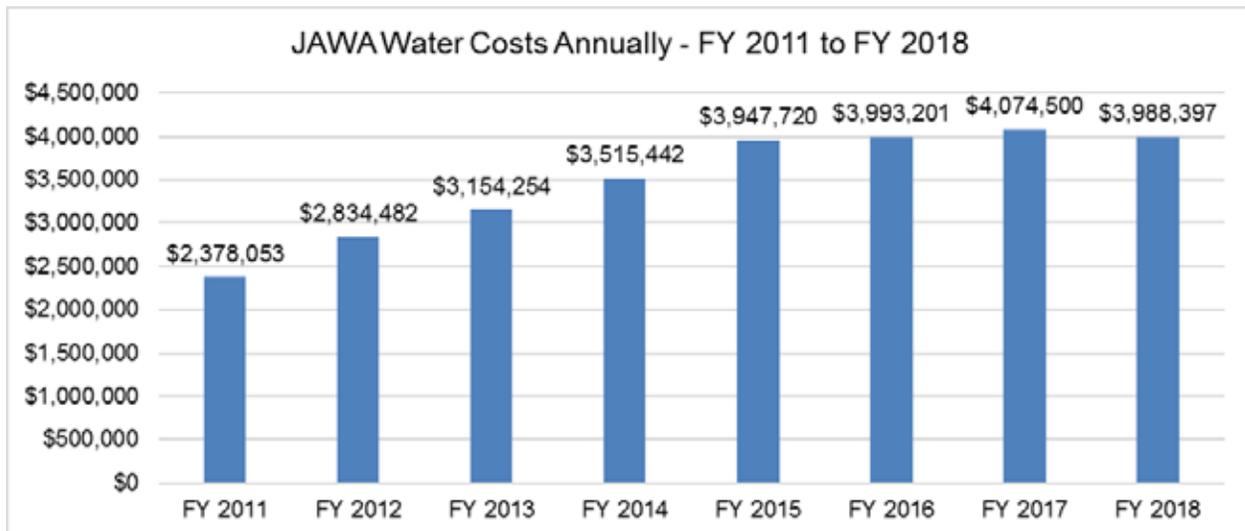
For the other categories in governmental expenses, General Government’s expenses make up 3.7% or \$1.5 million, Highways and Streets (State Motor Fuel Tax Fund and Local Road Fund – contractual/supply items) is approximately 2.8% or \$1.1 million, Public Works (across various funds) is 14.7% or \$5.8 million, Economic Development is at \$386,195 and Health/Welfare at \$4,790 are each less than approximately 2%, and interest on long-term debt is approximately less than 1% or \$230,817.

Business-Type Activities

Total revenues or charges for services for the City's business-type activities for FY 2018 were \$14.0 million, of which is comprised of \$11.8 million for the Utilities Fund and \$2.2 million for the Refuse Collection Fund. The major revenue components of the charges for services classification for business-type activities are fees from the City's Utilities Fund (water, sewer, refuse and stormwater) and Refuse Fund. These fees are the primary source of revenue deemed sufficient to support ongoing operations, maintenance and capital infrastructure improvements.

Total expenses for the City's business-type activities for FY 2018 were \$11.6 million (a decrease of 1.5% or \$170,944) from FY 2017 (primarily due to some capital expenses and the settlement of labor negotiations).

Of the total operating expenses for business-type activities for Utilities, approximately 20% is related to water, 15% to sewer and 5% to stormwater. For FY 2018, the City paid \$3,988,397 to the Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City's water supply (2.1% decrease from year-over-year). It is also important to note on the statement of net position, the City holds an Investment in Joint Venture with JAWA. The City's share of the net position of JAWA at December 31, 2018 was \$645,354.



Refuse expenses are accounted for separately in the Refuse Collection Fund. For FY 2018, the monthly refuse rate was not increased from FY 2017. In FY 2015, the City Council adopted a fund balance policy for the Refuse Fund which the City shall strive to hold an amount known as current net position ranging from 30% to 50% of the Refuse Fund's operating expenditures. For FY 2018, the net position is in range of the Refuse Fund's fund balance policy.

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing resources available at the end of the year in comparison with the City's upcoming financing requirements. As of December 31, 2018, the governmental funds reported a combined fund balance of \$23.9 million, an increase of \$12.9 million from FY 2017. The primary reason for the increase in combined fund balance is issuance of general obligation bonds in the amount of

\$9.5 million, increased revenues from the Golf Road TIF Fund (improvements in the EAV due to the Gallagher Insurance building development) and some better than anticipated revenues. The General Fund's revenues and expenditures are discussed at length in the following paragraphs.

The net change (from this fiscal year to last year) for the General Fund was a positive \$1.5 million – the ending total fund balance for the General Fund was \$11,114,386 or 35.5% of fund balance to expenditures for FY 2018. There were no budget amendments for FY 2018. The General Fund is above the fund balance range of 15% to 30% for total fund balance. For FY 2018, the City's Unassigned General Fund Balance is \$9,675,955 which is 30.9% of expenses to fund balance.

There were some other changes to note – the Motor Fuel Tax Fund's fund balance increased from \$115,275 to \$161,274 for FY 2018. The 911 Fund increased its fund balance from \$1,219,100 in FY 2017 to \$1,297,854 due to the fact that the fund is accumulating revenues to pay for an emergency operations radio and equipment upgrade soon. The 911 Fund has a fund balance policy which strives to hold one to one and half times the expenditures in the Fund as reserves. The fund balance is in range for this policy.

The Local Road Fund increased its fund balance position from \$117,470 in FY 2017 to \$552,292 due grant reimbursements received, some savings in expenditures and the Kirchoff Road Project will be completed in FY 2019. The Local Road Fund ended in an improved net position as compared in previous years. To modernize the City's services and also a growing trend among area municipalities, vehicle stickers were eliminated and replaced with a natural gas tax (five cents per therm). The first month of the natural gas tax was initiated in December 2018. The City expects to generate additional revenue that will allow more investment towards repairing and resurfacing roads.

The Debt Service Fund decreased its fund balance by \$25,593 due to planned debt service payments and some other savings. The TIF #2 (Kirchoff & Owl) increased the negative fund balance from a negative \$1,544,381 in FY 2017 to a negative \$1,349,678 in FY 2018 due to the general obligation bonds were paid in FY 2017 (this TIF is estimated to become positive at the end of its term).

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects and facilities. In FY 2017, the Fire Stations Fund was created to account for the expenses related to building two, new fire stations. The ending fund balance was a positive \$8.7 million due to general obligation bonds issued in December 2018.

The TIF #4 (Golf Road)'s fund balance was increased by the overall increase in equalized assessed value anticipated by the redevelopment of the TIF district by A.J. Gallagher Insurance. The FY 2018 fund balance is \$3.1 million. FY 2018 is the 3rd year of its shortened term of fifteen years.

The two remaining governmental funds are restricted for use. These Funds are not governed by the City of Rolling Meadows; however, separate governing authorities may authorize the use of the funds to offset certain City expenditures. In FY 2018, the Foreign Fire Tax Fund paid for \$13,894 and the Police Asset Seizure Fund paid for \$67,671 in expenditures.

General Fund Budgetary Highlights

The General Fund represents approximately 60% of the City's operating activities and accounts for the majority of all of the City's primary activities. The City's General Fund has stabilized over the last several years with reduction in expenses and better than anticipated revenues in some areas (many of these revenues are one-time increases).

The City is actively engaged in developing new strategies for economic growth and development. Economic Development continues to be a priority for the City of Rolling Meadows. Rolling Meadows is known as a business-friendly community and has a reputation as a "Great Place to Do Business". The City encourages businesses to begin, grow and expand their businesses. In FY 2018, the City Council approved new revenues to promote the overall health of the General Fund.

For FY 2018, there were no budget amendments for the General Fund. The City's General Fund's revenues came in 2.5% better than budget and expenditures came in 2.4% under budget.

General Fund Budgetary Highlights Detail - FY 2018					
	Original Budget	Final Budget	Actual	% of Actual to Final Budget	
Revenues					
Taxes	\$ 23,509,344	\$ 23,509,344	\$ 23,607,078	100.4%	
Intergovernmental	3,162,250	3,162,250	3,233,272	102.2%	
Licenses and Permits	1,001,500	1,001,500	1,213,553	121.2%	
Charges for Services	2,891,123	2,891,123	3,235,235	111.9%	
Fines and Forfeitures	1,271,500	1,271,500	1,239,227	97.5%	
Interest	50,000	50,000	189,804	379.6%	
Miscellaneous	410,100	410,100	397,927	97.0%	
Total Revenues	\$ 32,295,817	\$ 32,295,817	\$ 33,116,096	102.5%	
Expenditures					
General Government	3,287,127	3,287,127	2,780,263	84.6%	
Public Safety	24,876,576	24,876,576	24,513,639	98.5%	
Public Works	3,846,345	3,846,345	3,938,222	102.4%	
Health/Welfare and Culture	11,120	11,120	4,790	43.1%	
Economic Development	61,500	61,500	75,338	122.5%	
Total Expenditures	\$ 32,082,668	\$ 32,082,668	\$ 31,312,252	97.6%	
Excess of Revenues Over (Under) Expenditures	213,149	213,149	1,803,844	846.3%	
Other Financing Sources (Uses)					
Disposal of Capital Assets	500	500	-	0.0%	
Transfers In	553,548	553,548	553,548	100.0%	
Transfers Out	(808,075)	(808,075)	(808,075)	100.0%	
	\$ (254,027)	\$ (254,027)	\$ (254,527)	100.2%	
Net Change in Fund Balance	\$ (40,878)	\$ (40,878)	\$ 1,549,317		
Fund Balance - Beginning			\$ 9,565,069		
Fund Balance - Ending			\$ 11,114,386		

The previous chart shows the detail for the FY 2018 Original/Final Budget and the FY 2018 Actual results. The chart also shows the percentage of the Actual results to the Original/Final Budget.

In FY 2018, the City budgeted \$32,295,817 for revenues and actual revenues received were \$33,116,096 or \$820,279 more than the final budget. Actual FY 2018 revenues came in higher at 2.5% than the FY 2018 Budget. This is primarily due better than anticipated Food & Beverage Taxes, Ambulance Fees, Building Permits and Real Estate Transfers. In addition, Cook County’s reassessments have resulted in approximately more than \$120,000 in refunds of property taxes (this is a reduction to property tax revenue). The City budgeted \$32,082,668 and actual expenditures came in lower at \$31,312,252 or \$770,416 under budget. Expenditures came in at 2.4% lower than the FY 2018 Budget (due to some savings in contractual and supplies and some additional savings during the labor negotiation settlement).

The other financing uses included a budgeted transfers of \$708,075 from the General Fund to the Debt Service Fund (this general obligation bond matures in FY 2023); \$378,548 into the General Fund (for funding future Compensated Absences); \$150,000 transfer into the General Fund for Health Care administration; \$25,000 from the Debt Service Fund for debt service administration; \$100,000 transfer from the General Fund to the Vehicle & Equipment Replacement Fund for the purpose of repaying a prior interfund loan. These transfers are also shown in the next chart.

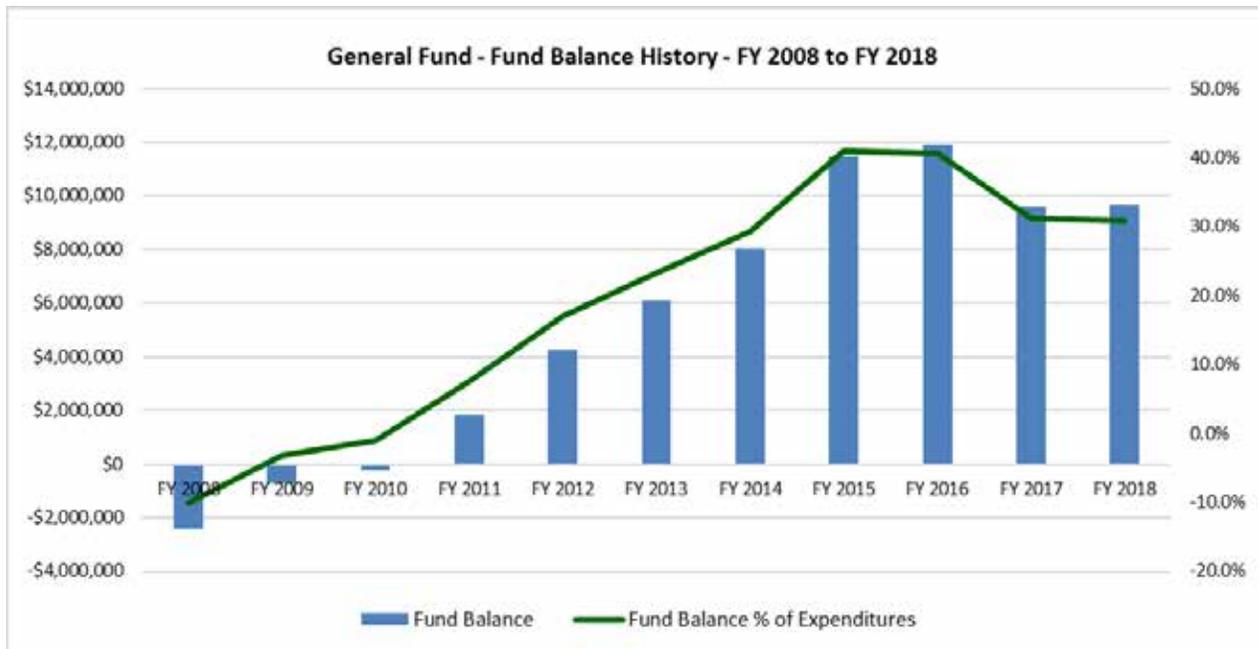
Other Financing Sources (Uses) - Transfers for FY 2018		
Transfer to the Debt Service Fund for the 2012 Bond (2004 Refunded Bonds) Payment	\$	(708,075)
Transfer from the Health Insurance Fund to Commit Funds for Compensated Absences		378,548
Transfer from the Health Insurance Fund for Health Care Admn.		150,000
Transfer from the Debt Service Fund		25,000
Transfer to the Vehicle & Equipment Replacement Fund (Repayment of Prior Transfer)		(100,000)
Net Transfers From or To the General Fund	\$	(254,527)

Over the last several years, the City of Rolling Meadows has taken proactive steps to rebuild fund balance reserves, and eliminate negative funds. The City has established fund balance policies for the General Fund, the Refuse Fund and the 911 Fund. Each of these funds are in parameters with their fund balance policies. The City shows one fund that has negative fund balance position which is the TIF #2 (Kirchoff/Owl). The TIF #2 (Kirchoff/Owl) Fund will become positive near the end of the TIF’s term (approximately FY 2023) and is negative due to the fact that a fourth parcel was not built on the development due to the downturn in the economy. (The City still owns the property with the fourth parcel.)

As of December 31, 2018, the total fund balance for the General Fund was \$11,114,386 or 35.5% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$9.7 million (or 30.9% of 2018 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City’s ongoing obligations to its residents, businesses and creditors.

The City’s commitments on total fund balance of \$11.1 million include the committed amount of \$1.4 million in the General Fund to be used for funding compensated absences and \$38,341 as nonspendable for prepaid expenses.

The next chart reflects the historical look over the last ten years and the overall gains for the General Fund.



General Fund – Revenues

General Fund revenues ended for the fiscal year with approximately \$820,279 more than the FY 2018 budget. Shown in the next chart that follows the next few paragraphs, there are seventeen revenue line items that make up the majority of General Fund revenues (or 87% of total General Fund Revenues). The FY 2018 actual to the FY 2018 Budget shows close to a \$370,000 increase or 1.3% from actual to budget for those major revenue items.

Not one single line item contributes to the entire change in revenues. It is important to note that certain revenue line items in certain fiscal years will receive “unanticipated, one-time” revenues for various projects or fees. There are some revenues that exceeded the budget which include Food & Beverage Taxes (more restaurants opening), Real Estate Transfer Taxes, Cable Franchise Fees, Local Use Tax, and Red Light Enforcement Fines. The City did experience the impact of the State of Illinois’ administrative fee (2%) from Municipal State Sales Tax and Home Rule Sales Tax.

The City budgeted \$960,000 for red light fines and received \$947,817 for that revenue line item. The City received more in red light fines which was attributed to higher resolution cameras, all cameras working for this year and some intersections show more fines.

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

In February 2018, the City approved Ordinance #18-09. This Ordinance updated the City’s Ambulance Service Fees. For FY 2018, these revenues exceeded the budget by close to 60%. The amount received was \$792,630 versus \$500,000 the amount budgeted for Ambulance Services. This increase was explained as the City’s fees were finally adjusted after years of no changes.

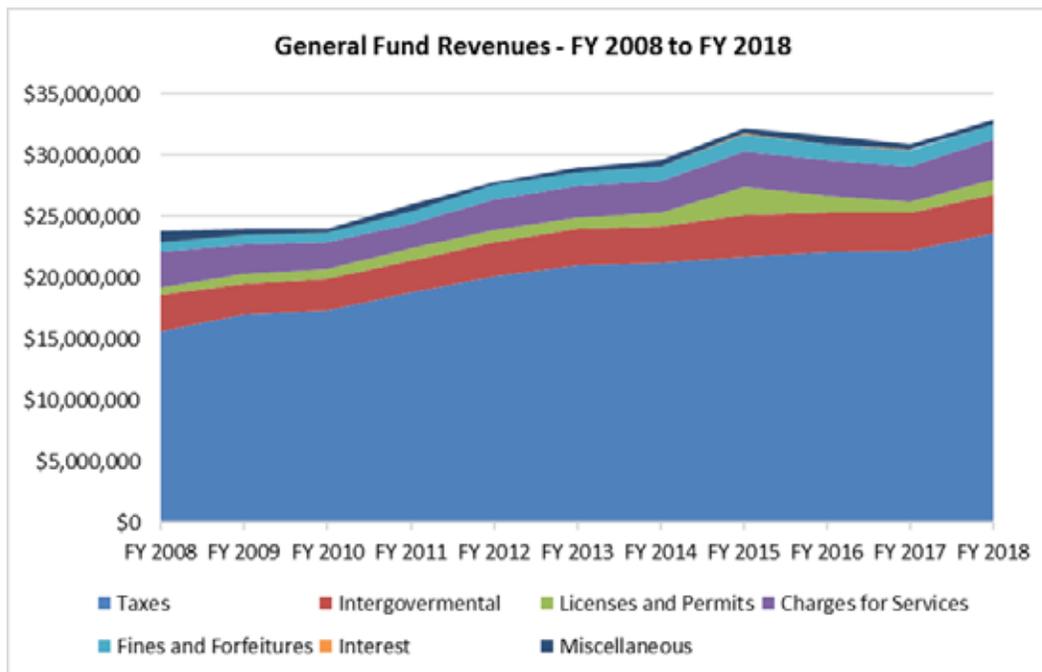
In April 2018, the City Council approved Ordinance #18-16 allowing local businesses to offer video gaming while ensuring proper oversight. The newly-approved video gaming ordinance, in accordance with Illinois law, allows businesses to place up to five video game machines – games such as poker and blackjack – on their premises. The State of Illinois collects 30% of the revenue generated from the video gaming machines (allocating 5% to the City of Rolling Meadows), while businesses split the remaining with the machine operator. The business must apply for a City G-1 Liquor License and pay annual licensing fees for each machine. City Council’s approval of this Ordinance, places the City on a more competitive footing with nearby communities and provides opportunities for businesses to grow and develop. The amount received was \$3,962 in video gaming revenues (from one business who was up and running before December 1st) and \$1,530 in licensing fees.

For the current property tax levy the City received approximately 100% of the amount of the property tax levy. However, Cook County has allowed more appeals which generated a loss of revenue (\$120,203). By far the most significant decreases in order of dollar amounts are attributed to: Telecommunications Tax (State of Illinois’ administrative fee and less land lines); Municipal Sales Tax and Home Rule Sales Tax (State of Illinois Administrative Fee).

The following chart summarizes approximately 86% of the General Fund’s key revenue line items.

Major Revenue Sources - Budget to Actual (Approximately 86% of General Fund Revenues)					
	FY 2018 Budget	FY 2018 Actual	\$ Change	% Change	
Property Taxes - Prior Years' Taxes	\$ 10,000	\$ (120,203)	\$ (130,203)	-1302.0%	
Property Taxes - Current Levy	\$ 4,737,002	\$ 4,741,850	\$ 4,848	0.1%	
Property Taxes - Police Pension	\$ 3,493,779	\$ 3,480,637	\$ (13,142)	-0.4%	
Property Taxes - Fire Pension	\$ 3,793,563	\$ 3,788,593	\$ (4,970)	-0.1%	
Municipal Sales Tax	\$ 3,700,000	\$ 3,497,915	\$ (202,085)	-5.5%	
Home Rule Sales Tax	\$ 2,750,000	\$ 2,610,273	\$ (139,727)	-5.1%	
Telecommunications Tax	\$ 1,500,000	\$ 1,215,689	\$ (284,311)	-19.0%	
Electric Utility Tax	\$ 1,300,000	\$ 1,274,398	\$ (25,602)	-2.0%	
Hotel Tax	\$ 300,000	\$ 296,908	\$ (3,092)	-1.0%	
Food and Beverage Tax	\$ 1,300,000	\$ 1,588,313	\$ 288,313	22.2%	
Real Estate Transfer Tax	\$ 300,000	\$ 912,718	\$ 612,718	204.2%	
Cable Franchise Fees	\$ 325,000	\$ 319,987	\$ (5,013)	-1.5%	
State Income Tax	\$ 2,300,000	\$ 2,324,681	\$ 24,681	1.1%	
Local Use Tax	\$ 600,000	\$ 707,920	\$ 107,920	18.0%	
Replacement Tax	\$ 204,000	\$ 160,928	\$ (43,072)	-21.1%	
Building Permits	\$ 500,000	\$ 694,303	\$ 194,303	38.9%	
Red Light Enforcement Fines	\$ 960,000	\$ 947,817	\$ (12,183)	-1.3%	
	\$ 28,073,344	\$ 28,442,727	\$ 369,383	1.3%	

The next chart shows trend data for General Fund revenues from FY 2008 to FY 2018. Overall the City’s General Fund revenues are diversified. To gain a sense of how current year impacts affected General Fund revenues, major revenue line items are explained in further depth following this chart.



Property Taxes comprise 35% of the General Fund’s revenues (with the Fire, Police and IMRF pensions comprising more than approximately 22% of the Property Tax Levy for the General Fund). Overall, property taxes came in a little lower than budget due to property tax appeals and lower assessed values.

Real Estate Transfer Tax is a tax on the sale of real estate property and it is a tax that City estimates each year (\$3 per \$1,000 of the sales price). The tax came in at \$912,718 or \$612,718 better than budget or 204% of budget. The reason for the additional amount beyond the budgeted amount is there were some larger real estate transfers in FY 2018 similar to the past several years. The City is experiencing a correlation of sales of industrial and office complexes with the increase in building permits. As mentioned, these unanticipated, one-time revenues cannot be anticipated by the City of Rolling Meadows. Here are a few of the significant ones for FY 2018 with building and property values in excess of \$180.4 billion.

- \$94,802 from the sale of the Rolling Meadows Shopping Center at 3000 Kirchoff Road (Jewel Store, etc.)
- \$22,905 from the sale of 1402 Golf Road – Retail Plaza.
- \$364,500 from the sale of Continental Towers at 1701 Golf Road.
- \$32,242 from the sale of a nursing home at 4225 Kirchoff Road (formerly Manor Care).
- \$26,787 from the sale of commercial property at 3200 Squibb Road.

State Income Tax came in at \$2,324,681 just \$24,681 above budget or by 1.1%. This tax revenue continues to be a key indicator of the economy’s overall improvement. However, the Illinois Department of Revenue provided some information showing that due to some tax changes at the State level, there are corporate tax returns that show corporations now taking their previous net operating losses. This may impact the next few year’s Income Tax receipts to the City. The City will monitor this situation.

The Local Use Tax (the sales tax that the purchaser owes on items that are purchased for use in Illinois) came in at \$707,920 or \$107,920 better than budget by 18.0%. This increase is primarily attributed to the improving economy and some changes with the Illinois Department of Revenue’s tax procedures.

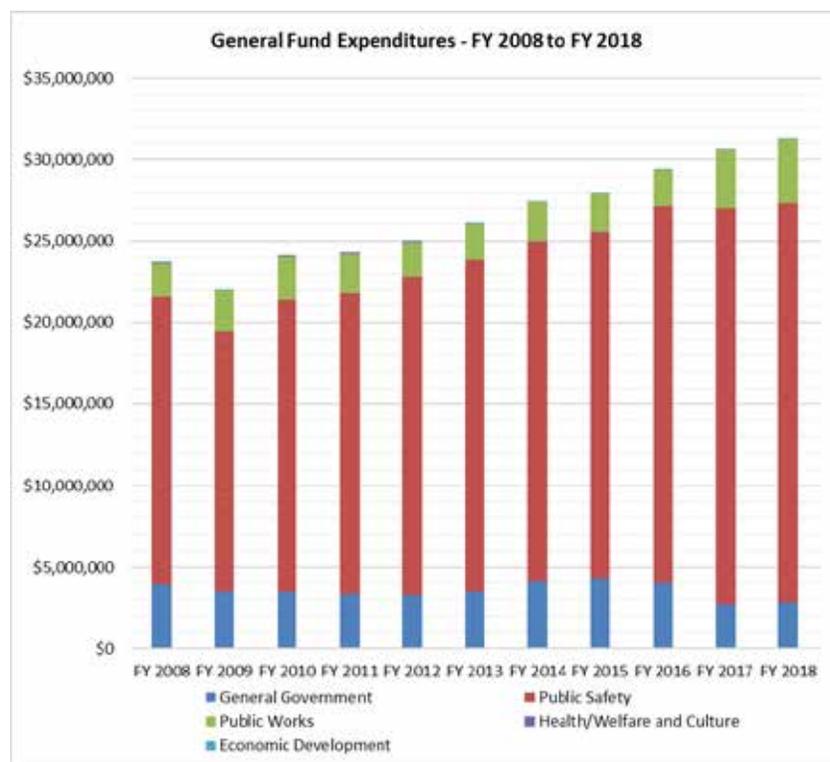
The Personal Property Replacement Tax (PPRT) came in at \$160,928 which was \$43,072 lower than budget by 21.1% for FY 2018. This is a state-revenue impacted by any changes to the Local Distributive Fund.

Grant revenues were slightly lower than budget at \$35,781 due to fewer grant funds from the State and Federal governments.

Building Permits revenues came in at \$694,303 or \$194,303 more than budget for FY 2018. This is a revenue line item in which there are some best estimates based on building activity in the City. With the larger retail and office space purchases, the City anticipates that building improvements and activity will continue in the next year.

The City of Rolling Meadows has a diversified mix of General Fund revenues and is working towards continued sustainability. Remaining line items aside what were mentioned came in for the most part near, at or above budget.

General Fund – Expenditures



The General Fund expenditures chart shows expenditures from FY 2008 to FY 2018 with the most significant increase in the City’s pension obligations for Police, Fire and Non-Union (IMRF) Pension Funds. For FY 2017, year-end results show that the General Fund’s total expenditures came in at \$31.3 million which is \$770,416 or 2.4% under budget. The City’s labor negotiations were settled with the Local 150 and ASFCME unions. There was a Manager’s Hold for FY 2018 which was utilized for the final settlement for the unions (retro pay, etc.) Overall, there were savings in line items such as health care due to cost savings measures in the health insurance pool (IPBC).

Proprietary Funds - The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but include long-term outflows and capital assets. The total net position of the Utilities and Refuse Collection Funds at the end of the year amounted to a

total of \$19.2 — increased by \$2.4 million from FY 2018 due. The Utilities Fund increased its net position from a restated balance of \$16.0 million in FY 2017 to \$18.5 million in FY 2018. The Refuse Fund decreased its net position from a restated balance of \$26,441 in FY 2017 to \$838,113 in FY 2018. There were changes in the IMRF results and the calculation of the total liability for OPEB. For the Utilities Fund, the fund had rate increases for FY 2018 and the Refuse Fund did not have a rate increase.

Capital Asset and Debt Administration

Capital Assets - The City of Rolling Meadows’ net investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$146,876,224 (net of accumulated depreciation) (see Statement of Net Position). This investment in capital assets includes land, land improvements, construction in progress, buildings, machinery, equipment, roads, bridges and vehicles. The following table summarizes the changes in capital assets. The governmental activities net capital assets increased by approximately \$3.0 million due to the addition of new capital assets and the depreciation of existing assets. The business-type activities net capital assets increased by \$0.1 million with the addition of new capital assets and the depreciation of existing assets.

City of Rolling Meadows							
Capital Assets at Year End							
Net of Depreciation							
(in Millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2017	2018	2017	2018	2017	2018	
Land	\$ 100.8	\$ 101.7	\$ -	\$ -	\$ 100.8	\$ 101.7	
Land Improvements	0.6	0.5	0.2	0.1	0.8	\$ 0.6	
Construction in Progress	4.9	6.2	2.8	1.3	7.7	\$ 7.5	
Buildings	4.3	4.8	1.3	1.2	5.6	\$ 6.0	
Machinery & Equipment	1.5	1.6	0.1	0.1	1.6	\$ 1.7	
Infrastructure	18.0	17.9	12.4	14.2	30.4	\$ 32.1	
Vehicles	2.8	3.2	-	-	2.8	\$ 3.2	
Total	\$ 132.9	\$ 135.9	\$ 16.8	\$ 16.9	\$ 149.7	\$ 152.8	

** Rounding differences may occur.*

The City of Rolling Meadows produces a five-year Capital Improvements Plan (CIP) and updates it annually. As part of the City’s Capital Improvements Plan and in the City’s FY 2018 Budget, the City invested approximately \$9.8 million in capital improvements (assets and other improvements). Investing and maintaining the City’s capital assets is essential for the City’s overall financial strength and for the benefit of the City’s residents and businesses.

One of the largest building projects is the Fire Stations Project. The culmination of a public safety initiative years in the making, the City issued \$9.5 million general obligation bonds in December 2018. This long-term capital project plan is to relocate its two fire stations to meet the nationally-recognized service standards and improve response times to the entire City. In FY 2019, the City issued \$8.5 million in general obligation bonds for the remaining expenditures for the fire stations project and for the Utilities Fund (underground utilities – watermains).

The new fire station locations are the result of intensive planning and preparation (most work began in FY 2012 and previous work was done in years prior). In March 2016, the City Council awarded a design-build contract for two new fire stations with construction and architect companies. The City Council approved land purchases in November 2017 for the site at 3201

Algonquin Road and in May 2018 for the site at 2340 Hicks Road. The City Council approved a Guaranteed Maximum Price (GMP) for each of the fire stations' construction phase. Construction on Station 15 to be located at 3201 Algonquin Road began in late 2018; Station 16 to be located at 2340 Hicks Road will commence spring of 2019.

The City's investment in capital expenditures included an upgrade of the City's outdated financial and computer system to a fully-integrated Enterprise Resource Planning Software Platform (to continue over the next two years with an investment of approximately \$1.0 million). For FY 2018, the City's Financials module was implemented and work has begun on the other modules. For FY 2018, the City invested \$302,145 towards the project.

The City invested approximately \$1.1 million in the City's Annual Street Program with an additional \$181,171 in roadway and curb improvements as well as \$57,500 in bikepath improvements. Road and Bikepath projects included the Annual Street Program, Euclid Bike Path, and Street Lights improvements. The Kirchoff Road project was budgeted in FY 2018 but not started until FY 2019. This is a federal project and the City will pay for certain expenditures.

In the last few years, Rolling Meadows has completed multiple upgrades to revitalize City infrastructure systems that, in many cases, dated back more than 50 years and had reached the end of their expected service lives. For FY 2018, the City completed upgrades to the Kennedy Pond storm water system, Central Road sanitary sewer improvements, SCADA water system (electronic monitoring) modernization and the Squibb Avenue/Apollo Drive extension.

Other significant capital improvements include: Computer Replacements of approximately \$35,000; City entry signs of \$25,259, the Police Department's Firing Range (still in process) of \$54,954; the City Hall HVAC project of \$99,420 (still in process); the Final City Hall exterior building repairs of \$97,083; Sign Printer of \$27,877; six Public Works Vehicles/Trucks totaling approximately \$290,000; a Refuse Truck of \$260,029, an Ambulance of \$254,873 and the remaining payment for the Fire Department Truck of \$524,162 (the first have of the payment paid in FY 2017 to take advantage of a prepayment discount). All of these types of capital investments are paid with annual cost allocations from Departments and Fund (called chargebacks) and planned for in the City's 5-Year Capital Improvements Plan (CIP).

Additional information on the City of Rolling Meadows' capital assets may be found on pages 81 through 83 of this report.

DEBT OUTSTANDING

At the end of the fiscal year 2018, the City of Rolling Meadows had total bonded debt outstanding of \$13.1 million and 100% comprises debt backed by the full faith and credit of the government. No short term debt was issued during 2017. The City retired \$1.2 million in general obligation bonds in FY 2018 and issued \$9.5 million in general obligation bonds.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2018	2017	2018	2017	2018
General obligation Bonds	\$ 4.3	\$ 12.8	\$ 0.5	\$ 0.3	\$ 4.8	\$ 13.1

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

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

In December 2013, Standard & Poor’s Rating Services raised the City’s long-term rating on the City of Rolling Meadows’ general obligation bonds to AA+ from A+ based on Standard & Poor’s Rating recently released local General Obligation criteria. Standard & Poor’s cited the City’s very strong budgetary flexibility, liquidity and strong budgetary performance among the reasons behind the increase in the credit rating. In November 2018, Standard & Poor’s reviewed the City’s credit rating as part of the comprehensive review for the issuance of general obligation bonds. Standard & Poor’s reaffirmed the City’s credit rating of an AA+ with a stable outlook.

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

The City of Rolling Meadows has taken advantage of low-interest loans from the Illinois Environmental Protection Agency (IEPA) for construction and eligible engineering costs associated with watermain improvements and sewerworks improvements. The IEPA Loans are paid from the City’s Utilities Fund. The IEPA Water Loan Payable (Principal and Interest) at December 31, 2018 for the Waterworks Improvements is \$1,021,507. The IEPA Sewer Loan Payable (Principal and Interest) at December 31, 2018 is \$1,113,826. The City began making payments on both of the IEPA Loans in FY 2014. (These loans will be paid back by FY 2034.)

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

Additional information on the City of Rolling Meadows’ long-term debt may be found in Note 3 on pages 85 through 88 of this report.

Economic Factors and Next Year’s Budget

The General Fund is the City’s primary operating fund and pays for the majority of the City’s services – public safety [fire and police services], public works services and City administration services, [except for water, sewer and stormwater services accounted for in the Utilities Funds and

Refuse (Garbage and Recycling) services accounted for in the Refuse Fund]. The financial condition for the City and in particular the General Fund has improved significantly over the last ten year years with a few unanticipated increases in revenues such as Building Permits, Red Light Enforcement Fines, and Real Estate Transfer Taxes have added to General Fund reserves.

In FY 2018, the City diversified its revenues with video gaming revenues, ambulance fees and the natural gas tax. In addition, the City settled its labor negotiations with Local 150 and AFSCME. Continued efforts at balancing the City's revenue and expenditure base will be a key focus for the City. The City will incorporate several major areas of focus that include Capital & Technology Infrastructure Projects, Public Safety & Fire Protection, Economic & Business Development, Zoning & Land Use Planning, Community Events, Utility Rate Stabilization and Fiscal Stability, and Pension Funding & Reserves.

While the City continues to work on economic development and other measures to attract and maintain businesses, the City is committed to evaluating overall expenditures and is committed to delivering services in a cost-efficient manner. Building fund balance reserves continues to be a cornerstone to the City's budget process while balancing personnel costs, capital infrastructure and pension requirements.

As mentioned last year, the City's strong financial position helped the City maintain its credit rating and receive optimal interest rates for its general obligation bond issuance. In addition, the City is committed to funding its pension obligations in a fiscally prudent manner. The City continues to monitor the State of Illinois and their fiscal outlook. The City Council, Management and Staff take the longer view approach to the City's financial management. The City is poised for the next steps in future investment of capital infrastructure while also increasing economic development efforts across the City.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position
December 31, 2018**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position
December 31, 2018**

	Governmental Activities	Business- Type Activities	Totals	Component Unit Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 28,500,177	5,479,023	33,979,200	2,623,405
Receivables - Net of Allowances	17,644,124	1,777,787	19,421,911	3,948,974
Prepays/Inventories	5,225,826	181,193	5,407,019	-
Total Current Assets	51,370,127	7,438,003	58,808,130	6,572,379
Noncurrent Assets				
Capital Assets				
Nondepreciable	107,899,711	1,318,779	109,218,490	608,893
Depreciable	85,648,809	31,995,273	117,644,082	9,052,408
Accumulated Depreciation	(57,590,456)	(16,353,622)	(73,944,078)	(5,529,717)
	135,958,064	16,960,430	152,918,494	4,131,584
Other Assets				
Equity Interest in Joint Venture	-	645,354	645,354	-
Total Noncurrent Assets	135,958,064	17,605,784	153,563,848	4,131,584
Total Assets	187,328,191	25,043,787	212,371,978	10,703,963
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	3,950,512	1,190,353	5,140,865	1,431,926
Deferred Items - Police Pension	7,876,168	-	7,876,168	-
Deferred Items - Firefighters' Pension	7,944,576	-	7,944,576	-
Deferred Items - RBP	4,519	100	4,619	143
Loss on Refunding	134,915	-	134,915	-
Total Deferred Outflows of Resources	19,910,690	1,190,453	21,101,143	1,432,069
Total Assets and Deferred Outflows of Resources	207,238,881	26,234,240	233,473,121	12,136,032

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

	Governmental Activities	Business- Type Activities	Totals	Component Unit Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,729,831	911,592	2,641,423	139,200
Accrued Payroll	538,670	45,470	584,140	112,993
Deposits Payable	4,439	-	4,439	-
Interest Payable	-	10,421	10,421	-
Other Payables	196,173	-	196,173	-
Deposits Payable	-	487,226	487,226	-
Current Portion of Long-Term Liabilities				
Compensated Absences Payable	1,054,556	15,957	1,070,513	80,971
IEPA Loans Payable	-	120,055	120,055	-
General Obligation Bonds Payable - Net	937,593	165,000	1,102,593	-
Total Current Liabilities	4,461,262	1,755,721	6,216,983	333,164
Noncurrent Liabilities				
Compensated Absences Payable	2,587,676	332,014	2,919,690	-
Net Pension Liability - IMRF	8,170,068	2,461,772	10,631,840	2,961,370
Net Pension Liability - Police Pension	36,864,241	-	36,864,241	-
Net Pension Liability - Firefighters' Pension	42,418,057	-	42,418,057	-
Total OPEB Liability - RBP	5,485,788	120,860	5,606,648	173,402
IEPA Loans Payable	-	2,015,278	2,015,278	-
General Obligation Bonds Payable - Net	12,309,259	130,000	12,439,259	-
Total Noncurrent Liabilities	107,835,089	5,059,924	112,895,013	3,134,772
Total Liabilities	112,296,351	6,815,645	119,111,996	3,467,936
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	14,387,002	-	14,387,002	3,953,056
Deferred Items - IMRF	402,598	121,309	523,907	145,928
Deferred Items - Police Pension	5,628,208	-	5,628,208	-
Deferred Items - Firefighters' Pension	2,424,411	-	2,424,411	-
Deferred Items - RBP	228,628	5,037	233,665	7,227
Total Deferred Inflows of Resources	23,070,847	126,346	23,197,193	4,106,211
Total Liabilities and Deferred Inflows of Resources	135,367,198	6,941,991	142,309,189	7,574,147
NET POSITION				
Net Investment in Capital Assets	132,346,127	14,530,097	146,876,224	4,131,584
Restricted - Public Safety	1,593,367	-	1,593,367	-
Restricted - Highways and Streets	161,274	-	161,274	-
Restricted - Debt Service	42,994	-	42,994	-
Restricted - Public Library	-	-	-	292,649
Unrestricted (Deficit)	(62,272,079)	4,762,152	(57,509,927)	137,652
Total Net Position	71,871,683	19,292,249	91,163,932	4,561,885

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended December 31, 2018**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,457,228	3,371,559	-	-
Public Safety	30,114,837	2,450,768	35,781	-
Highways and Streets	1,082,494	427,400	-	1,212,653
Public Works	5,718,353	-	-	-
Health and Welfare	4,790	-	-	-
Economic Development	386,195	-	-	-
Interest on Long-Term Debt	230,817	-	-	-
Total Governmental Activities	<u>38,994,714</u>	<u>6,249,727</u>	<u>35,781</u>	<u>1,212,653</u>
Business-Type Activities				
Utilities	9,399,536	11,789,968	-	-
Refuse Collection	2,209,077	2,178,810	-	-
Total Business-Type Activities	<u>11,608,613</u>	<u>13,968,778</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>50,603,327</u>	<u>20,218,505</u>	<u>35,781</u>	<u>1,212,653</u>
Component Unit - Public Library	<u>3,643,975</u>	<u>29,254</u>	<u>48,835</u>	<u>-</u>

General Revenues
Taxes
Property
State Sales and Home Rule
Simplified Telecommunications
Electric Utility
Natural Gas
Hotel
Food and Beverage
Real Estate Transfer
Other Taxes
Intergovernmental - Unrestricted
Income Taxes
Local Use Taxes
Replacement Taxes
Video Gaming Revenues
Interest
Miscellaneous
Total General Revenues
Change in Net Position
Net Position - Beginning as Restated
Net Position - Ending

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

Net (Expenses)/Revenues			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Public Library
1,914,331	-	1,914,331	-
(27,628,288)	-	(27,628,288)	-
557,559	-	557,559	-
(5,718,353)	-	(5,718,353)	-
(4,790)	-	(4,790)	-
(386,195)	-	(386,195)	-
(230,817)	-	(230,817)	-
(31,496,553)	-	(31,496,553)	-
-	2,390,432	2,390,432	-
-	(30,267)	(30,267)	-
-	2,360,165	2,360,165	-
(31,496,553)	2,360,165	(29,136,388)	-
-	-	-	(3,565,886)
17,292,247	-	17,292,247	3,811,617
6,108,188	-	6,108,188	-
1,215,689	-	1,215,689	-
1,274,398	-	1,274,398	-
93,006	-	93,006	-
296,908	-	296,908	-
1,588,313	-	1,588,313	-
912,718	-	912,718	-
352,459	-	352,459	-
2,324,681	-	2,324,681	-
707,920	-	707,920	-
160,928	-	160,928	62,226
3,962	-	3,962	-
212,418	45,443	257,861	12,890
403,712	-	403,712	22,179
32,947,547	45,443	32,992,990	3,908,912
1,450,994	2,405,608	3,856,602	343,026
70,420,689	16,886,641	87,307,330	4,218,859
71,871,683	19,292,249	91,163,932	4,561,885

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2018**

	General	Special Revenue Motor Fuel Tax
ASSETS		
Cash and Investments	\$ 5,989,814	128,704
Receivables - Net of Allowances		
Property Taxes	12,602,573	-
Other Taxes	2,554,279	52,342
Accounts	312,394	-
Due from Other Funds	3,486,248	-
Prepays	38,431	-
	<u>24,983,739</u>	<u>181,046</u>
LIABILITIES		
Accounts Payable	452,768	19,772
Accrued Payroll	528,971	-
Deposits Payable	4,439	-
Due to Other Funds	-	-
Other Payables	196,173	-
Total Liabilities	<u>1,182,351</u>	<u>19,772</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	12,687,002	-
Total Liabilities and Deferred Inflows of Resources	<u>13,869,353</u>	<u>19,772</u>
FUND BALANCES		
Nonspendable	38,431	-
Restricted	-	161,274
Committed	1,400,000	-
Assigned	-	-
Unassigned	9,675,955	-
Total Fund Balances	<u>11,114,386</u>	<u>161,274</u>
	<u>24,983,739</u>	<u>181,046</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>24,983,739</u>	<u>181,046</u>

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

Debt Service	Capital Projects			Totals
	Local Road	Fire Stations	Nonmajor	
42,899	302,631	10,909,042	4,686,590	22,059,680
95	999,756	-	701,442	14,303,866
-	117,597	-	-	2,724,218
-	249,335	-	-	561,729
-	-	-	-	3,486,248
-	-	-	1,198	39,629
42,994	1,669,319	10,909,042	5,389,230	43,175,370
-	117,027	79,687	8,882	678,136
-	-	-	-	528,971
-	-	-	-	4,439
-	-	2,120,000	1,350,981	3,470,981
-	-	-	-	196,173
-	117,027	2,199,687	1,359,863	4,878,700
-	1,000,000	-	700,000	14,387,002
-	1,117,027	2,199,687	2,059,863	19,265,702
-	-	-	1,198	39,629
42,994	-	-	1,593,367	1,797,635
-	-	-	-	1,400,000
-	552,292	-	3,084,480	3,636,772
-	-	8,709,355	(1,349,678)	17,035,632
42,994	552,292	8,709,355	3,329,367	23,909,668
42,994	1,669,319	10,909,042	5,389,230	43,175,370

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 the
Statement of Net Position - Governmental Activities**

December 31, 2018

Total Governmental Fund Balances \$ 23,909,668

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 135,958,064
Less: Internal Service Capital Assets (12,221,328)

Deferred outflows (inflows) of resources related to the pensions not
reported in the funds. 3,547,914
Deferred Items - IMRF 2,247,960
Deferred Items - Police Pension 5,520,165
Deferred Items - Firefighters' Pension (224,109)
Deferred Items - RBP

Internal Service Funds are used by the City to charge the costs of vehicle and
equipment management and employee compensated absences to individual funds.
The assets and liabilities of the internal service funds are included in
the governmental activities in the Statement of Net Position 22,704,261

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds. (3,520,821)
Compensated Absences Payable (8,170,068)
Net Pension Liability - IMRF (36,864,241)
Net Pension Liability - Police Pension (42,418,057)
Net Pension Liability - Firefighters' Pension (5,485,788)
Total OPEB Liability - RBP (13,246,852)
General Obligation Bonds Payable - Net 134,915
Unamortized Loss on Refunding

Net Position of Governmental Activities 71,871,683

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2018**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2018**

	General	Special Revenue Motor Fuel Tax
Revenues		
Taxes	\$ 23,607,078	-
Intergovernmental	3,233,272	616,830
Licenses and Permits	1,213,553	-
Charges for Services	3,235,235	-
Fines and Forfeitures	1,239,227	-
Interest	189,804	5,103
Miscellaneous	397,927	-
Total Revenues	<u>33,116,096</u>	<u>621,933</u>
Expenditures		
Current		
General Government	2,780,263	-
Public Safety	24,513,639	-
Highways and Streets	-	-
Public Works	3,938,222	-
Health/Welfare and Culture	4,790	-
Economic Development	75,338	-
Capital Outlay	-	575,934
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>31,312,252</u>	<u>575,934</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,803,844</u>	<u>45,999</u>
Other Financing Sources (Uses)		
Debt Issuance	-	-
Premium on Debt Issuance	-	-
Transfers In	553,548	-
Transfers Out	(808,075)	-
	<u>(254,527)</u>	<u>-</u>
Net Change in Fund Balances	1,549,317	45,999
Fund Balances - Beginning	<u>9,565,069</u>	<u>115,275</u>
Fund Balances - Ending	<u>11,114,386</u>	<u>161,274</u>

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

Debt Service	Capital Projects			Totals
	Local Road	Fire Stations	Nonmajor	
430,380	1,202,179	-	3,894,289	29,133,926
-	595,823	-	-	4,445,925
-	427,400	-	-	1,640,953
-	-	-	-	3,235,235
-	-	-	134,312	1,373,539
-	1,976	8,523	3,091	208,497
-	5,785	-	-	403,712
430,380	2,233,163	8,523	4,031,692	40,441,787
-	-	-	-	2,780,263
-	-	239,901	738,200	25,491,740
-	1,082,494	-	-	1,082,494
-	-	-	-	3,938,222
-	-	-	-	4,790
-	-	-	310,857	386,195
-	715,847	1,785,134	67,437	3,144,352
1,020,000	-	-	-	1,020,000
119,048	-	78,040	-	197,088
1,139,048	1,798,341	2,103,075	1,116,494	38,045,144
(708,668)	434,822	(2,094,552)	2,915,198	2,396,643
-	-	9,500,000	-	9,500,000
-	-	451,852	-	451,852
708,075	-	-	150,000	1,411,623
(25,000)	-	-	-	(833,075)
683,075	-	9,951,852	150,000	10,530,400
(25,593)	434,822	7,857,300	3,065,198	12,927,043
68,587	117,470	852,055	264,169	10,982,625
42,994	552,292	8,709,355	3,329,367	23,909,668

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

CITY OF ROLLING MEADOWS, ILLINOIS

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

For the Fiscal Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds **\$ 12,927,043**

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	3,125,751
Depreciation Expense	(1,761,530)

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

Change in Deferred Items - IMRF	5,962,657
Change in Deferred Items - Police Pension	4,023,702
Change in Deferred Items - Firefighters' Pension	3,989,734
Change in Deferred Items - RBP	(224,109)

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.

Deduction to Compensated Absences Payable	147,623
(Additions) to Net Pension Liability - IMRF	(6,338,903)
(Additions) to Net Pension Liability - Police Pension	(4,977,816)
(Additions) to Net Pension Liability - Firefighters' Pension	(7,658,717)
(Additions) to Total OPEB Liability - RBP	(14,904)
Retirement of Debt	1,020,000
Debt Issuance	(9,500,000)
Issuance of Premium on Debt	(451,852)
Amortization of Loss of Refunding	(33,729)

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

The net revenue of certain activities of internal service funds is
reported with governmental activities. 1,216,044

Changes in Net Position of Governmental Activities **1,450,994**

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2018**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2018**

	Business-Type Activities - Enterprise			Governmental
	Refuse		Totals	Activities
	Utilities	Collection		Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 4,659,797	819,226	5,479,023	6,440,497
Receivables - Net of Allowances - Accounts	1,475,641	302,146	1,777,787	54,311
Prepays	-	32,671	32,671	5,186,197
Inventories	148,522	-	148,522	-
Total Current Assets	6,283,960	1,154,043	7,438,003	11,681,005
Noncurrent Assets				
Capital Assets				
Nondepreciable	1,318,779	-	1,318,779	2,697,210
Depreciable	31,396,660	598,613	31,995,273	26,287,643
Accumulated Depreciation	(15,814,001)	(539,621)	(16,353,622)	(16,763,525)
	16,901,438	58,992	16,960,430	12,221,328
Other Assets				
Equity Interest in Joint Venture	645,354	-	645,354	-
Total Noncurrent Assets	17,546,792	58,992	17,605,784	12,221,328
Total Assets	23,830,752	1,213,035	25,043,787	23,902,333
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	978,690	211,663	1,190,353	-
Deferred Items - RBP	78	22	100	-
Total Deferred Outflows of Resources	978,768	211,685	1,190,453	-
Total Assets/ Deferred Outflows of Resources	24,809,520	1,424,720	26,234,240	23,902,333

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

	Business-Type Activities - Enterprise			Governmental
	Refuse		Totals	Internal
	Utilities	Collection		Service
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 830,544	81,048	911,592	1,066,962
Accrued Payroll	37,660	7,810	45,470	9,699
Accrued Interest Payable	10,421	-	10,421	-
Compensated Absences Payable	15,784	173	15,957	3,468
IEPA Loans Payable	120,055	-	120,055	-
General Obligation Bonds Payable	165,000	-	165,000	-
Total Current Liabilities	<u>1,179,464</u>	<u>89,031</u>	<u>1,268,495</u>	<u>1,080,129</u>
Noncurrent Liabilities				
Deposits Payable	487,226	-	487,226	-
Compensated Absences Payable	321,112	10,902	332,014	117,943
Net Pension Liability - IMRF	2,024,032	437,740	2,461,772	-
Total OPEB Liability - RBP	94,592	26,268	120,860	-
IEPA Loans Payable	2,015,278	-	2,015,278	-
General Obligation Bonds Payable	130,000	-	130,000	-
Total Noncurrent Liabilities	<u>5,072,240</u>	<u>474,910</u>	<u>5,547,150</u>	<u>117,943</u>
Total Liabilities	<u>6,251,704</u>	<u>563,941</u>	<u>6,815,645</u>	<u>1,198,072</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	99,738	21,571	121,309	-
Deferred Items - RBP	3,942	1,095	5,037	-
Total Deferred Inflows of Resources	<u>103,680</u>	<u>22,666</u>	<u>126,346</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,355,384</u>	<u>586,607</u>	<u>6,941,991</u>	<u>1,198,072</u>
NET POSITION				
Net Investment in Capital Assets	14,471,105	58,992	14,530,097	12,221,328
Unrestricted	3,983,031	779,121	4,762,152	10,482,933
Total Net Position	<u>18,454,136</u>	<u>838,113</u>	<u>19,292,249</u>	<u>22,704,261</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2018**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 11,611,852	2,153,691	13,765,543	-
Miscellaneous	178,116	25,119	203,235	1,751,199
Interfund Services	-	-	-	7,599,802
Total Operating Revenues	<u>11,789,968</u>	<u>2,178,810</u>	<u>13,968,778</u>	<u>9,351,001</u>
Operating Expenses				
Administration	1,103,687	988,781	2,092,468	6,335,569
Public Safety	-	-	-	123,107
Public Works	750,000	-	750,000	184,496
Operations	6,640,813	1,214,888	7,855,701	-
Depreciation	845,823	5,408	851,231	967,279
Total Operating Expenses	<u>9,340,323</u>	<u>2,209,077</u>	<u>11,549,400</u>	<u>7,610,451</u>
Operating Income (Loss)	<u>2,449,645</u>	<u>(30,267)</u>	<u>2,419,378</u>	<u>1,740,550</u>
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	-	-	-	50,121
Interest Income	41,617	3,826	45,443	3,921
Interest Expense	(59,213)	-	(59,213)	-
	<u>(17,596)</u>	<u>3,826</u>	<u>(13,770)</u>	<u>54,042</u>
Income Before Transfers	2,432,049	(26,441)	2,405,608	1,794,592
Transfers In	-	-	-	300,000
Transfers Out	-	-	-	(878,548)
	-	-	-	<u>(578,548)</u>
Change in Net Position	2,432,049	(26,441)	2,405,608	1,216,044
Net Position - Beginning as Restated	<u>16,022,087</u>	<u>864,554</u>	<u>16,886,641</u>	<u>21,488,217</u>
Net Position - Ending	<u>18,454,136</u>	<u>838,113</u>	<u>19,292,249</u>	<u>22,704,261</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2018**

	<u>Business-Type Activities - Enterprise</u>			<u>Governmental</u>
	<u>Utilities</u>	<u>Refuse Collection</u>	<u>Totals</u>	<u>Internal Service</u>
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 11,766,088	2,185,055	13,951,143	-
Interfund Services Provided	-	-	-	9,022,851
Payments to Suppliers	(7,914,484)	(1,953,019)	(9,867,503)	(5,899,204)
Payments to Employees	(1,237,921)	(230,754)	(1,468,675)	(364,177)
	<u>2,613,683</u>	<u>1,282</u>	<u>2,614,965</u>	<u>2,759,470</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	-	-	-	300,000
Transfers Out	-	-	-	(878,548)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(578,548)</u>
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	50,121
Purchase of Capital Assets	(972,940)	-	(972,940)	(2,662,819)
Principal Paid on Debt	(312,566)	-	(312,566)	-
Interest Paid on Debt	(59,213)	-	(59,213)	-
	<u>(1,344,719)</u>	<u>-</u>	<u>(1,344,719)</u>	<u>(2,612,698)</u>
Cash Flows from Investing Activities				
Interest Received	41,617	3,826	45,443	3,921
Net Change in Cash and Cash Equivalents	1,310,581	5,108	1,315,689	(427,855)
Cash and Cash Equivalents - Beginning	3,349,216	814,118	4,163,334	6,868,352
Cash and Cash Equivalents - Ending	<u>4,659,797</u>	<u>819,226</u>	<u>5,479,023</u>	<u>6,440,497</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	2,449,645	(30,267)	2,419,378	1,740,550
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	845,823	5,408	851,231	967,279
Other Income (Expense)	(294,510)	5,619	(288,891)	-
(Increase) Decrease in Current Assets	(23,880)	6,245	(17,635)	(328,150)
Increase (Decrease) in Current Liabilities	(363,395)	14,277	(349,118)	379,791
Net Cash Provided by Operating Activities	<u>2,613,683</u>	<u>1,282</u>	<u>2,614,965</u>	<u>2,759,470</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2018**

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 4,238,475	464,148
Investments		
U.S. Government Obligations	3,328,429	-
U.S. Agency Obligations	6,473,803	-
Corporate Bonds	11,305,365	-
Mutual Funds	22,840,118	-
Common Stock	22,723,638	-
Insurance Contracts	2,279,472	-
Certificate of Deposits	2,016,674	-
Receivables		
Accrued Interest	182,759	-
Prepays	<u>3,950</u>	<u>-</u>
Total Assets	<u>75,392,683</u>	<u>464,148</u>
LIABILITIES		
Accounts Payable	23,866	12,528
Due to Other Funds	15,267	-
Deposits Payable	<u>-</u>	<u>451,620</u>
Total Liabilities	<u>39,133</u>	<u>464,148</u>
NET POSITION		
Net Position Restricted for Pensions	<u>75,353,550</u>	

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2018**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 7,269,230
Contributions - Plan Members	<u>927,773</u>
Total Contributions	<u>8,197,003</u>
Investment Earnings	
Interest Earned	1,775,470
Net Change in Fair Value	<u>(4,877,427)</u>
	(3,101,957)
Less Investment Expenses	<u>(157,750)</u>
Net Investment Income	<u>(3,259,707)</u>
Total Additions	<u>4,937,296</u>
Deductions	
Administration	130,794
Benefits and Refunds	<u>7,239,370</u>
Total Deductions	<u>7,370,164</u>
Change in Fiduciary Net Position	(2,432,868)
Net Position Restricted for Pensions	
Beginning	<u>77,786,418</u>
Ending	<u><u>75,353,550</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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

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

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a pension trust fund.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

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

Discretely Presented Component Unit

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

City of Rolling Meadows Public Library

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

BASIS OF PRESENTATION

Government-Wide Statements

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, highways and streets, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from foods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

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

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

Fund Financial Statements

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

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

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

Governmental Funds

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

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 City maintains one major debt service funds, the Debt Service Fund. The Debt Service Fund 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 two major capital projects fund, the Local Road Fund and the Fire Stations Fund. The Local Road Fund, which is used to account for street improvements, including resurfacing, curb and gutter, sidewalks and bike paths. The Fire Stations Fund, which is used to account for the purchase of property for two fire stations, demolition of existing structures, engineering and design costs, regulatory and permitting costs, construction and legal costs, as well as acquisition and installation of furniture, fixtures and equipment costs related to two fire stations. The City also maintains two nonmajor capital projects funds: the TIF #2 Kirchoff/Owl Fund and the TIF #4 Golf Road Fund.

Proprietary Funds

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

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

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

Fiduciary Funds

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

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

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds and of the City’s internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

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

Receivables

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

Interfund Receivables, Payables and Activity

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type 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.

Capital Assets

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition 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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Compensated Absences

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

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

Long-Term Obligations

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

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, no supplemental appropriations were necessary. The amounts reflected in the financial statements represent the original and final budget.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fire Stations (83)	\$ 1,303,075
TIF #2 Krchoff/Owl (37)	9,264
Liability Insurance (23)	23,526
Health Insurance (45)	532,479

For the Fire Stations Fund (83), the overage is due the City Council approval of the Guaranteed Maximum Price (GMP) with Contingency in September 2018 for one of the Fire Stations to be located at 3201 Algonquin Road (Fire Station #15).

The TIF #2 Kirchoff/Owl (37) Fund was created in 2002 and is located at the southeast corner of Kirchoff Road and Owl Drive. In January 2003, the City entered into a redevelopment agreement with Salt Creek Development Corporation. The site houses three buildings with 124 condominiums and 14,000 square feet of commercial / office space. A fourth building originally planned, was not built. IN FY 2018, for TIF #2 Kirchoff/Owl (37), the overage in expenditures of \$9,264 was due to additional work for the plat of survey and overall professional services for the purpose of assessing its value for future development.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS – Continued

For the Liability Insurance Fund (23), the overage of \$23,526 is due to reimbursable repairs which were reimbursed by IRMA.

For the Health Insurance Fund (45), the overage of \$532,479 is due to employee health care plan changes during the year.

DEFICIT FUND BALANCE

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

Fund (Fund Number)	Deficit
TIF #2 Kirchoff/Owl (37)	\$ 1,349,678

The TIF #2 Kirchoff/Owl (37) Fund was created in 2002 and is located at the southeast corner of Kirchoff Road and Owl Drive. The parcel was redeveloped with 124 condominiums and 14,000 square feet of commercial / office space. However, a fourth building, originally planned, was not built. The Fund is estimated to end in a positive net position at the end of its termination approximately FY 2023.

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, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$20,241,486 and the bank balances totaled \$20,388,835. Additionally, the City has \$2,355,470 invested in the Illinois Funds and \$11,382,244 invested in the IMET Fund. The City's investments in Illinois Funds and IMET are 2a7-like investment pools that are measured at the net asset value per share as determined by the pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its interests rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools. The City's investments in the Illinois Funds have an average maturity of less than one year. The City's investments in the IMET Fund have an average maturity of less than one year and one to three years.

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

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states that the City shall diversify its investments to avoid incurring unreasonable risks regarding specific security types and/or individual institutions. Furthermore, no financial institution shall hold more than fifty percent (50%) of the City's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping. Commercial paper shall not exceed twenty-five percent (25%) of the City's investment portfolio. At December 31, 2018, all of the City's investments are in compliance with the guidelines outlined above in the City's investment policy. At year-end, the City does not have any investments over 5 percent of the cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in the Illinois Funds and the IMET Fund are not subject to custodial credit risk.

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$216,358 and the bank balances totaled \$216,358.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government Obligations	\$ 1,923,953	-	1,561,236	362,717	-
U.S. Agency Obligations	4,064,302	-	2,174,909	1,889,393	-
Corporate Bonds	6,926,129	111,633	4,977,334	1,837,162	-
Certificates of Deposit	2,016,674	-	2,016,674	-	-
	14,931,058	111,633	10,730,153	4,089,272	-

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

The Fund has the following recurring fair value measurements as of December 31, 2018:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 1,923,953	1,923,953	-	-
U.S. Agency Obligations	4,064,302	-	4,064,302	-
Corporate Bonds	6,926,129	-	6,926,129	-
Equity Securities				
Mutual Funds	1,719,065	1,719,065	-	-
Common Stock	22,723,638	22,723,638	-	-
Insurance Contracts	2,279,472	2,279,472	-	-
Certificate of Deposits	2,016,674	2,016,674	-	-
Total Investments by Fair Value Level	41,653,233	30,662,802	10,990,431	-

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

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

Custodial Credit Risk. For deposits, this is the risk that in the event of bank failure the Fund's deposits may not be returned to it. At December 31, 2018, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository, since flow-through FDIC is available for the Fund's deposits with financial institutions. For investments, the Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Fund, to act as custodian for its securities and collateral.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Concentration Risk. At year end, the Fund also has \$1,719,065 invested in mutual funds, \$22,723,638 invested in common stock, and \$2,279,472 invested in insurance contracts. At year end, the Fund has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

Investment	Amount
Principal Financial Group	\$ 2,279,472
Vanguard Institutional Index Fund	11,920,834
Harbor International Institutional Fund	3,291,083

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

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

Concentration Risk – Continued. The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in February 2019 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018 are listed in the previous table.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.43%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$4,022,117 and the bank balances totaled \$4,026,447.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government Obligations	\$ 1,404,476	-	189,774	789,837	424,865
U.S. Agency Obligations	2,409,501	-	394,281	1,840,651	174,569
Corporate Bonds	4,379,236	246,082	1,712,753	1,281,772	1,138,629
	8,193,213	246,082	2,296,808	3,912,260	1,738,063

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

The Fund has the following recurring fair value measurements as of December 31, 2018:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 1,404,476	1,404,476	-	-
U.S. Agency Obligations	2,409,501	-	2,409,501	-
Corporate Bonds	4,379,236	-	4,379,236	-
Equity Securities				
Mutual Funds	21,121,053	21,121,053	-	-
Total Investments by Fair Value Level	29,314,266	22,525,529	6,788,737	-

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

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

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

Custodial Credit Risk. The Fund’s investment policy does not limit custodial credit risk for deposits. At December 31, 2018, 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, 2018, the U.S. Government Securities are categorized as insured, registered, or held by the Fund or its agent in the Fund’s name.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Concentration Risk. At year end, the Fund also has \$21,121,053 invested in mutual funds. The Fund does not have a formal written policy with regards to concentration credit risk for investments. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	42.00%	1.25% - 3.50%
Domestic Equities	45.00%	3.25% - 4.00%
International Equities	5.00%	4.75%
Commodities	0.00%	0.25%
REITS	5.00%	4.25%
Cash and Cash Equivalents	3.00%	0.00%

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

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in January 2019 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.98%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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	\$ 100,854,309	795,880	-	101,650,189
Construction in Progress	4,892,350	2,892,506	1,535,334	6,249,522
	<u>105,746,659</u>	<u>3,688,386</u>	<u>1,535,334</u>	<u>107,899,711</u>
Depreciable Capital Assets				
Land Improvements	1,367,862	-	-	1,367,862
Buildings	13,810,345	1,003,031	-	14,813,376
Infrastructure	54,994,686	1,542,466	-	56,537,152
Machinery and Equipment	5,035,017	253,187	-	5,288,204
Vehicles	7,158,952	836,834	353,571	7,642,215
	<u>82,366,862</u>	<u>3,635,518</u>	<u>353,571</u>	<u>85,648,809</u>
Less Accumulated Depreciation				
Land Improvements	822,355	46,748	-	869,103
Buildings	9,513,440	462,106	-	9,975,546
Infrastructure	37,024,347	1,664,567	-	38,688,914
Machinery and Equipment	3,402,316	238,808	-	3,641,124
Vehicles	4,452,760	316,580	353,571	4,415,769
	<u>55,215,218</u>	<u>2,728,809</u>	<u>353,571</u>	<u>57,590,456</u>
Net Depreciable Capital Assets	<u>27,151,644</u>	<u>906,709</u>	<u>-</u>	<u>28,058,353</u>
Net Capital Assets	<u>132,898,303</u>	<u>4,595,095</u>	<u>1,535,334</u>	<u>135,958,064</u>

Depreciation expense was charged to governmental activities as follows:

Public Works	\$ 1,761,530
Internal Service	<u>967,279</u>
	<u><u>2,728,809</u></u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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	\$ 2,839,402	575,264	2,095,887	1,318,779
Depreciable Capital Assets				
Land Improvements	400,336	-	-	400,336
Building Improvements	3,801,290	-	-	3,801,290
Machinery and Equipment	1,978,564	-	-	1,978,564
Waterworks System	11,051,950	1,106,144	-	12,158,094
Sewerage System	12,229,751	1,387,419	-	13,617,170
Garage	39,819	-	-	39,819
	<u>29,501,710</u>	<u>2,493,563</u>	<u>-</u>	<u>31,995,273</u>
Less Accumulated Depreciation				
Land Improvements	240,429	14,388	-	254,817
Building Improvements	2,536,090	69,986	-	2,606,076
Machinery and Equipment	1,863,652	24,990	-	1,888,642
Waterworks System	4,313,703	256,750	-	4,570,453
Sewerage System	6,508,698	485,117	-	6,993,815
Garage	39,819	-	-	39,819
	<u>15,502,391</u>	<u>851,231</u>	<u>-</u>	<u>16,353,622</u>
Net Depreciable Capital Assets	<u>13,999,319</u>	<u>1,642,332</u>	<u>-</u>	<u>15,641,651</u>
Net Capital Assets	<u>16,838,721</u>	<u>2,217,596</u>	<u>2,095,887</u>	<u>16,960,430</u>

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

Utilities	\$ 845,823
Refuse Collection	<u>5,408</u>
	<u>851,231</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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	5,318,749	42,464	-	5,361,213
Furniture and Equipment	592,380	25,718	-	618,098
Books and Other Library Materials	2,482,985	246,721	221,103	2,508,603
Audio Visual Materials	550,230	62,485	48,221	564,494
	<u>8,944,344</u>	<u>377,388</u>	<u>269,324</u>	<u>9,052,408</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,819,093	119,741	-	2,938,834
Furniture and Equipment	558,965	14,448	-	573,413
Books and Other Library Materials	1,572,507	258,091	221,103	1,609,495
Audio Visual Materials	393,613	62,583	48,221	407,975
	<u>5,344,178</u>	<u>454,863</u>	<u>269,324</u>	<u>5,529,717</u>
Net Depreciable Capital Assets	<u>3,600,166</u>	<u>(77,475)</u>	<u>-</u>	<u>3,522,691</u>
Net Capital Assets	<u>4,209,059</u>	<u>(77,475)</u>	<u>-</u>	<u>4,131,584</u>

PROPERTY TAXES

Property taxes for 2018 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and September 1 during the following year. The County collects such taxes and remits them periodically. Based upon collection histories, the City has provided an allowance for uncollectible property taxes equivalent to 5% and 3% of the current year's levy for Debt Service Funds and all other funds, respectively.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

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

Transfer In	Transfer Out	Amount
General	Internal Service	\$ 528,548 (1)
General	Debt Service	25,000 (1)
Debt Service	General	708,075 (2)
911 Emergency Telephone	Internal Service	150,000 (1)
Internal Service	General	100,000 (3)
Internal Service	Internal Service	<u>200,000 (1)</u>
		<u><u>1,711,623</u></u>

INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	TIF #2 Krchoff/Owl	\$ 1,350,981
General	Fire Stations	2,120,000
General	Police Pension	7,978
General	Firefighters' Pension	<u>7,289</u>
		<u><u>3,486,248</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds of 2012 (\$9,690,000), due in annual installments of \$80,000 to \$1,215,000 plus interest at 2.00% to 3.00% through January 1, 2024.	Debt Service (Property Tax)	\$ 420,000	-	420,000	-
	Debt Service (Sales Tax)	3,895,000	-	600,000	3,295,000
	Utilities	490,000	-	195,000	295,000
General Obligation Bonds of 2018 (\$9,500,000), due in annual installments of \$320,000 to \$670,000 plus interest at 4.00% through December 15, 2038.	Fire Stations	-	9,500,000	-	9,500,000
		<u>4,805,000</u>	<u>9,500,000</u>	<u>1,215,000</u>	<u>13,090,000</u>

IEPA Loans Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA (L17-4070) Loan Payable of 2012 - Due in semi-annual installments of \$40,440 including interest at 2.295% through September 15, 2033.	Utilities	\$ 1,077,969	-	56,462	1,021,507
IEPA (L17-4141) Loan Payable of 2013 - Due in semi-annual installments of \$41,743 including interest at 1.930% through May 1, 2034.	Utilities	1,174,930	-	61,104	1,113,826
		<u>2,252,899</u>	<u>-</u>	<u>117,566</u>	<u>2,135,333</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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 as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences					
General	\$ 3,668,444	147,623	295,246	3,520,821	1,051,088
Internal Services	124,057	2,646	5,292	121,411	3,468
Net Pension Liability					
IMRF	1,831,165	6,338,903	-	8,170,068	-
Police Pension	31,886,425	4,977,816	-	36,864,241	-
Firefighters' Pension	34,759,340	7,658,717	-	42,418,057	-
Total OPEB Liability - RBP	5,470,884	14,904	-	5,485,788	-
General Obligation Bonds	4,315,000	9,500,000	1,020,000	12,795,000	915,000
Unamortized Premium	-	451,852	-	451,852	22,593
	<u>82,055,315</u>	<u>29,092,461</u>	<u>1,320,538</u>	<u>109,827,238</u>	<u>1,992,149</u>
Business-Type Activities					
Compensated Absences	569,154	221,183	442,366	347,971	15,957
Net Pension Liability - IMRF	727,515	1,734,257	-	2,461,772	-
Total OPEB Liability - RBP	120,532	328	-	120,860	-
IEPA Loans Payable	2,252,899	-	117,566	2,135,333	120,055
General Obligation Bonds	490,000	-	195,000	295,000	165,000
	<u>4,160,100</u>	<u>1,955,768</u>	<u>754,932</u>	<u>5,360,936</u>	<u>301,012</u>
Component Unit - Public Library					
Compensated Absences	89,265	8,294	16,588	80,971	80,971
Net Pension Liability - IMRF	756,389	2,204,981	-	2,961,370	-
Total OPEB Liability - RBP	172,930	472	-	173,402	-
	<u>1,018,584</u>	<u>2,213,747</u>	<u>16,588</u>	<u>3,215,743</u>	<u>80,971</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For the governmental activities, payments on the compensated absences, the net pension liabilities and the total OPEB liability are made by the General Fund and Health Insurance Fund. Payments on general obligation bonds are being liquidated by the Debt Service and the Fire Stations 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.

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

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation Bonds		IEPA Loans Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 915,000	469,908	120,055	44,311	165,000	8,113
2020	1,005,000	443,913	122,596	41,770	130,000	3,575
2021	980,000	412,150	125,192	39,174	-	-
2022	1,035,000	380,888	127,842	36,524	-	-
2023	1,090,000	347,250	130,549	33,817	-	-
2024	390,000	310,800	133,315	31,051	-	-
2025	405,000	295,200	136,140	28,226	-	-
2026	420,000	279,000	139,025	25,341	-	-
2027	435,000	262,200	141,970	22,396	-	-
2028	455,000	244,800	144,979	19,387	-	-
2029	470,000	226,600	148,053	16,313	-	-
2030	490,000	207,800	151,191	13,175	-	-
2031	510,000	188,200	154,396	9,970	-	-
2032	530,000	167,800	157,671	6,695	-	-
2033	555,000	146,600	161,014	3,352	-	-
2034	575,000	124,400	41,345	399	-	-
2038	600,000	101,400	-	-	-	-
2036	620,000	77,400	-	-	-	-
2037	645,000	52,600	-	-	-	-
2038	670,000	26,800	-	-	-	-
Totals	<u>12,795,000</u>	<u>4,765,709</u>	<u>2,135,333</u>	<u>371,901</u>	<u>295,000</u>	<u>11,688</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT – Continued

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.

NET POSITION/FUND BALANCE

Net Position Restatements

Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

<u>Net Position</u>	<u>As Reported</u>	<u>As Restated</u>	<u>(Decrease)</u>
Governmental Activities	\$ 72,939,244	70,420,689	(2,518,555)
Business-Type Activities	17,007,173	16,886,641	(120,532)
Utilities Fund	16,116,422	16,022,087	(94,335)
Refuse Fund	890,751	864,554	(26,197)

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2018:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation	\$ 135,958,064
Plus:	
Unamortized Refunding Loss	134,915
Unspent Bond Proceeds	9,500,000
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2012	(3,295,000)
General Obligation Bonds of 2018	(9,500,000)
Premium on Debt Issuance	<u>(451,852)</u>
Net Investment in Capital Assets	<u><u>132,346,127</u></u>

Business-Type Activities

Capital Assets - Net of Accumulated Depreciation	16,960,430
Less Capital Related Debt:	
IEPA Loan Payable of 2012	(1,021,507)
IEPA Loan Payable of 2013	(1,113,826)
General Obligation Refunding Bonds of 2012	<u>(295,000)</u>
Net Investment in Capital Assets	<u><u>14,530,097</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications

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

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

	General	Special Revenue Motor Fuel Tax	Debt Service	Capital Projects Local Road Fire Stations		Nonmajor	Totals
Fund Balances							
Nonspendable							
Prepays	\$ 38,431	-	-	-	-	1,198	39,629
Restricted							
Public Safety							
Police	-	-	-	-	-	1,522,864	1,522,864
Fire	-	-	-	-	-	70,503	70,503
Highways and Streets	-	161,274	-	-	-	-	161,274
Debt Service	-	-	42,994	-	-	-	42,994
	-	161,274	42,994	-	-	1,593,367	1,797,635
Committed							
Compensated Absences	1,400,000	-	-	-	-	-	1,400,000
Assigned							
Capital Projects	-	-	-	552,292	-	3,084,480	3,636,772
Unassigned	9,675,955	-	-	-	8,709,355	(1,349,678)	17,035,632
Total Fund Balances	11,114,386	161,274	42,994	552,292	8,709,355	3,329,367	23,909,668

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications – Continued

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

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

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

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

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

Intergovernmental Risk Management Agency (IRMA)

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency (IRMA) – Continued

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

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

Intergovernmental Personnel Benefit Cooperative (IPBC)

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

CONTINGENT LIABILITIES

Litigation

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

Grants

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

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

Solid Waste Agency of Northern Cook County (SWANCC)

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

COMMITMENTS

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The City has committed to purchase water from the Northwest Suburban Municipal Joint Action Water Agency (JAWA). A new agreement, negotiated by the Member Communities and JAWA was approved on March 13, 2018. This Revised Water Supply Agreement will expire in FY 2032. The obligation to pay minimum annual amounts was removed from the new agreement.

Solid Waste Agency of Northern Cook County (SWANCC)

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

Fiscal Year	Amount
2019	<u>\$ 425,000</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018 are as follows:

	<u>Percent Share</u>
Village of Elk Grove Village	12.44 %
Village of Hanover Park	10.93
Village of Hoffman Estates	16.28
Village of Mount Prospect	12.65
City of Rolling Meadows	6.71
Village of Schaumburg	27.40
Village of Streamwood	<u>13.59</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.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

Summary of financial positions as of April 30, 2018:

Current Assets	\$ 31,184,189	Current Liabilities	\$ 8,381,121
Noncurrent Assets		Long-Term Liabilities	99,660,236
Capital Assets	108,071,576	Deferred Inflows	<u>1,440,068</u>
Other Assets	3,946,862	Total Liabilities and Deferred Inflows	<u>109,481,425</u>
Deferred Outflows	<u>385,608</u>	Net Position	<u>34,106,810</u>
Total Assets and Deferred Outflows	<u>143,588,235</u>		

Summary of revenues, expenses and changes in net position for the year ended April 30, 2018:

Operating Revenues	\$ 55,188,535
Operating Expenses	<u>46,527,351</u>
Operating Income	8,661,184
Nonoperating Revenue (Expenses)	<u>(384,546)</u>
Change in Net Position	8,276,638
Net Position - Beginning	<u>25,830,172</u>
Net Position - Ending	<u>34,106,810</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

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

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

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

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

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

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

In accordance with the joint venture agreement, the City remitted \$3,988,397 to JAWA for the year ended December 31, 2018. All payments were paid from the Utilities Fund. The City’s share of net position of JAWA was \$645,354 at December 31, 2018.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Solid Waste Agency of Northern Cook County (SWANCC)

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

SWANCC is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the SWANCC agreement or by-laws. Separate audited financial statements are available from SWANCC's administrative office at 77 W Hintz Road, Suite 200, Wheeling, Illinois 60090.

The City's contract with SWANCC provides that each member is liable for its proportionate share of annual operating and fixed costs. The City's share of these costs is expected to be funded through tipping fees paid by refuse haulers. In addition, the Village is obligated for any costs arising from defaults in payment obligations by other members.

In accordance with the joint venture agreement, the City remitted \$399,289 to SWANCC for the year ended December 31, 2018, which is recorded in the City's Refuse Collection Fund.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

The aggregate amount of pension expense recognized for the three pension plans is:

IMRF		
City	\$	1,033,257
Library		186,476
Police Pension		4,434,751
Firefighters' Pension		7,457,576
		<u>13,112,060</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	182
Inactive Plan Members Entitled to but not yet Receiving Benefits	81
Active Plan Members	<u>111</u>
Total	<u><u>374</u></u>

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2018, the City's contribution was 15.00% of covered payroll.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and the discount rate used in the prior valuation was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	\$ 17,426,485	10,631,840	4,989,447
Library	4,853,936	2,961,370	1,389,750
Net Pension Liability	22,280,421	13,593,210	6,379,197

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	City	Library	Totals
Total Pension Liability			
Service Cost	\$ 572,591	159,488	732,079
Interest	3,920,315	1,048,257	4,968,572
Differences Between Expected and Actual Experience	1,490,766	415,235	1,906,001
Change of Assumptions	1,506,735	419,683	1,926,418
Benefit Payments, Including Refunds of Member Contributions	(2,994,700)	(834,137)	(3,828,837)
Net Change in Total Pension Liability	4,495,707	1,208,526	5,704,233
Total Pension Liability - Beginning	52,556,779	15,239,228	67,796,007
Total Pension Liability - Ending	57,052,486	16,447,754	73,500,240
Plan Fiduciary Net Position			
Contributions - Employer	948,643	264,233	1,212,876
Contributions - Members	286,467	79,792	366,259
Net Investment Income	(2,932,372)	(816,776)	(3,749,148)
Benefit Payments, Including Refunds of Member Contributions	(2,994,700)	(834,137)	(3,828,837)
Other (Net Transfer)	1,114,509	310,433	1,424,942
Net Change in Plan Fiduciary Net Position	(3,577,453)	(996,455)	(4,573,908)
Plan Net Position - Beginning	49,998,099	14,482,839	64,480,938
Plan Net Position - Ending	46,420,646	13,486,384	59,907,030
Employer's Net Pension Liability	10,631,840	2,961,370	13,593,210

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended December 31, 2018, the City recognized pension expense of \$1,033,257 and the Library recognized pension expense of \$186,476. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 992,681	-	276,499	-	1,269,180
Change in Assumptions	981,887	(523,907)	273,493	(145,928)	585,545
Net Difference Between Projected and Actual	3,166,297	-	881,934	-	4,048,231
Total Deferred Amounts Related to IMRF	<u>5,140,865</u>	<u>(523,907)</u>	<u>1,431,926</u>	<u>(145,928)</u>	<u>5,902,956</u>

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

Fiscal Year	Net Deferred Outflows of Resources		
	City	Library	Totals
2019	\$ 1,594,439	444,111	2,038,550
2020	1,309,871	364,849	1,674,720
2021	374,511	104,315	478,826
2022	1,338,137	372,723	1,710,860
2023	-	-	-
Thereafter	-	-	-
Totals	<u>4,616,958</u>	<u>1,285,998</u>	<u>5,902,956</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At December 31, 2018, the measurement date, membership consisted of the following:

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

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2018, the City's contribution was 67.85% of covered payroll.

Concentrations. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

Investment	Amount
Principal Financial Group	\$ 2,279,472
Vanguard Institutional Index Fund	11,920,834
Vanguard Institutional Income Fund	3,291,083

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	4.00% - 13.86%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016.

Discount Rate

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 48,124,688	36,864,241	27,698,762

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 75,356,055	43,469,630	31,886,425
Changes for the Year:			
Service Cost	1,079,503	-	1,079,503
Interest on the Total Pension Liability	5,152,332	-	5,152,332
Difference Between Expected and Actual Experience of the Total Pension Liability	(2,201,325)	-	(2,201,325)
Changes of Assumptions	2,926,844	-	2,926,844
Contributions - Employer	-	3,480,637	(3,480,637)
Contributions - Employees	-	505,917	(505,917)
Net Investment Income	-	(1,949,568)	1,949,568
Benefit Payments, including Refunds of Employee Contributions	(3,502,585)	(3,502,585)	-
Other (Net Transfer)	-	(57,448)	57,448
Net Changes	3,454,769	(1,523,047)	4,977,816
Balances at December 31, 2018	78,810,824	41,946,583	36,864,241

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended December 31, 2018, the City recognized pension expense of \$4,434,751. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 76,910	(3,079,327)	(3,002,417)
Change in Assumptions	5,656,283	(2,548,881)	3,107,402
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>2,142,975</u>	-	<u>2,142,975</u>
Total Deferred Amounts Related to Police Pension	<u><u>7,876,168</u></u>	<u><u>(5,628,208)</u></u>	<u><u>2,247,960</u></u>

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2019	\$ (380,655)
2020	87,328
2021	410,190
2022	1,264,106
2023	457,826
Thereafter	<u>409,165</u>
Total	<u><u>2,247,960</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions

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

Plan Membership. At December 31, 2018, the measurement date, membership consisted of the following:

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

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

The Firefighters’ Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3percent compounded annually thereafter.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2018, the City's contribution was 83.02% of covered payroll.

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	4.00% - 13.86%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016.

Discount Rate

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 53,165,592	42,418,057	33,658,960

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 69,076,128	34,316,788	34,759,340
Changes for the Year:			
Service Cost	1,073,974	-	1,073,974
Interest on the Total Pension Liability	4,704,541	-	4,704,541
Difference Between Expected and Actual Experience of the Total Pension Liability	577,218	-	577,218
Changes of Assumptions	4,129,948	-	4,129,948
Contributions - Employer	-	3,788,593	(3,788,593)
Contributions - Employees	-	421,856	(421,856)
Net Investment Income	-	(1,310,139)	1,310,139
Benefit Payments, including Refunds of Employee Contributions	(3,736,785)	(3,736,785)	-
Other (Net Transfer)	-	(73,346)	73,346
Net Changes	6,748,896	(909,821)	7,658,717
Balances at December 31, 2018	75,825,024	33,406,967	42,418,057

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

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

For the year ended December 31, 2018, the City recognized pension expense of \$7,457,576. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 681,739	(114,153)	567,586
Change in Assumptions	5,296,343	(2,310,258)	2,986,085
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,966,494	-	1,966,494
Total Deferred Amounts Related to Firefighters' Pension	<u>7,944,576</u>	<u>(2,424,411)</u>	<u>5,520,165</u>

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

Fiscal Year	Net Deferred Outflows of Resources
2019	\$ 1,488,865
2020	1,076,548
2021	376,132
2022	1,113,786
2023	523,406
Thereafter	<u>941,428</u>
Total	<u>5,520,165</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

General Information about the OPEB Plan

Plan Description. The City’s defined benefit OPEB plan, City of Rolling Meadows Retiree Benefit Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 55 percent of health insurance premiums for non-Medicare-eligible retirees and 55 percent of supplemental health insurance premiums for Medicare-eligible retirees. The plan also provides all retirees with \$5,000 of life insurance benefits.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

	<u>City</u>	<u>Library</u>	<u>Totals</u>
Inactive Plan Members Currently Receiving Benefits	25	4	29
Inactive Plan Members Entitled to but not yet Receiving Benefits	5	-	5
Active Plan Members	155	22	177
Totals	<u>185</u>	<u>26</u>	<u>211</u>

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	3.50%
Salary Increases	3.75% - 12.50%
Discount Rate	3.71%
Healthcare Cost Trend Rates	8.00% for 2018, decreasing 0.5% per year to an ultimate rate of 4.50%

The discount rate was based on Fidelity’s 20-year municipal GO AA index as of each measurement date.

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with adjustments to match current IMRF experience.

Change in the Total OPEB Liability

	City	Library	Totals
Balance at December 31, 2017	\$ 5,591,416	172,930	5,764,346
Changes for the Year:			
Service Cost	340,528	10,532	351,060
Interest on the Total Pension Liability	186,536	5,770	192,306
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	5,146	159	5,305
Changes of Assumptions or Other Inputs	(260,330)	(8,051)	(268,381)
Benefit Payments	(256,648)	(7,938)	(264,586)
Net Changes	15,232	472	15,704
Balance at December 31, 2018	5,606,648	173,402	5,780,050

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.71%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
City	\$ 6,292,715	5,606,648	5,025,855
Library	194,620	173,402	155,439
Total OPEB Liability	<u>6,487,335</u>	<u>5,780,050</u>	<u>5,181,294</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 8.00%, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	(7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	(9.00% decreasing to 5.50%)
City	\$ 4,843,024	5,606,648	6,566,007
Library	149,784	173,402	203,072
Total OPEB Liability	<u>4,992,808</u>	<u>5,780,050</u>	<u>6,769,079</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$745,205 and the Library recognized pension expense of \$23,049. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 4,619	-	143	-	4,762
Change in Assumptions	-	(233,665)	-	(7,227)	(240,892)
Net Difference Between Projected and Actual	-	-	-	-	-
Total Deferred Amounts Related to OPEB	<u>4,619</u>	<u>(233,665)</u>	<u>143</u>	<u>(7,227)</u>	<u>(236,130)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources		
	City	Library	Totals
2019	\$ (26,138)	(808)	(26,946)
2020	(26,138)	(808)	(26,946)
2021	(26,138)	(808)	(26,946)
2022	(26,138)	(808)	(26,946)
2023	(26,138)	(808)	(26,946)
Thereafter	(98,358)	(3,042)	(101,400)
Totals	<u>(229,046)</u>	<u>(7,084)</u>	<u>(236,130)</u>

SUBSEQUENT EVENT

On March 21, 2019, the City issued \$8,500,000 of General Obligation Bonds, due in annual installments of \$285,000 to \$600,000, plus interest at 4.00% through December 15, 2039.

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 Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Total OPEB Liability\
 - Retiree Benefit 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 Employer Contributions
December 31, 2018**

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	Total	\$ 1,131,864	\$ 1,131,864	\$ -	\$ 7,316,510	15.47%
2016	Total	1,200,910	1,201,445	(535)	7,376,594	16.29%
2017	Total	1,159,896	1,159,896	-	7,546,491	15.37%
2018	City	948,643	948,643	-	6,324,288	15.00%
	Library	264,233	264,233	-	1,761,554	15.00%
2018 Total		1,212,876	1,212,876	-	8,085,842	15.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 (base year 2012)

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

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,478,905	\$ 2,483,648	\$ 4,743	\$ 4,604,542	53.94%
2015	2,507,804	2,547,497	39,693	4,628,740	55.04%
2016	2,805,767	3,104,921	299,154	4,741,621	65.48%
2017	3,219,336	3,607,352	388,016	4,942,478	72.99%
2018	3,198,022	3,480,637	282,615	5,103,111	68.21%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.50%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP 2014 Mortality Table Projected to 2017

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

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,662,914	\$ 2,678,449	\$ 15,535	\$ 4,053,549	66.08%
2015	2,706,989	2,755,511	48,522	4,139,289	66.57%
2016	2,977,769	3,245,390	267,621	4,095,760	79.24%
2017	3,540,137	4,080,981	540,844	4,338,255	94.07%
2018	3,497,572	3,788,593	291,021	4,479,252	84.58%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	17 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.5%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP 2014 Mortality Table Projected to 2017

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

CITY OF ROLLING MEADOWS, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018**

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

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

2017 Total	2018		Totals
	City	Library	
769,374	572,591	159,488	732,079
4,959,320	3,920,315	1,048,257	4,968,572
79,030	1,490,766	415,235	1,906,001
(1,952,922)	1,506,735	419,683	1,926,418
(3,596,746)	(2,994,700)	(834,137)	(3,828,837)
258,056	4,495,707	1,208,526	5,704,233
67,537,951	52,556,779	15,239,228	67,796,007
67,796,007	57,052,486	16,447,754	73,500,240
1,159,896	948,643	264,233	1,212,876
346,110	286,467	79,792	366,259
10,348,710	(2,932,372)	(816,776)	(3,749,148)
(3,596,746)	(2,994,700)	(834,137)	(3,828,837)
(1,339,459)	1,114,509	310,433	1,424,942
6,918,511	(3,577,453)	(996,455)	(4,573,908)
57,562,427	49,998,099	14,482,839	64,480,938
64,480,938	46,420,646	13,486,384	59,907,030
3,315,069	10,631,840	2,961,370	13,593,210
95.11%	81.36%	82.00%	81.51%
7,546,491	6,324,288	1,761,554	8,085,842
43.93%	168.11%	168.11%	168.11%

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018**

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 1,149,125
Interest	4,230,819
Differences Between Expected and Actual Experience	(599,310)
Change of Assumptions	3,979,187
Benefit Payments, Including Refunds of Member Contributions	<u>(2,632,396)</u>
Net Change in Total Pension Liability	6,127,425
Total Pension Liability - Beginning	<u>61,756,473</u>
Total Pension Liability - Ending	<u><u>67,883,898</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 2,483,648
Contributions - Members	507,162
Net Investment Income	1,579,499
Benefit Payments, Including Refunds of Member Contributions	(2,632,396)
Administrative Expense	<u>(55,519)</u>
Net Change in Plan Fiduciary Net Position	1,882,394
Plan Net Position - Beginning	<u>33,007,286</u>
Plan Net Position - Ending	<u><u>34,889,680</u></u>
Employer's Net Pension Liability	<u><u>\$ 32,994,218</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.40%
Covered Payroll	\$ 4,604,542
Employer's Net Pension Liability as a Percentage of Covered Payroll	716.56%

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

2015	2016	2017	2018
1,139,586	1,171,229	1,168,217	953,040
4,649,406	5,082,602	5,135,650	5,152,332
(1,820,391)	181,793	(192,715)	(2,128,875)
5,292,677	(2,389,766)	(2,442,434)	2,823,811
(2,927,628)	(3,217,902)	(3,358,167)	(3,502,585)
6,333,650	827,956	310,551	3,297,723
67,883,898	74,217,548	75,045,504	75,356,055
74,217,548	75,045,504	75,356,055	78,653,778
2,547,497	3,104,921	3,607,352	3,480,637
469,521	472,132	482,643	505,917
142,603	2,381,161	5,047,122	(1,949,568)
(2,927,628)	(3,217,902)	(3,358,167)	(3,502,585)
(54,640)	(57,478)	(59,187)	(57,448)
177,353	2,682,834	5,719,763	(1,523,047)
34,889,680	35,067,033	37,749,867	43,469,630
35,067,033	37,749,867	43,469,630	41,946,583
39,150,515	37,295,637	31,886,425	36,707,195
47.25%	50.30%	57.69%	53.33%
4,628,740	4,741,621	4,942,478	5,103,111
845.81%	786.56%	645.15%	719.31%

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018**

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 1,229,937
Interest	3,784,080
Differences Between Expected and Actual Experience	237,138
Change of Assumptions	2,782,790
Benefit Payments, Including Refunds of Member Contributions	<u>(3,020,345)</u>
Net Change in Total Pension Liability	5,013,600
Total Pension Liability - Beginning	<u>55,568,457</u>
Total Pension Liability - Ending	<u><u>60,582,057</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 2,678,449
Contributions - Members	391,581
Net Investment Income	1,389,103
Benefit Payments, Including Refunds of Member Contributions	(3,020,345)
Administrative Expense	<u>(41,149)</u>
Net Change in Plan Fiduciary Net Position	1,397,639
Plan Net Position - Beginning	<u>25,224,467</u>
Plan Net Position - Ending	<u><u>26,622,106</u></u>
Employer's Net Pension Liability	<u><u>\$ 33,959,951</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.94%
Covered Payroll	\$ 4,053,549
Employer's Net Pension Liability as a Percentage of Covered Payroll	837.78%

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

2015	2016	2017	2018
1,204,872	1,291,068	1,212,059	1,033,569
4,130,260	4,626,392	4,663,118	4,704,541
(354,477)	347,104	15,822	603,666
5,331,911	(2,345,758)	(1,683,291)	3,903,233
(3,156,692)	(3,293,238)	(3,495,079)	(3,736,785)
7,155,874	625,568	712,629	6,508,224
60,582,057	67,737,931	68,363,499	69,076,128
67,737,931	68,363,499	69,076,128	75,584,352
2,755,511	3,245,390	4,080,981	3,788,593
397,740	407,278	417,337	421,856
221,351	2,011,769	4,243,937	(1,310,139)
(3,156,692)	(3,293,238)	(3,495,079)	(3,736,785)
(43,840)	(40,939)	(56,824)	(73,346)
174,070	2,330,260	5,190,352	(909,821)
26,622,106	26,796,176	29,126,436	34,316,788
26,796,176	29,126,436	34,316,788	33,406,967
40,941,755	39,237,063	34,759,340	42,177,385
39.56%	42.61%	49.68%	44.20%
4,139,289	4,095,760	4,338,255	4,479,252
989.10%	957.99%	801.23%	941.62%

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2018**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	5.67%
2015	0.68%
2016	6.81%
2017	13.41%
2018	(4.43%)

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

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2018**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	4.75%
2015	0.86%
2016	7.80%
2017	15.05%
2018	(3.98%)

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

CITY OF ROLLING MEADOWS, ILLINOIS

Retiree Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2018**

	12/31/18		
	City	Library	Totals
Total OPEB Liability			
Service Cost	\$ 340,528	10,532	351,060
Interest	186,536	5,770	192,306
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	5,146	159	5,305
Change of Assumptions or Other Inputs	(260,330)	(8,051)	(268,381)
Benefit Payments	(256,648)	(7,938)	(264,586)
Net Change in Total OPEB Liability	15,232	472	15,704
Total OPEB Liability - Beginning	5,591,416	172,930	5,764,346
Total OPEB Liability - Ending	5,606,648	173,402	5,780,050
Covered Payroll	\$ 15,903,846	491,872	16,395,718
Total OPEB Liability as a Percentage of Covered Payroll	35.25%	35.25%	35.25%

Notes:

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

Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	Medical
2019	7.50%
2020	7.00%
2021	6.50%
2022	6.00%
2023	5.50%
2024	5.00%
2025	4.50%
2026	4.50%
2027	4.50%
Ultimate	4.50%

In 2018, there was no change in the healthcare trend rates from the prior year.

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 23,509,344	23,509,344	23,607,078
Intergovernmental	3,162,250	3,162,250	3,233,272
Licenses and Permits	1,001,500	1,001,500	1,213,553
Charges for Services	2,891,123	2,891,123	3,235,235
Fines and Forfeitures	1,271,500	1,271,500	1,239,227
Interest	50,000	50,000	189,804
Miscellaneous	410,100	410,100	397,927
Total Revenues	<u>32,295,817</u>	<u>32,295,817</u>	<u>33,116,096</u>
Expenditures			
General Government	3,287,127	3,287,127	2,780,263
Public Safety	24,876,576	24,876,576	24,513,639
Public Works	3,846,345	3,846,345	3,938,222
Health/Welfare and Culture	11,120	11,120	4,790
Economic Development	61,500	61,500	75,338
Total Expenditures	<u>32,082,668</u>	<u>32,082,668</u>	<u>31,312,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>213,149</u>	<u>213,149</u>	<u>1,803,844</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	500	500	-
Transfers In	553,548	553,548	553,548
Transfers Out	(808,075)	(808,075)	(808,075)
	<u>(254,027)</u>	<u>(254,027)</u>	<u>(254,527)</u>
Net Change in Fund Balance	<u>(40,878)</u>	<u>(40,878)</u>	1,549,317
Fund Balance - Beginning			<u>9,565,069</u>
Fund Balance - Ending			<u><u>11,114,386</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 625,000	625,000	616,830
Interest	2,500	2,500	5,103
Total Revenues	627,500	627,500	621,933
Expenditures			
Capital Outlay	600,000	600,000	575,934
Net Change in Fund Balance	27,500	27,500	45,999
Fund Balance - Beginning			115,275
Fund Balance - Ending			161,274

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

MAJOR SPECIAL REVENUE FUND

Motor Fuel Tax Fund

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

DEBT SERVICE FUND

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

MAJOR CAPITAL PROJECTS FUNDS

Local Road Fund

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

Fire Stations Fund

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

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes			
Prior Years' Taxes	\$ 10,000	10,000	(120,203)
Current Levy	4,737,002	4,737,002	4,741,850
Police Pension	3,493,779	3,493,779	3,480,637
Fire Pension	3,793,563	3,793,563	3,788,593
Municipal Sales Tax	3,700,000	3,700,000	3,497,915
Home Rule Sales Tax	2,750,000	2,750,000	2,610,273
Simplified Telecommunications Tax	1,500,000	1,500,000	1,215,689
Electric Utility Tax	1,300,000	1,300,000	1,274,398
Hotel Tax	300,000	300,000	296,908
Food and Beverage Tax	1,300,000	1,300,000	1,588,313
Real Estate Transfer Tax	300,000	300,000	912,718
Cable Franchise Fees	325,000	325,000	319,987
Total Taxes	<u>23,509,344</u>	<u>23,509,344</u>	<u>23,607,078</u>
Intergovernmental			
State Income Tax	2,300,000	2,300,000	2,324,681
Local Use Tax	600,000	600,000	707,920
Replacement Tax	204,000	204,000	160,928
Video Gaming	-	-	3,962
Other Grants	58,250	58,250	35,781
Total Intergovernmental	<u>3,162,250</u>	<u>3,162,250</u>	<u>3,233,272</u>
Licenses and Permits			
Business Licenses	250,000	250,000	235,642
Liquor Licenses	150,000	150,000	178,050
Video Gaming Licenses	-	-	1,530
Other Licenses	1,000	1,000	200
Building Permits	500,000	500,000	694,303
Rental Unit Permits	88,000	88,000	86,882
Other Permits	12,500	12,500	16,946
Total Licenses and Permits	<u>1,001,500</u>	<u>1,001,500</u>	<u>1,213,553</u>
Charges for Services			
Police Special Details	20,000	20,000	39,975
School Liaison Charges	193,000	193,000	194,624
Ambulance Fees	500,000	500,000	792,630

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Charges for Services - Continued			
Overhead Charges			
Garage	\$ 220,000	220,000	220,000
E911	50,000	50,000	50,000
TIF #2	54,615	54,615	54,615
TIF #4	53,045	53,045	53,045
Refuse	415,000	415,000	415,000
Utilities	750,000	750,000	750,000
Library	44,163	44,163	44,163
Other Inspection Fees	126,300	126,300	60,492
Other Charges for Services	465,000	465,000	560,691
Total Charges for Services	2,891,123	2,891,123	3,235,235
Fines and Forfeitures			
Circuit Court Fines	60,000	60,000	59,713
Traffic and Compliance Fines	125,000	125,000	68,650
DUI Fines	10,000	10,000	12,775
Red Light Enforcement Fines	960,000	960,000	947,817
Adjudication	25,000	25,000	34,057
Other Fines	91,500	91,500	116,215
Total Fines and Forfeitures	1,271,500	1,271,500	1,239,227
Interest	50,000	50,000	189,804
Miscellaneous			
Rental Income	332,000	332,000	306,930
Other	78,100	78,100	90,997
Total Miscellaneous	410,100	410,100	397,927
Total Revenues	32,295,817	32,295,817	33,116,096

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Mayor			
Salaries and Wages	\$ 9,950	9,950	9,950
Benefits	761	761	761
Contracted Services	2,900	2,900	34
Supplies	300	300	50
Total Mayor	13,911	13,911	10,795
City Council			
Salaries and Wages	28,001	28,001	27,334
Benefits	2,142	2,142	2,091
Contracted Services	77,500	77,500	51,029
Supplies	700	700	243
Total City Council	108,343	108,343	80,697
City Manager			
Salaries and Wages	508,873	508,873	485,330
Benefits	207,392	207,392	204,956
Contracted Services	75,161	75,161	43,787
Supplies	12,500	12,500	1,294
Total City Manager	803,926	803,926	735,367
City Clerk			
Salaries and Wages	126,694	126,694	92,890
Benefits	52,426	52,426	39,062
Contracted Services	15,800	15,800	14,381
Supplies	3,700	3,700	2,090
Total City Clerk	198,620	198,620	148,423
Public Relations			
Contracted Services	78,500	78,500	62,706
Supplies	1,500	1,500	-
Total Public Relations	80,000	80,000	62,706

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Video Production			
Salaries and Wages	\$ 2,500	2,500	-
Benefits	382	382	-
Contracted Services	17,000	17,000	17,469
Supplies	2,200	2,200	668
Total Video Production	22,082	22,082	18,137
Adjudication			
Contracted Services	61,000	61,000	39,170
Supplies	1,000	1,000	-
Total Adjudication	62,000	62,000	39,170
Community Events			
Contracted Services	2,950	2,950	2,038
Supplies	106,100	106,100	113,164
Total Community Events	109,050	109,050	115,202
Finance			
Salaries and Wages	336,612	336,612	329,931
Benefits	127,736	127,736	126,485
Contracted Services	59,550	59,550	43,042
Supplies	2,000	2,000	954
Total Finance	525,898	525,898	500,412
Administrative Services			
Legal Contracted Services	393,300	393,300	308,227
Engineering Contracted Services	28,000	28,000	17,200
Police Special Detail			
Salaries and Wages	50,000	50,000	53,990
Benefits	-	-	3
Other Contracted Services	287,100	287,100	146,688
Other Supplies	9,550	9,550	7,124
Total Administrative Services	767,950	767,950	533,232

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Information Technology			
Salaries and Wages	\$ 315,816	315,816	290,208
Benefits	98,595	98,595	97,289
Contracted Services	149,911	149,911	115,379
Supplies	29,500	29,500	31,303
Total Information Technology	593,822	593,822	534,179
Total Administrative	3,285,602	3,285,602	2,778,320
Community Development			
Plan Commission			
Contracted Services	1,525	1,525	1,943
Total General Government	3,287,127	3,287,127	2,780,263
Public Safety			
Police Department			
Administration			
Salaries and Wages	504,074	504,074	507,470
Benefits	145,385	145,385	141,913
Employer Pension Contribution	3,493,779	3,493,779	3,480,637
Contracted Services	770,160	770,160	746,836
Supplies and Materials	172,215	172,215	161,632
Total Administration	5,085,613	5,085,613	5,038,488
Patrol			
Salaries and Wages	5,005,195	5,005,195	5,096,436
Benefits	1,138,377	1,138,377	1,129,107
Contracted Services	159,090	159,090	86,364
Supplies and Materials	72,600	72,600	76,774
Total Patrol	6,375,262	6,375,262	6,388,681

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Investigation			
Salaries and Wages	\$ 1,004,348	1,004,348	1,039,871
Benefits	210,725	210,725	210,488
Contracted Services	27,120	27,120	20,692
Supplies and Materials	7,750	7,750	3,821
Total Investigation	1,249,943	1,249,943	1,274,872
Total Police Department	12,710,818	12,710,818	12,702,041
Fire Department			
Administration			
Salaries and Wages	367,975	367,975	387,890
Benefits	86,192	86,192	78,797
Employer Pension Contribution	3,793,563	3,793,563	3,788,593
Contracted Services	1,044,325	1,044,325	1,037,158
Supplies and Materials	4,800	4,800	3,073
Total Administration	5,296,855	5,296,855	5,295,511
Fire Operations			
Salaries and Wages	5,262,301	5,262,301	5,078,911
Benefits	1,175,851	1,175,851	1,115,041
Contracted Services	147,005	147,005	106,767
Supplies and Materials	150,010	150,010	125,206
Total Fire Operations	6,735,167	6,735,167	6,425,925
Special Rescue Teams			
Salaries and Wages	54,200	54,200	52,521
Benefits	786	786	(6)
Contracted Services	22,275	22,275	15,230
Supplies and Materials	17,225	17,225	10,736
Total Special Rescue Teams	94,486	94,486	78,481
Total Fire Department	12,126,508	12,126,508	11,799,917

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Board of Police and Fire Commission			
Salaries and Wages	\$ 3,000	3,000	-
Contracted Services	35,450	35,450	11,505
Supplies and Materials	800	800	176
Total Board of Police and Fire Commission	39,250	39,250	11,681
Total Public Safety	24,876,576	24,876,576	24,513,639
Public Works			
Administration			
Salaries and Wages	755,552	755,552	761,620
Benefits	336,805	336,805	330,146
Contracted Services	272,870	272,870	244,196
Supplies and Materials	9,320	9,320	6,363
Total Administration	1,374,547	1,374,547	1,342,325
Community Development			
Administration			
Salaries and Wages	632,548	632,548	562,728
Benefits	265,418	265,418	250,441
Contracted Services	325,560	325,560	451,288
Supplies and Materials	4,450	4,450	5,072
Total Community Development	1,227,976	1,227,976	1,269,529
Forestry Program			
Salaries and Wages	774,334	774,334	828,490
Benefits	391,213	391,213	420,951
Contracted Services	67,575	67,575	66,397
Supplies and Materials	10,700	10,700	10,530
Total Forestry Program	1,243,822	1,243,822	1,326,368
Total Public Works	3,846,345	3,846,345	3,938,222

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Health/Welfare and Culture			
Museum			
Contracted Services	\$ 5,220	5,220	3,269
ESDA			
Supplies and Materials	1,500	1,500	-
Safety Committee			
Supplies and Materials	1,400	1,400	557
Employee Wellness			
Contracted Services	1,000	1,000	-
Supplies and Materials	1,000	1,000	964
Total Employee Wellness	2,000	2,000	964
Urban Affairs			
Supplies	1,000	1,000	-
Total Health/Welfare and Culture	11,120	11,120	4,790
Economic Development			
Community Development			
Contracted Services	60,500	60,500	74,999
Supplies and Materials	1,000	1,000	339
Total Economic Development	61,500	61,500	75,338
Total Expenditures	32,082,668	32,082,668	31,312,252

CITY OF ROLLING MEADOWS, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 430,500	430,500	430,380
Expenditures			
Debt Service			
Principal Retirement	1,020,000	1,020,000	1,020,000
Interest and Fiscal Charges	119,575	119,575	119,048
Total Expenditures	1,139,575	1,139,575	1,139,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	(709,075)	(709,075)	(708,668)
Other Financing Sources (Uses)			
Transfers In	708,075	708,075	708,075
Transfers Out	(25,000)	(25,000)	(25,000)
	683,075	683,075	683,075
Net Change in Fund Balance	(26,000)	(26,000)	(25,593)
Fund Balance - Beginning			68,587
Fund Balance - Ending			42,994

CITY OF ROLLING MEADOWS, ILLINOIS

Local Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,120,000	1,120,000	1,109,173
Natural Gas Tax	-	-	93,006
Intergovernmental	885,000	885,000	595,823
Licenses and Permits	500,000	500,000	427,400
Interest	1,000	1,000	1,976
Miscellaneous	63,223	63,223	5,785
Total Revenues	<u>2,569,223</u>	<u>2,569,223</u>	<u>2,233,163</u>
Expenditures			
Highways and Streets			
Contracted Services	878,500	878,500	913,851
Supplies			
Operating Supplies	211,800	211,800	150,363
Repairs and Maintenance Supplies	21,100	21,100	18,280
Capital Outlay			
Street Improvements	2,072,000	2,072,000	715,847
Total Expenditures	<u>3,183,400</u>	<u>3,183,400</u>	<u>1,798,341</u>
Net Change in Fund Balance	<u>(614,177)</u>	<u>(614,177)</u>	434,822
Fund Balance - Beginning			<u>117,470</u>
Fund Balance - Ending			<u><u>552,292</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Fire Stations - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	8,523
Expenditures			
Public Safety			
Contracted Services	-	-	157,242
Property Tax Credit	-	-	82,659
Capital Outlay	800,000	800,000	1,785,134
Debt Service			
Interest and Fiscal Charges	-	-	78,040
Total Expenditures	800,000	800,000	2,103,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800,000)	(800,000)	(2,094,552)
Other Financing Sources			
Debt Issuance	-	-	9,500,000
Premium on Debt Issuance	-	-	451,852
	-	-	9,951,852
Net Change in Fund Balance	(800,000)	(800,000)	7,857,300
Fund Balance - Beginning			852,055
Fund Balance - Ending			8,709,355

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROLLING MEADOWS, ILLINOIS**Nonmajor Governmental Funds****Combining Balance Sheet
December 31, 2018**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 1,602,110	3,084,480	4,686,590
Receivables - Net of Allowances			
Property Taxes	700,139	1,303	701,442
Prepays	1,198	-	1,198
Total Assets	<u>2,303,447</u>	<u>3,085,783</u>	<u>5,389,230</u>
LIABILITIES			
Accounts Payable	8,882	-	8,882
Due to Other Funds	-	1,350,981	1,350,981
Total Liabilities	<u>8,882</u>	<u>1,350,981</u>	<u>1,359,863</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	700,000	-	700,000
Total Liabilities and Deferred Inflows of Resources	<u>708,882</u>	<u>1,350,981</u>	<u>2,059,863</u>
FUND BALANCES			
Nonspendable	1,198	-	1,198
Restricted	1,593,367	-	1,593,367
Assigned	-	3,084,480	3,084,480
Unassigned	-	(1,349,678)	(1,349,678)
Total Fund Balances	<u>1,594,565</u>	<u>1,734,802</u>	<u>3,329,367</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>2,303,447</u>	<u>3,085,783</u>	<u>5,389,230</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2018**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 684,622	3,209,667	3,894,289
Fines and Forfeitures	134,312	-	134,312
Interest	1,531	1,560	3,091
Total Revenues	820,465	3,211,227	4,031,692
Expenditures			
Public Safety	738,200	-	738,200
Economic Development	-	310,857	310,857
Capital Outlay	67,437	-	67,437
Total Expenditures	805,637	310,857	1,116,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,828	2,900,370	2,915,198
Other Financing Sources			
Transfers In	150,000	-	150,000
Net Change in Fund Balances	164,828	2,900,370	3,065,198
Fund Balances - Beginning	1,429,737	(1,165,568)	264,169
Fund Balances - Ending	1,594,565	1,734,802	3,329,367

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

911 Emergency Telephone Fund

The 911 Emergency Telephone Fund is used to account for the operation of the emergency telephone communication system. Financing is provided by local and state surcharges and property taxes.

Foreign Fire Tax Fund

The Foreign Fire Tax Fund is used to account for the receipt and disbursement of funds collected as foreign fire tax.

Asset Seizure Fund

The Asset Seizure Fund is used to account for the receipts and disbursements incurred as a result of the City's asset seizure program pursuant to Federal and State drug seizure laws.

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet
December 31, 2018**

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
ASSETS				
Cash and Investments	\$ 1,303,940	71,448	226,722	1,602,110
Receivables - Net of Allowances				
Property Taxes	700,139	-	-	700,139
Prepays	1,198	-	-	1,198
Total Assets	<u>2,005,277</u>	<u>71,448</u>	<u>226,722</u>	<u>2,303,447</u>
LIABILITIES				
Accounts Payable	7,423	945	514	8,882
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	700,000	-	-	700,000
Total Liabilities and Deferred Inflows of Resources	<u>707,423</u>	<u>945</u>	<u>514</u>	<u>708,882</u>
FUND BALANCES				
Nonspendable	1,198	-	-	1,198
Restricted	1,296,656	70,503	226,208	1,593,367
Total Fund Balances	<u>1,297,854</u>	<u>70,503</u>	<u>226,208</u>	<u>1,594,565</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>2,005,277</u>	<u>71,448</u>	<u>226,722</u>	<u>2,303,447</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2018**

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
Revenues				
Taxes	\$ 652,150	32,472	-	684,622
Fines and Forfeitures	-	-	134,312	134,312
Interest	676	-	855	1,531
Total Revenues	<u>652,826</u>	<u>32,472</u>	<u>135,167</u>	<u>820,465</u>
Expenditures				
Public Safety	656,635	13,894	67,671	738,200
Capital Outlay	67,437	-	-	67,437
Total Expenditures	<u>724,072</u>	<u>13,894</u>	<u>67,671</u>	<u>805,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,246)	18,578	67,496	14,828
Other Financing Sources				
Transfers In	<u>150,000</u>	-	-	<u>150,000</u>
Net Change in Fund Balances	78,754	18,578	67,496	164,828
Fund Balances - Beginning	<u>1,219,100</u>	<u>51,925</u>	<u>158,712</u>	<u>1,429,737</u>
Fund Balances - Ending	<u><u>1,297,854</u></u>	<u><u>70,503</u></u>	<u><u>226,208</u></u>	<u><u>1,594,565</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

911 Emergency Telephone - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 651,500	651,500	652,150
Interest	-	-	676
Total Revenues	<u>651,500</u>	<u>651,500</u>	<u>652,826</u>
Expenditures			
Public Safety			
Contracted Services	702,825	702,825	656,635
Supplies	2,500	2,500	-
Capital Outlay	528,000	528,000	67,437
Total Expenditures	<u>1,233,325</u>	<u>1,233,325</u>	<u>724,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(581,825)	(581,825)	(71,246)
Other Financing Sources			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Net Change in Fund Balance	<u>(431,825)</u>	<u>(431,825)</u>	78,754
Fund Balance - Beginning			<u>1,219,100</u>
Fund Balance - Ending			<u><u>1,297,854</u></u>

NONMAJOR CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary funds.

TIF #2 Kirchoff/Owl Fund

The TIF #2 Kirchoff/Owl Fund is used to account for the purchase of property and construction of a mixed-use development along Kirchoff Road. The plan includes condominium homes, senior housing, and office/retail space.

TIF #4 Golf Road Fund

The TIF #4 Golf Road Fund is used to account for the redevelopment of the property located primarily in the Meadows Corporate Center area along the Golf Road corridor (2850 Golf Road). The large commercial insurance broker Arthur J. Gallagher Insurance set up its headquarters - moving from Itasca to Rolling Meadows to redevelop this area. The City approved the Golf Road Tax Increment Financing District with a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Balance Sheet
December 31, 2018**

	TIF #2 Kirchoff/Owl	TIF #4 Golf Road	Totals
ASSETS			
Cash and Investments	\$ -	3,084,480	3,084,480
Receivables - Net of Allowances			
Property Taxes	1,303	-	1,303
Total Assets	1,303	3,084,480	3,085,783
LIABILITIES			
Due to Other Funds	1,350,981	-	1,350,981
FUND BALANCES			
Assigned	-	3,084,480	3,084,480
Unassigned	(1,349,678)	-	(1,349,678)
Total Fund Balances	(1,349,678)	3,084,480	1,734,802
Total Liabilities and Fund Balances	1,303	-	1,303

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2018**

	TIF #2 Kirchoff/Owl	TIF #4 Golf Road	Totals
Revenues			
Taxes	\$ 259,243	2,950,424	3,209,667
Interest	1,339	221	1,560
Total Revenues	260,582	2,950,645	3,211,227
Expenditures			
Economic Development	65,879	244,978	310,857
Net Change in Fund Balances	194,703	2,705,667	2,900,370
Fund Balances - Beginning	(1,544,381)	378,813	(1,165,568)
Fund Balances - Ending	(1,349,678)	3,084,480	1,734,802

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #2 Kirchoff/Owl - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 350,000	350,000	259,243
Interest	100	100	1,339
Total Revenues	<u>350,100</u>	<u>350,100</u>	260,582
Expenditures			
Economic Development			
Contracted Services	<u>56,615</u>	<u>56,615</u>	65,879
Net Change in Fund Balance	<u>293,485</u>	<u>293,485</u>	194,703
Fund Balance - Beginning			<u>(1,544,381)</u>
Fund Balance - Ending			<u>(1,349,678)</u>

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #4 Golf Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,488,965	2,488,965	2,950,424
Interest	-	-	221
Total Revenues	<u>2,488,965</u>	<u>2,488,965</u>	<u>2,950,645</u>
Expenditures			
Economic Development			
Contracted Services	<u>2,940,162</u>	<u>2,940,162</u>	<u>244,978</u>
Net Change in Fund Balance	<u>(451,197)</u>	<u>(451,197)</u>	2,705,667
Fund Balance - Beginning			<u>378,813</u>
Fund Balance - Ending			<u><u>3,084,480</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Utilities Fund

The Utilities Fund is used to account for all resources collected and used to provide water and sanitary services to the City as well as to account for the resources collected to finance storm water runoff and creek bank improvements. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration of billings and collections, operations, and maintenance of the system.

Refuse Collection Fund

The Refuse Collection Fund is used to account for all the resources collected and used to provide waste collection and disposal services to the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration of billings and collections, operations, and maintenance of the waste collection vehicles.

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 11,210,697	11,210,697	11,611,852
Miscellaneous	100,000	100,000	178,116
Total Operating Revenues	<u>11,310,697</u>	<u>11,310,697</u>	<u>11,789,968</u>
Operating Expenses			
Administration	1,350,375	1,350,375	1,103,687
Public Works	750,000	750,000	750,000
Operations	10,066,463	10,066,463	6,640,813
Depreciation	-	-	845,823
Total Operating Expenses	<u>12,166,838</u>	<u>12,166,838</u>	<u>9,340,323</u>
Operating Income (Loss)	<u>(856,141)</u>	<u>(856,141)</u>	<u>2,449,645</u>
Nonoperating Revenues (Expenses)			
Interest Income	25,000	25,000	41,617
Interest Expense	(59,789)	(59,789)	(59,213)
	<u>(34,789)</u>	<u>(34,789)</u>	<u>(17,596)</u>
Change in Net Position	<u>(890,930)</u>	<u>(890,930)</u>	2,432,049
Net Position - Beginning as Restated			<u>16,022,087</u>
Net Position - Ending			<u>18,454,136</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Administration			
Salaries and Wages	\$ 216,297	216,297	33,726
Benefits	113,393	113,393	103,587
IMRF Pension Expense	-	-	(46,440)
Contracted Services	1,020,185	1,020,185	1,012,814
Supplies	500	500	-
Total Administration	1,350,375	1,350,375	1,103,687
Public Works			
Contracted Services	750,000	750,000	750,000
Operations			
Water			
Salaries and Wages	714,129	714,129	674,601
Benefits	294,750	294,750	271,917
IMRF Pension Expense	-	-	(141,793)
Contracted Services	423,350	423,350	448,183
Supplies	176,000	176,000	143,879
Lake Michigan Water	4,362,750	4,362,750	3,988,397
Machinery & Equipment	1,363,000	1,363,000	116,473
Total Water	7,333,979	7,333,979	5,501,657
Sewer			
Salaries and Wages	480,729	480,729	460,010
Benefits	235,905	235,905	223,422
IMRF Pension Expense	-	-	(98,261)
Contracted Services	142,050	142,050	99,328
Supplies	78,650	78,650	60,572
Machinery & Equipment	745,000	745,000	65,755
Total Sewer	1,682,334	1,682,334	810,826

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operations - Continued			
Stormwater			
Salaries and Wages	\$ 107,943	107,943	63,311
Benefits	48,932	48,932	27,552
IMRF Pension Expense	-	-	(12,137)
OPEB Expense	-	-	4,121
Contracted Services	229,000	229,000	194,277
Supplies	39,275	39,275	26,701
Machinery & Equipment	625,000	625,000	24,505
Total Stormwater	1,050,150	1,050,150	328,330
Total Operations	10,066,463	10,066,463	6,640,813
Depreciation	-	-	845,823
Total Operating Expenses	12,166,838	12,166,838	9,340,323

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,163,924	2,163,924	2,153,691
Miscellaneous	25,500	25,500	25,119
Total Operating Revenues	<u>2,189,424</u>	<u>2,189,424</u>	<u>2,178,810</u>
Operating Expenses			
Administration	1,006,500	1,006,500	988,781
Operations	1,298,211	1,298,211	1,214,888
Depreciation	-	-	5,408
Total Operating Expenses	<u>2,304,711</u>	<u>2,304,711</u>	<u>2,209,077</u>
Operating (Loss)	(115,287)	(115,287)	(30,267)
Nonoperating Income			
Interest Income	-	-	3,826
Change in Net Position	<u>(115,287)</u>	<u>(115,287)</u>	(26,441)
Net Position - Beginning as Restated			<u>864,554</u>
Net Position - Ending			<u><u>838,113</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Administration			
Contracted Services	\$ 1,006,500	1,006,500	988,781
Operations			
Salaries and Wages	292,947	292,947	230,730
Benefits	177,487	177,487	138,405
IMRF Pension Expense	-	-	4,475
OPEB Expense	-	-	1,144
Contracted Services	817,027	817,027	833,105
Supplies	10,750	10,750	7,029
Total Operations	1,298,211	1,298,211	1,214,888
Depreciation	-	-	5,408
Total Operating Expenses	2,304,711	2,304,711	2,209,077

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

Municipal Garage Fund

The Municipal Garage Fund is used to account for the resources collected from other City departments used to provide maintenance to City vehicles and major equipment/machinery.

Vehicle Replacement Fund

The Vehicle Replacement Fund is used to account for the resources collected from other City departments used in replacing City vehicles and major equipment.

Buildings and Land Fund

The Buildings and Land Fund is used to account for the resources collected from other City departments used for the purchase of land or buildings, or the remodeling, renovation, and expansion of current buildings.

Liability Insurance Fund

The Liability Insurance Fund is used to account for the resources collected from other City departments used to manage funding of the property/casualty/workers compensation claims.

Health Insurance Fund

The Health Insurance Fund is used to account for resources collected from other City departments to fund the City's portion of health insurance premiums as well as those of retired employees.

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Net Position
December 31, 2018**

	<u>Municipal Garage</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 1,231,444
Receivables - Net of Allowances - Accounts	17,530
Prepays	-
Total Current Assets	<u>1,248,974</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	-
Depreciable	9,247
Accumulated Depreciation	<u>(9,247)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>1,248,974</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	89,979
Accrued Payroll	9,699
Compensated Absences Payable	<u>3,468</u>
Total Current Liabilities	<u>103,146</u>
Noncurrent Liabilities	
Compensated Absences Payable	<u>117,943</u>
Total Liabilities	<u>221,089</u>
NET POSITION	
Investment in Capital Assets	-
Unrestricted	<u>1,027,885</u>
Total Net Position	<u>1,027,885</u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,712,890	380,640	1,421,286	1,694,237	6,440,497
-	36,781	-	-	54,311
-	-	1,607,810	3,578,387	5,186,197
1,712,890	417,421	3,029,096	5,272,624	11,681,005
2,407,219	289,991	-	-	2,697,210
21,466,557	4,811,839	-	-	26,287,643
(14,161,698)	(2,592,580)	-	-	(16,763,525)
9,712,078	2,509,250	-	-	12,221,328
11,424,968	2,926,671	3,029,096	5,272,624	23,902,333
653,551	92,138	10,824	220,470	1,066,962
-	-	-	-	9,699
-	-	-	-	3,468
653,551	92,138	10,824	220,470	1,080,129
-	-	-	-	117,943
653,551	92,138	10,824	220,470	1,198,072
9,712,078	2,509,250	-	-	12,221,328
1,059,339	325,283	3,018,272	5,052,154	10,482,933
10,771,417	2,834,533	3,018,272	5,052,154	22,704,261

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2018**

	<u>Municipal Garage</u>
Operating Revenues	
Interfund Services	\$ 1,551,762
Miscellaneous	4,867
Total Operating Revenues	<u>1,556,629</u>
Operating Expenses	
Administration	1,411,253
Public Safety	-
Public Works	-
Depreciation and Amortization	-
Total Operating Expenses	<u>1,411,253</u>
Operating Income	<u>145,376</u>
Nonoperating Revenues	
Disposal of Capital Assets	-
Interest Income	1,642
	<u>1,642</u>
Income (Loss) Before Transfers	<u>147,018</u>
Transfers In	-
Transfers Out	-
	<u>-</u>
Change in Net Position	147,018
Net Position - Beginning	<u>880,867</u>
Net Position - Ending	<u><u>1,027,885</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,440,362	571,782	829,436	3,206,460	7,599,802
-	-	524,453	1,221,879	1,751,199
1,440,362	571,782	1,353,889	4,428,339	9,351,001
-	-	773,526	4,150,790	6,335,569
123,107	-	-	-	123,107
-	184,496	-	-	184,496
759,131	208,148	-	-	967,279
882,238	392,644	773,526	4,150,790	7,610,451
558,124	179,138	580,363	277,549	1,740,550
50,121	-	-	-	50,121
386	192	189	1,512	3,921
50,507	192	189	1,512	54,042
608,631	179,330	580,552	279,061	1,794,592
100,000	200,000	-	-	300,000
-	-	(350,000)	(528,548)	(878,548)
100,000	200,000	(350,000)	(528,548)	(578,548)
708,631	379,330	230,552	(249,487)	1,216,044
10,062,786	2,455,203	2,787,720	5,301,641	21,488,217
10,771,417	2,834,533	3,018,272	5,052,154	22,704,261

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Cash Flows
For the Fiscal Year Ended December 31, 2018**

	<u>Municipal Garage</u>
Cash Flows from Operating Activities	
Interfund Services Provided	\$ 1,541,821
Payments to Suppliers	(1,054,576)
Payments to Employees	(364,177)
	<u>123,068</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	-
Transfers Out	-
	<u>-</u>
Cash Flows from Capital and Related Financing Activities	
Disposal of Capital Assets	-
Purchase of Capital Assets	-
	<u>-</u>
Cash Flows from Investing Activities	
Interest Received	1,642
	<u>1,642</u>
Net Change in Cash and Cash Equivalents	124,710
Cash and Cash Equivalents - Beginning	<u>1,106,734</u>
Cash and Cash Equivalents - Ending	<u><u>1,231,444</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income	145,376
Adjustments to Reconcile Operating Income	
to Net Cash Provided by (Used in)	
Operating Activities	
Depreciation and Amortization	-
(Increase) Decrease in Current Assets	(14,808)
Increase (Decrease) in Current Liabilities	(7,500)
	<u>(7,500)</u>
Net Cash Provided by Operating Activities	<u><u>123,068</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,452,627	545,168	1,084,338	4,398,897	9,022,851
465,370	(386,802)	(764,578)	(4,158,618)	(5,899,204)
-	-	-	-	(364,177)
1,917,997	158,366	319,760	240,279	2,759,470
100,000	200,000	-	-	300,000
-	-	(350,000)	(528,548)	(878,548)
100,000	200,000	(350,000)	(528,548)	(578,548)
50,121	-	-	-	50,121
(2,386,101)	(276,718)	-	-	(2,662,819)
(2,335,980)	(276,718)	-	-	(2,612,698)
386	192	189	1,512	3,921
(317,597)	81,840	(30,051)	(286,757)	(427,855)
2,030,487	298,800	1,451,337	1,980,994	6,868,352
1,712,890	380,640	1,421,286	1,694,237	6,440,497
558,124	179,138	580,363	277,549	1,740,550
759,131	208,148	-	-	967,279
12,265	(26,614)	(269,551)	(29,442)	(328,150)
588,477	(202,306)	8,948	(7,828)	379,791
1,917,997	158,366	319,760	240,279	2,759,470

CITY OF ROLLING MEADOWS, ILLINOIS

Municipal Garage - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,549,200	1,549,200	1,551,762
Miscellaneous	5,550	5,550	4,867
Total Operating Revenues	<u>1,554,750</u>	<u>1,554,750</u>	<u>1,556,629</u>
Operating Expenses			
Administration			
Motor Pool			
Salaries and Wages	349,877	349,877	364,177
Benefits	160,391	160,391	165,919
Contracted Services	529,500	529,500	492,717
Supplies	490,750	490,750	388,440
Total Operating Expenses	<u>1,530,518</u>	<u>1,530,518</u>	<u>1,411,253</u>
Operating Income	24,232	24,232	145,376
Nonoperating Revenues			
Interest Income	-	-	1,642
Change in Net Position	<u>24,232</u>	<u>24,232</u>	147,018
Net Position - Beginning			<u>880,867</u>
Net Position - Ending			<u><u>1,027,885</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Vehicle Replacement - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,440,362	1,440,362	1,440,362
Operating Expenses			
Public Safety	2,483,940	2,483,940	123,107
Depreciation and Amortization	-	-	759,131
Total Operating Expenses	2,483,940	2,483,940	882,238
Operating (Loss)	(1,043,578)	(1,043,578)	558,124
Nonoperating Revenues			
Disposal of Capital Assets	5,000	5,000	50,121
Interest Income	-	-	386
	5,000	5,000	50,507
(Loss) Before Transfers	(1,038,578)	(1,038,578)	608,631
Transfer In	100,000	100,000	100,000
Change in Net Position	(938,578)	(938,578)	708,631
Net Position - Beginning			10,062,786
Net Position - Ending			10,771,417

CITY OF ROLLING MEADOWS, ILLINOIS

Buildings and Land - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 557,500	557,500	571,782
Operating Expenses			
Public Works	776,815	776,815	184,496
Depreciation	-	-	208,148
Total Operating Expenses	776,815	776,815	392,644
Operating Income (Loss)	(219,315)	(219,315)	179,138
Nonoperating Revenues			
Interest Income	-	-	192
Income (Loss) Before Transfers	(219,315)	(219,315)	179,330
Transfers In	200,000	200,000	200,000
Change in Net Position	<u>(19,315)</u>	<u>(19,315)</u>	379,330
Net Position - Beginning			<u>2,455,203</u>
Net Position - Ending			<u>2,834,533</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Liability Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 829,436	829,436	829,436
Miscellaneous			
Insurance Rebate	80,000	80,000	102,831
Other	-	-	421,622
Total Operating Revenues	<u>909,436</u>	<u>909,436</u>	<u>1,353,889</u>
Operating Expenses			
Administration			
Liability Insurance	725,000	725,000	724,704
Unemployment	5,000	5,000	-
Reimbursable Repairs	20,000	20,000	48,822
Total Operating Expenses	<u>750,000</u>	<u>750,000</u>	<u>773,526</u>
Operating Income	159,436	159,436	580,363
Nonoperating Revenues			
Interest Income	<u>100</u>	<u>100</u>	<u>189</u>
Income Before Transfers	159,536	159,536	580,552
Transfers Out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>
Change in Net Position	<u>(190,464)</u>	<u>(190,464)</u>	230,552
Net Position - Beginning			<u>2,787,720</u>
Net Position - Ending			<u><u>3,018,272</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Health Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 3,622,524	3,622,524	3,206,460
Miscellaneous			
Employee Contributions	375,524	375,524	363,351
Retiree Contributions	697,091	697,091	830,720
Other	(25,000)	(25,000)	27,808
Total Operating Revenues	<u>4,670,139</u>	<u>4,670,139</u>	<u>4,428,339</u>
Operating Expenses			
Administration			
Group Health			
PPO White	617,861	617,861	579,174
PPO Blue	459,541	459,541	498,779
HMO	784,015	784,015	1,285,728
Retirees	493,834	493,834	500,432
PSEBA	25,311	25,311	24,979
PPO Purple	49,203	49,203	78,306
HMO Orange	35,752	35,752	31,905
Dental Insurance			
PPO	77,091	77,091	80,225
Retirees	13,624	13,624	13,900
HMO	64,116	64,116	51,132
Life Insurance	22,668	22,668	19,968
Medical Waivers	1,395	1,395	1,273
Retiree Medicare Reimbursements	230,000	230,000	245,743
Retiree Payouts	600,000	600,000	670,188
Retiree Taxes	45,900	45,900	22,476
Retiree IMRF	90,000	90,000	40,759
Other	8,000	8,000	5,823
Total Operating Expenses	<u>3,618,311</u>	<u>3,618,311</u>	<u>4,150,790</u>
Operating Income	1,051,828	1,051,828	277,549
Nonoperating Revenues			
Interest Income	1,000	1,000	1,512
Income Before Transfers	1,052,828	1,052,828	279,061
Transfer Out	(528,548)	(528,548)	(528,548)
Change in Net Position	<u>524,280</u>	<u>524,280</u>	(249,487)
Net Position - Beginning			<u>5,301,641</u>
Net Position - Ending			<u><u>5,052,154</u></u>

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

AGENCY FUNDS

Compliance Deposits Fund

The Compliance Deposits Fund is used to account for money paid to the City pursuant to zoning and building codes.

CITY OF ROLLING MEADOWS, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
December 31, 2018**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 216,358	4,022,117	4,238,475
Investments			
U.S. Government Obligations	1,923,953	1,404,476	3,328,429
U.S. Agency Obligations	4,064,302	2,409,501	6,473,803
Corporate Bonds	6,926,129	4,379,236	11,305,365
Mutual Funds	1,719,065	21,121,053	22,840,118
Common Stock	22,723,638	-	22,723,638
Insurance Contracts	2,279,472	-	2,279,472
Certificate of Deposits	2,016,674	-	2,016,674
Receivables - Net of Allowance			
Accrued Interest	105,608	77,151	182,759
Prepays	2,368	1,582	3,950
Total Assets	41,977,567	33,415,116	75,392,683
LIABILITIES			
Accounts Payable	23,006	860	23,866
Due to Other Funds	7,978	7,289	15,267
Total Liabilities	30,984	8,149	39,133
NET POSITION			
Net Position Restricted for Pensions	41,946,583	33,406,967	75,353,550

CITY OF ROLLING MEADOWS, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2018**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 3,480,637	3,788,593	7,269,230
Contributions - Plan Members	505,917	421,856	927,773
Total Contributions	3,986,554	4,210,449	8,197,003
Investment Earnings			
Interest Earned	1,078,737	696,733	1,775,470
Net Change in Fair Value	(2,923,744)	(1,953,683)	(4,877,427)
	(1,845,007)	(1,256,950)	(3,101,957)
Less Investment Expenses	(104,561)	(53,189)	(157,750)
Net Investment Income	(1,949,568)	(1,310,139)	(3,259,707)
Total Additions	2,036,986	2,900,310	4,937,296
Deductions			
Administration	57,448	73,346	130,794
Benefits and Refunds	3,502,585	3,736,785	7,239,370
Total Deductions	3,560,033	3,810,131	7,370,164
Change in Fiduciary Net Position	(1,523,047)	(909,821)	(2,432,868)
Net Position Restricted for Pensions			
Beginning	43,469,630	34,316,788	77,786,418
Ending	41,946,583	33,406,967	75,353,550

CITY OF ROLLING MEADOWS, ILLINOIS

Compliance Deposits - Agency Fund

**Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2018**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 418,754	464,148	418,754	464,148
LIABILITIES				
Accounts Payable	-	12,528	-	12,528
Deposits Payable	418,754	451,620	418,754	451,620
Total Liabilities	418,754	464,148	418,754	464,148

CITY OF ROLLING MEADOWS, ILLINOIS

Consolidated Year-End Financial Report

December 31, 2018

CSFA #	Program Name	State	Federal	Other	Total
420-00-0505	Grants Management Program	\$ -	-	-	-
494-00-0958	Truck Access Route Program	-	-	-	-
494-00-1000	Illinois Transportation Enhancements Program	-	102,472	-	102,472
494-00-1003	Congestion Mitigation and Air Quality	-	-	-	-
494-00-1005	Local Federal Bridge Program	-	25,089	-	25,089
494-00-1488	Motor Fuel Tax Program	568,209	-	-	568,209
494-10-0343	State and Community Hightway Safety/ National Priority Safety Program	16,932	-	-	16,932
494-42-0495	Local Surface Transportation Program	-	99,401	-	99,401
	Other Grant Programs and Activities	17,526	49,908	-	67,434
	All Other Costs Not Allocated	-	-	53,367,765	53,367,765
	Totals	602,667	276,870	53,367,765	54,247,302



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

May 23, 2019

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

SUPPLEMENTAL SCHEDULES

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Refunding Bonds of 2012**

December 31, 2018

Date of Issue	May 8, 2012
Date of Maturity	January 1, 2024
Authorized Issue	\$9,690,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 3.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired by	Debt Service and Utilities
Purpose of Debt	Refunded Debt for Access Road from Golf Road to Algonquin Road, Storm Water System Improvements, and Redevelopment Costs - Meadows Town Mall and Meijer Store

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2018	\$ 760,000	101,188	861,188	2019	50,594	2020	50,594
2019	805,000	80,288	885,288	2020	40,144	2021	40,144
2020	635,000	58,150	693,150	2021	29,075	2022	29,075
2021	675,000	40,688	715,688	2022	20,344	2023	20,344
2022	715,000	21,450	736,450	2023	10,725	2024	10,725
	<u>3,590,000</u>	<u>301,764</u>	<u>3,891,764</u>		<u>150,882</u>		<u>150,882</u>
	3,295,000	Governmental Activities					
	<u>295,000</u>	Business-Type Activities					
	<u>3,590,000</u>						

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Bonds of 2018**

December 31, 2018

Date of Issue	December 18, 2018
Date of Maturity	December 15, 2038
Authorized Issue	\$9,500,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired by	Fire Stations
Purpose of Debt	Construction of Two Fire Stations, Land Acquisition, Demolition of Existing Structures, Engineering and Design Costs and the Acquisition of Furniture, Fixtures and Equipment

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2018	\$ 320,000	376,833	696,833	2019	186,833	2019	190,000
2019	330,000	367,200	697,200	2020	183,600	2020	183,600
2020	345,000	354,000	699,000	2021	177,000	2021	177,000
2021	360,000	340,200	700,200	2022	170,100	2022	170,100
2022	375,000	325,800	700,800	2023	162,900	2023	162,900
2023	390,000	310,800	700,800	2024	155,400	2024	155,400
2024	405,000	295,200	700,200	2025	147,600	2025	147,600
2025	420,000	279,000	699,000	2026	139,500	2026	139,500
2026	435,000	262,200	697,200	2027	131,100	2027	131,100
2027	455,000	244,800	699,800	2028	122,400	2028	122,400
2028	470,000	226,600	696,600	2029	113,300	2029	113,300
2029	490,000	207,800	697,800	2030	103,900	2030	103,900
2030	510,000	188,200	698,200	2031	94,100	2031	94,100
2031	530,000	167,800	697,800	2032	83,900	2032	83,900
2032	555,000	146,600	701,600	2033	73,300	2033	73,300
2033	575,000	124,400	699,400	2034	62,200	2034	62,200
2034	600,000	101,400	701,400	2035	50,700	2035	50,700
2035	620,000	77,400	697,400	2036	38,700	2036	38,700
2036	645,000	52,600	697,600	2037	26,300	2037	26,300
2037	670,000	26,800	696,800	2038	13,400	2038	13,400
	<u>9,500,000</u>	<u>4,475,633</u>	<u>13,975,633</u>		<u>2,236,233</u>		<u>2,239,400</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Long-Term Debt Requirements

Illinois Environmental Protection Agency (L17-4070) Loan Payable of 2012

December 31, 2018

Date of Issue	December 13, 2012
Date of Maturity	September 15, 2033
Authorized Issue	\$1,265,744
Interest Rate	2.295%
Interest Dates	March 15 and September 15
Principal Maturity Date	September 15
Payable at	Illinois Environmental Protection Agency
Fund Debt Retired by	Utilities
Purpose of Debt	Drinking Water Project

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Mar. 15	Amount	Sept. 15	Amount
2018	\$ 57,766	23,114	80,880	2019	11,722	2019	11,392
2019	59,099	21,781	80,880	2020	11,059	2020	10,722
2020	60,463	20,417	80,880	2021	10,381	2021	10,036
2021	61,859	19,021	80,880	2022	9,687	2022	9,334
2022	63,286	17,594	80,880	2023	8,977	2023	8,617
2023	64,747	16,133	80,880	2024	8,251	2024	7,882
2024	66,242	14,638	80,880	2025	7,508	2025	7,130
2025	67,771	13,109	80,880	2026	6,748	2026	6,361
2026	69,335	11,545	80,880	2027	5,970	2027	5,575
2027	70,935	9,945	80,880	2028	5,175	2028	4,770
2028	72,573	8,307	80,880	2029	4,361	2029	3,946
2029	74,248	6,632	80,880	2030	3,528	2030	3,104
2030	75,961	4,919	80,880	2031	2,676	2031	2,243
2031	77,715	3,165	80,880	2032	1,804	2032	1,361
2032	79,507	1,373	80,880	2033	912	2033	461
	<u>1,021,507</u>	<u>191,693</u>	<u>1,213,200</u>		<u>98,759</u>		<u>92,934</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Long-Term Debt Requirements

Illinois Environmental Protection Agency (L17-4141) Loan Payable of 2013

December 31, 2018

Date of Issue	October 18, 2013
Date of Maturity	May 1, 2034
Authorized Issue	\$1,365,863
Interest Rate	1.930%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	Illinois Environmental Protection Agency
Fund Debt Retired by	Utilities
Purpose of Debt	Wastewater Project

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2018	\$ 62,289	21,197	83,486	2019	10,748	2019	10,449
2019	63,497	19,989	83,486	2020	10,147	2020	9,842
2020	64,729	18,757	83,486	2021	9,535	2021	9,222
2021	65,983	17,503	83,486	2022	8,910	2022	8,593
2022	67,263	16,223	83,486	2023	8,273	2023	7,950
2023	68,568	14,918	83,486	2024	7,624	2024	7,294
2024	69,898	13,588	83,486	2025	6,962	2025	6,626
2025	71,254	12,232	83,486	2026	6,288	2026	5,944
2026	72,635	10,851	83,486	2027	5,600	2027	5,251
2027	74,044	9,442	83,486	2028	4,899	2028	4,543
2028	75,480	8,006	83,486	2029	4,185	2029	3,821
2029	76,943	6,543	83,486	2030	3,457	2030	3,086
2030	78,435	5,051	83,486	2031	2,714	2031	2,337
2031	79,956	3,530	83,486	2032	1,957	2032	1,573
2032	81,507	1,979	83,486	2033	1,186	2033	793
2033	41,345	399	41,744	2034	399	2034	-
	<u>1,113,826</u>	<u>180,208</u>	<u>1,294,034</u>		<u>92,884</u>		<u>87,324</u>

STATISTICAL SECTION

(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF ROLLING MEADOWS, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)**

	2009	2010	2011	2012
Governmental Activities				
Net Investment in Capital Assets	\$ 108,882,307	108,392,130	111,771,420	113,811,130
Restricted	2,051,851	1,699,491	2,767,336	1,437,541
Unrestricted	(5,645,470)	(4,534,846)	(7,515,610)	(2,230,163)
Total Governmental Activities Net Position	105,288,688	105,556,775	107,023,146	113,018,508
Business-Type Activities				
Net Investment in Capital Assets	8,491,159	8,095,948	8,449,043	8,343,385
Unrestricted	315,541	2,085,393	2,942,316	4,417,081
Total Business-Type Activities Net Position	8,806,700	10,181,341	11,391,359	12,760,466
Primary Government				
Net Investment in Capital Assets	117,373,466	116,488,078	120,220,463	122,154,515
Restricted	2,051,851	1,699,491	2,767,336	1,437,541
Unrestricted	(5,329,929)	(2,449,453)	(4,573,294)	2,186,918
Total Primary Government Net Position	114,095,388	115,738,116	118,414,505	125,778,974

* Accrual Basis of Accounting

Data Source: Audited Financial Statements

2013	2014	2015	2016	2017	2018
114,849,845	117,346,244	121,051,207	123,131,275	128,751,947	132,346,127
1,281,794	1,226,505	1,084,594	1,388,890	1,670,010	1,797,635
2,456,900	5,192,234	(62,359,303)	(68,600,811)	(57,482,713)	(62,272,079)
118,588,539	123,764,983	59,776,498	55,919,354	72,939,244	71,871,683
8,429,963	8,847,435	10,554,431	12,601,433	14,095,822	14,530,097
5,255,511	6,089,240	4,637,392	2,515,984	2,911,351	4,762,152
13,685,474	14,936,675	15,191,823	15,117,417	17,007,173	19,292,249
123,279,808	126,193,679	131,605,638	135,732,708	142,847,769	146,876,224
1,281,794	1,226,505	1,084,594	1,388,890	1,670,010	1,797,635
7,712,411	11,281,474	(57,721,911)	(66,084,827)	(54,571,362)	(57,509,927)
132,274,013	138,701,658	74,968,321	71,036,771	89,946,417	91,163,932

CITY OF ROLLING MEADOWS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)

	2009	2010**	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	\$ 5,142,807	3,866,996	4,235,018	2,551,436	1,884,228	1,978,376	4,710,309	929,813	1,354,511	1,457,228
Public Safety	18,504,150	17,950,149	19,535,204	19,817,544	21,310,555	21,718,054	30,989,615	33,691,854	11,271,148	30,114,837
Highways and Streets	1,063,134	673,460	1,136,370	1,201,640	1,271,488	993,051	1,019,272	1,013,213	1,253,252	1,082,494
Public Works	3,449,304	5,708,281	3,948,420	3,692,206	3,929,719	4,478,722	4,209,525	4,498,849	5,614,464	5,718,353
Health and Welfare	30,071	23,721	9,537	9,879	10,481	10,352	4,797	4,370	6,121	4,790
Economic Development	62,322	32,982	42,130	129,036	59,851	65,738	72,945	159,407	160,526	386,195
Interest on Long-Term Debt	913,918	825,026	752,459	670,105	512,086	412,711	346,695	283,878	221,075	230,817
Total Governmental Activities Expenses	29,165,706	29,080,615	29,659,138	28,071,846	28,978,408	29,657,004	41,353,158	40,581,384	19,881,097	38,994,714
Business-Type Activities										
Water	4,859,697	-	-	-	-	-	-	-	-	-
Sewer	1,305,382	-	-	-	-	-	-	-	-	-
Refuse	2,471,363	2,543,279	2,291,402	2,224,955	1,980,584	2,120,696	2,188,936	2,349,984	2,178,195	2,209,077
Storm Water Management	476,415	-	-	-	-	-	-	-	-	-
Utilities	-	6,432,610	6,740,808	7,735,312	8,178,445	8,557,359	9,443,330	10,425,577	9,601,362	9,399,536
Total Business-Type Activities Expenses	9,112,857	8,975,889	9,032,210	9,960,267	10,159,029	10,678,055	11,632,266	12,775,561	11,779,557	11,608,613
Total Primary Government Expenses	38,278,563	38,056,504	38,691,348	38,032,113	39,137,437	40,335,059	52,985,424	53,356,945	31,660,654	50,603,327
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	2,409,957	2,235,239	2,292,373	2,759,018	2,744,240	2,949,559	4,422,436	3,482,990	3,100,246	3,371,559
Public Safety	2,227,513	2,278,235	1,935,468	2,010,026	2,098,685	2,088,946	2,398,343	2,215,543	2,103,101	2,450,768
Highways and Streets	377,951	379,500	376,565	440,191	502,194	494,121	492,658	484,226	486,865	427,400
Public Works	-	-	-	-	-	-	-	-	-	-
Operating Grants/Contributions	87,436	129,711	115,719	89,572	45,133	34,668	131,706	26,655	15,585	35,781
Capital Grants/Contributions	868,063	743,796	1,068,261	1,981,230	1,641,349	1,620,109	1,584,544	1,129,271	1,170,974	1,212,653
Total Governmental Activities Program Revenues	5,970,920	5,766,481	5,788,386	7,280,037	7,031,601	7,187,403	9,029,687	7,338,685	6,876,771	7,498,161
Business-Type Activities										
Charges for Services										
Water	5,428,887	-	-	-	-	-	-	-	-	-
Sewer	1,663,771	-	-	-	-	-	-	-	-	-
Refuse	2,481,918	2,441,652	2,550,654	2,489,843	2,182,624	2,289,293	2,211,095	2,198,818	2,194,628	2,178,810
Storm Water Management	895,935	-	-	-	-	-	-	-	-	-
Street Light Utility	-	-	-	-	-	-	-	-	-	-
Utilities	-	7,971,358	7,690,989	8,926,344	8,900,389	9,638,533	9,946,864	10,600,582	11,413,154	11,789,968
Capital Grants/Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	10,470,511	10,413,010	10,241,643	11,416,187	11,083,013	11,927,826	12,157,959	12,799,400	13,607,782	13,968,778
Total Primary Government Program Revenues	16,441,431	16,179,491	16,030,029	18,696,224	18,114,614	19,115,229	21,187,646	20,138,085	20,484,553	21,466,939

	2009	2010**	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expenses) Revenues										
Governmental Activities	\$ (23,194,786)	(23,314,134)	(23,870,752)	(20,791,809)	(21,946,807)	(22,469,601)	(32,323,471)	(33,242,699)	(13,004,326)	(31,496,553)
Business-Type Activities	1,357,654	1,437,121	1,209,433	1,455,920	923,984	1,249,771	525,693	23,839	1,828,225	2,360,165
Total Primary Government Net (Expenses) Revenues	(21,837,132)	(21,877,013)	(22,661,319)	(19,335,889)	(21,022,823)	(21,219,830)	(31,797,778)	(33,218,860)	(11,176,101)	(29,136,388)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	9,112,215	10,548,012	11,826,132	12,794,326	13,212,272	13,185,352	13,330,729	13,352,220	14,931,202	17,292,247
Sales and Home Rule	5,115,760	4,726,022	4,930,575	5,127,489	5,287,152	5,725,672	5,696,766	6,332,653	6,210,667	6,108,188
Telecommunications Taxes	2,075,334	1,846,728	1,936,227	1,845,387	1,705,124	1,489,622	1,691,483	1,405,592	1,317,282	1,215,689
Electric Utility	1,301,016	1,310,453	1,295,918	1,298,887	1,314,755	1,318,396	1,291,072	1,285,380	1,241,455	1,274,398
Hotel	288,634	289,076	333,374	389,212	399,218	466,914	476,594	459,967	437,536	296,908
Food and Beverage	1,221,391	1,216,961	1,212,122	1,176,218	1,166,430	1,219,330	1,286,438	1,337,145	1,322,223	1,588,313
Real Estate Transfer	191,259	174,819	153,688	239,865	638,306	433,172	505,464	599,679	587,918	912,718
Income	1,999,825	1,923,695	1,915,788	2,136,575	2,323,902	2,282,225	2,605,804	2,315,210	2,189,384	2,324,681
Replacement	177,371	194,281	181,680	175,462	201,091	194,283	179,585	191,939	221,448	160,928
Other Taxes	918,055	783,518	802,280	840,015	905,187	952,161	1,020,476	943,578	986,795	1,157,347
Interest	4,572	3,736	8,471	12,070	12,125	(36,478)	17,131	54,407	78,814	212,418
Miscellaneous	696,661	508,518	740,868	664,470	351,276	415,396	713,424	907,785	499,492	403,712
Gain (Loss) on Sale of Capital Assets										
Transfers	404,714	56,402	-	87,195	-	-	-	200,000	-	-
Total Governmental Activities	23,506,807	23,582,221	25,337,123	26,787,171	27,516,838	27,646,045	28,814,966	29,385,555	30,024,216	32,947,547
Business-Type Activities										
Interest	13,400	(6,078)	585	382	1,024	1,430	20,876	101,755	61,531	45,443
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	(404,714)	(56,402)	-	(87,195)	-	-	-	(200,000)	-	-
Total Business-Type Activities	(391,314)	(62,480)	585	(86,813)	1,024	1,430	20,876	(98,245)	61,531	45,443
Total Primary Government	23,115,493	23,519,741	25,337,708	26,700,358	27,517,862	27,647,475	28,835,842	29,287,310	30,085,747	32,992,990
Changes in Net Position										
Governmental Activities	312,021	268,087	1,466,371	5,995,362	5,570,031	5,176,444	(3,508,505)	(3,857,144)	17,019,890	1,450,994
Business-Type Activities	956,340	1,374,641	1,210,018	1,369,107	925,008	1,251,201	546,569	(74,406)	1,889,756	2,405,608
Total Primary Government	1,278,361	1,642,728	2,676,389	7,364,469	6,495,039	6,427,645	(2,961,936)	(3,931,550)	18,909,646	3,856,602

* Accrual Basis of Accounting
** For the year ended December 31, 2010, the City condensed Water, Sewer, and Stormwater Management into one Fund, the Utilities Fund.
Data Source: Audited Financial Statements

CITY OF ROLLING MEADOWS, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)**

	2009	2010	2011
General Fund			
Reserved	\$ 31,143	38,662	-
Unreserved	(755,684)	(276,386)	-
Nonspendable	-	-	17,154
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	1,835,647
Total General Fund	<u>(724,541)</u>	<u>(237,724)</u>	<u>1,852,801</u>
All Other Governmental Funds			
Reserved	39,266	-	-
Unreserved, Reported in,			
Special Revenue Funds	1,558,533	1,890,239	-
Debt Service Funds	944,481	733,690	-
Capital Projects Funds	2,143,972	2,000,606	-
Nonspendable	-	-	43,704
Restricted	-	-	2,767,336
Assigned	-	-	394,257
Unassigned	-	-	(1,577,366)
Total All Other Governmental Funds	<u>4,686,252</u>	<u>4,624,535</u>	<u>1,627,931</u>
Total Fund Balances of All Governmental Funds	<u><u>3,961,711</u></u>	<u><u>4,386,811</u></u>	<u><u>3,480,732</u></u>

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

Note:

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

2012	2013	2014	2015	2016	2017	2018
-	-	-	-	-	-	-
-	-	-	-	-	-	-
42,584	26,407	44,792	44,788	41,146	46,467	38,431
-	-	-	-	52,835	35,178	-
-	-	421,452	521,452	721,452	1,021,452	1,400,000
-	-	-	1,221,683	1,000,000	750,000	-
4,203,793	6,076,910	7,565,662	9,671,128	10,113,617	7,711,972	9,675,955
4,246,377	6,103,317	8,031,906	11,459,051	11,929,050	9,565,069	11,114,386
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
34,615	9,987	2,677	35,126	35,331	41,990	1,198
1,437,541	1,283,172	1,234,222	1,090,277	1,454,780	1,634,832	1,797,635
756,176	1,147,248	488,579	313,560	1,112,349	1,285,115	3,636,772
(1,194,218)	(890,492)	(1,020,387)	(1,147,851)	(1,416,954)	(1,544,381)	7,359,677
1,034,114	1,549,915	705,091	291,112	1,185,506	1,417,556	12,795,282
5,280,491	7,653,232	8,736,997	11,750,163	13,114,556	10,982,625	23,909,668

CITY OF ROLLING MEADOWS, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)**

	2009	2010	2011
Revenues			
Taxes	\$ 19,937,896	20,571,562	22,139,213
Intergovernmental	3,788,179	3,385,015	3,632,551
Licenses and Permits	1,153,258	1,164,750	1,337,517
Charges for Services	2,437,206	2,210,123	2,070,328
Fines and Forfeitures	1,055,241	1,448,596	1,196,561
Interest	3,244	3,656	7,758
Miscellaneous	696,661	508,518	740,868
Total Revenues	29,071,685	29,292,220	31,124,796
Expenditures			
General Government	3,541,481	3,512,882	3,357,499
Public Safety	17,272,340	18,731,524	19,269,706
Highways and Streets	586,396	673,460	1,136,370
Public Works	2,545,694	2,668,228	2,417,384
Health and Welfare	30,071	23,721	9,537
Economic Development	62,322	32,982	42,130
Capital Outlay	995,943	1,114,952	2,062,621
Debt Service			
Principal Retirement	1,639,923	3,007,460	2,972,170
Interest	890,602	837,422	765,130
Total Expenditures	27,564,772	30,602,631	32,032,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,506,913	(1,310,411)	(907,751)
Other Financing Sources (Uses)			
Disposal of Capital Assets	1,258	10,456	1,672
Debt Issuance	1,315,000	1,200,000	-
Premium/Discount on Debt Issuance	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	3,288,518	2,712,782	1,412,903
Transfers Out	(3,182,211)	(1,656,380)	(1,412,903)
	1,422,565	2,266,858	1,672
Net Change in Fund Balances	2,929,478	956,447	(906,079)
Debt Service as a Percentage of Noncapital Expenditures	9.36%	12.96%	12.54%

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

2012	2013	2014	2015	2016	2017	2018
23,327,064	24,194,556	24,319,808	24,763,044	25,130,858	26,411,720	29,133,926
4,767,174	4,645,363	4,602,096	5,037,617	4,248,431	4,220,749	4,445,925
1,504,274	1,387,226	1,549,965	2,743,938	1,906,181	1,479,815	1,640,953
2,433,701	2,609,891	2,615,701	2,972,949	2,926,258	2,888,994	3,235,235
1,271,260	1,348,002	1,366,960	1,596,550	1,350,320	1,321,403	1,373,539
11,033	10,590	(37,604)	16,965	53,648	77,986	208,497
664,470	351,276	415,396	713,424	907,785	499,492	403,712
33,978,976	34,546,904	34,832,322	37,844,487	36,523,481	36,900,159	40,441,787
4,042,299	3,564,299	4,062,109	4,320,711	4,039,414	2,666,435	2,780,263
20,259,585	21,237,148	21,688,294	21,970,277	23,764,984	24,987,648	25,491,740
1,201,640	1,271,488	993,051	1,019,272	1,013,213	1,108,131	1,082,494
2,136,425	2,256,611	2,400,591	2,336,042	2,287,326	3,649,697	3,938,222
9,879	10,481	10,352	4,797	4,370	6,121	4,790
129,036	59,851	65,738	72,945	159,407	873,430	386,195
1,948,992	1,187,260	1,986,357	2,666,447	1,661,489	3,540,267	3,144,352
1,926,880	2,101,590	2,166,300	2,230,830	2,275,720	2,360,348	1,020,000
615,941	457,492	381,365	315,000	253,165	190,013	197,088
32,270,677	32,146,220	33,754,157	34,936,321	35,459,088	39,382,090	38,045,144
1,708,299	2,400,684	1,078,165	2,908,166	1,064,393	(2,481,931)	2,396,643
763	539	600	-	-	-	-
8,265,000	2,055,000	-	-	-	-	9,500,000
5,791	-	-	-	-	-	451,852
(8,267,289)	(2,033,165)	-	-	-	-	-
961,494	1,698,570	1,712,967	1,700,724	2,997,575	3,552,075	1,411,623
(874,299)	(1,748,887)	(1,707,967)	(1,595,724)	(2,697,575)	(3,202,075)	(833,075)
91,460	(27,943)	5,600	105,000	300,000	350,000	10,530,400
1,799,759	2,372,741	1,083,765	3,013,166	1,364,393	(2,131,931)	12,927,043
8.46%	8.41%	7.97%	7.87%	7.40%	7.25%	3.49%

CITY OF ROLLING MEADOWS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
December 31, 2018 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property
2008	\$ 522,464,745	\$ 419,355,712	\$ 210,864,899	\$ -
2009	572,817,559	391,540,158	181,795,503	-
2010	511,782,750	325,424,028	166,631,402	-
2011	478,777,636	280,540,952	147,475,207	-
2012	441,318,353	259,333,247	135,360,243	-
2013	369,772,380	252,591,816	100,770,099	-
2014	394,371,663	254,681,126	81,117,603	-
2015	382,895,892	242,324,603	78,686,402	-
2016	454,910,891	259,421,096	79,071,548	-
2017	453,622,046	270,527,838	83,954,247	-

Data Source: Office of the Cook County Clerk

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

	Total Taxable Assessed Value	% Increase/ (Decrease)	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
\$	1,152,685,356	6.23%	\$ 3,458,056,068	33.33%	1.019
	1,146,153,220	(0.57%)	3,438,459,660	33.33%	1.158
	1,003,838,180	(12.42%)	3,011,514,540	33.33%	1.416
	906,793,995	(9.67%)	2,720,381,985	33.33%	1.706
	836,011,843	(7.81%)	2,508,035,529	33.33%	1.918
	723,134,295	(13.50%)	2,169,402,885	33.33%	2.200
	730,170,392	0.97%	2,190,511,176	33.33%	2.187
	703,906,897	(3.60%)	2,111,720,691	33.33%	2.362
	793,403,535	8.66%	2,380,210,605	33.33%	2.190
	808,104,131	14.80%	2,424,312,393	33.33%	2.247

CITY OF ROLLING MEADOWS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years

Elk Grove Township

December 31, 2018 (Unaudited)

	2008	2009	2010
City Direct Rates			
General	\$ 0.428	0.445	0.507
Debt Service	0.124	0.124	0.142
Pension Trust			
Police Pension	0.089	0.139	0.209
Firefighters' Pension	0.089	0.141	0.206
Total City Direct Rates	0.730	0.849	1.064
Component Unit - Library Direct Rate	0.289	0.309	0.352
Total City Direct Rate	1.019	1.158	1.416
Overlapping Rates - Elk Grove Township			
Cook County	0.415	0.394	0.423
Forest Preserve District	0.051	0.490	0.051
Suburban Tuberculosis Sanitarium	-	-	-
Metropolitan Sanitary District	0.252	0.261	0.274
Northwest Mosquito Abatement	0.008	0.008	0.009
Consolidated Elections	-	0.021	-
Elk Grove			
Town	0.041	0.044	0.049
Road and Bridge	0.009	0.010	0.010
General Assistance	0.009	0.010	0.010
School Districts			
School District Number 15	2.385	2.307	2.512
High School District Number 214	1.587	1.636	1.839
Community College District Number 512	0.256	0.258	0.295
Rolling Meadows Park District	0.411	0.420	0.486
Total Overlapping Rates - Elk Grove Township	5.424	5.859	5.958
Total Direct and Overlapping Rates	6.443	7.017	7.374

Data Source: Office of the County Clerk

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

2011	2012	2013	2014	2015	2016	2017
0.649	0.703	0.812	0.790	0.833	0.692	0.802
0.157	0.168	0.193	0.189	0.191	0.169	0.056
0.257	0.295	0.353	0.355	0.411	0.418	0.445
0.254	0.318	0.379	0.384	0.436	0.460	0.484
1.317	1.484	1.737	1.718	1.870	1.739	1.787
0.389	0.434	0.463	0.469	0.493	0.451	0.460
1.706	1.918	2.200	2.187	2.362	2.190	2.247
0.462	0.531	0.560	0.568	0.552	0.533	0.496
0.058	0.063	0.069	0.069	0.069	0.063	0.062
0.025	-	-	-	-	-	-
0.320	0.370	0.417	0.430	0.426	0.406	0.402
0.010	0.011	0.013	0.013	0.011	0.010	0.010
-	-	0.031	-	0.034	-	0.03
0.056	0.064	0.077	0.076	0.078	0.066	0.65
0.013	0.014	0.017	0.018	0.018	0.016	0.016
0.012	0.014	0.017	0.017	0.017	0.013	0.013
2.943	3.269	3.849	3.868	4.035	3.543	3.618
2.067	2.324	2.768	2.776	2.881	2.527	2.563
0.334	0.373	0.444	0.451	0.466	0.416	0.425
0.546	0.607	0.709	0.711	0.749	0.677	0.679
6.846	7.640	8.971	8.997	9.336	8.270	8.965
8.552	9.558	11.171	11.184	11.698	10.460	11.212

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
Palatine Township (High School District 211)
December 31, 2018 (Unaudited)**

	2008	2009	2010
City Direct Rates			
General	\$ 0.428	0.445	0.507
Debt Service	0.124	0.124	0.142
Pension Trust			
Police Pension	0.089	0.139	0.209
Firefighters' Pension	0.089	0.141	0.206
Total City Direct Rates	0.730	0.849	1.065
Component Unit - Library Direct Rate	0.289	0.309	0.352
Total City Direct Rate	1.019	1.158	1.417
Overlapping Rates - Palatine Township			
Cook County	0.415	0.394	0.423
Forest Preserve District	0.051	0.490	0.051
Water Reclamation District	0.252	0.261	0.274
Northwest Mosquito Abatement	0.008	0.008	0.009
Consolidated Elections	-	0.021	-
Palatine			
Town	0.035	0.034	0.041
Road and Bridge	0.063	0.061	0.070
General Assistance	0.008	0.008	0.009
School Districts			
School District Number 15	2.385	2.307	2.512
High School District Number 211	1.928	1.916	2.200
Community College District Number 512	0.256	0.258	0.295
Rolling Meadows Park District	0.411	0.420	0.486
Total Overlapping Rates - Palatine Township	5.812	6.178	6.370
Total Direct and Overlapping Rates	6.831	7.336	7.787

Data Source: Office of the County Clerk

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

2011	2012	2013	2014	2015	2016	2017
0.648	0.703	0.812	0.790	0.833	0.692	0.802
0.157	0.168	0.193	0.189	0.191	0.169	0.056
0.257	0.295	0.353	0.355	0.411	0.418	0.445
0.254	0.318	0.379	0.384	0.436	0.460	0.484
1.317	1.484	1.737	1.718	1.870	1.739	1.787
0.389	0.434	0.463	0.469	0.493	0.451	0.460
1.706	1.918	2.200	2.187	2.362	2.190	2.247
0.462	0.531	0.560	0.568	0.552	0.533	0.496
0.058	0.063	0.069	0.069	0.069	0.063	0.062
0.320	0.370	0.417	0.430	0.426	0.406	0.402
0.010	0.011	0.013	0.013	0.011	0.010	0.010
-	-	0.031	-	0.034	-	0.030
0.044	0.049	0.058	0.059	0.063	0.054	0.550
0.079	0.082	0.092	0.090	0.092	0.079	0.780
0.012	0.014	0.017	0.017	0.018	0.012	0.100
2.943	3.269	3.849	3.868	4.035	3.543	3.618
2.482	2.772	3.197	3.213	3.309	2.871	2.922
0.334	0.373	0.444	0.451	0.466	0.416	0.425
0.546	0.607	0.709	0.711	0.749	0.677	0.679
7.290	8.141	9.456	9.489	9.824	8.664	10.074
8.996	10.059	11.656	11.676	12.186	10.854	12.321

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
Palatine Township (High School District 214)
December 31, 2018 (Unaudited)**

	2008	2009	2010
City Direct Rates			
General	\$ 0.428	0.445	0.507
Debt Service	0.124	0.124	0.142
Pension Trust			
Police Pension	0.089	0.139	0.209
Firefighters' Pension	0.089	0.141	0.206
Total City Direct Rates	0.730	0.849	1.065
Component Unit - Library Direct Rate	0.298	0.309	0.352
Total City Direct Rate	1.028	1.158	1.417
Overlapping Rates - Palatine Township			
Cook County	0.415	0.394	0.423
Forest Preserve District	0.051	0.049	0.051
Water Reclamation District	0.252	0.261	0.274
Northwest Mosquito Abatement	0.008	0.008	0.009
Consolidated Elections	-	0.021	-
Palatine			
Town	0.035	0.034	0.041
Road and Bridge	0.063	0.061	0.070
General Assistance	0.008	0.008	0.009
School Districts			
School District Number 15	2.385	2.307	2.512
High School District Number 214	1.587	1.636	1.839
Community College District Number 512	0.256	0.256	0.295
Rolling Meadows Park District	0.411	0.420	0.486
Total Overlapping Rates - Palatine Township	5.471	5.455	6.009
Total Direct and Overlapping Rates	6.499	6.613	7.426

Data Source: Office of the County Clerk

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

2011	2012	2013	2014	2015	2016	2017
0.648	0.703	0.812	0.790	0.833	0.692	0.802
0.157	0.168	0.193	0.189	0.191	0.169	0.056
0.257	0.295	0.353	0.355	0.411	0.418	0.445
0.254	0.318	0.379	0.384	0.436	0.460	0.484
1.317	1.484	1.737	1.718	1.870	1.739	1.787
0.389	0.434	0.463	0.469	0.493	0.451	0.460
1.706	1.918	2.200	2.187	2.362	2.190	2.247
0.462	0.531	0.560	0.568	0.552	0.533	0.496
0.028	0.063	0.069	0.069	0.069	0.063	0.062
0.320	0.370	0.417	0.430	0.426	0.406	0.402
0.010	0.011	0.013	0.013	0.011	0.010	0.010
0.025	-	0.031	-	0.034	-	0.031
0.044	0.049	0.058	0.059	0.063	0.054	0.550
0.079	0.082	0.092	0.090	0.092	0.079	0.780
0.012	0.014	0.017	0.017	0.018	0.012	0.010
2.943	3.269	3.849	3.868	4.035	3.543	3.618
2.067	2.324	2.768	2.776	2.881	2.527	2.563
0.334	0.373	0.444	0.451	0.466	0.416	0.425
0.546	0.607	0.709	0.711	0.749	0.677	0.679
6.870	7.693	9.027	9.052	9.396	8.320	9.626
8.576	9.611	11.227	11.239	11.758	10.510	11.873

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago
December 31, 2018 (Unaudited)**

Taxpayer	2017 Tax Levy Year			2009 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
Arthur J Gallagher	\$ 14,920,264	1	1.85%			
WSC ASP CT Holdings/1701 Golf Rd	12,046,367	2	1.49%			
1600 Corporate Center	11,850,800	3	1.47%	\$ 5,850,712	4	0.51%
Atrium Corp. Center LLC	7,712,882	4	0.95%	10,255,039	2	0.89%
Northrop Grumman Systems	6,031,987	5	0.75%	6,878,822	3	0.60%
Marc Realty	5,068,972	6	0.63%	5,319,584	7	0.46%
Walmart Stores	3,884,659	7	0.48%	5,617,153	6	0.49%
Woodfield Crossing/12 Oaks Realty	3,362,585	8	0.42%	5,704,116	5	0.49%
Meijer Stores	3,171,891	9	0.39%			
Rolling Meadows Station, LLC	2,838,404	10	0.35%			
Prime Group Realty				18,073,786	1	1.57%
Tower Realty				4,519,603	8	0.39%
Rolling Meadows Delaware				4,107,034	9	0.36%
5201 Venture				3,271,779	10	0.28%
Totals	<u>70,888,811</u>		<u>8.77%</u>	<u>69,597,628</u>		<u>6.04%</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2018 (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
2009	2008	\$ 8,428,123	\$ 8,301,100	98.49%	\$ (35,600)	\$ 8,265,500	98.07%
2010	2009	9,730,232	9,383,289	96.43%	108,851	9,492,140	97.55%
2011	2010	10,690,980	10,481,601	98.04%	(2,868)	10,478,733	98.01%
2012	2011	11,939,545	11,565,351	96.87%	(76,090)	11,489,261	96.23%
2013	2012	12,393,762	12,006,864	96.88%	(173,168)	11,833,696	95.48%
2014	2013	12,559,428	12,374,321	98.53%	11,319	12,385,640	98.62%
2015	2014	12,546,303	12,294,644	97.99%	(170,334)	12,124,310	96.64%
2016	2015	13,160,870	12,938,003	98.31%	(167,112)	12,770,891	97.04%
2017	2016	13,791,764	13,383,753	97.04%	(120,203)	13,263,550	96.17%
2018	2017	14,435,144	13,994,684	96.95%	-	13,994,684	96.95%

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, 2018 (Unaudited)**

Fiscal Year	2009	2010	2011	2012
General Merchandise	\$ 60,495,368	39,328,192	28,167,711	37,623,908
Food	11,157,166	9,916,455	9,785,079	9,011,588
Drinking and Eating Places	44,742,470	42,917,114	43,795,249	51,400,943
Apparel	2,522,896	2,443,133	11,089,518	1,610,968
Furniture and H.H. and Radio	6,164,965	5,862,267	6,649,299	8,020,244
Lumber, Building, Hardware	1,205,151	1,186,241	794,665	710,119
Automobile and Filling Stations	45,088,883	52,407,264	64,965,950	66,092,838
Drugs and Misc. Retail	12,878,726	12,343,741	12,821,333	14,548,096
Agriculture and All Others	20,523,263	23,267,418	24,719,294	21,716,579
Manufacturers	6,873,845	6,851,196	2,831,417	5,460,129
Totals	211,652,733	196,523,021	205,619,515	216,195,412
Local Sales Tax Rate	2.00%	2.00%	2.00%	2.00%
Total Sales Tax Rate	10.00%	9.50%	9.25%	9.00%

Data Source: Illinois Department of Revenue

2013	2014	2015	2016	2017	2018
36,328,755	60,335,714	59,296,321	49,435,476	48,619,619	50,073,648
8,723,269	9,890,112	9,118,952	7,470,631	6,956,669	7,450,416
49,940,617	50,610,022	55,103,777	48,756,038	53,287,474	53,771,112
1,088,969	346,145	46,913	60,881	120,495	248,271
8,972,718	9,640,245	8,940,544	4,877,923	5,903,590	4,729,296
1,128,473	1,374,305	2,535,015	2,113,695	1,935,699	1,517,739
67,697,225	39,460,442	41,794,477	32,872,344	28,853,418	24,202,332
16,448,533	17,298,321	18,327,253	15,052,532	14,440,187	13,158,908
20,689,436	31,126,523	37,164,473	40,386,830	36,091,630	37,316,155
12,305,693	23,661,044	11,994,220	28,418,044	27,078,622	26,125,184
223,323,688	243,742,873	244,321,945	229,444,394	223,287,403	218,593,061
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
9.00%	9.00%	9.00%	10.00%	0.75%	0.75%

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years
December 31, 2018 (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
2009	5.25%	1.00%	1.00%	1.00%	1.75%	10.00%
2010	5.25%	1.00%	1.00%	1.00%	1.25%	9.50%
2011	5.25%	1.00%	1.00%	1.00%	1.00%	9.25%
2012	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2013	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2014	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2015	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2016	6.25%	1.00%	1.00%	1.00%	0.75%	10.00%
2017	6.25%	1.00%	1.00%	1.00%	0.75%	10.00%
2018	6.25%	1.00%	1.00%	1.00%	0.75%	10.00%

Data Source: Illinois Department of Revenue

CITY OF ROLLING MEADOWS, ILLINOIS

**Local Tax Revenues - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Fiscal Year	State Sales Tax	Home Rule Sales Tax	Telecom Tax	Electric Utility Tax (A)	Food & Beverage	Hotel Tax	Real Estate Transfer Tax	Nicor Gas Tax *	Video Gaming*
2009	\$ 3,062,136	\$ 2,053,624	\$ 2,075,334	\$ 1,301,016	\$ 1,221,391	\$ 288,634	\$ 191,259	\$ -	\$ -
2010	2,768,676	1,957,345	1,846,728	1,310,453	1,216,961	289,076	174,819	-	-
2011	2,871,640	2,058,935	1,936,227	1,295,918	1,212,122	333,374	153,688	-	-
2012	2,978,856	2,148,633	1,845,387	1,298,887	1,176,218	389,212	239,865	-	-
2013	3,075,929	2,211,223	1,705,124	1,314,755	1,166,430	399,218	638,306	-	-
2014	3,318,967	2,406,705	1,489,622	1,318,396	1,219,330	466,914	433,172	-	-
2015	3,354,233	2,342,533	1,691,483	1,291,072	1,286,438	476,594	505,464	-	-
2016	3,665,593	2,667,060	1,405,592	1,285,380	1,337,145	459,967	599,679	-	-
2017	3,563,795	2,646,872	1,317,282	1,241,455	1,322,223	437,536	587,918	-	-
2018	3,169,243	2,362,503	1,113,427	1,274,398	1,588,313	296,908	912,718	93,003	3,962

Data Source: Audited Financial Statements

* Nicor Gas Tax and Video Gaming were implemented in 2018.

CITY OF ROLLING MEADOWS, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Lease	General Obligation Bonds	IEPA Loans			
2009	\$ 20,721,298	\$ 471,887	\$ 3,053,702	\$ -	\$ 24,246,887	5.70%	\$ 1,068
2010	18,968,838	390,505	2,786,162	-	22,145,505	6.12%	900
2011	17,131,668	284,713	2,508,332	-	19,924,713	4.74%	922
2012	15,474,788	234,172	2,230,212	1,029,074	18,968,246	4.34%	787
2013	13,348,198	191,232	1,896,802	2,434,046	17,870,278	3.89%	742
2014	11,181,898	-	1,558,102	2,586,404	15,326,404	3.18%	636
2015	8,951,068	-	1,218,932	2,480,774	12,650,774	2.61%	525
2016	6,675,348	-	859,652	2,368,030	9,903,030	1.92%	401
2017	4,315,000	-	490,000	2,252,899	7,057,899	1.33%	286
2018	13,246,852	-	295,000	2,135,333	15,677,185	2.82%	647

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, 2018 (Unaudited)**

Fiscal Year	General Obligation Bonds	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2009	\$ 23,775,000	2.06%	\$ 966
2010	21,755,000	1.90%	903
2011	19,640,000	1.96%	815
2012	17,705,000	1.95%	735
2013	15,245,000	1.82%	633
2014	12,740,000	1.76%	529
2015	10,170,000	1.39%	422
2016	7,535,000	1.07%	305
2017	4,805,000	0.61%	195
2018	13,541,852	1.68%	559

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, 2018 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to City (1)	City's Share of Debt
City Direct Debt	\$ 13,541,852	100.00%	\$ 13,541,852
Overlapping Debt			
County of Cook	3,361,101,750	0.59%	19,830,500
Cook County Forest Preserve	151,010,000	0.59%	890,959
Metropolitan Water Reclamation District	3,176,444,000	0.60%	19,058,664
Arlington Heights Park District	12,390,000	0.18%	22,302
Palatine Park District	23,949,508	5.97%	1,429,786
Rolling Meadows Park District	1,100,000	89.27%	981,970
Schaumburg Park District	11,205,000	0.20%	22,410
Community Consolidated School District No. 15	54,244,875	20.79%	11,277,510
Community Consolidated School District No. 59	12,385,000	1.76%	217,976
Township High School District 211	-	4.34%	-
Township High School District 214	37,480,000	5.96%	2,233,808
Harper College Comm College District No. 512	145,588,367	6.45%	9,390,450
Total Overlapping Debt	6,986,898,500		65,356,334
Total Direct and Overlapping Debt	7,000,440,352		78,898,186

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, 2018 (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, 2018 (Unaudited)**

Fiscal Year	(1) Population	(4) Personal Income (in Thousands)	(1) Per Capita Personal Income	(5) Median Age	(1) *Percent High School Graduate or Higher %	(2) School Enrollment	(3) Unemployment Rate	(4) Bachelor's Degree or Better Education Level	(1) Median Household Income	(1) Median House Value
2009	24,604	\$ 425,178	\$ 26,178	34.4	N/A	4,167	10.00%	N/A	N/A	N/A
2010	24,099	361,800	26,178	34.4	N/A	4,392	10.10%	N/A	N/A	N/A
2011	24,099	420,051	30,678	34.2	N/A	5,196	9.90%	N/A	N/A	N/A
2012	24,099	436,998	30,678	37.5	86.3	5,032	8.90%	N/A	N/A	N/A
2013	24,099	459,981	30,919	35.3	85.4	5,703	9.20%	N/A	N/A	N/A
2014	24,099	482,206	28,813	37.0	84.9	5,646	6.40%	N/A	N/A	N/A
2015	24,099	484,322	29,331	36.6	85.6	5,258	6.70%	N/A	N/A	N/A
2016	24,667	514,662	32,238	37.2	85.4	5,513	5.90%	N/A	N/A	N/A
2017	24,639	529,121	33,722	37.7	87.0	5,486	5.00%	36.00%	65,965	248,361
2018	24,231	555,922	35,094	38.0	87.0	5,183	3.90%	33.90%	67,849	256,218

Data source

(1) Illinois Hometown Locator - Data as of 07/01/17; (2) U.S. Bureau of Economic Analysis/Metropolitan Area; (3) U.S. Census Factfinder; (4) City-data.com; (5) Data provided by School District Administrative Offices; (6) Illinois Dept of Employment Security, Economic Information and Analysis/ides.illinois.gov(LAUS) Metro Areas

* For year 2016, category was changed from "Education Level in Years of Schooling" due to lack of data available.

N/A - Not Available

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2018 (Unaudited)**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Defense Systems	2,450	1	10.1%	2,400	1	10.42%
Arthur J Gallagher	2,000	2	8.3%			
Verizon Wireless	900	3	3.7%			
Capital One	800	4	3.3%			
Career Builder Employment Screeni	450	5	1.9%			
Komatsu	300	6	1.2%	335	4	1.45%
A.H. Management Group	300	7	1.2%	190	10	0.82%
Meijer	230	8	0.9%	260	6	1.13%
RTC	235	9	1.0%	280	5	1.22%
Walmart	200	10	0.8%	220	9	0.95%
Harris Bank				380	2	1.65%
Riverside Publishing				335	3	1.45%
Panasonic				235	7	1.02%
Research In Motion				230	8	1.00%
	<u>7,865</u>		<u>32.46%</u>	<u>4,865</u>		<u>21.11%</u>

Data source

Rolling Meadows Chamber of Commerce-Top Rolling Meadows Employers
March 2019 data

CITY OF ROLLING MEADOWS, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Function/Program	2009	2010	2011
Full-Time			
General Government			
Management	7	7	6
Finance	6	4	4
Community Development	8	8	8
Public Safety			
Police			
Officers	52	51	48
Civilians	13	9	8
Fire			
Firefighters and Officers	42	44	44
Civilians	-	-	-
Public Works			
Administration	4	4	4
Engineering/Inspections	2	2	1
Streets and Grounds	16	16	15
Utilities and Garage	16	15	15
Part-Time			
General Government			
Management	1	1	2
Finance	3	3	3
Community Development	1	1	1
Public Safety			
Police	7	9	12
Fire	1	1	-
Public Works			
Streets and Grounds	1	-	-
Utilities	2	3	4

Data Source: City Human Resources and Budget Departments

2012	2013	2014	2015	2016	2017	2018
7	7	6	8	8	9	9
4	4	4	5	5	5	5
8	8	7	9	8	7	7
49	49	49	49	50	50	50
8	9	8	6	7	7	7
43	43	44	44	42	44	44
1	1	1	1	1	1	1
4	4	5	5	5	5	4
-	-	-	-	-	-	-
14	15	14	14	15	14	15
15	16	17	14	17	17	16
2	2	1	1	1	-	-
3	3	3	3	3	3	3
1	1	2	-	-	-	-
12	10	13	14	13	13	14
-	-	-	-	-	-	-
-	-	-	2	1	1	1
2	-	-	1	2	3	-

CITY OF ROLLING MEADOWS, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Function/Program	2009	2010	2011
Public Safety			
Police			
Physical Arrests	510	456	921
Parking Violations	3,066	3,469	6,165
Traffic Violations	5,906	5,947	4,665
Fire			
Emergency Responses	2,204	3,599	3,487
Fire Calls	1,093	1,097	1,196
Fires Extinguished	N/A	42	41
Public Works			
Street Resurfacing (Miles)	-	1.60	1.36
Snow and Ice Control (Tons of Salt)	1,476	1,668	678
Water			
Number of Water Main Repairs	51	58	54
Water Average Daily Consumption (Thousands of Gallons)	2,692	2,300	1,871
Refuse Collection			
Refuse Collected (Tons per Day)	27	19	19
Recyclables Collected (Tons per Day)	10	9	10

Data Source: Various City Departments

N/A - Not Available

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

2012	2013	2014	2015	2016	2017	2018
812	861	871	678	692	513	531
6,198	6,494	4,983	2,281	2,220	2,152	1,460
3,591	3,688	3,069	3,999	4,241	2,145	1,979
3,507	3,589	3,535	3,787	3,991	3,955	4,024
1,070	1,181	1,280	1,096	1,141	1,114	1,096
53	54	54	42	43	52	57
0.07	0.75	0.91	1.00	1.52	1.57	1.55
1,301	2,078	1,420	1,408	952	673	1,547
61	69	52	66	46	66	36
2,173	2,037	2,006	1,944	1,928	1,946	1,873
18	10	18	19	20	19	19
9	11	9	9	9	9	9

CITY OF ROLLING MEADOWS, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Function/Program	2009	2010	2011
Public Safety			
Police			
Stations	1	1	1
Patrol Units	15	15	15
Fire			
Fire Stations	2	2	2
Fire Engines	5	5	5
Public Works			
Streets (Miles)	61.71	61.71	61.71
Streetlights	257	260	260
Traffic Signals	49	49	49
Water			
Water Mains (Miles)	88.40	89.92	90.12
Fire Hydrants	1,395	1,353	1,356
Storage Capacity (Millions of Gallons)	5.50	5.50	5.50
Wastewater			
Sanitary Sewer (Miles)	77.94	82.00	82.00
Lift Stations	3	3	3
Storm Sewers (Miles)	60	61	61

Data Source: Various City Departments

2012	2013	2014	2015	2016	2017	2018
1	1	1	1	1	1	1
15	15	15	15	15	15	15
2	2	2	2	2	2	2
4	4	4	4	4	4	4
61.71	61.71	61.71	61.71	61.71	61.91	61.91
260	260	350	350	350	350	350
49	49	49	49	49	49	49
90.12	90.12	90.40	91.25	91.58	91.71	91.75
1,356	1,356	1,364	1,373	1,463	1,465	1,469
5.50	5.50	5.50	5.55	5.55	5.50	5.50
82.00	82.00	82.00	93.30	93.60	93.61	93.64
3	3	3	3	3	3	3
61	61	61	61	126	126	126

CITY OF ROLLING MEADOWS, ILLINOIS

**Water Sold by Type of Customer - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Type of Customer	2009	2010	2011
Industrial	34,102	44,149	37,534
Residential/Multi-Family	529,064	520,636	495,298
Commercial	171,698	166,978	155,393
School/Government	26,712	26,343	25,827
Totals	761,576	758,106	714,052
Water Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 5.83	\$ 5.83	\$ 6.35
Water Rate per 1,000 Gallons in Excess of 15,000 Gallons	\$ 6.81	\$ 7.43	\$ 7.43
Sewer Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 1.92	\$ 2.10	\$ 2.10
Sewer Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 2.25	\$ 2.45	\$ 2.45

Notes:

City of Rolling Meadows Current Utility Rates for Water and Sewer services may be found on the City's website at www.cityrm.org

Data Source: City of Rolling Meadows Water Department Pumpage Report

2012	2013	2014	2015	2016	2017	2018
40,863	35,689	35,452	33,139	33,735	34,014	30,678
516,757	472,037	460,017	451,679	453,485	456,871	439,376
158,171	144,366	145,063	138,671	142,611	153,385	149,605
27,718	25,511	24,316	29,674	24,227	27,312	27,275
743,509	677,603	664,848	653,163	654,058	671,582	646,934

\$ 7.40	\$ 8.11	\$ 8.76	\$ 9.42	\$ 10.08	\$ 10.79	\$ 11.55
\$ 8.60	\$ 9.37	\$ 10.12	\$ 10.78	\$ 11.53	\$ 12.34	\$ 13.20
\$ 2.50	\$ 2.63	\$ 2.84	\$ 2.98	\$ 3.13	\$ 3.29	\$ 3.45
\$ 2.95	\$ 3.10	\$ 3.35	\$ 3.52	\$ 3.70	\$ 3.89	\$ 4.08

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures
December 31, 2018 (Unaudited)**

**City of Rolling Meadows, Cook County, Illinois
2018 Continuing Bond Disclosures Relating to the Following Bonds:**

\$9,690,000 General Obligation Refunding Bonds of 2012

\$9,500,000 General Obligation Bonds of 2018

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, 2018 (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, 2017. The City has received the award to each of the last 32 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 186- 187 and 195 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 188 - 193 of these audited financial statements.

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2018 (Unaudited)**

Debt Statement			
Issue Date	Bond Issue	Principal Outstanding	Supported by
05/08/2012	General Obligation Refunding Bonds of 2012	\$ 3,590,000	Proprietary
12/18/2018	General Obligation Bonds of 2018	<u>9,500,000</u>	Governmental
		<u><u>13,090,000</u></u>	

The City's overlapping and underlying bonded debt is updated as of December 31, 2018, and can be found on pages 200 - 202 of the audited financial statements.

The City's debt ratios are updated using the 2017 equalized assessed valuation and the 2017 estimated full value of taxable property.

Estimated Full Value of Taxable Property - 2017	\$ 2,424,312,393		
Equalized Assessed Valuation - 2017	808,104,131		
	<u>Gross Direct Debt</u>	<u>Gross Direct Debt and Overlapping Debt</u>	
Per Capita	\$ 540.22	\$ 3,256.08	
Percent of Estimated Full Value	0.540%	3.254%	
Percent of Equalized Assessed Value	1.620%	9.763%	

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2018 (Unaudited)**

Debt Maturity Schedule

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

Fiscal Year	Annual Requirement	Cumulative Retirement	
		Amount	Percent
2019	\$ 1,080,000	\$ 1,080,000	8.25%
2020	1,135,000	2,215,000	16.92%
2021	980,000	3,195,000	24.41%
2022	1,035,000	4,230,000	32.31%
2023	1,090,000	5,320,000	40.64%
2024	390,000	5,710,000	43.62%
2025	405,000	6,115,000	46.72%
2026	420,000	6,535,000	49.92%
2027	435,000	6,970,000	53.25%
2028	455,000	7,425,000	56.72%
2029	470,000	7,895,000	60.31%
2030	490,000	8,385,000	64.06%
2031	510,000	8,895,000	67.95%
2032	530,000	9,425,000	72.00%
2033	555,000	9,980,000	76.24%
2034	575,000	10,555,000	80.63%
2035	600,000	11,155,000	85.22%
2036	620,000	11,775,000	89.95%
2037	645,000	12,420,000	94.88%
2038	670,000	13,090,000	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 98 through 117.