

CITY OF ROLLING MEADOWS
3600 Kirchoff Road, Rolling Meadows, IL. 60008
847-394-8500
www.cityrm.org



Capital One Financial Corp. leases 150,000 square feet in the
Atrium Corporate Center – 3800 Golf Road.

Welcome Capital One!

2012 Comprehensive Annual Financial Report
For the Fiscal Year Ending December 31, 2012

CITY OF ROLLING MEADOWS, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

Prepared by the Finance Department

CITY OF ROLLING MEADOWS, ILLINOIS

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INTRODUCTORY SECTION

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Principal Officials
December 31, 2012

LEGISLATIVE

Mayor: Tom Rooney

Deputy City Clerk: Ginny Cotugno

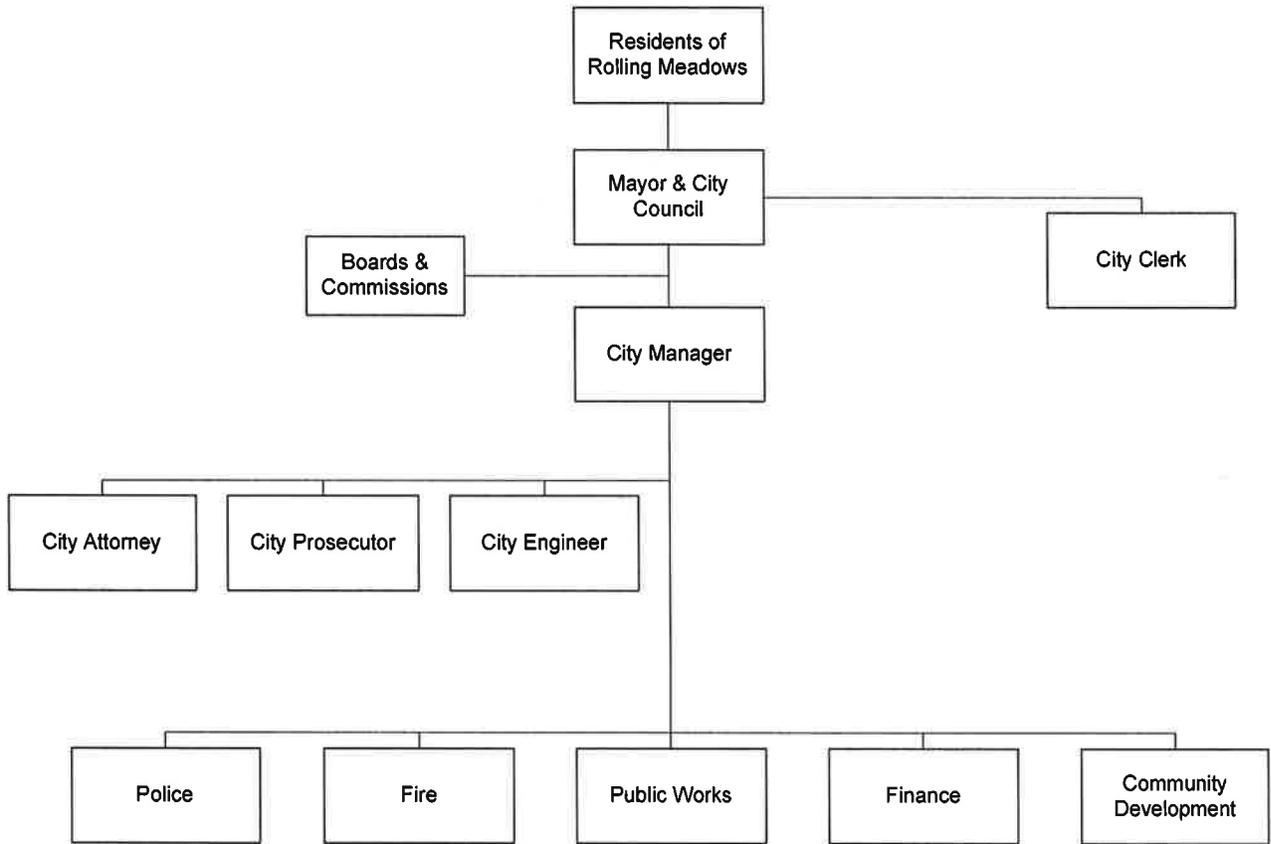
Ward 1:	Mike Cannon, Alderman
Ward 2:	Jim Allen, Alderman
Ward 3:	Larry Buske, Alderman
Ward 4:	Brad Judd, Alderman
Ward 5:	Rob Banger, Jr., Alderman
Ward 6:	John D'Astice, Alderman
Ward 7:	James Larsen, Alderman

ADMINISTRATIVE

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

City of Rolling Meadows

Organizational Chart





"PROGRESS THRU PARTICIPATION"

April 15, 2013

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, 2012, 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, 2012, the licensed certified public accounting firm of Lauterbach & Amen, LLP, has issued an unqualified ("clean") opinion on the City of Rolling Meadows financial statements. The independent auditors report can be found at the front of the financial section of this report.

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

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

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

PROFILE OF THE CITY OF ROLLING MEADOWS

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

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

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

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

The City provides a full range of municipal services with 159 full-time, 16 part-time and 11 seasonal persons working in public safety, public works, planning and zoning, community development, economic development, finance and general administration. The City maintains approximately 61 miles of streets and about 134 miles of parkway. The City operates its own water distribution system with sewage treatment provided by the Metropolitan Water Reclamation District. The City is a member of two joint ventures; the first is the Northwest Suburban Joint Action Water Agency (JAWA), which provides water from Lake Michigan through Chicago. The City also maintains a few deep water wells and reserves. The second joint venture is the Solid Waste Agency of Northern Cook County (SWANCC), which provides solid waste disposal services. The City also owns and operates its own fleet of refuse vehicles (recycling is a contracted service).

The Rolling Meadows 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 and expire on a rotating basis. Library operations are administered by the Library Board, however, the City is required by state statute to include within its property tax levy and budget, the Library's requests. The Library does not have authority to issue debt, and must do so through the City. Thus, the Library is a component unit of the City.

MAJOR INITIATIVES

The City actively pursues economic development activities in an effort to expand and diversify its revenue base and ultimately secure the financial health of the organization and community.

Fiscal Year 2012 saw increased economic activity and development interest in the City of Rolling Meadows, punctuated by record levels of building permit activity and building improvement valuation. Industrial redevelopment in the City was a major economic driver in 2012 with multiple vacant industrial properties reoccupied and others expanded with the assistance of Cook County Class 6b Tax incentives. In addition, the City opened its doors to just under 100 new businesses in 2012 in various industries.

The City also gained a major new employer in **Capital One Financial Corporation** which leased 150,000 square feet in Rolling Meadows. Capital One is located along the City's Golf Road commercial corridor and cited the area's "experienced and talented workforce" as a key reason for wanting a local presence. Initially, this deal is expected to bring 500 jobs to Rolling Meadows with more to follow upwards to 1,000 jobs. Crain's Chicago Business said that the Capital One lease is the second-largest real estate agreement in the Chicago suburbs this year.

On the retail side, Rolling Meadows successfully dissolved its Kirchoff Road Tax Increment Financing District (TIF) with the most of the remaining funds going towards redevelopment of the former Dominick's building. Chicago-based Clark Street Development took full control of this property at the southeast corner of Kirchoff Road and Meadow Drive – the City's "Main Street" or "Downtown" area. The 11-acre property has mostly been vacant since 2005 and the Tax Increment Financing District (TIF #1) expired December 31, 2012. In 2012, Clark Street Development discussed preliminary commercial concepts and the City expects the building to be fully redeveloped and occupied in 2013. The plan is moving ahead with a new grocer known as **Uncle Joe's Fresh Tuscan Market** slated to open its doors in October 2013.

The City continued with the engineering phase of the \$5.3 million federally and state funded **Golf Road Reconstruction Project** with construction to take place in 2013.

Through the Illinois Environmental Protection Agency's (IEPA) loan program, the City started construction for **watermain replacements** for more than 50-year old infrastructure. The City, by its application in 2009, is eligible for up to \$1.5 million in loan funds at approximately a 2% interest rate over a 20-year period for the loan. The City spent approximately \$1.0 million in FY 2012 and expects to complete the project in FY 2013.

The City spent more than \$640,000 for its **Annual Street Program** for its streets, sidewalks and curbs replacement program to repair and improve its City's infrastructure. An emphasis on finding new ways to fund the City's Street and Roadways should be a priority going forward.

In FY 2012, the City received **federal funds** from police seizure cases totaling \$189,658 which helped offset some salary expenses, contractual and supplies for the police department. The City also received \$42,265 from the federal Community Development Block Grant Program to repair and upgrade the City Hall elevator. The Emerald Ash Borer (EAB) that has been found and removed in Rolling Meadows the past few years has finally hit the community to a larger degree. The Public Works Department has, at this point, evaluated and kept up with the infested trees and hopefully will be able to stay ahead of the nuisance. In 2012, the City removed more than 50 EAB-infested trees. With nearly 2,000 ash trees throughout the City, funds have been committed in the FY 2013 Budget to keep up with the tree removals and reforestation.

Other Economic Development Activities

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

Plans for 2013

Fiscal Year 2013 is expected to result in the completion of a few major projects which should lead to greater economic activity and growth in City sales tax and food and beverage tax revenues. On April 1, 2013, construction is set to begin on a long-awaited project to widen and modernize the intersection of Golf and New Wilke Road in Rolling Meadows. The construction is expected to last for about nine months and Golf Road will be widened to three lanes in each direction plus turn lanes. With 70,000 cars passing through this area each day, when this project is completed, the retail and business corridor is expected to benefit greatly from the project.

For 2013, the City and its Economic Development Committee have identified and targeted **four** main areas for economic development activities:

- First, Meadows Marketplace (formerly the Dominick's Property) began redevelopment in 2012 with much of the vacant square footage expected to be filled by the end of 2013. The City released details early in 2013 that a grocery store with ties to the Caputo grocery stores, called Uncle Joe's Tuscan Fresh Market is interested in anchoring the property. In April of 2013, the City entered into a sales tax sharing agreement with Uncle Joe's Tuscan Fresh Market. The grocer, expected to open in October, will be a good fit with the neighborhood concept and attract smaller stores and restaurants, too.
- The second area of redevelopment is the former AMF bowling center at 3245 Kirchoff Road (the City's "Downtown" area). The City remains in constant talks with the property owner, Kimco (who owns, manages, leases, develops, and acquires shopping centers across the USA) in hopes to continue implementation of a redevelopment plan created in 2011. Hopefully, more work in 2013 with a development agreement and construction in FY 2014.
- The third area is vacant restaurants along Golf and Algonquin Roads. Interested restaurants are looking to redevelop but not build out new construction sites. Currently, the City has been in talks with multiple restaurants to move into these properties including a deal that will bring a new Panera Bread in 2013 with a drive-thru window. The Old Country Buffet Restaurant closed its doors in 2012 and a new, Asian buffet restaurant, Flaming Grill & Buffet opened its doors in March 2013.
- The fourth target area is the vacant Sam's Club property on Golf Road, the City remains hopeful that redevelopment or a possible expansion of the adjacent Wal-Mart store could occur in the next few years. Overall, the City is positioned for economic growth and an increasing property, sales and restaurant tax base in 2013 and beyond.

Local Term City Initiatives

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

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

Economic Development Committee

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

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

Since 2006, the Economic Development Committee has heard and recommended approval for eight 6B Cook County Incentive Programs which has resulted in multi-million dollar rehabilitation/renovation of the buildings, reoccupation of nearly 300,000 square feet of industrial space in Rolling Meadows and more than 400 new employees.

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

In 2012, the Economic Development Committee recommended Mike Mallon of Mallon and Associates, as the City's retail consultant (reapproved for 2013). In doing so, the City has taken an active role in recruiting new retail businesses throughout the City.

Redevelopment Relating to Tax Increment Financing Districts

- **TIF District No. 1 – Kirchoff and Meadows (created 1988)** 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 and the fund was closed out in 2012. After the City's 2012 Audit, there may be excess funds under about \$80,000 to be redistributed to the taxing bodies.
- **TIF District No. 2 – Riverwalk Condominiums and Retail Space (created 2002)** – In January 2003, the City entered into a redevelopment agreement with Salt Creek Development Corporation. The site now houses three buildings with 124 condominiums and 14,000 square foot of commercial / office space. A fourth building, originally planned, was not built. The City owns the land and uses it as a green space. In 2013, the City is refunding the General Obligation Bonds associated with this TIF for future savings to the City. In January and February, 2013, the City held discussions on the future of this property and the TIF as a whole. The City will have the parcel re-appraised and move forward with potentially selling the property based upon the results from the appraisal.
- **TIF District No. 3 – Route 53 / Algonquin Road (created 2004)** – Working with a developer at the time, the City implemented Tax Increment Financing District No. 3 for the redevelopment of the southwest corner of Algonquin and Route 53 into a 43-acre mixed use development. Due to the economy, the developer abandoned the proposed project. However, a new developer has purchased the 40-acre existing residential development and is the process of redeveloping and improving the site. The 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. After these discussions, the City will be moving forward with a City Ordinance to dissolve this TIF, at this point in time.

Collaboration Initiatives

- **Golf Road Transit and Pedestrian Mobility Study** - The Golf Road Corridor between Route 53 on the west and the corporate limits on the east is the City's major corporate and retail center. In response to comments from existing companies in this area as to how difficult it is for these companies to attract bright new employees from the City of Chicago, the City of Rolling Meadows applied for and was awarded an RTA Planning grant for \$80,000 in June 2010. The City is working closely with the businesses in this corridor as well as the RTA, PACE, IDOT and

Metra to identify and rectify those conditions that are hindering people traveling to and from the Golf Road corridor using transportation other than the automobile. In addition, the City created a fund to build savings for the future Metra STAR line and currently has approximately \$400,000 in reserve for that specific use.

- **Northwest Suburban Housing Collaborative** – For several years, representatives from the Villages of Arlington Heights, Mt. Prospect, Palatine, Buffalo Grove and the City of Rolling Meadows met informally to discuss common housing related issues in the area. In 2011, the five municipalities entered into an Intergovernmental Agreement and formed the Northwest Suburban Housing Collaborative. The Collaborative is addressing the issues of 1) condominium foreclosures; 2) multi-family rental housing preservation; and 3) vacant and abandoned properties.
- **Algonquin Road Corridor** – In February 2013, the City Council identified the Algonquin Road Corridor (a stretch of retail, industrial and residential from Golf Road to Route 53) as a primary goal for the City to review and evaluate for potential redevelopment. The City will work with its municipal and business partners as it begins this process. In 2012, the City completed its final phase of a \$1.8 million federally-funded program in Rolling Meadows and Arlington Heights to improve lighting along Algonquin Road and surrounding areas. The lighting improves visibility conditions for commercial and retail businesses along this corridor.

LOCAL ECONOMY

The area economy is still in a slow recovery, yet, there are some upward trends in the areas of sales tax, income tax, real estate taxes and hotel taxes. In the last half of 2012, the City notes that more pre-foreclosure and foreclosed homes were sold to new homeowners. The City has taken proactive steps to minimize the impact of property maintenance issues from vacant properties. In 2011, the City implemented a late filing fee for real estate property tax transfers if the foreclosed property does not purchase City real estate transfer stamps in a period of thirty-one days. In FY 2012, the City realized approximately \$11,000 in late filing fees that offset any administrative work and property maintenance issues.

Based on area data, reports show that retail sales have nearly returned to pre-recession 2007 levels. While the City experienced some natural growth, revenues are not 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.

City of Rolling Meadows' unemployment rate as of December 2012 was 8.9% as compared with 9.9% in 2011. This one percent decrease is a slight improvement. When looking at the unemployment rate of 3.8% in 2007, it is noticeable that there are still many City residents struggling to make ends meet. The City has seen some rebound growth in the income tax in the last year – in 2012 income tax receipts grew by 11.5% as compared with 2011 or \$220,787. Income tax receipts are slowly getting back to pre-recession levels. However, the City is not there yet, with just \$60,000 shy of where the City was with income tax revenues in 2007.

The Golf Road Corridor is a core area in the City for sales tax. City-wide, in 2012, there was an increase of 4.0% over the previous year in sales tax by \$196,923. In recent years, two popular restaurant chains have opened their doors – Noodles & Company and Five Guys. Other restaurants have opened for business in this area and the City is focused on the continued renewal of this high-profile business corridor.

As mentioned previously, in the City's downtown area, it is highly anticipated that the redevelopment and momentum shown and discussed will drive solid results in 2013 and beyond.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

RELEVANT FINANCIAL POLICIES THIS YEAR

In order to insure that the City continues to meet its immediate and long term service goals, several financial policies and procedures have been implemented by management. Highlighted are some of the more pertinent policies that the City followed in FY 2012:

- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- The City formed a Capital Improvements Committee to review capital projects and offer recommendations for long-term capital improvements.
- The City is committed to rebuilding fund balance reserves and has made significant progress to that end.
- 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.
- 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 will be refunding general obligation bonds to maximize its interest savings over the long-term.

- Prepared and reviewed monthly revenue, expenditure and cash balance reporting for all funds with particular focus on the General Fund to the City Council. These financial reports ensure that the City Council is made aware of any variances from the appropriated budget. (The budget document continues to be revised and made easier to understand.)
- 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 three-year financial forecast which outlines management's intentions regarding fixed asset purchases and infrastructure improvements.
- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.
- Adhered to an investment policy which invests public funds in a manner which protects principal, maximizes return for a given level of risk and meets the daily cash flow needs of the City.
- In June, the City complied with the state-mandated annual treasurer reporting requirements. The report is published in a local newspaper and posted on the City's website at www.cityrm.org under the Finance Department page.

PENSION TRUST FUNDS AND POST EMPLOYMENT BENEFITS

Three pension plans are established by state statute, which cover City employees. The benefits and funding of each plan are determined by state statute, and each plan provides retirement, disability and death benefits for participants.

The Firefighters' and Police Pension Funds are funded through an annual property tax levy, employee contributions and investment earnings. In previous years an independent actuary would advise the City on the amount of the property tax levy necessary to meet the funding requirements of the pension, with an amortization period for the unfunded liability ending in 2033. However, starting in 2010 the City based its pension funds property tax levy amounts on an actuarially determined tax levy report. This was agreed upon in the fall of 2009, by an ad hoc committee consisting of representatives from the City and the pension funds.

In December 2010, the Illinois General Assembly approved pension reform legislation that pushed the 30-year closed amortization period to 2040 with a funding target of 90%. The City of Rolling Meadows' maintains the financially prudent approach to continue funding at the 2033 mark with a funding target of 100%.

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

The Illinois Municipal Retirement Fund (IMRF) pension plan covers civilian employees working at least 1,000 hours within a 12-month consecutive time period. Funding for this pension plan is made through contributions from the employer (actuarially determined annually by the IMRF) and employees of the City (established at 4.5% of total compensation). Employees covered under this pension plan also contribute to Social Security (4.2% of salary capped annually) and Medicare (1.45% of total compensation).

The notes to the financial statement provide more information pertaining to employee pensions.

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

RISK MANAGEMENT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rolling Meadows for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

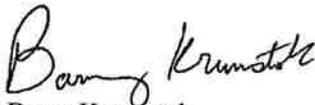
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report was made possible by the dedication and hard work of the entire finance department staff. In particular, I would like to acknowledge Finance Director, Melissa Gallagher, and Senior Accountants Laura Matz and Diana Schoeneck and all other members of this Department, Assistant to the City Manager Zachary Creer and all City Departments (and Department Heads) who assisted and contributed to the preparation of this report. The three primary individuals, from the Finance Department, have been doing more with less and continue to 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

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, 2011

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



Christopher P. Moynell

President

Jeffrey R. Enow

Executive Director

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

April 15, 2013

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements. We did not audit the financial statements of the Rolling Meadows Public Library, a discretely presented component unit and the Police Pension Trust Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rolling Meadows Public Library and the Police Pension Fund, is based on the report of the other auditors.

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 conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained and the report of other auditors 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of December 31, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2013, on our consideration of the City of Rolling Meadows, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rolling Meadows, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules, supplementary schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROLLING MEADOWS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

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, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal (beginning on page iii) and the City's financial statements (beginning on page 3).

Financial Highlights

The following are a few highlights to be discussed in greater detail in this Management's Discussion and Analysis and within the 2012 Comprehensive Annual Financial Report:

Net Position and Performance in Total: The City's total net position at December 31, 2012 was \$125,778,974, an increase of \$7,364,469 or 6.2% from FY 2011. The City's combined Governmental Funds ending fund balance increased by \$1,799,759 as of December 31, 2012.

Governmental Activity Summary: Net position for governmental activities ended at \$113,018,508, an increase of \$5,995,362.

Business-Type Activity Summary: Net position for business-type activities ended at \$12,760,466, an increase of \$1,369,107.

General Fund Summary: At December 31, 2012, the total Fund Balance for the General Fund was \$4,246,377 or 16.6% of General Fund expenditures plus transfers out. This fund balance totals to approximately two months of General Fund operating expenditures. The cash position of the General Fund at the end of the current fiscal year was \$620,037 – the most cash on hand in the past eight years.

Overview of the Financial Statements

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

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

TABLE 1

Description	Fund Financial Statements			
	Government-Wide 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 assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may relate to cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include the City of Rolling Meadows, and its discretely presented component unit, the 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 3 through 6 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 eleven individual governmental funds. One of the governmental funds was consolidated with another governmental fund (Plum Grove Road Fund with the Local Road Fund) since the road construction project was closed out. 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 and the Debt Service Fund, all major funds. Data from the other eight 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 statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements may be found on pages 7 through 10 of this 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 Funds.

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

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

The basic proprietary fund financial statements may be found on pages 11 through 13 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements may be found on pages 14 and 15 of this 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 16 through 65 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 66 through 71 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 72 through 113 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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rolling Meadows, the City's net position at December 31, 2012 was \$125,778,974. The following table (Table 2) displays the City's net position for the past four years.

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

Net Position	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Governmental Activities	\$105,289	\$105,557	\$107,023	\$113,018
Business-Type Activities	\$8,806	\$10,181	\$11,391	\$12,760
City's Net Position - Total	\$114,095	\$115,738	\$118,414	\$125,778
\$ Change from Previous Year	\$1,265	\$1,643	\$2,676	\$7,364
% Change from Previous Year	1.1%	1.4%	2.3%	6.2%

Table 3 reflects the condensed Statement of Net Position compared for FY 2012.

**TABLE 3. City of Rolling Meadows
Statement of Net Position
As of December 31, 2011 and 2012
(in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current and other assets	\$ 19.2	\$ 23.4	\$ 4.3	\$ 6.0	\$ 23.6	\$ 29.4
Capital assets	129.2	129.2	11.0	11.6	140.2	140.8
Total assets	\$ 148.5	\$ 152.6	\$ 15.3	\$ 17.6	\$ 163.8	\$ 170.20
Noncurrent liabilities	\$ 25.6	\$ 23.2	\$ 3.2	\$ 3.9	\$ 28.7	\$ 27.1
Other liabilities/deferred inflows	15.9	16.3	0.7	1.6	16.6	17.8
Total liabilities	\$ 41.5	\$ 39.5	\$ 3.9	\$ 5.5	\$ 45.4	\$ 44.9
Net position:						
Net Investment in Capital Assets	\$ 111.7	\$ 113.8	\$ 8.4	\$ 8.3	\$ 120.2	\$ 122.2
Restricted	2.8	1.4	-	-	2.8	1.4
Unrestricted (deficit)	(7.5)	(2.2)	2.9	4.4	(4.6)	2.2
Total net position	\$ 107.0	\$ 113.0	\$ 11.4	\$ 12.7	\$ 118.4	\$ 125.8

Current Year Financial Impacts

The City's \$7.4 million increase of combined net position was the result of the governmental activities net position (all funds except the Utilities and the Refuse Funds) increasing by \$6.0 million and the business-type activities net position (Utilities and the Refuse Funds) increasing by \$1.4 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 City of Rolling Meadows' net position shown in the summary Table 3, \$122 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 \$1.4 million) represents resources that are subject to external restrictions as to how they may be used. These restrictions include \$390,986 for public safety which represents the combined ending fund balances combined for the Foreign Fire Insurance Fund (\$64,488) and the Police Asset Seizure Fund (\$390,986). The Restricted for Highways and Streets equals \$961,783 for the Fund Balance in the Motor Fuel Tax Fund and \$84,772 in restricted balance in the Tax Increment Financing #1 Fund. TIF #1 was closed effective December 31, 2012 after the expiration of the TIF and beginning development on the property. The remaining funds in the TIF #1 Fund will be redistributed to the taxing bodies based upon final review from Cook County.

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

Change in Net Position in the Statement of Activities

The fiscal year 2012 activities of the City of Rolling Meadows caused total net position to increase by \$7,364,469 (both governmental and business-type activities had an increase in net assets of \$5,995,362 and \$1,369,107, respectively). The net position at the end of the end of fiscal year 2012 is \$125,778,974. 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.

City of Rolling Meadows
Table 4. Changes in Net Position
For the Fiscal Year Ended December 31, 2011 and 2012
(in Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenue						
Program revenues:						
Charges for service	\$ 4.6	\$ 5.2	\$ 10.2	\$ 11.4	\$ 14.8	16.6
Operating & capital grants	1.2	2.1	-	-	1.2	2.1
General revenue:						
Property taxes	11.8	12.8	-	-	11.8	12.8
Other taxes	12.7	13.2	-	-	12.7	13.2
Other revenues	0.7	0.7	-	-	0.7	0.7
Total revenue	31.1	34.1	10.2	11.4	41.4	45.5
Expenses						
Governmental activities:						
General Government	\$ 4.2	\$ 2.5	\$ -	\$ -	\$ 4.2	\$ 2.5
Public Safety	19.5	19.7	-	-	19.5	19.7
Highway & Streets	1.1	1.2	-	-	1.1	1.2
Public Works	3.9	3.8	-	-	3.9	3.8
Health & Welfare	0.0	0.0	-	-	0.0	0.0
Economic Development	0.0	0.1	-	-	0.0	0.1
Interest	0.8	0.7	-	-	0.8	0.7
Business-type:						
Refuse	-	-	2.4	2.5	2.3	2.5
Utilities	-	-	7.7	8.9	6.7	8.9
Total expenses	29.7	28.0	9.0	10.0	38.7	38.0
Revenues over (under) expenses	1.5	5.9	1.2	1.5	2.7	7.4
Transfers	-	0.1	0.0	(0.1)	-	0.0
Changes in net position	\$ 1.5	\$ 6.0	\$ 1.2	\$ 1.4	\$ 2.7	7.4

Note: Some rounding differences may occur.

For FY 2012 Program Revenues compared to FY 2011 – Charges for Services increased by \$604,829, Operating Grants/Contributions decreased by \$26,147, Capital Grants and Contributions increased by \$912,969. For Capital Grants and Contributions, the Motor Fuel Tax Fund received Motor Fuel Taxes and High Growth allotment from Illinois Department of Transportation totaling \$701,900 and the Local Road Fund received Capital Grants totaling \$1,279,330 for reimbursement of the East West Frontage Road project expended in FY 2011.

FY 2012 General Revenues increased by \$1.4 million compared to FY 2011. This increase is primarily due to property taxes increasing by \$968,194, Income Tax by \$220,787, and increases in Building Permits and Red Light Fines from FY 2011.

Governmental Activities Expenses decreased by \$1,683,582 or a percentage decrease of 39.8% from FY 2011 to FY 2012. This is due to retirements of capital assets, internal service fund transactions and the TIF #1 Fund close out.

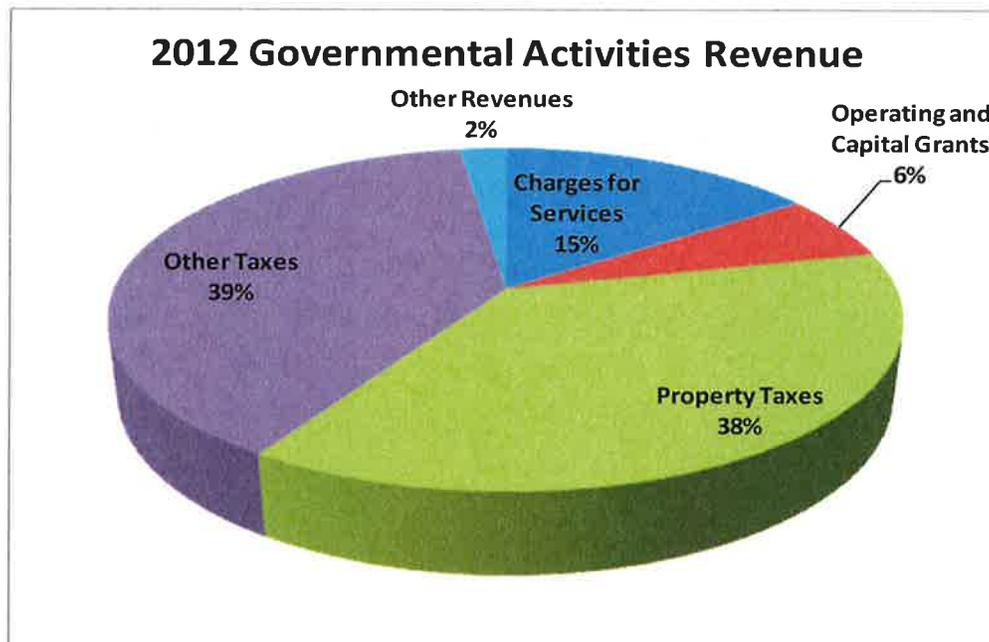
For FY 2012 Business-Type Activities in terms of “Charges for Services,” the FY 2012 Budget increased rates for Water, Sewer and Stormwater that increased the total Charges for Services from \$7.7 million in FY 2011 to \$8.9 million in FY 2012 or \$1,235,355 year-over-year. For the Refuse Fund, Charges for Service decreased by \$60,811 due to a lower monthly rate for monthly refuse pickup charged in FY 2012.

Governmental Activities

Revenues:

Total revenues for the City’s Governmental Activities for FY 2012 were \$26,787,171 – an increase of 5.4% from FY 2011 (when excluding Operating and Capital Grants and Charges for Services).

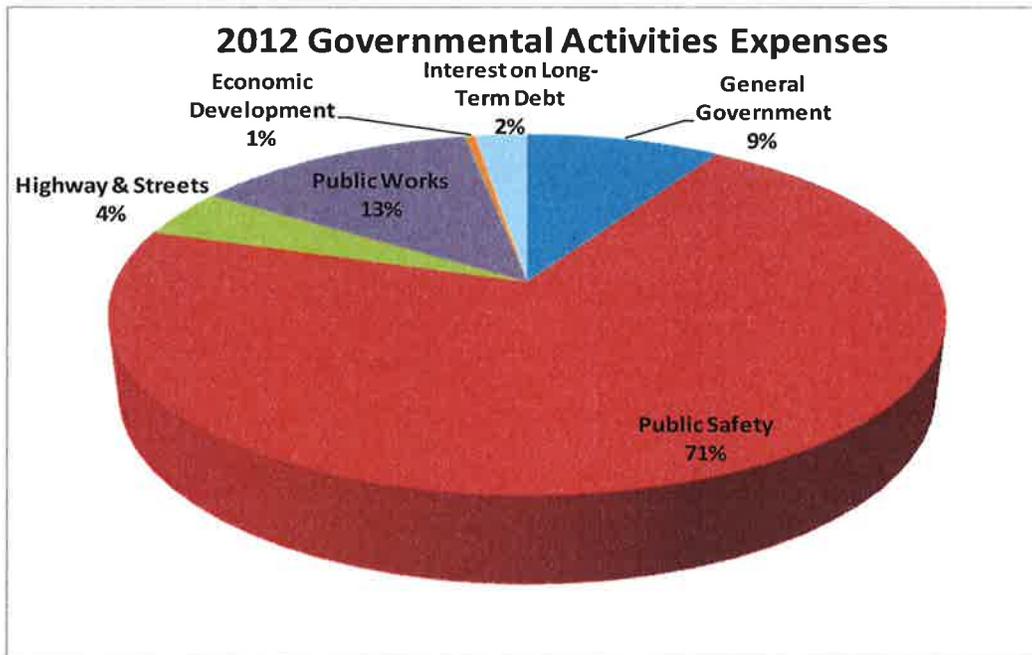
The following table reflects the percentage breakdown for each of the categories of governmental activities revenue. Taxes such as Sales Tax (State and Home Rule), Telecommunications Taxes, Electric Utility Tax, Hotel Tax, Food & Beverage Tax, Real Estate Tax, Income Tax and Other Taxes account for the largest share at 39% of total governmental activity revenue or \$13,229,110. Property Taxes follow at 38% or \$12,794,326, Charges for Services at 15% or \$5,209,235, Operating and Capital Grants at 6% or \$2,070,802 and Other Revenues at 2% or \$763,935. The City has a balanced and diversified revenue stream to mitigate economic uncertainty as seen in recent years.



Expenses:

Total expenses for the City’s Governmental Activities for FY 2012 were \$28,071,846 – a \$1,587,292 or 5.4% decrease from FY 2011 – primarily due to a decrease in General Government Activities as a result of decreases in net position in the City’s internal service funds.

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



Typical to a municipality such as the size of the City of Rolling Meadows, public safety – police and fire operations – comprise a large share of the governmental activities. For the City of Rolling Meadows, the share public safety is 70% or \$19,817,544 of the City’s governmental activities expenses. 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 \$4,661,079 or 24% of the total Public Safety Expenditures for FY 2012. The employer contribution for the Police Pension Fund was \$2,348,936 and for the Fire Pension Fund was \$2,312,145.

For the other categories in Governmental Expenses, General Government makes up 9% or \$2,551,436, Highways and Streets is 4% or \$1,201,640, Public Works is 13% \$3,692,206, Economic Development is less than 1% or \$129,036 and Interest on Long-Term Debt is 2% or \$670,105.

Business-Type Activities

Total revenues for the City’s Business-Type Activities for FY 2012 were \$11,416,187.

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 charges for services for these activities were \$11,416,187, which represents an increase of \$1,174,544 or 10.3% from FY 2011.

Total expenses for the City’s Business-Type Activities for FY 2012 were \$9,960,267.

Of the total operating expenses for business-type activities for Utilities, 62% is related to Water, 11% to Sewer and 3% to Stormwater. For FY 2012, the City paid \$2,834,482 to the Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City’s water supply. To compare, the City paid \$2,378,053 in FY 2011 and \$2,379,336 in FY 2010. It is 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, 2012 was \$448,867.

Refuse expenses are accounted for separately in the Refuse Fund.

Financial Analysis of the Government’s Funds

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

Governmental Funds - The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing resources available at the end of the year in comparison with the City’s upcoming financing requirements. At December 31, 2012 the governmental funds reported a combined fund balance of \$5,280,491, an increase from FY 2011 of \$1,799,759.

The General Fund is discussed in detail below. For the Motor Fuel Tax Fund, expenditures of \$1,195,239 exceeded revenues of \$728,357 due to planned capital outlay expenditures, resulting in ending restricted fund balance of \$961,783. The Debt Service Fund reported a slight increase in fund balance for the year of \$15,338 due to normal planned debt retirements offset by property taxes and transfers.

General Fund Budgetary Highlights

In FY 2012, the City budgeted \$26,125,170 for Revenues and the actual revenue received was \$27,766,739 or \$1,641,029 more than the original budget. The City budgeted \$25,412,761 and actual expenditures came in lower at \$24,957,357 or \$455,404 under budget. The General Fund’s net change in fund balance was equal to \$2,393,576 with an ending fund balance of \$4,246,377. Revenues were 106.3% of the final budget and expenditures were 98.2% of the final budget.

The Other Financing Uses included a budgeted \$583,452 transfer from the General Fund to the Debt Service Fund to pay for the 2004 General Obligation Bond principal and interest payment, two budgeted transfers to the General Fund totaling \$50,000 each from the Transit Fund as a contribution towards the annual required contributions for the Fire and Police Pension Funds; a transfer in of \$66,883 from the Police Asset Seizure Fund [slightly lower than the budgeted amount of \$100,037 due to federal funding guideline changes]; and a gain from the sale of minor assets of \$763. Following is the General Fund’s activities and additional information may be found on page 70 of this report.

Below is a the General Fund Detail showing the FY 2012 Original/Final Budget and the FY 2012 Actual results. The chart also shows the percentage of the Actual results to the Original/Final Budget.

General Fund Budgetary Highlights Detail - FY 2012			
	Original/Final Budget	Actual	% of Actual to Original/Final Budget
Revenues			
Taxes	19,412,188	20,096,496	103.5%
Intergovernmental	2,288,250	2,785,944	121.7%
Licenses and Permits	753,800	1,064,083	141.2%
Charges for Services	2,451,961	2,433,701	99.3%
Fines and Forfeitures	880,300	1,196,114	135.9%
Interest	2,500	10,544	421.8%
Miscellaneous	336,711	179,857	53.4%
Total Revenues	26,125,710	27,766,739	106.3%
Expenditures			
General Government	3,628,931	3,274,493	90.2%
Public Safety	19,510,654	19,532,692	100.1%
Public Works	2,244,246	2,136,425	95.2%
Health/Welfare and Culture	18,230	9,879	54.2%
Economic Development	10,700	3,868	36.1%
Total Expenditures	25,412,761	24,957,357	98.2%
Excess of Revenues Over (Under) Expenditures	712,949	2,809,382	394.1%
Other Financing Sources (Uses)			
Disposal of Capital Assets	500	763	152.6%
Transfers In	200,037	166,883	83.4%
Transfer Out	(583,452)	(583,452)	100.0%
	(382,915)	(415,806)	108.6%
Net Change in Fund Balance	330,034	2,393,576	
Fund Balance - Beginning		1,852,801	
Fund Balance - Ending		4,246,377	

Over the last several years, the City of Rolling Meadows has taken proactive steps to begin to rebuild fund balance reserves, particularly in the General Fund. FY 2012 Year End particularly show these results with an ending fund balance of \$4.2 million.

General Fund revenues ended the fiscal year with \$1.6 million more than the FY 2012 Budget. Revenues came in better than budget.

Property Taxes comprise 34.9% of the General Fund's revenues and came in above budget by \$96,277. Sales Tax, Home Rule Sales Tax and State Use Tax came in a combined \$518,833 over budget and comprise 19.7% of the General Fund's revenues. Overall, sales taxes are coming in better attributed to an improved economy. For the State Use Tax, the State of Illinois has increased its enforcement and has brought more back to the City coupled with the general economic recovery.

The State of Illinois Telecommunications Tax came in \$55,387 over budget (103.1% of budget) and makes up 6.6% of General Fund revenues.

Hotel Tax came in better than budget by \$99,212 or 134.2% of budget and Real Estate Taxes came in better than budget by \$64,865 or 137.1% of budget. Both are indicators of the economy's slight momentum.

Income Tax, another sign of a positive trend, is up by \$386,575 better than budget or 122.1% of budget. Income Tax comprises 7.6% of the General Fund's revenues. The City's receivable at December 31, 2012 from the State of Illinois was \$670,387 and represents four months of Income Tax receipts due to the City.

As a direct result of Capital One setting up their operations in the City in 2012, Building Permits came in better than budget by \$290,766 or 211% of budget. Higher than expected growth in building permits representing large one-time revenue from construction at the Atrium for Capital One and also home remodeling projects took place in 2012.

Red Light Enforcement Fines came in better than budget by \$290,238 or 172.6% of budget. This is primarily due to increased activity in certain intersections and several cameras now up and running with the New Wilke Construction project completed.

Year-end results for General Fund expenditures came in under budget by \$455,404. General Government came in under budget primarily due to City contracted legal services coming in under budget by \$114,818 and a billboard escrow budgeted in the Finance Department of \$130,000 but reserved from Rental Income in the General Fund. The final reserve payment will be completed in FY 2013 and was a contractual contingency requirement if the company decided to remove the billboard. The billboard site is operating successfully.

Public Safety was over budget by \$22,038 primarily due to the additional amounts of property taxes received and retirements in FY 2012. Public Works came in under budget by \$107,821 due to some earlier than planned retirements. Health/Welfare and Culture came in under budget by \$8,351. Economic Development came in under budget by \$6,832 due to some economic development expenses were paid with TIF funding. Overall, General Fund expenditures came in about 2% lower than budget.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but include long-term outflows and capital assets. Unrestricted net position of the Utilities and Refuse Funds at the end of the year amounted to a total of \$4,417,081 —increased by \$1,474,765 from 2012. The primary reason is that a portion of the construction work was started for the IEPA Water Loan. The IEPA Sewer Loan improvements were budgeted at \$1.5 million but the work was not started in FY 2012 and the work will be done in FY 2013.

Capital Asset and Debt Administration

Capital Assets - The City of Rolling Meadows' investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$140,785,472 (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 decreased by \$29,587 due primarily to depreciation of existing assets. The business-type activities net capital assets increased by \$645,296 with new capital assets added 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	
	2011	2012	2011	2012	2011	2012
Land	\$ 99.2	\$ 99.2	\$ -	\$ -	\$ 99.2	\$ 99.2
Land improvements	0.8	0.8	0.1	0.1	0.9	0.9
Construction in progress	3.0	4.3	0.4	1.3	3.4	5.6
Building	6.4	6.1	1.6	1.5	8.0	7.6
Machinery and equipment	1.2	1.3	0.4	0.4	1.6	1.7
Infrastructure	17.5	16.6	8.4	8.4	25.9	25.0
Vehicles	1.1	0.8	-	-	1.1	0.8
Total	\$ 129.2	\$ 129.2	\$ 11.0	\$ 11.6	\$ 140.1	\$ 140.8

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

DEBT OUTSTANDING

At the end of the fiscal year 2012, the City of Rolling Meadows had total bonded debt outstanding of \$17,705,000 and 100% comprises debt backed by the full faith and credit of the government. No short term debt issued during 2012.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
General obligation bonds	\$ 17.1	\$ 15.5	\$ 2.5	\$ 2.2	\$ 19.6	\$ 17.7

Taking advantage of historically low interest rates, the City refinanced nearly \$10 million worth of general obligation bonds to save taxpayers nearly \$750,000 over the next 12 years. The three general obligation bonds included the 2002A, the 2002B and the 2004 Series.

In June of 2012, Standard & Poor's Rating Services reaffirmed the City's investment grade rating at an A+ citing recent trend of General Fund surpluses and modest debt burden with rapid

amortization. The City of Rolling Meadows current bond rating is an A1 from Moody's Investors Service. The City's Management and the City Council will continue to review its debt structure and take advantage of low interest rates to refinance eligible general obligation debt in FY 2013.

The City has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerworks improvements. The IEPA Loans will be paid from the City's Utilities Funds and the Loan Payable for the Waterworks Improvements is \$1,029,074. The City will begin the Sewerworks improvements in FY 2013.

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 39 through 44 of this report.

Economic Factors and Next Year's Budget

The fiscal year ended positively as the General Fund ended with another surplus. This is the 2nd year of surpluses after four years of negative fund balance years in the General Fund (Fiscal Years 2007 to 2010). The General Fund is the City's primary operating fund and pays for most of the City's services – public safety [fire and police services], public works services and city administration services, [except for water, sewer and stormwater services accounted for in the Utilities Funds and Refuse (Garbage and Recycling) services accounted for in the Refuse Fund]. The financial condition for the City and in particular the General Fund has improved significantly over the last several years. The General Fund's financial health continues to improve overall and the City's focus is to improve cash and fund balance reserves going forward.

While the City continues to work on economic development and 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 is a cornerstone to the City's FY 2013 Budget. The City Council, Management and Staff take a conservative approach to the City's financial management especially in light of the economic uncertainty. Certain projects, vehicles and equipment are closely monitored and evaluated to ensure the full potential of the asset is used before a potential replacement is discussed. Looking ahead to the end of FY 2013, some of the revenue and expenditure assumptions are trending better than the FY 2013 Budget and these early results are encouraging as the City moves ahead this year.

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, 2012**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position
December 31, 2012**

	Governmental Activities	Business- Type Activities	Totals	Component Unit Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 5,063,662	3,403,780	8,467,442	2,168,975
Receivables - Net of Allowances	16,207,849	2,092,824	18,300,673	3,518,033
Internal Balances	-	-	-	-
Prepays/Inventories	2,153,711	75,257	2,228,968	-
Total Current Assets	23,425,222	5,571,861	28,997,083	5,687,008
Noncurrent Assets				
Capital Assets				
Nondepreciable	103,527,324	1,262,427	104,789,751	608,893
Depreciable	68,313,782	22,289,693	90,603,475	8,057,778
Accumulated Depreciation	(42,658,305)	(11,949,449)	(54,607,754)	(4,832,677)
	129,182,801	11,602,671	140,785,472	3,833,994
Other Assets				
Investment in Joint Venture	-	448,867	448,867	-
Total Noncurrent Assets	129,182,801	12,051,538	141,234,339	3,833,994
Total Assets	152,608,023	17,623,399	170,231,422	9,521,002

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	752,236	480,029	1,232,265	153,399
Accrued Payroll	120,699	22,331	143,030	78,111
Deposits Payable	29,642	-	29,642	-
Interest Payable	12,400	-	12,400	-
Other Payables	506,114	-	506,114	-
Current Portion of Long-Term Liabilities				
Compensated Absences Payable	627,331	29,141	656,472	75,978
Capital Leases Payable	42,940	-	42,940	-
General Obligation Bonds Payable - Net	2,102,727	333,545	2,436,272	-
Total Current Liabilities	4,194,089	865,046	5,059,135	307,488
Noncurrent Liabilities				
Deposits Payable	200,721	359,024	559,745	-
Compensated Absences Payable	4,069,865	640,330	4,710,195	-
Net Pension Obligation Payable	4,264,374	-	4,264,374	50,805
Net Other Post-Employment Benefit Payable	1,478,297	-	1,478,297	75,357
IEPA Loans Payable	-	1,029,074	1,029,074	-
Capital Leases Payable	191,232	-	191,232	-
General Obligation Bonds Payable - Net	13,034,772	1,896,667	14,931,439	-
Total Noncurrent Liabilities	23,239,261	3,925,095	27,164,356	126,162
Total Liabilities	27,433,350	4,790,141	32,223,491	433,650
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	12,156,165	72,792	12,228,957	-
Total Liabilities and Deferred Inflows of Resources	39,589,515	4,862,933	44,452,448	433,650
NET POSITION				
Net Investment in Capital Assets	113,811,130	8,343,385	122,154,515	3,833,994
Restricted - Public Safety	390,986	-	390,986	-
Restricted - Highways and Streets	961,783	-	961,783	-
Restricted - Economic Development	84,772	-	84,772	-
Restricted - Public Library	-	-	-	265,875
Unrestricted	(2,230,163)	4,417,081	2,186,918	4,987,483
Total Net Position	113,018,508	12,760,466	125,778,974	9,087,352

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Activities
Year Ended December 31, 2012**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 2,551,436	2,759,018	-	-
Public Safety	19,817,544	2,010,026	89,572	-
Highways and Streets	1,201,640	440,191	-	1,981,230
Public Works	3,692,206	-	-	-
Health and Welfare	9,879	-	-	-
Economic Development	129,036	-	-	-
Interest on Long-Term Debt	670,105	-	-	-
	<u>28,071,846</u>	<u>5,209,235</u>	<u>89,572</u>	<u>1,981,230</u>
Business-Type Activities				
Utilities	7,735,312	8,926,344	-	-
Refuse Collection	2,224,955	2,489,843	-	-
	<u>9,960,267</u>	<u>11,416,187</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>38,032,113</u>	<u>16,625,422</u>	<u>89,572</u>	<u>1,981,230</u>
Component Unit - Public Library	<u>3,623,446</u>	<u>41,243</u>	<u>35,130</u>	<u>-</u>

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

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

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

Net Expense/Revenue			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Public Library
207,582	-	207,582	-
(17,717,946)	-	(17,717,946)	-
1,219,781	-	1,219,781	-
(3,692,206)	-	(3,692,206)	-
(9,879)	-	(9,879)	-
(129,036)	-	(129,036)	-
(670,105)	-	(670,105)	-
(20,791,809)	-	(20,791,809)	-
-	1,191,032	1,191,032	-
-	264,888	264,888	-
-	1,455,920	1,455,920	-
(20,791,809)	1,455,920	(19,335,889)	-
-	-	-	(3,547,073)
12,794,326	-	12,794,326	3,547,487
5,127,489	-	5,127,489	-
1,845,387	-	1,845,387	-
1,298,887	-	1,298,887	-
389,212	-	389,212	-
1,176,218	-	1,176,218	-
239,865	-	239,865	-
455,680	-	455,680	-
2,136,575	-	2,136,575	-
384,335	-	384,335	-
175,462	-	175,462	60,132
12,070	382	12,452	2,583
664,470	-	664,470	2,023
87,195	(87,195)	-	-
26,787,171	(86,813)	26,700,358	3,612,225
5,995,362	1,369,107	7,364,469	65,152
107,023,146	11,391,359	118,414,505	9,022,200
113,018,508	12,760,466	125,778,974	9,087,352

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2012**

	General	Motor Fuel Tax	Debt Service	Nonmajor	Totals
ASSETS					
Cash and Investments	\$ 620,037	946,526	-	743,225	2,309,788
Receivables - Net of Allowances					
Property Taxes	10,157,677	-	1,338,704	703,374	12,199,755
Other Taxes	2,922,227	49,885	-	34,440	3,006,552
Accounts	420,192	25,265	-	474,036	919,493
Due from Other Funds	1,097,565	-	-	141,563	1,239,128
Prepays	42,584	-	495	34,120	77,199
Total Assets	15,260,282	1,021,676	1,339,199	2,130,758	19,751,915
LIABILITIES					
Accounts Payable	257,335	31,943	465	128,734	418,477
Accrued Payroll	119,183	-	-	-	119,183
Deposits Payable	1,692	27,950	-	-	29,642
Due to Other Funds	21,317	-	170,737	1,049,789	1,241,843
Other Payables	493,614	-	-	12,500	506,114
Total Liabilities	893,141	59,893	171,202	1,191,023	2,315,259
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	10,120,764	-	1,334,600	700,801	12,156,165
Total Liabilities and Deferred Inflows of Resources	11,013,905	59,893	1,505,802	1,891,824	14,471,424
FUND BALANCES					
Nonspendable	42,584	-	495	34,120	77,199
Restricted	-	961,783	-	475,758	1,437,541
Assigned	-	-	-	756,176	756,176
Unassigned	4,203,793	-	(167,098)	(1,027,120)	3,009,575
Total Fund Balances	4,246,377	961,783	(166,603)	238,934	5,280,491
Total Liabilities, Deferred Inflows of Resources and Fund Balances	15,260,282	1,021,676	1,339,199	2,130,758	19,751,915

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

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

Total Governmental Fund Balances \$ 5,280,491

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. 120,466,574

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 12,702,421

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Net Pension Obligation Payable	(4,264,374)
Compensated Absences Payable	(4,608,408)
General Obligation Bonds Payable - Net	(15,067,499)
Net Other Post-Employment Benefit Payable	(1,478,297)
Accrued Interest Payable	<u>(12,400)</u>

Net Position of Governmental Activities 113,018,508

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2012**

	General	Motor Fuel Tax	Debt Service	Nonmajor	Totals
Revenues					
Taxes	\$ 20,096,496	-	1,361,166	1,869,402	23,327,064
Intergovernmental	2,785,944	701,900	-	1,279,330	4,767,174
Licenses and Permits	1,064,083	-	-	440,191	1,504,274
Charges for Services	2,433,701	-	-	-	2,433,701
Fines and Forfeitures	1,196,114	-	-	75,146	1,271,260
Interest	10,544	459	-	30	11,033
Miscellaneous	179,857	25,998	-	458,615	664,470
Total Revenues	27,766,739	728,357	1,361,166	4,122,714	33,978,976
Expenditures					
Current					
General Government	3,274,493	-	-	767,806	4,042,299
Public Safety	19,532,692	-	-	726,893	20,259,585
Highways and Streets	-	398,347	-	803,293	1,201,640
Public Works	2,136,425	-	-	-	2,136,425
Health/Welfare and Culture	9,879	-	-	-	9,879
Economic Development	3,868	-	-	125,168	129,036
Capital Outlay	-	796,892	-	1,152,100	1,948,992
Debt Service					
Principal Retirement	-	-	1,430,000	496,880	1,926,880
Interest and Fiscal Charges	-	-	502,782	113,159	615,941
Total Expenditures	24,957,357	1,195,239	1,932,782	4,185,299	32,270,677
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	2,809,382	(466,882)	(571,616)	(62,585)	1,708,299
Other Financing Sources (Uses)					
Debt Issuance	-	-	8,265,000	-	8,265,000
Payment to Escrow Agent	-	-	(8,267,289)	-	(8,267,289)
Premium on Debt Issuance	-	-	5,791	-	5,791
Disposal of Capital Assets	763	-	-	-	763
Transfers In	166,883	-	583,452	211,159	961,494
Transfers Out	(583,452)	-	-	(290,847)	(874,299)
	(415,806)	-	586,954	(79,688)	91,460
Net Change in Fund Balances					
	2,393,576	(466,882)	15,338	(142,273)	1,799,759
Fund Balances - Beginning					
	1,852,801	1,428,665	(181,941)	381,207	3,480,732
Fund Balances - Ending					
	4,246,377	961,783	(166,603)	238,934	5,280,491

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

CITY OF ROLLING MEADOWS, ILLINOIS

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

Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds **\$ 1,799,759**

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	2,200,811
Depreciation Expense	(1,807,600)

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.

Reduction to Net Pension Obligation Payable	422,798
Additions to Compensated Absences Payable	(86,679)
Additions to Net Other Post-Employment Benefit Payable	(325,318)
Retirement of Debt	9,856,880
Issuance of Debt	(8,265,000)
Amortization of Premium	24,587
Loss of Refunding	337,289
Amortization of Bond Issue Costs	(98,568)

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

14,026

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.

1,922,377

Changes in Net Position of Governmental Activities

5,995,362

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, 2012**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 2,754,941	648,839	3,403,780	2,753,874
Receivables - Net of Allowances - Accounts	1,786,205	306,619	2,092,824	82,049
Inventories	48,824	-	48,824	-
Prepays	1,794	24,639	26,433	2,076,512
Total Current Assets	4,591,764	980,097	5,571,861	4,912,435
Noncurrent Assets				
Capital Assets				
Nondepreciable	1,262,427	-	1,262,427	1,029,450
Depreciable	21,691,080	598,613	22,289,693	20,937,397
Accumulated Depreciation	(11,594,525)	(354,924)	(11,949,449)	(13,250,620)
	11,358,982	243,689	11,602,671	8,716,227
Other Assets				
Investment in Joint Venture	448,867	-	448,867	-
Total Noncurrent Assets	11,807,849	243,689	12,051,538	8,716,227
Total Assets	16,399,613	1,223,786	17,623,399	13,628,662
LIABILITIES				
Current Liabilities				
Accounts Payable	432,957	47,072	480,029	312,442
Accrued Payroll	18,128	4,203	22,331	1,516
Due to Other Funds	-	-	-	18,602
Compensated Absences Payable	23,473	5,668	29,141	5,364
Capital Leases Payable	-	-	-	42,940
General Obligation Bonds Payable	302,751	30,794	333,545	70,000
Total Current Liabilities	777,309	87,737	865,046	450,864
Noncurrent Liabilities				
Deposits Payable	359,024	-	359,024	200,721
Compensated Absences Payable	512,763	127,567	640,330	83,424
Capital Leases Payable	-	-	-	191,232
IEPA Loans Payable	1,029,074	-	1,029,074	-
General Obligation Bonds Payable	1,763,631	133,036	1,896,667	-
Total Noncurrent Liabilities	3,664,492	260,603	3,925,095	475,377
Total Liabilities	4,441,801	348,340	4,790,141	926,241
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	72,792	-	72,792	-
Total Liabilities and Deferred Inflows of Resources	4,514,593	348,340	4,862,933	926,241
NET POSITION				
Net Investment in Capital Assets	8,263,526	79,859	8,343,385	8,412,055
Unrestricted	3,621,494	795,587	4,417,081	4,290,366
Total Net Position	11,885,020	875,446	12,760,466	12,702,421

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
Year Ended December 31, 2012**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 8,758,473	2,392,220	11,150,693	-
Miscellaneous	167,871	97,623	265,494	1,611,261
Interfund Services	-	-	-	7,037,546
Total Operating Revenues	8,926,344	2,489,843	11,416,187	8,648,807
Operating Expenses				
Administration	1,075,824	814,181	1,890,005	5,674,327
Public Safety	-	-	-	15,769
Public Works	575,000	-	575,000	219,549
Operations	5,367,349	1,344,547	6,711,896	-
Depreciation and Amortization	610,857	59,417	670,274	846,758
Total Operating Expenses	7,629,030	2,218,145	9,847,175	6,756,403
Operating Income	1,297,314	271,698	1,569,012	1,892,404
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	-	-	-	47,316
Interest Income	382	-	382	1,037
Interest Expense	(106,282)	(6,810)	(113,092)	(18,380)
	(105,900)	(6,810)	(112,710)	29,973
Income Before Transfers	1,191,414	264,888	1,456,302	1,922,377
Transfers Out	(87,195)	-	(87,195)	-
Change in Net Position	1,104,219	264,888	1,369,107	1,922,377
Net Position - Beginning	10,780,801	610,558	11,391,359	10,780,044
Net Position - Ending	11,885,020	875,446	12,760,466	12,702,421

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2012**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 8,173,297	2,590,748	10,764,045	-
Interfund Services Provided	-	-	-	8,013,962
Payments to Suppliers	(5,343,700)	(1,675,868)	(7,019,568)	(4,807,059)
Payments to Employees	(1,449,076)	(471,510)	(1,920,586)	(1,295,571)
	<u>1,380,521</u>	<u>443,370</u>	<u>1,823,891</u>	<u>1,911,332</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	(87,195)	-	(87,195)	-
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	47,316
Capital Debt Proceeds	2,454,074	-	2,454,074	-
Purchase of Capital Assets	(1,304,784)	-	(1,304,784)	(421,555)
Principal Paid on Debt	(1,673,440)	(29,680)	(1,703,120)	(115,541)
Interest Paid on Debt	(106,282)	(6,810)	(113,092)	(18,380)
	<u>(630,432)</u>	<u>(36,490)</u>	<u>(666,922)</u>	<u>(508,160)</u>
Cash Flows from Investing Activities				
Interest Received	382	-	382	1,037
Net Change in Cash and Cash Equivalents	<u>663,276</u>	<u>406,880</u>	<u>1,070,156</u>	<u>1,404,209</u>
Cash and Cash Equivalents - Beginning	<u>2,091,665</u>	<u>241,959</u>	<u>2,333,624</u>	<u>1,349,665</u>
Cash and Cash Equivalents - Ending	<u>2,754,941</u>	<u>648,839</u>	<u>3,403,780</u>	<u>2,753,874</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	1,297,314	271,698	1,569,012	1,892,404
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	610,857	59,417	670,274	846,758
(Increase) Decrease in Current Assets	(753,047)	100,905	(652,142)	(634,845)
Increase (Decrease) in Current Liabilities	225,397	11,350	236,747	(192,985)
Net Cash Provided by Operating Activities	<u>1,380,521</u>	<u>443,370</u>	<u>1,823,891</u>	<u>1,911,332</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, 2012**

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 4,396,090	256,076
Investments		
U.S. Government and Agency Obligations	6,856,346	-
Corporate Bonds	9,266,583	-
Mutual Funds	23,673,349	-
Common Stock	6,705,812	-
Insurance Company Contracts	188,551	-
Receivables		
Accrued Interest	146,502	-
Due from Other Governments	-	-
Due from Other Funds	21,317	-
Prepays	2,380	-
Total Assets	<u>51,256,930</u>	<u>256,076</u>
LIABILITIES		
Accounts Payable	27,741	1,875
Deposits Payable	-	254,201
Total Liabilities	<u>27,741</u>	<u>256,076</u>
NET POSITION		
Held in Trust for Pension Benefits	<u><u>51,229,189</u></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
Year Ended December 31, 2012**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 4,661,083
Contributions - Plan Members	853,802
Miscellaneous	150
Total Contributions	<u>5,515,035</u>
Investment Earnings	
Interest Earned	1,562,734
Net Change in Fair Value	<u>2,956,113</u>
	4,518,847
Less Investment Expenses	<u>(158,445)</u>
Net Investment Income	<u>4,360,402</u>
Total Additions	<u>9,875,437</u>
Deductions	
Administration	81,457
Benefits and Refunds	<u>4,969,977</u>
Total Deductions	<u>5,051,434</u>
Change in Net Position	4,824,003
Net Position - Beginning	<u>46,405,186</u>
Net Position - Ending	<u>51,229,189</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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the City.

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, 2012

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. The Library is presented as a governmental fund type. Separate audited financial statements for the Public Library may be obtained from the Public Library's offices at 3110 Martin Lane, Rolling Meadows, Illinois 60008.

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, 2012

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, 2012

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 or community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains six nonmajor capital projects funds, the Local Road Fund, the Transit Oriented Area Development Fund, the TIF #1 Kirchoff/Meadow Fund, the TIF #2 Kirchoff/Owl Fund, the TIF #3 Woodfield and the Plum Grove 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, 2012

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, 2012

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-like activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/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, 2012

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-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows 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, 2012

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

Receivables

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

Interfund Receivables, Payables and Activity

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

Prepays/Inventories

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

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

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

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

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

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

Compensated Absences

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net 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 expenditures/expenses at the time of issuance.

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

Net Position

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

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

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”.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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

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

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

<u>Fund (Fund Number)</u>	<u>Excess</u>
TIF #1 Kirchoff/Meadow (18)	\$ 66,066
TIF #3 Woodfield (50)	19
Municipal Garage (14)	22,082

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

DEFICIT FUND EQUITY

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

<u>Fund (Fund Number)</u>	<u>Deficit</u>
Debt Service (47)	\$ 166,603
911 Emergency Telephone (04)	84,888
TIF #2 Kirchoff/Owl (37)	779,099
TIF #3 Woodfield (50)	130,238
Municipal Garage (14)	133,586

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.

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

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

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and, business-type activities totaled \$7,433,979 and the bank balances totaled \$7,804,474. Additionally, the City has \$200,874 invested in the Illinois Funds and \$832,589 invested in the IMET Fund.

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the City's investment policy further states investments are limited to U.S. government obligations; U.S. government agency obligations which have a liquid market value with a readily determinable market value; certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances and commercial paper, rated in the highest tier by a nationally recognized rating agency; investment-grade obligations of state and local governments and public authorities; repurchase agreements whose underlying purchased securities consist of money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; local government investment pools; any other investments allowed by Illinois Complied Statutes. At year-end, the City's investment in the Illinois Funds was rated AAAM by Standard & Poor's. IMET's 1-3 year government bond fund receives Standard & Poor's AAAF rating for credit quality and Standard & Poor's S1 rating for volatility, or interest rate risk.

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

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

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, 2012, all of the City's investments are in compliance with the guidelines outlined above in the City's investment policy. At year-end, the City's investment in the IMET Fund is over 5 percent of the total cash and investment portfolio.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

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

Deposits. At year-end, the carrying amount of the Pension Fund’s deposits totaled \$43,698 and the bank balances totaled \$58,377.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Certificates of Deposit	\$ 3,299,968	-	3,053,121	246,847	-
U.S. Treasury Notes	2,868,053	319,188	1,476,326	828,886	243,653
Governmental National Mortgage	86,117	-	33,104	-	53,013
Federal Farm Credit Bank	795,418	-	795,418	-	-
Federal Home Loan Mortgage	114,831	1,145	26,795	34,509	52,382
Federal Home Loan Bank	120,644	-	120,644	-	-
Federal National Mortgage	322,991	-	69,177	-	253,814
Corporate Bonds	4,920,309	174,942	2,807,133	1,605,939	332,295
Money Market Mutual Funds	1,215,981	1,215,981	-	-	-
	<u>13,744,312</u>	<u>1,711,256</u>	<u>8,381,718</u>	<u>2,716,181</u>	<u>935,157</u>

Interest Rate Risk. In accordance with the Fund’s investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities. The Fund’s investment policy provides no additional limitations related to interest rate risk.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund’s investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of the U.S. government agencies were all rated triple A by Standard & Poor’s or by Moody’s Investors Services or were small issues that were unrated. The following is a schedule of unrated investments by investment type:

<u>Investment Type</u>	<u>Total Value</u>	<u>AAA Rate</u>	<u>Unrated</u>
Governmental National Mortgage Association	\$86,177	\$11,579	\$74,538

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

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

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, 2012, the entire amount of the bank balance of 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.

Concentration Risk. At December 31, 2012, the Fund has over 5% of plan net assets invested in Fifth Third money market fund \$709,336, as well as various agency securities as indicated in the above table. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier, are backed by the issuing organization. Although unlike treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Fund's investment policy specifies "the Board of Trustees has consciously diversified the aggregate fund to ensure adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio." The Fund's investment policy has state diversification is necessary to meet the Fund's goal of safety of principal and reasonable return. The Pension Board has diversified its equity mutual fund holdings as follows:

Vanguard Institutional - \$8,352,780
Harbor International - \$3,227,253
Blair Williams - \$779,489

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

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$1,052,424 and the bank balances totaled \$1,054,335.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U. S. Treasury Bonds	\$ 1,177,710	-	-	-	1,177,710
Governmental National Mortgage	14,175	-	167	-	14,008
Federal Home Loan Mortgage	423,386	-	-	423,386	-
Federal Home Loan Bank	30,003	-	30,003	-	-
Federal Farm Credit Bureau	903,018	-	663,250	-	239,768
Mutual Funds	10,097,846	10,097,846	-	-	-
Corporate Bonds	4,346,274	-	1,126,931	2,091,200	1,128,143
Insurance Contracts	188,551	-	-	-	188,551
	<u>17,180,963</u>	<u>10,097,846</u>	<u>1,820,351</u>	<u>2,514,586</u>	<u>2,748,180</u>

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

Credit Risk. The Fund’s investment policy helps limit exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The investments in securities of the U.S. agencies were all rated triple A by Standard & Poor’s and by Moody’s Investors Services.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

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

Custodial Credit Risk. The Fund's investment policy does not limit custodial credit risk for deposits. At December 31, 2012, 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, 2012, the U.S. Government Securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

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

Concentration Risk. At year end, the Fund also has \$4,368,769 invested in common stock. The Fund does not have a formal written policy with regards to concentration credit risk for investments. At December 31, 2012, the Firefighters' Pension Fund has no investments over 5% of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations).

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2012, 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, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 99,236,456	-	-	99,236,456
Construction in Progress	3,002,205	1,342,483	53,820	4,290,868
	<u>102,238,661</u>	<u>1,342,483</u>	<u>53,820</u>	<u>103,527,324</u>
Depreciable Capital Assets				
Land Improvements	1,367,862	-	-	1,367,862
Buildings	12,929,367	148,065	-	13,077,432
Infrastructure	43,694,043	858,328	-	44,552,371
Machinery and Equipment	3,751,638	327,310	-	4,078,948
Vehicles	5,533,134	-	295,965	5,237,169
	<u>67,276,044</u>	<u>1,333,703</u>	<u>295,965</u>	<u>68,313,782</u>
Less Accumulated Depreciation				
Land Improvements	541,867	46,748	-	588,615
Buildings	6,493,619	462,681	-	6,956,300
Infrastructure	26,230,101	1,686,206	-	27,916,307
Machinery and Equipment	2,594,512	172,044	-	2,766,556
Vehicles	4,442,218	284,274	295,965	4,430,527
	<u>40,302,317</u>	<u>2,651,953</u>	<u>295,965</u>	<u>42,658,305</u>
Net Depreciable Capital Assets	<u>26,973,727</u>	<u>(1,318,250)</u>	<u>-</u>	<u>25,655,477</u>
Net Capital Assets	<u>129,212,388</u>	<u>24,233</u>	<u>53,820</u>	<u>129,182,801</u>

Depreciation expense was charged to governmental activities as follows:

Public Works	\$ 1,807,600
Internal Service	<u>844,353</u>
	<u><u>2,651,953</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, 2012**

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	\$ 387,251	1,143,125	267,949	1,262,427
Depreciable Capital Assets				
Land Improvements	250,242	-	-	250,242
Building Improvements	3,674,232	-	-	3,674,232
Machinery and Equipment	1,978,564	-	-	1,978,564
Waterworks System	6,636,804	275,241	-	6,912,045
Sewerage System	9,280,424	154,367	-	9,434,791
Garage	39,819	-	-	39,819
	<u>21,860,085</u>	<u>429,608</u>	<u>-</u>	<u>22,289,693</u>
Less Accumulated Depreciation				
Land Improvements	136,917	15,693	-	152,610
Building Improvements	2,105,016	74,431	-	2,179,447
Machinery and Equipment	1,538,599	71,043	-	1,609,642
Waterworks System	3,326,744	144,422	-	3,471,166
Sewerage System	4,142,866	353,899	-	4,496,765
Garage	39,819	-	-	39,819
	<u>11,289,961</u>	<u>659,488</u>	<u>-</u>	<u>11,949,449</u>
Net Depreciable Capital Assets	<u>10,570,124</u>	<u>(229,880)</u>	<u>-</u>	<u>10,340,244</u>
Net Capital Assets	<u>10,957,375</u>	<u>913,245</u>	<u>267,949</u>	<u>11,602,671</u>

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

Utilities	\$ 602,228
Refuse Collection	<u>57,260</u>
	<u>659,488</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Component Unit – Public Library

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 608,893	-	-	608,893
Depreciable Capital Assets				
Buildings and Improvements	4,325,887	-	-	4,325,887
Furniture and Equipment	590,485	8,198	6,678	592,005
Books and Other Library Materials	2,598,636	251,801	247,829	2,602,608
Audio Visual Materials	537,093	68,410	68,225	537,278
	<u>8,052,101</u>	<u>328,409</u>	<u>322,732</u>	<u>8,057,778</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,234,618	93,138	-	2,327,756
Furniture and Equipment	422,186	32,361	6,201	448,346
Books and Other Library Materials	1,678,395	257,356	247,829	1,687,922
Audio Visual Materials	367,674	69,204	68,225	368,653
	<u>4,702,873</u>	<u>452,059</u>	<u>322,255</u>	<u>4,832,677</u>
Net Depreciable Capital Assets	<u>3,349,228</u>	<u>(123,650)</u>	<u>477</u>	<u>3,225,101</u>
Net Capital Assets	<u>3,958,121</u>	<u>(123,650)</u>	<u>477</u>	<u>3,833,994</u>

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Interfund Transfers – Continued

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ 166,883
Debt Service	General	583,452
Nonmajor Governmental	Nonmajor Governmental	123,964
Nonmajor Governmental	Utilities	<u>87,195</u>
		<u><u>961,494</u></u>

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Municipal Garage	\$ 18,602
General	Nonmajor Governmental	908,226
General	Debt Service	170,737
Nonmajor Governmental	Nonmajor Governmental	141,563
Police Pension	General	10,771
Firefighters' Pension	General	<u>10,546</u>
		<u><u>1,260,445</u></u>

Interfund balances are advances in anticipation of receipts.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

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 over 20 years, plus interest at 2.30% - Final repayment schedule not available at the time of this report.	Utilities	\$ -	1,029,074	-	1,029,074

General Obligation Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2002A (\$4,885,000), due in annual installments of \$310,000 to \$485,000 plus interest at 4.40% to 4.90% through December 1, 2018.	Debt Service (Property Tax)	\$ 2,970,000	-	2,600,000 * 370,000	-
General Obligation Bonds of 2002B (\$2,600,000), due in annual installments of \$120,000 to \$205,000 plus interest at 3.65% to 4.75% through December 1, 2020.	Utilities	1,540,000	-	1,400,000 * 140,000	-

*Refunded

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2003 (\$4,030,000), due in annual installments of \$315,000 to \$430,000 plus interest at 2.90% to 3.70% through January 1, 2018.	TIF #2 Kirchoff/Owl	\$ 2,375,000	-	365,000	2,010,000
General Obligation Bonds of 2004 (\$8,070,000), due in annual installments of \$225,000 to \$785,000 plus interest at 3.25% to 4.40% through January 1, 2024.	Debt Service (Sales Tax)	6,400,000	-	5,330,000 * 325,000	745,000
General Obligation Bonds of 2005 (\$7,425,000), due in annual installments of \$590,000 to \$800,000 plus interest at 3.75% to 4.00% through December 1, 2017.	Debt Service (Property Tax)	4,390,000	-	670,000	3,720,000
General Obligation Bonds of 2007 (\$410,000), due in annual installments of \$35,000 to \$70,000 plus interest at 3.95% to 4.15% through December 1, 2013.	Vehicle Replacement	135,000	-	65,000	70,000
General Obligation Bonds of 2007A (\$2,835,000), due in annual installments of \$225,000 to \$330,000 plus interest at 3.512% through December 1, 2017.	Utilities	774,822	-	118,440	656,382
	Refuse Collection	193,510	-	29,680	163,830
	Local Roads	861,668	-	131,880	729,788

*Refunded

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation 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 December 1, 2023.	Debt Service (Property Tax)	\$ -	2,610,000	30,000	2,580,000
	Debt Service (Sales Tax)	-	5,655,000	35,000	5,620,000
	Utilities	-	1,425,000	15,000	1,410,000
		<u>19,640,000</u>	<u>9,690,000</u>	<u>11,625,000</u>	<u>17,705,000</u>

Capital Leases

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

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

Fiscal Year	Lease Payment
2013	\$ 53,487
2014	53,292
2015	53,292
2016	53,293
2017	53,292
	<u>266,656</u>
Interest Portion	<u>(32,484)</u>
Principal Balance	<u>234,172</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 4,609,454	175,483	87,741	4,697,196	627,331
Net Pension Obligation	4,687,172	-	422,798	4,264,374	-
Net Other Post-Employment Benefit Obligation	1,152,979	325,318	-	1,478,297	-
Capital Leases	284,713	-	50,541	234,172	42,940
General Obligation Bonds	17,131,668	8,265,000	9,921,880	15,474,788	2,136,455
Plus: Unamortized Premium	24,587	-	24,587	-	-
Less: Unamortized Loss on Refunding	-	(337,289)	-	(337,289)	(33,728)
	<u>27,890,573</u>	<u>8,428,512</u>	<u>10,507,547</u>	<u>25,811,538</u>	<u>2,772,998</u>
Business-Type Activities					
Compensated Absences	627,281	84,381	42,191	669,471	29,141
IEPA Loans Payable	-	1,029,074	-	1,029,074	-
General Obligation Bonds	2,508,332	1,425,000	1,703,120	2,230,212	333,545
	<u>3,135,613</u>	<u>2,538,455</u>	<u>1,745,311</u>	<u>3,928,757</u>	<u>362,686</u>
Component Unit - Public Library					
Compensated Absences	75,281	1,394	697	75,978	75,978
Net Pension Obligation	46,394	4,411	-	50,805	-
Net Other Post-Employment Benefit Obligation	60,384	14,973	-	75,357	-
	<u>182,059</u>	<u>20,778</u>	<u>697</u>	<u>202,140</u>	<u>75,978</u>

Payments on the net pension obligation and net other post-employment benefits obligation are made by the General Fund. For the governmental activities, compensated absences are generally liquidated by the General Fund and general obligation bonds are being liquidated by the Debt Service, the TIF #2 Kirchoff/Owl, and Local Roads Funds. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$88,788 of internal service funds' compensated absences, \$234,172 of capital leases and \$70,000 of general obligation bonds are included in the above amounts. Additionally, for business-type activities, compensated absences are generally liquidated by the Utilities and Refuse Collection Funds and general obligation bonds are being liquidated by the Utilities and Refuse Collection Funds.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Capital Leases		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,136,455	475,650	42,940	10,547	333,545	61,164
2014	2,156,269	405,163	44,706	8,586	338,731	52,176
2015	2,225,979	333,902	46,713	6,579	339,021	43,001
2016	2,275,688	266,275	48,811	4,482	359,312	33,740
2017	2,365,397	196,443	51,002	2,290	369,603	23,995
2018	1,020,000	118,574	-	-	195,000	12,988
2019	595,000	93,075	-	-	165,000	8,113
2020	675,000	76,713	-	-	130,000	3,575
2021	635,000	58,150	-	-	-	-
2022	675,000	40,688	-	-	-	-
2023	715,000	21,450	-	-	-	-
Total	15,474,788	2,086,083	234,172	32,484	2,230,212	238,752

Defeased Debt

On May 8, 2012, the City issued \$9,690,000 par value General Obligation Refunding Bonds of 2012 to refund \$2,600,000 of the General Obligation Bonds of 2002A, \$1,400,000 of the General Obligation Bonds of 2002B and \$5,330,000 of the General Obligation Bonds of 2004. The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the City reduced its total debt service by \$747,977 and obtained an economic gain of approximately \$690,514.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

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 Classifications

Net investment in capital assets was comprised of the following as of December 31, 2012:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 129,182,801
Less Capital Related Debt:	
General Obligation Bonds of 2003	(2,010,000)
General Obligation Bonds of 2004	(745,000)
General Obligation Bonds of 2005	(3,720,000)
General Obligation Bonds of 2007 - Internal Service	(70,000)
General Obligation Bonds of 2007A	(729,788)
General Obligation Refunding Bonds of 2012	(8,200,000)
Unamortized Loss on Refunding	337,289
Capital Leases	(234,172)
Net Investment in Capital Assets	<u>113,811,130</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	11,602,671
Less Capital Related Debt:	
IEPA Loan Payable of 2012	(1,029,074)
General Obligation Bonds of 2007A	(820,212)
General Obligation Refunding Bonds of 2012	(1,410,000)
Net Investment in Capital Assets	<u>8,343,385</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications

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

	General	Motor Fuel Tax	Debt Service	Nonmajor	Totals
Fund Balances					
Nonspendable	\$ 42,584	-	495	34,120	77,199
Restricted					
Public Safety	-	-	-	390,986	390,986
Highways and Streets	-	961,783	-	-	961,783
Tax Increment Financing	-	-	-	84,772	84,772
	-	961,783	-	475,758	1,437,541
Assigned					
Capital Projects Funds	-	-	-	756,176	756,176
Unassigned	4,203,793	-	(167,098)	(1,027,120)	3,009,575
Total Fund Balances	4,246,377	961,783	(166,603)	238,934	5,280,491

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.

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

Intergovernmental Risk Management Agency (IRMA)

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Personnel Benefit Cooperative (IPBC)

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

CONTINGENT LIABILITIES

Litigation

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

Grants

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

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

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

Solid Waste Agency of Northern Cook County (SWANCC)

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

COMMITMENTS

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The City has committed to purchase water from the Northwest Suburban Municipal Joint Action Water Agency. This agreement expires in 2022, with minimum amounts of gallons required for purchase every five years. The City is obligated to pay, at the minimum, amounts totaling \$16,201,242 through fiscal year 2016 as listed below:

Fiscal Year	Amount
2013	\$ 3,006,363
2014	3,440,501
2015	3,575,609
2016	<u>3,716,023</u>
	<u>13,738,496</u>

These amounts have been computed using the minimum amount, or 785 million gallons per year, to be purchased per the agreement between the City and JAWA, multiplied by an average cost per gallon of \$3.80 charged by JAWA in the fiscal year ended 2012, with an estimated increase in the per gallon cost each of the following years.

Solid Waste Agency of Northern Cook County (SWANCC)

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

Fiscal Year	Amount
2013	\$ 586,000
2014	480,718
2015	<u>492,179</u>
	<u>1,558,897</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

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, 2012 are as follows:

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

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

Summary of financial positions as of April 30, 2012:

Current Assets	\$ 12,084,455	Current Liabilities	\$ 4,675,472
Noncurrent Assets		Long-Term Liabilities	74,990,050
Capital Assets	47,355,448		
Other Assets	25,587,408	Total Liabilities	<u>79,665,522</u>
Deferred Outflows	<u>945,467</u>	Net Position	<u>6,307,256</u>
Total Assets and Deferred Outflows	<u>85,972,778</u>		

Summary of revenues, expenses and changes in net position for the year ended April 30, 2012:

Operating Revenues	\$ 32,266,959
Operating Expenses	<u>25,933,090</u>
Operating Income	6,333,869
Nonoperating Revenue (Expenses)	<u>(4,363,952)</u>
Change in Net Position	1,969,917
Net Position - Beginning	<u>4,337,339</u>
Net Position - Ending	<u>6,307,256</u>

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

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

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

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

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

In accordance with the joint venture agreement, the City remitted \$2,834,482 to JAWA for the year ended December 31, 2012. All payments were paid from the Utilities Fund. The City’s share of net position of JAWA was \$448,867 at December 31, 2012.

Solid Waste Agency of Northern Cook County (SWANCC)

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

The twenty-three members of SWANCC and their percentage shares as of April 30, 2012 are as follows:

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

Summary of financial positions as of April 30, 2012:

Current Assets	\$ 6,365,923	Current Liabilities	\$ 4,517,395
Noncurrent Assets		Long-Term Liabilities	<u>3,641,584</u>
Capital Assets	10,753,169	Total Liabilities	<u>8,158,979</u>
Deferred Outflows	<u>39,921</u>	Net Position	<u><u>9,000,034</u></u>
Total Assets and Deferred Outflows	<u>17,159,013</u>		

Summary of revenues, expenses and changes in net position for the year ended April 30, 2012:

Operating Revenues	\$ 2,608,416
Operating Expenses	<u>1,793,542</u>
Change in Net Position	814,874
Net Position - Beginning	<u>8,185,160</u>
Net Position - Ending	<u><u>9,000,034</u></u>

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

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

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

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

In accordance with the joint venture agreement, the City remitted \$489,678 to SWANCC for the year ended December 31, 2012, which is recorded in the City’s Refuse Collection Fund.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution rate for calendar year 2012 was 15.59 percent and the annual required contribution rate for calendar year 2012 was 15.80 percent.

Police Pension Plan

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Police Pension Plan – Continued

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

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	40
Current Employees	
Vested	37
Nonvested	<u>12</u>
	<u>89</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Firefighters' Pension Plan

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

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

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	43
Current Employees	
Vested	19
Nonvested	<u>25</u>
	<u>87</u>

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Firefighters' Pension Plan – Continued

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Significant Investments

At December 31, 2012, the Police Pension Fund has over 5% of net plan assets available for retirement (other than U.S. Government guaranteed obligations) invested in the Fifth Third Monty Market Fund of \$709,336. The Firefighters' Pension Fund did not have investments over 5% of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations). Information for IMRF is not available

Related Party Transactions

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation

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

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	15.59%	48.83%	54.94%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/12	12/31/11	12/31/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	22 Years	22 Years
Asset Valuation Method	5-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10%	5.50%	5.50%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The pension liability for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension	Totals
Annual Required Contributions	\$ 1,097,185	2,126,043	2,122,969	5,346,197
Interest on Net Pension Obligation	16,340	128,618	185,554	330,512
Adjustment to Annual Required Contribution	(11,680)	(97,756)	(156,388)	(265,824)
Annual Pension Cost	1,101,845	2,156,905	2,152,135	5,410,885
Actual Contribution	1,082,602	2,438,936	2,312,145	5,833,683
Increase to the NPO	19,243	(282,031)	(160,010)	(422,798)
NPO - Beginning of Year	217,864	1,840,941	2,628,367	4,687,172
NPO - End of Year	237,107	1,558,910	2,468,357	4,264,374

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

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

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2010	\$ 1,117,099	\$ 1,610,081	\$ 1,727,803
	2011	1,192,123	2,314,072	2,410,578
	2012	1,101,845	2,156,905	2,152,135
Actual Contributions	2010	1,013,970	2,045,289	2,073,970
	2011	1,077,388	2,245,217	2,213,935
	2012	1,082,602	2,438,936	2,312,145
Percentage of APC Contributed	2010	90.77%	127.03%	120.04%
	2011	90.38%	97.02%	91.84%
	2012	98.25%	113.08%	107.43%
Net Pension Obligation	2010	103,129	1,772,086	2,431,724
	2011	217,864	1,840,941	2,628,367
	2012	237,107	1,558,910	2,468,357

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

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

	Illinois Municipal Retirement*	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/12	12/31/11	12/31/11
Percent Funded	62.90%	46.50%	40.30%
Actuarial Accrued Liability for Benefits	\$31,236,279	\$55,300,402	\$51,335,524
Actuarial Value of Assets	\$19,646,285	\$25,707,443	\$20,697,746
(Over) Under Funded Actuarial Accrued Liability (UAAL)	\$11,589,994	\$29,592,959	\$30,637,778
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$ 6,944,208	\$ 4,597,919	\$ 4,029,761
Ratio of UAAL to Covered Payroll	166.90%	643.62%	760.29%

*Includes Library discretely presented component unit.

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

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

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending December 31, 2012, retirees contributed \$571,908. Active employees do not contribute to the plan until retirement.

At December 31, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	61
Active Employees	<u>144</u>
	<u>205</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of December 31, 2012, was calculated as follows:

	<u>Governmental Activities</u>
Annual Required Contribution	\$ 543,929
Interest on the NPO	46,119
Adjustment to the ARC	<u>(38,432)</u>
Annual OPEB Cost	551,616
Actual Contribution	<u>226,298</u>
Increase in the NOPEBO	325,318
NOPEBO - Beginning of Year	<u>1,152,979</u>
NOPEBO - End of Year	<u><u>1,478,297</u></u>

Trend Information

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

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 474,656	\$ 193,811	40.83%	\$ 872,427
2011	498,285	217,733	43.70%	1,152,979
2012	551,616	226,298	41.02%	1,478,297

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2011, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 6,685,475
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	6,685,475
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	13,476,213
UAAL as a Percentage of Covered Payroll	49.61%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% discount rate, a 3.00% price inflation assumption, a 4.00% wage inflation assumption as well as a healthcare cost trend rate of 4.50% to 8.86% depending on fiscal year. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

SUBSEQUENT EVENT

On March 28, 2013, the city issued \$2,055,000 of General Obligation Refunding Bonds of 2013. The bonds bear interest at a rate of 2.00% and are due in annual installments of \$400,000 to \$425,000 through January 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefits Plan

- Budgetary Comparison Schedules
 - General Fund
 - Motor Fuel Tax – Special Revenue Fund

Notes to the Required Supplementary Information

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

CITY OF ROLLING MEADOWS, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress						(6)
Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 25,459,071	\$ 30,746,627	82.80%	\$ 5,287,556	\$ 9,368,892	56.44%
2008	19,674,004	30,071,268	65.42%	10,397,264	9,906,874	104.95%
2009	20,296,058	32,067,786	63.29%	11,771,728	9,270,036	126.99%
2010	20,661,952	31,298,990	66.01%	10,637,038	7,872,440	135.12%
2011	19,552,396	31,602,092	61.87%	12,049,696	7,603,546	158.47%
2012	19,646,285	31,236,279	62.90%	11,589,994	6,944,208	166.90%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 1,076,486	\$ 1,076,486	100.00%
2008	1,130,374	1,130,374	100.00%
2009	1,085,521	1,085,521	100.00%
2010	1,013,970	1,117,099	90.77%
2011	1,077,388	1,189,917	90.54%
2012	1,082,602	1,097,185	98.67%

Data Source: Illinois Municipal Retirement Fund

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ 21,094,351	\$ 34,048,263	61.95%	\$ 12,953,912	\$ 4,274,342	303.06%
2007	22,276,012	37,127,790	60.00%	14,851,778	4,477,359	331.71%
2008	19,473,991	39,306,318	49.54%	19,832,327	4,701,227	421.85%
2009	22,055,478	48,808,345	45.19%	26,752,867	4,660,498	574.03%
2010	24,759,482	51,404,624	48.17%	26,645,142	4,841,699	550.33%
2011	25,707,443	55,300,402	46.49%	29,592,959	4,597,919	643.62%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 488,124	\$ 985,476	49.53%
2008	846,468	1,060,907	79.79%
2009	1,022,014	1,468,836	69.58%
2010	2,045,289	1,509,629	135.48%
2011	2,245,217	2,090,287	107.41%
2012	2,438,936	2,126,043	114.72%

Data Source: Actuarial Valuation Reports

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

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date Dec. 31	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) - Entry Age	Funded Ratio (1) ÷ (2)	Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	Annual Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ 18,638,346	\$ 33,305,824	55.96%	\$ 14,667,478	\$ 3,316,233	442.29%
2007	19,846,639	36,096,221	54.98%	16,249,582	3,741,436	434.31%
2008	15,802,062	37,791,992	41.81%	21,989,930	3,928,508	559.75%
2009	18,235,794	46,137,827	39.52%	27,902,033	3,535,416	789.21%
2010	20,219,977	48,584,953	41.62%	28,364,976	3,899,331	727.43%
2011	20,697,746	51,335,524	40.32%	30,637,778	4,029,761	760.29%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 493,662	\$ 1,017,801	48.50%
2008	850,986	1,172,057	72.61%
2009	1,014,127	1,720,215	58.95%
2010	2,073,970	1,658,207	125.07%
2011	2,213,935	2,128,673	104.01%
2012	2,312,145	2,122,969	108.91%

Data Source: Actuarial Valuation Reports

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

CITY OF ROLLING MEADOWS, ILLINOIS

Other Post-Employment Benefits Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress						(6)
Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2007	-	5,495,553	0.00%	5,495,553	15,178,035	36.21%
2008	-	5,832,237	0.00%	5,832,237	15,785,156	36.95%
2009	-	5,722,184	0.00%	5,722,184	13,843,167	41.34%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	6,685,475	0.00%	6,685,475	13,476,213	49.61%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ N/A	\$ N/A	N/A
2008	173,645	471,423	36.83%
2009	204,918	498,722	41.09%
2010	193,811	470,711	41.17%
2011	217,733	492,469	44.21%
2012	226,298	543,929	41.60%

Data Source: Actuarial Valuation Reports

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

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 19,412,188	19,412,188	20,096,496
Intergovernmental	2,288,250	2,288,250	2,785,944
Licenses and Permits	753,800	753,800	1,064,083
Charges for Services	2,451,961	2,451,961	2,433,701
Fines and Forfeitures	880,300	880,300	1,196,114
Interest	2,500	2,500	10,544
Miscellaneous	336,711	336,711	179,857
Total Revenues	26,125,710	26,125,710	27,766,739
Expenditures			
General Government	3,628,931	3,628,931	3,274,493
Public Safety	19,510,654	19,510,654	19,532,692
Public Works	2,244,246	2,244,246	2,136,425
Health/Welfare and Culture	18,230	18,230	9,879
Economic Development	10,700	10,700	3,868
Total Expenditures	25,412,761	25,412,761	24,957,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	712,949	712,949	2,809,382
Other Financing Sources (Uses)			
Disposal of Capital Assets	500	500	763
Transfers In	200,037	200,037	166,883
Transfers Out	(583,452)	(583,452)	(583,452)
	(382,915)	(382,915)	(415,806)
Net Change in Fund Balance	330,034	330,034	2,393,576
Fund Balance - Beginning			1,852,801
Fund Balance - Ending			4,246,377

CITY OF ROLLING MEADOWS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 600,000	600,000	701,900
Interest	100	100	459
Miscellaneous	76,000	76,000	25,998
Total Revenues	<u>676,100</u>	<u>676,100</u>	<u>728,357</u>
Expenditures			
Highways and Streets			
Contracted Services	475,000	475,000	268,689
Supplies			
Snow and Ice Control	179,000	179,000	129,658
Capital Outlay	980,000	980,000	796,892
Total Expenditures	<u>1,634,000</u>	<u>1,634,000</u>	<u>1,195,239</u>
Net Change in Fund Balance	<u>(957,900)</u>	<u>(957,900)</u>	(466,882)
Fund Balance - Beginning			<u>1,428,665</u>
Fund Balance - Ending			<u>961,783</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

MAJOR SPECIAL REVENUE FUND

Motor Fuel Tax Fund

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

DEBT SERVICE FUND

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

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes			
Prior Years' Taxes	\$ 10,000	10,000	(2,868)
Current Levy	5,156,681	5,156,681	5,191,937
Police Pension	2,264,222	2,264,222	2,298,936
Fire Pension	2,235,832	2,235,832	2,262,142
Municipal Sales Tax	2,750,000	2,750,000	2,978,856
Home Rule Sales Tax	1,950,000	1,950,000	2,148,633
Simplified Telecommunications Tax	1,790,000	1,790,000	1,845,387
Electric Utility Tax	1,310,453	1,310,453	1,298,887
Hotel Tax	290,000	290,000	389,212
Food and Beverage Tax	1,220,000	1,220,000	1,176,218
Real Estate Transfer Tax	175,000	175,000	239,865
Cable Franchise Fees	260,000	260,000	269,291
Total Taxes	19,412,188	19,412,188	20,096,496
Intergovernmental			
State Income Tax	1,750,000	1,750,000	2,136,575
Local Use Tax	293,000	293,000	384,335
Replacement Tax	161,050	161,050	175,462
Other Grants	84,200	84,200	89,572
Total Intergovernmental	2,288,250	2,288,250	2,785,944
Licenses and Permits			
Business Licenses	260,000	260,000	256,591
Liquor Licenses	160,000	160,000	168,650
Other Licenses	13,800	13,800	12,922
Building Permits	262,000	262,000	552,766
Rental Unit Permits	58,000	58,000	68,550
Other Permits	-	-	4,604
Total Licenses and Permits	753,800	753,800	1,064,083
Charges for Services			
Police Special Details	80,000	80,000	89,275
School Liaison Charges	183,721	183,721	185,803
Ambulance Fees	500,000	500,000	463,688

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Charges for Services - Continued			
Overhead Charges			
Garage	\$ 177,271	177,271	177,271
TIF #1	41,028	41,028	41,028
TIF #2	41,028	41,028	41,028
TIF #3	80,102	80,102	80,102
Refuse	315,803	315,803	315,803
Utilities	575,000	575,000	575,000
Library	38,654	38,654	38,654
Other Inspection Fees	85,530	85,530	77,452
Other Charges for Services	333,824	333,824	348,597
Total Charges for Services	2,451,961	2,451,961	2,433,701
Fines and Forfeitures			
Circuit Court Fines	90,000	90,000	81,109
Traffic Fines	150,000	150,000	203,828
Compliance Fines	10,000	10,000	11,886
DUI Fines	10,000	10,000	9,655
Red Light Enforcement Fines	400,000	400,000	690,328
Adjudication	35,000	35,000	29,908
Other Fines	185,300	185,300	169,400
Total Fines and Forfeitures	880,300	880,300	1,196,114
Interest	2,500	2,500	10,544
Miscellaneous			
Rental Income	250,711	250,711	131,911
Other	86,000	86,000	47,946
Total Miscellaneous	336,711	336,711	179,857
Total Revenues	26,125,710	26,125,710	27,766,739

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Mayor			
Salaries and Wages	\$ 10,150	10,150	9,762
Benefits	761	761	761
Contracted Services	4,850	4,850	1,019
Supplies	400	400	25
Total Mayor	16,161	16,161	11,567
City Council			
Salaries and Wages	28,001	28,001	28,001
Benefits	4,013	4,013	4,013
Contracted Services	51,930	51,930	58,145
Supplies	700	700	376
Total City Council	84,644	84,644	90,535
City Manager			
Salaries and Wages	326,666	326,666	310,634
Benefits	138,474	138,474	129,854
Contracted Services	55,548	55,548	32,158
Supplies	10,600	10,600	1,010
Total City Manager	531,288	531,288	473,656
City Clerk			
Salaries and Wages	103,510	103,510	118,837
Benefits	43,320	43,320	46,213
Contracted Services	14,238	14,238	9,838
Supplies	2,500	2,500	168
Total City Clerk	163,568	163,568	175,056
Public Relations			
Contracted Services	26,500	26,500	18,865
Supplies	1,500	1,500	297
Total Public Relations	28,000	28,000	19,162
Video Production			
Salaries and Wages	10,500	10,500	7,639
Benefits	138	138	218
Contracted Services	6,000	6,000	-
Supplies	3,200	3,200	2,263
Total Video Production	19,838	19,838	10,120

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Adjudication			
Contracted Services	\$ 49,800	49,800	41,251
Supplies	750	750	462
Total Adjudication	50,550	50,550	41,713
Community Events			
Contracted Services	5,450	5,450	-
Supplies	32,250	32,250	27,646
Total Community Events	37,700	37,700	27,646
Finance			
Salaries and Wages	193,333	193,333	195,192
Benefits	84,822	84,822	90,447
Contracted Services	197,546	197,546	69,446
Supplies	1,000	1,000	2,180
Total Finance	476,701	476,701	357,265
Administrative Services			
Legal Contracted Services	337,000	337,000	222,182
Engineering Contracted Services	26,400	26,400	26,400
Special Details			
Salaries and Wages	100,000	100,000	127,867
Benefits	300	300	23
Other Contracted Services	123,700	123,700	104,247
Other Supplies	7,550	7,550	7,531
Total Administrative Services	594,950	594,950	488,250
Information Technology			
Salaries and Wages	181,764	181,764	182,472
Benefits	72,956	72,956	73,699
Contracted Services	67,880	67,880	60,137
Supplies	22,250	22,250	16,980
Total Information Technology	344,850	344,850	333,288
Total Administrative	2,348,250	2,348,250	2,028,258

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
General Government - Continued			
Community Development			
Administration			
Salaries and Wages	\$ 306,021	306,021	301,977
Benefits	110,464	110,464	104,013
Contracted Services	129,321	129,321	109,528
Supplies and Materials	3,000	3,000	1,399
Total Administration	548,806	548,806	516,917
Building Inspections			
Salaries and Wages	452,694	452,694	456,097
Benefits	207,056	207,056	210,084
Contracted Services	66,835	66,835	61,138
Supplies and Materials	2,730	2,730	808
Total Building Inspections	729,315	729,315	728,127
Zoning Board of Appeals			
Contracted Services	750	750	339
Plan Commission			
Contracted Services	1,260	1,260	852
Tobacco Information/Prevention			
Contracted Services	550	550	
Total Community Development	1,280,681	1,280,681	1,246,235
Total General Government	3,628,931	3,628,931	3,274,493
Public Safety			
Police Department			
Administration			
Salaries and Wages	490,885	490,885	447,907
Benefits	185,770	185,770	161,220
Employer Pension Contribution	2,314,222	2,314,222	2,348,936
Contracted Services	745,259	745,259	691,404
Supplies and Materials	17,913	17,913	18,032
Total Administration	3,754,049	3,754,049	3,667,499

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Patrol			
Salaries and Wages	\$ 4,173,642	4,173,642	4,184,256
Benefits	1,169,948	1,169,948	1,179,697
Contracted Services	58,589	58,589	78,380
Supplies and Materials	57,050	57,050	22,123
Total Patrol	5,459,229	5,459,229	5,464,456
Investigation			
Salaries and Wages	856,170	856,170	891,225
Benefits	244,678	244,678	254,232
Contracted Services	16,466	16,466	12,665
Supplies and Materials	7,100	7,100	4,206
Total Investigation	1,124,414	1,124,414	1,162,328
Total Police Department	10,337,692	10,337,692	10,294,283
Fire Department			
Administration			
Salaries and Wages	368,683	368,683	271,500
Benefits	88,971	88,971	65,612
Employer Pension Contribution	2,285,832	2,285,832	2,312,145
Contracted Services	879,299	879,299	889,433
Supplies and Materials	5,700	5,700	5,413
Total Administration	3,628,485	3,628,485	3,544,103
Fire Operations			
Salaries and Wages	4,272,408	4,272,408	4,515,901
Benefits	987,875	987,875	1,018,805
Contracted Services	111,042	111,042	79,962
Supplies and Materials	74,427	74,427	41,342
Total Fire Operations	5,445,752	5,445,752	5,656,010
Special Rescue Teams			
Salaries and Wages	37,500	37,500	8,387
Contracted Services	30,550	30,550	10,554
Supplies and Materials	8,275	8,275	4,872
Total Special Rescue Teams	76,325	76,325	23,813
Total Fire Department	9,150,562	9,150,562	9,223,926

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Board of Police and Fire Commission			
Contracted Services	\$ 22,400	22,400	14,483
Total Public Safety	19,510,654	19,510,654	19,532,692
Public Works			
Administration			
Salaries and Wages	777,011	777,011	763,251
Benefits	401,026	401,026	384,362
Contracted Services	122,192	122,192	111,796
Supplies and Materials	9,000	9,000	4,727
Total Administration	1,309,229	1,309,229	1,264,136
Forestry Program			
Salaries and Wages	564,087	564,087	542,911
Benefits	318,340	318,340	282,144
Contracted Services	44,490	44,490	44,697
Supplies and Materials	8,100	8,100	2,537
Total Forestry Program	935,017	935,017	872,289
Total Public Works	2,244,246	2,244,246	2,136,425
Health/Welfare and Culture			
Museum			
Contracted Services	5,730	5,730	3,825
ESDA			
Supplies and Materials	2,000	2,000	-
Safety Committee			
Supplies and Materials	1,300	1,300	1,020
Employee Wellness Program			
Contracted Services	6,700	6,700	4,375
Urban Affairs			
Supplies	2,500	2,500	659
Total Health/Welfare and Culture	18,230	18,230	9,879

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Economic Development			
Community Development			
Contracted Services	\$ 10,200	10,200	3,868
Supplies and Materials	500	500	-
Total Economic Development	10,700	10,700	3,868
Total Expenditures	25,412,761	25,412,761	24,957,357

CITY OF ROLLING MEADOWS, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,357,116	1,357,116	1,361,166
Expenditures			
Debt Service			
Principal Retirement	1,365,000	1,365,000	1,430,000
Interest and Fiscal Charges	577,073	577,073	502,782
Total Expenditures	1,942,073	1,942,073	1,932,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	(584,957)	(584,957)	(571,616)
Other Financing Sources (Uses)			
Debt Issuance	-	-	8,265,000
Premium on Debt Issuance	-	-	5,791
Payment to Escrow Agent	-	-	(8,267,289)
Transfers In	583,452	583,452	583,452
	583,452	583,452	586,954
Net Change in Fund Balance	(1,505)	(1,505)	15,338
Fund Balance - Beginning			(181,941)
Fund Balance - Ending			(166,603)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2012**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 249,423	493,802	743,225
Receivables - Net of Allowances			
Property Taxes	553,168	150,206	703,374
Other Taxes	-	34,440	34,440
Accounts	24,899	449,137	474,036
Due from Other Funds	141,563	-	141,563
Prepays	32,895	1,225	34,120
Total Assets	<u>1,001,948</u>	<u>1,128,810</u>	<u>2,130,758</u>
LIABILITES			
Accounts Payable	2,787	125,947	128,734
Other Payables	-	12,500	12,500
Due to Other Funds	141,563	908,226	1,049,789
Total Liabilities	<u>144,350</u>	<u>1,046,673</u>	<u>1,191,023</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	551,500	149,301	700,801
Total Liabilites and Deferred Inflows of Resources	<u>695,850</u>	<u>1,195,974</u>	<u>1,891,824</u>
FUND BALANCES			
Nonspendable	32,895	1,225	34,120
Restricted	390,986	84,772	475,758
Assigned	-	756,176	756,176
Unassigned	(117,783)	(909,337)	(1,027,120)
Total Fund Balances	<u>306,098</u>	<u>(67,164)</u>	<u>238,934</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>1,001,948</u>	<u>1,128,810</u>	<u>2,130,758</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2012**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 739,738	1,129,664	1,869,402
Intergovernmental	-	1,279,330	1,279,330
Licenses and Permits	-	440,191	440,191
Fines and Forfeitures	75,146	-	75,146
Interest	-	30	30
Miscellaneous	3	458,612	458,615
Total Revenues	814,887	3,307,827	4,122,714
Expenditures			
General Government	-	767,806	767,806
Public Safety	726,893	-	726,893
Highways and Streets	-	803,293	803,293
Economic Development	-	125,168	125,168
Capital Outlay	-	1,152,100	1,152,100
Debt Service			
Principal Retirement	-	496,880	496,880
Interest and Fiscal Charges	-	113,159	113,159
Total Expenditures	726,893	3,458,406	4,185,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,994	(150,579)	(62,585)
Other Financing Sources (Uses)			
Transfers In	-	211,159	211,159
Transfers Out	(86,883)	(203,964)	(290,847)
	(86,883)	7,195	(79,688)
Net Change in Fund Balances	1,111	(143,384)	(142,273)
Fund Balances - Beginning	304,987	76,220	381,207
Fund Balances - Ending	306,098	(67,164)	238,934

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
Year Ended December 31, 2012**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

December 31, 2012

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
ASSETS				
Cash and Investments	\$ -	64,488	184,935	249,423
Receivables - Net of Allowances				
Property Taxes	553,168	-	-	553,168
Accounts	24,899	-	-	24,899
Due from Other Funds	-	-	141,563	141,563
Prepays	32,895	-	-	32,895
Total Assets	610,962	64,488	326,498	1,001,948
LIABILITIES				
Accounts Payable	2,787	-	-	2,787
Due to Other Funds	141,563	-	-	141,563
Total Liabilities	144,350	-	-	144,350
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	551,500	-	-	551,500
Total Liabilities and Deferred Inflows of Resources	695,850	-	-	695,850
FUND BALANCES				
Nonspendable	32,895	-	-	32,895
Restricted	-	64,488	326,498	390,986
Unassigned	(117,783)	-	-	(117,783)
Total Fund Balances	(84,888)	64,488	326,498	306,098
Total Liabilities, Deferred Inflows of Resources and Fund Balances	610,962	64,488	326,498	1,001,948

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2012**

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
Revenues				
Taxes	\$ 706,446	33,292	-	739,738
Fines and Forfeitures	-	-	75,146	75,146
Miscellaneous	-	3	-	3
Total Revenues	706,446	33,295	75,146	814,887
Expenditures				
Public Safety	551,376	11,853	163,664	726,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	155,070	21,442	(88,518)	87,994
Other Financing (Uses)				
Transfers Out	(20,000)	-	(66,883)	(86,883)
Net Change in Fund Balances	135,070	21,442	(155,401)	1,111
Fund Balances - Beginning	(219,958)	43,046	481,899	304,987
Fund Balances - Ending	(84,888)	64,488	326,498	306,098

CITY OF ROLLING MEADOWS, ILLINOIS

911 Emergency Telephone - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 551,500	551,500	553,349
Other Taxes	160,000	160,000	153,097
Total Revenues	711,500	711,500	706,446
Expenditures			
Public Safety			
Contracted Services	708,092	708,092	551,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,408	3,408	155,070
Other Financing (Uses)			
Transfers Out	(20,000)	(20,000)	(20,000)
Net Change in Fund Balance	<u>(16,592)</u>	<u>(16,592)</u>	135,070
Fund Balance - Beginning			<u>(219,958)</u>
Fund Balance - Ending			<u><u>(84,888)</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

Local Road Fund

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

Transit Oriented Area Development Fund

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

TIF #1 Kirchoff/Meadow Fund

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

TIF #2 Kirchoff/Owl Fund

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

TIF #3 Woodfield

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

Plum Grove Road Fund

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

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Balance Sheet
December 31, 2012**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

December 31, 2012

	<u>Local Road</u>
ASSETS	
Cash and Investments	\$ 7,022
Receivables - Net of Allowances	
Property Taxes	150,206
Other Taxes	34,440
Accounts	449,137
Prepays	<u>1,225</u>
Total Assets	<u><u>642,030</u></u>
LIABILITIES	
Accounts Payable	124,280
Other Payables	12,500
Due to Other Funds	-
Total Liabilities	<u>136,780</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>149,301</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>286,081</u></u>
Fund Balances	
Nonspendable	1,225
Restricted	-
Assigned	354,724
Unassigned	<u>-</u>
Total Fund Balances	<u><u>355,949</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>642,030</u></u>

Transit Oriented Area Development	TIF #1 Kirchoff/ Meadow	TIF #2 Kirchoff/ Owl	TIF #3 Woodfield	Plum Grove Road	Totals
401,452	85,328	-	-	-	493,802
-	-	-	-	-	150,206
-	-	-	-	-	34,440
-	-	-	-	-	449,137
-	-	-	-	-	1,225
401,452	85,328	-	-	-	1,128,810
-	556	556	555	-	125,947
-	-	-	-	-	12,500
-	-	778,543	129,683	-	908,226
-	556	779,099	130,238	-	1,046,673
-	-	-	-	-	149,301
-	556	779,099	130,238	-	1,195,974
-	-	-	-	-	1,225
-	84,772	-	-	-	84,772
401,452	-	-	-	-	756,176
-	-	(779,099)	(130,238)	-	(909,337)
401,452	84,772	(779,099)	(130,238)	-	(67,164)
401,452	85,328	-	-	-	1,128,810

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2012

	<u>Local Road</u>
Revenues	
Taxes	\$ 690,675
Intergovernmental	1,279,330
Licenses and Permits	440,191
Interest	8
Miscellaneous	458,612
Total Revenues	<u>2,868,816</u>
Expenditures	
General Government	-
Highways and Streets	803,293
Economic Development	-
Capital Outlay	1,152,100
Debt Service	
Principal Retirement	131,880
Interest and Fiscal Charges	30,259
Total Expenditures	<u>2,117,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>751,284</u>
Other Financing Sources (Uses)	
Transfers In	54,000
Transfers Out	<u>(49,964)</u>
	<u>4,036</u>
Net Change in Fund Balances	755,320
Fund Balances - Beginning	<u>(399,371)</u>
Fund Balances - Ending	<u><u>355,949</u></u>

Transit Oriented Area Development	TIF #1 Kirchoff/ Meadow	TIF #2 Kirchoff/ Owl	TIF #3 Woodfield	Plum Grove Road	Totals
-	115,014	394,256	(70,281)	-	1,129,664
-	-	-	-	-	1,279,330
-	-	-	-	-	440,191
-	2	20	-	-	30
-	-	-	-	-	458,612
-	115,016	394,276	(70,281)	-	3,307,827
-	767,806	-	-	-	767,806
-	-	-	-	-	803,293
-	-	43,047	82,121	-	125,168
-	-	-	-	-	1,152,100
-	-	365,000	-	-	496,880
-	-	82,900	-	-	113,159
-	767,806	490,947	82,121	-	3,458,406
-	(652,790)	(96,671)	(152,402)	-	(150,579)
107,195	-	-	-	49,964	211,159
(100,000)	(54,000)	-	-	-	(203,964)
7,195	(54,000)	-	-	49,964	7,195
7,195	(706,790)	(96,671)	(152,402)	49,964	(143,384)
394,257	791,562	(682,428)	22,164	(49,964)	76,220
401,452	84,772	(779,099)	(130,238)	-	(67,164)

CITY OF ROLLING MEADOWS, ILLINOIS

Local Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 704,301	704,301	690,675
Intergovernmental	1,405,000	1,405,000	1,279,330
Licenses and Permits	428,000	428,000	440,191
Interest	100	100	8
Miscellaneous	183,700	183,700	458,612
Total Revenues	<u>2,721,101</u>	<u>2,721,101</u>	<u>2,868,816</u>
Expenditures			
Highways and Streets			
Contracted Services	732,346	732,346	696,032
Supplies			
Operating Supplies	124,600	124,600	90,860
Repairs and Maintenance Supplies	20,000	20,000	16,401
Capital Outlay			
Street Improvements	1,551,732	1,551,732	1,152,100
Debt Service			
Principal Retirement	131,880	131,880	131,880
Interest and Fiscal Charges	30,271	30,271	30,259
Total Expenditures	<u>2,590,829</u>	<u>2,590,829</u>	<u>2,117,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>130,272</u>	<u>130,272</u>	<u>751,284</u>
Other Financing Sources (Uses)			
Transfers In	54,000	54,000	54,000
Transfers Out	-	-	(49,964)
	<u>54,000</u>	<u>54,000</u>	<u>4,036</u>
Net Change in Fund Balance	<u>184,272</u>	<u>184,272</u>	755,320
Fund Balance - Beginning			<u>(399,371)</u>
Fund Balance - Ending			<u>355,949</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Transit Oriented Area Development - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Miscellaneous	\$ 26,000	26,000	-
Expenditures			
Public Works	26,000	26,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	107,195	107,195	107,195
Transfers Out	(100,000)	(100,000)	(100,000)
	7,195	7,195	7,195
Net Change in Fund Balance	7,195	7,195	7,195
Fund Balance - Beginning			394,257
Fund Balance - Ending			401,452

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #1 Kirchoff/Meadow - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 65,000	65,000	115,014
Interest	100	100	2
Total Revenues	65,100	65,100	115,016
Expenditures			
General Government			
Contracted Services	701,740	701,740	767,806
Excess (Deficiency) of Revenues Over (Under) Expenditures	(636,640)	(636,640)	(652,790)
Other Financing (Uses)			
Transfers Out	(54,000)	(54,000)	(54,000)
Net Change in Fund Balance	<u>(690,640)</u>	<u>(690,640)</u>	(706,790)
Fund Balance - Beginning			<u>791,562</u>
Fund Balance - Ending			<u>84,772</u>

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #2 Kirchoff/Owl - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 390,000	390,000	394,256
Interest	50	50	20
Total Revenues	<u>390,050</u>	<u>390,050</u>	<u>394,276</u>
Expenditures			
Economic Development			
Contracted Services	98,378	98,378	43,047
Debt Service			
Principal Retirement	365,000	365,000	365,000
Interest and Fiscal Charges	83,385	83,385	82,900
Total Expenditures	<u>546,763</u>	<u>546,763</u>	<u>490,947</u>
Net Change in Fund Balance	<u>(156,713)</u>	<u>(156,713)</u>	(96,671)
Fund Balance - Beginning			<u>(682,428)</u>
Fund Balance - Ending			<u><u>(779,099)</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #3 Woodfield - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 110,000	110,000	(70,281)
Interest	20	20	-
Total Revenues	110,020	110,020	(70,281)
Expenditures			
Economic Development	82,102	82,102	82,121
Net Change in Fund Balance	27,918	27,918	(152,402)
Fund Balance - Beginning			22,164
Fund Balance - Ending			(130,238)

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
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 8,331,676	8,331,676	8,758,473
Miscellaneous	3,289,792	3,289,792	167,871
Total Operating Revenues	<u>11,621,468</u>	<u>11,621,468</u>	<u>8,926,344</u>
Operating Expenses			
Administration	1,078,603	1,078,603	1,075,824
Public Works	575,000	575,000	575,000
Operations	9,986,566	9,986,566	5,367,349
Depreciation and Amortization	-	-	610,857
Total Operating Expenses	<u>11,640,169</u>	<u>11,640,169</u>	<u>7,629,030</u>
Operating Income (Loss)	<u>(18,701)</u>	<u>(18,701)</u>	<u>1,297,314</u>
Nonoperating Revenues (Expenses)			
Interest Income	250	250	382
Interest Expense	(97,454)	(97,454)	(106,282)
	<u>(97,204)</u>	<u>(97,204)</u>	<u>(105,900)</u>
Income (Loss) Before Transfers	(115,905)	(115,905)	1,191,414
Transfers Out	<u>(87,195)</u>	<u>(87,195)</u>	<u>(87,195)</u>
Change in Net Position	<u>(203,100)</u>	<u>(203,100)</u>	1,104,219
Net Position - Beginning			<u>10,780,801</u>
Net Position - Ending			<u>11,885,020</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Administration			
Salaries and Wages	\$ 203,762	203,762	208,242
Benefits	106,875	106,875	104,570
Contracted Services	767,466	767,466	762,881
Supplies	500	500	131
Total Administration	1,078,603	1,078,603	1,075,824
Public Works			
Contracted Services	575,000	575,000	575,000
Operations			
Water			
Salaries and Wages	700,074	700,074	735,195
Benefits	354,277	354,277	344,304
Contracted Services	319,178	313,678	249,916
Supplies	150,615	156,115	105,243
Lake Michigan Water	2,859,209	2,859,209	2,834,482
Machinery & Equipment	1,950,500	1,950,500	115,345
Total Water	6,333,853	6,333,853	4,384,485
Sewer			
Salaries and Wages	373,600	373,600	419,568
Benefits	192,109	192,109	197,482
Contracted Services	200,522	200,522	59,004
Supplies	67,750	67,750	42,476
Machinery & Equipment	2,120,000	2,120,000	56,049
Total Sewer	2,953,981	2,953,981	774,579

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operations - Continued			
Stormwater			
Salaries and Wages	\$ 90,741	90,741	86,071
Benefits	30,311	30,311	28,862
Contracted Services	229,205	229,205	78,977
Supplies	43,475	43,475	14,375
Machinery & Equipment	305,000	305,000	-
Total Stormwater	698,732	698,732	208,285
Total Operations	9,986,566	9,986,566	5,367,349
Depreciation and Amortization	-	-	610,857
Total Operating Expenses	11,640,169	11,640,169	7,629,030

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,386,150	2,386,150	2,392,220
Miscellaneous	87,114	87,114	97,623
Total Operating Revenues	<u>2,473,264</u>	<u>2,473,264</u>	<u>2,489,843</u>
Operating Expenses			
Administration	816,280	816,280	814,181
Operations	1,518,695	1,518,695	1,344,547
Depreciation and Amortization	-	-	59,417
Total Operating Expenses	<u>2,334,975</u>	<u>2,334,975</u>	<u>2,218,145</u>
Operating Income	138,289	138,289	271,698
Nonoperating (Expenses)			
Interest Expense	<u>(6,813)</u>	<u>(6,813)</u>	<u>(6,810)</u>
Change in Net Position	<u>131,476</u>	<u>131,476</u>	264,888
Net Position - Beginning			<u>610,558</u>
Net Position - Ending			<u>875,446</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Administration			
Contracted Services	\$ 816,280	816,280	815,072
Operations			
Salaries and Wages	395,726	395,726	362,470
Benefits	206,338	206,338	194,740
Contracted Services	909,706	909,706	782,097
Supplies	6,925	6,925	4,349
Total Operations	1,518,695	1,518,695	1,343,656
Depreciation and Amortization	-	-	59,417
Total Operating Expenses	2,334,975	2,334,975	2,218,145

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, 2012**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

Combining Statement of Net Position

December 31, 2012

	<u>Municipal Garage</u>
ASSETS	
Current Assets	
Cash and Investments	\$ -
Receivables - Net of Allowances - Accounts	1,332
Prepays	-
Total Current Assets	<u>1,332</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	-
Depreciable	9,247
Accumulated Depreciation	<u>(9,092)</u>
Total Capital Assets	<u>155</u>
Total Assets	<u>1,487</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	26,013
Deposits Payable	-
Accrued Payroll	1,516
Due to Other Funds	18,602
Compensated Absences Payable	5,364
Capital Leases Payable	154
General Obligation Bonds Payable	-
Total Current Liabilities	<u>51,649</u>
Noncurrent Liabilities	
Compensated Absences Payable	83,424
Capital Leases Payable	-
Total Noncurrent Liabilities	<u>83,424</u>
Total Liabilities	<u>135,073</u>
NET POSITION	
Net Investment in Capital Assets	1
Unrestricted	<u>(133,587)</u>
Total Net Position	<u>(133,586)</u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,281,961	130,348	418,554	923,011	2,753,874
-	80,717	-	-	82,049
-	-	301,058	1,775,454	2,076,512
1,281,961	211,065	719,612	2,698,465	4,912,435
742,109	287,341	-	-	1,029,450
17,852,255	3,075,895	-	-	20,937,397
(11,904,605)	(1,336,923)	-	-	(13,250,620)
6,689,759	2,026,313	-	-	8,716,227
7,971,720	2,237,378	719,612	2,698,465	13,628,662
5,260	33,832	2,809	244,528	312,442
-	-	-	200,721	200,721
-	-	-	-	1,516
-	-	-	-	18,602
-	-	-	-	5,364
42,786	-	-	-	42,940
70,000	-	-	-	70,000
118,046	33,832	2,809	445,249	651,585
-	-	-	-	83,424
191,232	-	-	-	191,232
191,232	-	-	-	274,656
309,278	33,832	2,809	445,249	926,241
6,385,741	2,026,313	-	-	8,412,055
1,276,701	177,233	716,803	2,253,216	4,290,366
7,662,442	2,203,546	716,803	2,253,216	12,702,421

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2012**

	<u>Municipal Garage</u>
Operating Revenues	
Interfund Services	\$ 1,195,486
Miscellaneous	6,461
Total Operating Revenues	<u>1,201,947</u>
Operating Expenses	
Administration	1,285,196
Public Safety	-
Public Works	-
Depreciation and Amortization	2,620
Total Operating Expenses	<u>1,287,816</u>
Operating Income (Loss)	<u>(85,869)</u>
Nonoperating Revenues (Expenses)	
Disposal of Capital Assets	-
Interest Income	-
Interest Expense	-
	<u>-</u>
Change in Net Position	(85,869)
Net Position - Beginning	<u>(47,717)</u>
Net Position - Ending	<u>(133,586)</u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,170,000	399,975	777,269	3,494,816	7,037,546
-	89,333	251,909	1,263,558	1,611,261
1,170,000	489,308	1,029,178	4,758,374	8,648,807
-	-	631,800	3,757,331	5,674,327
15,769	-	-	-	15,769
-	219,549	-	-	219,549
644,014	200,124	-	-	846,758
659,783	419,673	631,800	3,757,331	6,756,403
510,217	69,635	397,378	1,001,043	1,892,404
47,316	-	-	-	47,316
-	-	115	922	1,037
(18,380)	-	-	-	(18,380)
28,936	-	115	922	29,973
539,153	69,635	397,493	1,001,965	1,922,377
7,123,289	2,133,911	319,310	1,251,251	10,780,044
7,662,442	2,203,546	716,803	2,253,216	12,702,421

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Cash Flows
Year Ended December 31, 2012**

	<u>Municipal Garage</u>
Cash Flows from Operating Activities	
Interfund Services Provided	\$ 1,200,615
Payments to Suppliers	(1,029,631)
Payments to Employees	(233,885)
	<u>(62,901)</u>
Cash Flows from Capital and Related Financing Activities	
Disposal of Capital Assets	-
Purchase of Capital Assets	-
Principal Paid on Debt	(1,849)
Interest Paid on Debt	-
	<u>(1,849)</u>
Cash Flows from Investing Activities	
Interest Received	-
	<u>-</u>
Net Change in Cash and Cash Equivalents	(64,750)
Cash and Cash Equivalents - Beginning	<u>64,750</u>
Cash and Cash Equivalents - Ending	<u><u>-</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(85,869)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	2,620
(Increase) Decrease in Current Assets	(1,332)
Increase (Decrease) in Current Liabilities	21,680
	<u>21,680</u>
Net Cash Provided by Operating Activities	<u><u>(62,901)</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,170,000	411,873	822,264	4,409,210	8,013,962
(101,948)	(253,573)	(634,423)	(2,787,484)	(4,807,059)
-	-	-	(1,061,686)	(1,295,571)
1,068,052	158,300	187,841	560,040	1,911,332
47,316	-	-	-	47,316
(327,310)	(94,245)	-	-	(421,555)
(113,692)	-	-	-	(115,541)
(18,380)	-	-	-	(18,380)
(412,066)	(94,245)	-	-	(508,160)
-	-	115	922	1,037
655,986	64,055	187,956	560,962	1,404,209
625,975	66,293	230,598	362,049	1,349,665
1,281,961	130,348	418,554	923,011	2,753,874
510,217	69,635	397,378	1,001,043	1,892,404
644,014	200,124	-	-	846,758
-	(77,435)	(206,914)	(349,164)	(634,845)
(86,179)	(34,024)	(2,623)	(91,839)	(192,985)
1,068,052	158,300	187,841	560,040	1,911,332

CITY OF ROLLING MEADOWS, ILLINOIS

Municipal Garage - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,180,165	1,180,165	1,195,486
Miscellaneous	6,000	6,000	6,461
Total Operating Revenues	<u>1,186,165</u>	<u>1,186,165</u>	<u>1,201,947</u>
Operating Expenses			
Administration			
Motor Pool			
Salaries and Wages	285,872	285,872	296,568
Benefits	121,443	121,443	135,679
Contracted Services	399,849	399,849	370,536
Supplies	455,950	455,950	482,413
Depreciation and Amortization	-	-	2,620
Total Operating Expenses	<u>1,263,114</u>	<u>1,263,114</u>	<u>1,287,816</u>
Change in Net Position	<u>(76,949)</u>	<u>(76,949)</u>	(85,869)
Net Position - Beginning			<u>(47,717)</u>
Net Position - Ending			<u>(133,586)</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Vehicle Replacement - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,170,000	1,170,000	1,170,000
Operating Expenses			
Public Safety	1,005,000	1,005,000	15,769
Depreciation and Amortization	-	-	644,014
Total Operating Expenses	1,005,000	1,005,000	659,783
Operating Income	165,000	165,000	510,217
Nonoperating Revenues (Expenses)			
Disposal of Capital Assets	-	-	47,316
Interest Expense	(15,714)	(15,714)	(18,380)
	(15,714)	(15,714)	28,936
Change in Net Position	149,286	149,286	539,153
Net Position - Beginning			7,123,289
Net Position - Ending			7,662,442

CITY OF ROLLING MEADOWS, ILLINOIS

Buildings and Land - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 393,700	393,700	399,975
Miscellaneous	100,000	100,000	89,333
Total Operating Revenues	<u>493,700</u>	<u>493,700</u>	<u>489,308</u>
Operating Expenses			
Public Works	368,844	368,844	219,549
Depreciation	-	-	200,124
Total Operating Expenses	<u>368,844</u>	<u>368,844</u>	<u>419,673</u>
Change in Net Position	<u>124,856</u>	<u>124,856</u>	69,635
Net Position - Beginning			<u>2,133,911</u>
Net Position - Ending			<u>2,203,546</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Liability Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 777,269	777,269	777,269
Miscellaneous			
Insurance Rebate	15,000	15,000	41,315
Other	-	-	210,594
Total Operating Revenues	<u>792,269</u>	<u>792,269</u>	<u>1,029,178</u>
Operating Expenses			
Administration			
Liability Insurance	750,000	750,000	613,587
Unemployment	40,000	40,000	10,747
Reimbursable Repairs	15,000	15,000	7,466
Change to Insurance Reserves	20,000	20,000	-
Total Operating Expenses	<u>825,000</u>	<u>825,000</u>	<u>631,800</u>
Operating Income (Loss)	(32,731)	(32,731)	397,378
Nonoperating Revenues			
Interest Income	<u>100</u>	<u>100</u>	<u>115</u>
Change in Net Position	<u>(32,631)</u>	<u>(32,631)</u>	397,493
Net Position - Beginning			<u>319,310</u>
Net Position - Ending			<u><u>716,803</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Health Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 3,688,142	3,688,142	3,494,816
Miscellaneous			
Employee Contributions	307,585	307,585	339,584
Retiree Contributions	579,248	579,248	574,810
Other	(100,000)	(100,000)	349,164
Total Operating Revenues	<u>4,474,975</u>	<u>4,474,975</u>	<u>4,758,374</u>
Operating Expenses			
Administration			
Group Health			
PPO White	1,208,266	1,208,266	1,222,071
PPO Blue	94,873	94,873	111,040
HMO	1,593,052	1,593,052	1,475,596
Retirees	559,531	559,531	571,908
PSEBA	22,236	22,236	23,010
Dental Insurance			
PPO	74,755	74,755	68,954
HMO	54,000	54,000	52,777
Retirees	3,409	3,409	4,605
Life Insurance	17,518	17,518	16,726
Medical Waivers	637	637	603
Retiree Payouts	500,000	500,000	208,181
Other	3,000	3,000	1,860
Total Operating Expenses	<u>4,131,277</u>	<u>4,131,277</u>	<u>3,757,331</u>
Operating Income	343,698	343,698	1,001,043
Nonoperating Revenues			
Interest Income	<u>500</u>	<u>500</u>	<u>922</u>
Change in Net Position	<u>344,198</u>	<u>344,198</u>	1,001,965
Net Position - Beginning			<u>1,251,251</u>
Net Position - Ending			<u>2,253,216</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, 2012**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 3,343,666	1,052,424	4,396,090
Investments			
U.S. Government and Agency Obligations	4,308,054	2,548,292	6,856,346
Corporate Bonds	4,920,309	4,346,274	9,266,583
Mutual Funds	13,575,503	10,097,846	23,673,349
Common Stock	2,337,043	4,368,769	6,705,812
Insurance Company Contracts	-	188,551	188,551
Receivables			
Accrued Interest	73,817	72,685	146,502
Due from Other Funds	10,771	10,546	21,317
Prepays	1,525	855	2,380
Total Assets	28,570,688	22,686,242	51,256,930
LIABILITIES			
Accounts Payable	16,063	11,678	27,741
NET POSITION			
Held in Trust for Pension Benefits	28,554,625	22,674,564	51,229,189

CITY OF ROLLING MEADOWS, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2012**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 2,348,938	2,312,145	4,661,083
Contributions - Plan Members	471,785	382,017	853,802
Miscellaneous	-	150	150
Total Contributions	2,820,723	2,694,312	5,515,035
Investment Earnings			
Interest Earned	732,946	829,788	1,562,734
Net Change in Fair Value	1,742,655	1,213,458	2,956,113
	2,475,601	2,043,246	4,518,847
Less Investment Expenses	(78,348)	(80,097)	(158,445)
Net Investment Income	2,397,253	1,963,149	4,360,402
Total Additions	5,217,976	4,657,461	9,875,437
Deductions			
Administration	33,668	47,789	81,457
Benefits and Refunds	2,337,126	2,632,851	4,969,977
Total Deductions	2,370,794	2,680,640	5,051,434
Change in Net Position	2,847,182	1,976,821	4,824,003
Net Position - Beginning	25,707,443	20,697,743	46,405,186
Net Position - Ending	28,554,625	22,674,564	51,229,189

CITY OF ROLLING MEADOWS, ILLINOIS

Compliance Deposits - Agency Fund

**Statement of Changes in Assets and Liabilities
Year Ended December 31, 2012**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
ASSETS				
Cash and Investments	\$ 231,158	24,918	-	256,076
Due from Other Governments	82,500	-	82,500	-
Total Assets	<u>313,658</u>	<u>24,918</u>	<u>82,500</u>	<u>256,076</u>
LIABILITIES				
Accounts Payable	82,500	1,875	82,500	1,875
Deposits Payable	231,158	23,043	-	254,201
Total Liabilities	<u>313,658</u>	<u>24,918</u>	<u>82,500</u>	<u>256,076</u>

SUPPLEMENTAL SCHEDULES

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 375,000	70,672	445,672	2013	35,336	2014	35,336
2013	390,000	58,110	448,110	2014	29,055	2015	29,055
2014	400,000	44,850	444,850	2015	22,425	2016	22,425
2015	415,000	30,850	445,850	2016	15,425	2017	15,425
2016	430,000	15,910	445,910	2017	7,955	2018	7,955
	<u>2,010,000</u>	<u>220,392</u>	<u>2,230,392</u>		<u>110,196</u>		<u>110,196</u>

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

Date of Issue	September 15, 2004
Date of Maturity	January 1, 2015
Authorized Issue	\$8,070,000
Denomination of Bonds	\$5,000
Interest Rates	3.25% - 4.40%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired By	Debt Service
Purpose of Debt	Redevelopment Costs - Meadows Town Mall and Meijer Store

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 355,000	26,465	381,465	2013	13,232	2014	13,233
2013	390,000	14,040	404,040	2014	7,020	2015	7,020
	<u>745,000</u>	<u>40,505</u>	<u>785,505</u>		<u>20,252</u>		<u>20,253</u>

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 690,000	148,800	838,800	2013	74,400	2013	74,400
2013	715,000	121,200	836,200	2014	60,600	2014	60,600
2014	745,000	92,600	837,600	2015	46,300	2015	46,300
2015	770,000	62,800	832,800	2016	31,400	2016	31,400
2016	800,000	32,000	832,000	2017	16,000	2017	16,000
	<u>3,720,000</u>	<u>457,400</u>	<u>4,177,400</u>		<u>228,700</u>		<u>228,700</u>

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 70,000	2,904	72,904	2013	1,452	2013	1,452

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 290,000	54,436	344,436	2013	27,218	2013	27,218
2013	300,000	44,250	344,250	2014	22,125	2014	22,125
2014	310,000	33,714	343,714	2015	16,857	2015	16,857
2015	320,000	22,828	342,828	2016	11,414	2016	11,414
2016	330,000	11,590	341,590	2017	5,795	2017	5,795
	<u>1,550,000</u>	<u>166,818</u>	<u>1,716,818</u>		<u>83,409</u>		<u>83,409</u>
	729,788	Governmental Activities					
	<u>820,212</u>	Business-Type Activities					
	<u>1,550,000</u>						

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2012

Date of Issue	May 8, 2012
Date of Maturity	December 1, 2023
Authorized Issue	\$9,690,000
Denomination of Bonds	\$5,000
Interest Rate	2.00% - 3.00%
Interest Dates	July 1 and December 1
Principal Maturity Date	December 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	Dec. 1	Amount
2012	\$ 690,000	233,538	923,538	2013	116,769	2013	116,769
2013	700,000	219,738	919,738	2014	109,869	2014	109,869
2014	1,110,000	205,738	1,315,738	2015	102,869	2015	102,869
2015	1,130,000	183,538	1,313,538	2016	91,769	2016	91,769
2016	1,175,000	160,938	1,335,938	2017	80,469	2017	80,469
2017	1,215,000	131,562	1,346,562	2018	65,781	2018	65,781
2018	760,000	101,188	861,188	2019	50,594	2019	50,594
2019	805,000	80,288	885,288	2020	40,144	2020	40,144
2020	635,000	58,150	693,150	2021	29,075	2021	29,075
2021	675,000	40,688	715,688	2022	20,344	2022	20,344
2022	715,000	21,450	736,450	2023	10,725	2023	10,725
	<u>9,610,000</u>	<u>1,436,816</u>	<u>11,046,816</u>		<u>718,408</u>		<u>718,408</u>
	8,200,000	Governmental Activities					
	<u>1,410,000</u>	Business-Type Activities					
	<u>9,610,000</u>						

STATISTICAL SECTION

(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF ROLLING MEADOWS, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years*
December 31, 2012 (Unaudited)**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
December 31, 2012 (Unaudited)

	2003	2004	2005	2006
Governmental Activities				
Net Investment in Capital Assets	\$ 118,105,904	110,976,358	104,921,357	109,358,442
Restricted	9,237,670	7,452,856	13,012,711	5,940,947
Unrestricted	4,810,686	4,075,589	4,126,247	5,356,570
Total Governmental Activities Net Position	132,154,260	122,504,803	122,060,315	120,655,959
Business-Type Activities				
Net Investment in Capital Assets	5,310,646	5,760,042	5,880,429	6,576,137
Restricted	-	-	-	-
Unrestricted	2,983,549	1,431,808	1,382,591	1,069,107
Total Business-Type Activities Net Position	8,294,195	7,191,850	7,263,020	7,645,244
Primary Government				
Net Investment in Capital Assets	123,416,550	116,736,400	110,801,786	115,934,579
Restricted	9,237,670	7,452,856	13,012,711	5,940,947
Unrestricted	7,794,235	5,507,397	5,508,838	6,425,677
Total Primary Government Net Position	140,448,455	129,696,653	129,323,335	128,301,203

* Accrual Basis of Accounting

Data Source: Audited Financial Statements

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

2007	2008	2009	2010	2011	2012
105,646,508	109,272,518	108,882,307	108,392,130	111,771,420	113,811,130
3,753,784	1,647,970	2,051,851	1,699,491	2,767,336	1,437,541
8,983,731	(5,930,130)	(5,645,470)	(4,534,846)	(7,515,610)	(2,230,163)
118,384,023	104,990,358	105,288,688	105,556,775	107,023,146	113,018,508
5,085,394	7,126,881	8,491,159	8,095,948	8,449,043	8,343,385
-	-	-	-	-	-
1,259,025	713,479	315,541	2,085,393	2,942,316	4,417,081
6,344,419	7,840,360	8,806,700	10,181,341	11,391,359	12,760,466
110,731,902	116,399,399	117,373,466	116,488,078	120,220,463	122,154,515
3,753,784	1,647,970	2,051,851	1,699,491	2,767,336	1,437,541
10,242,756	(5,216,651)	(5,329,929)	(2,449,453)	(4,573,294)	2,186,918
124,728,442	112,830,718	114,095,388	115,738,116	118,414,505	125,778,974

CITY OF ROLLING MEADOWS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2012 (Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010**	2011	2012
Expenses										
Governmental Activities										
General Government	\$ 5,830,572	7,521,694	6,145,099	3,490,225	4,721,609	5,050,686	5,142,807	3,866,996	4,235,018	2,551,436
Public Safety	13,576,522	14,351,010	15,253,378	16,061,263	19,927,423	20,450,625	18,504,150	17,950,149	19,535,204	19,817,544
Highways and Streets	1,019,805	1,142,852	1,869,904	5,012,517	4,476,613	2,639,761	1,063,134	673,460	1,136,370	1,201,640
Public Works	1,559,325	1,601,180	1,871,045	1,935,883	2,246,108	4,155,140	3,449,304	5,708,281	3,948,420	3,692,206
Health and Welfare	243,413	251,207	236,829	67,394	103,638	25,680	30,071	23,721	9,537	9,879
Economic Development	345,131	8,221,945	50,827	48,841	122,229	251,734	62,322	32,982	42,130	129,036
Interest on Long-Term Debt	594,438	615,250	844,525	1,021,232	922,866	1,050,211	913,918	825,026	752,459	670,105
Total Governmental Activities Expenses	23,169,206	33,705,138	26,271,607	27,637,355	32,520,486	33,623,837	29,165,706	29,080,615	29,659,138	28,071,846
Business-Type Activities										
Water	4,107,305	4,332,690	4,307,934	4,393,038	4,768,120	4,772,997	4,859,697	-	-	-
Sewer	1,000,747	823,218	764,523	982,322	1,251,397	1,178,925	1,305,382	-	-	-
Refuse	1,756,057	1,853,234	1,763,795	2,123,270	2,381,456	2,488,338	2,471,363	2,543,279	2,291,402	2,224,955
Storm Water Management	326,571	317,309	435,541	390,878	508,623	603,328	476,415	-	-	-
Street Light Utility	76,140	84,201	86,316	103,826	91,310	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	6,432,610	6,740,808	7,735,312
Total Business-Type Activities Expenses	7,266,820	7,410,652	7,358,109	7,993,334	9,000,906	9,043,588	9,112,857	8,975,889	9,032,210	9,960,267
Total Primary Government Expenses	30,436,026	41,115,790	33,629,716	35,630,689	41,521,392	42,667,425	38,278,563	38,056,504	38,691,348	38,032,113
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	4,246,842	4,742,608	5,551,277	3,175,688	3,641,078	2,862,046	2,409,957	2,235,239	2,292,373	2,759,018
Public Safety	909,788	1,424,161	1,459,145	1,674,630	1,830,923	1,680,285	2,227,513	2,278,235	1,935,468	2,010,026
Highways and Streets	-	-	-	-	-	367,344	377,951	379,500	376,565	440,191
Public Works	-	-	-	-	-	40,000	-	-	-	-
Operating Grants/Contributions	2,622,898	103,324	72,863	179,560	56,871	131,846	87,436	129,711	115,719	89,572
Capital Grants/Contributions	761,664	716,557	787,515	756,145	1,004,163	862,720	868,063	743,796	1,068,261	1,981,230
Total Governmental Activities Program Revenues	8,541,192	6,986,650	7,870,800	5,786,023	6,533,035	5,944,241	5,970,920	5,766,481	5,788,386	7,280,037
Business-Type Activities										
Charges for Services										
Water	3,388,150	3,417,460	3,824,944	3,765,740	3,917,773	4,580,044	5,428,887	-	-	-
Sewer	1,020,144	1,011,446	1,115,544	1,200,544	1,277,885	1,576,209	1,663,771	-	-	-
Refuse	1,631,862	1,896,759	2,020,598	2,230,404	2,281,387	2,525,528	2,481,918	2,441,652	2,550,654	2,489,843
Storm Water Management	302,642	326,491	414,679	463,534	493,815	520,222	895,935	-	-	-
Street Light Utility	-	-	300	2,405	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	7,971,358	7,690,989	8,926,344
Operating Grants/Contributions	185,922	20,658	-	-	-	-	-	-	-	-
Capital Grants/Contributions	-	-	-	-	-	813,878	-	-	-	-
Total Business-Type Activities Program Revenues	6,528,720	6,672,814	7,376,065	7,662,627	7,970,860	10,015,881	10,470,511	10,413,010	10,241,643	11,416,187
Total Primary Government Program Revenues	15,069,912	13,659,464	15,246,865	13,448,650	14,503,895	15,960,122	16,441,431	16,179,491	16,030,029	18,696,224

	2003	2004	2005	2006	2007	2008	2009	2010**	2011	2012
Net (Expense) Revenue										
Governmental Activities	\$ (14,628,014)	(26,718,488)	(18,400,807)	(21,851,332)	(25,987,451)	(27,679,596)	(23,194,786)	(23,314,134)	(23,870,752)	(20,791,809)
Business-Type Activities	(738,100)	(737,838)	17,956	(330,707)	(1,030,046)	972,293	1,357,654	1,437,121	1,209,433	1,455,920
Total Primary Government Net (Expense) Revenue	(15,366,114)	(27,456,326)	(18,382,851)	(22,182,039)	(27,017,497)	(26,707,303)	(21,837,132)	(21,877,013)	(22,661,319)	(19,335,889)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	6,667,625	6,631,757	7,361,063	7,534,448	9,308,152	8,532,810	9,112,215	10,548,012	11,826,132	12,794,326
Sales and Home Rule	3,850,781	5,384,657	5,724,848	5,642,929	5,878,245	5,612,900	5,115,760	4,726,022	4,930,575	5,127,489
Income	1,511,770	1,574,803	1,851,239	2,015,888	2,196,417	2,326,382	1,999,825	1,923,695	1,915,788	2,136,575
Replacement	159,125	172,583	238,523	250,109	303,772	207,587	177,371	194,281	181,680	175,462
Hotel	259,596	263,684	248,527	304,677	265,716	451,898	288,634	289,076	333,374	389,212
Food and Beverage	899,494	1,250,607	1,276,799	1,318,674	1,339,008	1,293,970	1,221,391	1,216,961	1,212,122	1,176,218
Real Estate Transfer	661,454	912,866	802,639	594,248	386,091	269,663	191,259	174,819	153,688	239,865
Other Taxes	245,743	258,288	288,052	585,297	605,793	1,181,778	918,055	783,518	802,280	840,015
Electric Utility	-	-	-	-	-	-	1,301,016	1,310,453	1,295,918	1,298,887
Telecommunications Taxes	-	-	-	2,065,561	2,047,648	2,038,337	2,075,334	1,846,728	1,936,227	1,845,387
Interest	195,008	129,419	224,106	573,027	261,614	61,928	4,572	3,736	8,471	12,070
Miscellaneous	436,235	117,425	13,708	356,266	612,121	1,174,766	696,661	508,518	740,868	664,470
Gain (Loss) on Sale of Capital Assets	-	-	-	2,518	(4,137)	-	-	-	-	-
Transfers	448,816	372,942	(73,185)	(568,093)	700,644	(490,990)	404,714	56,402	-	87,195
Total Governmental Activities	15,335,647	17,069,031	17,956,319	20,675,549	23,901,084	22,661,029	23,506,807	23,582,221	25,337,123	26,787,171
Business-Type Activities										
Interest	39,422	8,435	(19,971)	(42,536)	(25,828)	32,658	13,400	(6,078)	585	382
Miscellaneous	111,836	-	-	3,300	88,161	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	51,000	-	-	-	-	-	-
Transfers	(448,816)	(372,942)	73,185	568,093	(399,863)	490,990	(404,714)	(56,402)	-	(87,195)
Total Business-Type Activities	(297,558)	(364,507)	53,214	579,857	(337,530)	523,648	(391,314)	(62,480)	585	(86,813)
Total Primary Government	15,038,089	16,704,524	18,009,533	21,255,406	23,563,554	23,184,677	23,115,493	23,519,741	25,337,708	26,700,358
Changes in Net Position										
Governmental Activities	707,633	(9,649,457)	(444,488)	(1,175,783)	(2,086,367)	(5,018,567)	312,021	268,087	1,466,371	5,995,362
Business-Type Activities	(1,035,658)	(1,102,345)	71,170	249,150	(1,367,576)	1,495,941	966,340	1,374,641	1,210,018	1,369,107
Total Primary Government	(328,025)	(10,751,802)	(373,318)	(926,633)	(3,453,943)	(3,522,626)	1,278,361	1,642,728	2,676,389	7,364,469

* Accrual Basis of Accounting

** For the year ended December 31, 2010, the City condensed Water, Sewer, and Stormwater Management into one Fund, the Utilities Fund.

Data Source: Audited Financial Statements

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

CITY OF ROLLING MEADOWS, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2012 (Unaudited)

	2003	2004	2005
General Fund			
Reserved	\$ 1,756,020	1,631,733	2,373,441
Unreserved	1,405,341	1,801,605	1,483,152
Nonspendable	-	-	-
Unassigned	-	-	-
Total General Fund	3,161,361	3,433,338	3,856,593
All Other Governmental Funds			
Reserved	881,247	698,338	589,942
Unreserved, Reported in,			
Special Revenue Funds	860,986	1,145,141	1,036,954
Debt Service Funds	(70,912)	(60,449)	-
Capital Projects Funds	6,199,786	3,816,748	10,919,372
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total All Other Governmental Funds	7,871,107	5,599,778	12,546,268
Total Fund Balances of All Governmental Funds	11,032,468	9,033,116	16,402,861

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

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

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

2006	2007	2008	2009	2010	2011	2012
2,759,673	23,280	885,176	31,143	38,662	-	-
933,072	(558,108)	(3,259,880)	(755,684)	(276,386)	-	-
-	-	-	-	-	17,154	42,584
-	-	-	-	-	1,835,647	4,203,793
3,692,745	(534,828)	(2,374,704)	(724,541)	(237,724)	1,852,801	4,246,377
684,867	406,996	3,083	39,266	-	-	-
1,621,101	1,880,821	1,632,220	1,558,533	1,890,239	-	-
(11,785)	(94,750)	(202,957)	944,481	733,690	-	-
3,802,109	1,394,085	759,234	2,143,972	2,000,606	-	-
-	-	-	-	-	43,704	34,615
-	-	-	-	-	2,767,336	1,437,541
-	-	-	-	-	394,257	756,176
-	-	-	-	-	(1,577,366)	(1,194,218)
6,096,292	3,587,152	2,191,580	4,686,252	4,624,535	1,627,931	1,034,114
9,789,037	3,052,324	(183,124)	3,961,711	4,386,811	3,480,732	5,280,491

CITY OF ROLLING MEADOWS, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2012 (Unaudited)**

	2003	2004	2005
Revenues			
Taxes	\$ 12,343,971	16,160,343	17,289,700
Intergovernmental	2,955,248	3,032,939	3,964,740
Licenses and Permits	1,192,524	1,136,599	1,173,272
Charges for Services	1,507,908	1,993,875	2,049,499
Fines and Forfeitures	331,176	476,295	484,245
Interest	183,585	117,937	203,689
Miscellaneous	5,120,271	1,457,052	759,733
Total Revenues	23,634,683	24,375,040	25,924,878
Expenditures			
General Government	2,915,476	3,834,734	3,546,548
Public Safety	13,375,679	14,858,842	14,928,155
Highways and Streets	1,127,800	1,168,220	1,288,266
Public Works	1,428,484	1,440,080	1,602,790
Health and Welfare	244,736	251,597	35,956
Economic Development	345,131	8,221,945	136,170
Capital Outlay	8,734,712	3,321,074	2,336,720
Debt Service			
Bond Defeasance	3,014,290	-	-
Professional Fees	21,295	137,781	-
Principal Retirement	895,000	955,000	1,370,000
Interest	605,759	628,554	808,782
Total Expenditures	32,708,362	34,817,827	26,053,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,073,679)	(10,442,787)	(128,509)
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	-
Debt Issuance	4,030,000	8,070,000	7,425,000
Premium/Discount on Debt Issuance	-	-	145,912
Payment to Escrow Agent	-	-	-
Transfers In	4,068,246	11,562,784	3,351,565
Transfers Out	(3,609,456)	(11,189,349)	(3,424,222)
Total Other Financing Sources (Uses)	4,488,790	8,443,435	7,498,255
Net Change in Fund Balances	(4,584,889)	(1,999,352)	7,369,746
Debt Service as a Percentage of Noncapital Expenditures	7.2%	5.0%	9.2%

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

2006	2007	2008	2009	2010	2011	2012
17,832,188	18,308,907	19,016,882	19,937,896	20,571,562	22,139,213	23,327,064
3,857,675	4,021,047	3,933,009	3,788,179	3,385,015	3,632,551	4,767,174
1,093,799	1,010,634	1,017,538	1,153,258	1,164,750	1,337,517	1,504,274
2,700,640	2,996,532	2,872,146	2,437,206	2,210,123	2,070,328	2,433,701
654,288	618,072	1,019,991	1,055,241	1,448,596	1,196,561	1,271,260
537,225	190,513	26,760	3,244	3,656	7,758	11,033
530,800	407,520	1,174,766	696,661	508,518	740,868	664,470
27,206,615	27,553,225	29,061,092	29,071,685	29,292,220	31,124,796	33,978,976
4,083,515	4,176,068	4,225,872	3,541,481	3,512,882	3,357,499	4,042,299
16,002,500	17,700,593	19,222,960	17,272,340	18,731,524	19,269,706	20,259,585
1,630,778	1,376,631	1,997,103	586,396	673,460	1,136,370	1,201,640
2,105,611	2,817,057	2,128,901	2,545,694	2,668,228	2,417,384	2,136,425
42,000	23,013	25,680	30,071	23,721	9,537	9,879
48,841	119,358	251,734	62,322	32,982	42,130	129,036
8,746,520	2,356,659	1,670,995	995,943	1,114,952	2,062,621	1,948,992
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,445,000	1,535,000	1,474,744	1,639,923	3,007,460	2,972,170	1,926,880
1,074,145	944,177	892,309	890,602	837,422	765,130	615,941
35,178,910	31,048,556	31,890,298	27,564,772	30,602,631	32,032,547	32,270,677
(7,972,295)	(3,495,331)	(2,829,206)	1,506,913	(1,310,411)	(907,751)	1,708,299
74,968	7,040	851	1,258	10,456	1,672	763
-	-	83,897	1,315,000	1,200,000	-	8,265,000
-	-	-	-	-	-	5,791
-	-	-	-	-	-	(8,267,289)
2,595,995	2,093,122	2,977,970	3,288,518	2,712,782	1,412,903	961,494
(2,228,222)	(4,275,361)	(3,468,960)	(3,182,211)	(1,656,380)	(1,412,903)	(874,299)
442,741	(2,175,199)	(406,242)	1,422,565	2,266,858	1,672	91,460
(7,529,554)	(5,670,530)	(3,235,448)	2,929,478	956,447	(906,079)	1,799,759
9.0%	8.6%	7.71%	9.36%	12.96%	12.54%	8.46%

CITY OF ROLLING MEADOWS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years
December 31, 2012 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property
2003	\$ 311,038,930	\$ 328,652,215	\$ 147,797,998	\$ -
2004	362,666,983	376,208,886	164,827,057	-
2005	389,984,765	393,743,154	175,310,583	-
2006	404,157,732	383,299,304	177,721,407	-
2007	480,227,000	408,031,980	196,854,692	-
2008	522,464,745	419,355,712	210,864,899	-
2009	572,817,559	391,540,158	181,795,503	-
2010	511,782,750	325,424,028	166,631,402	-
2011	478,777,636	280,540,952	147,475,207	-

Data Source: Office of the Cook County Clerk

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

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 787,489,143	0.818	\$ 2,362,467,429	33.33%
903,702,926	0.763	2,711,108,778	33.33%
959,038,502	0.719	2,877,115,506	33.33%
965,178,443	0.723	2,895,535,329	33.33%
1,085,113,672	0.723	3,255,341,016	33.33%
1,152,685,356	0.730	3,458,056,068	33.33%
1,146,153,220	0.849	3,438,459,660	33.33%
1,003,838,180	1.064	3,011,514,540	33.33%
906,793,995	1.317	2,720,381,985	33.33%

CITY OF ROLLING MEADOWS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Levy Years

Elk Grove Township

December 31, 2012 (Unaudited)

	2002	2003	2004
City Direct Rates			
General	\$ 0.534	0.569	0.497
Debt Service	0.115	0.119	0.153
Pension Trust			
Police Pension	0.061	0.065	0.056
Firefighters' Pension	0.065	0.065	0.057
Total City Direct Rates	0.775	0.818	0.763
Component Unit - Library Direct Rate	0.327	0.355	0.325
Total City Direct Rate	1.102	1.173	1.088
Overlapping Rates - Elk Grove Township			
Cook County	0.690	0.630	0.593
Forest Preserve District	0.061	0.059	0.060
Suburban Tuberculosis Sanitarium	0.006	0.004	0.001
Metropolitan Sanitary District	0.371	0.361	0.347
Northwest Mosquito Abatement	0.009	0.010	0.009
Consolidated Elections	-	0.029	-
Elk Grove			
Town	0.050	0.051	0.046
Road and Bridge	0.009	0.010	0.009
General Assistance	0.011	0.011	0.007
School Districts			
School District Number 15	3.185	3.313	2.925
High School District Number 214	1.888	1.982	1.818
Community College District Number 512	0.295	0.310	0.279
Rolling Meadows Park District	0.448	0.498	0.471
Total Overlapping Rates - Elk Grove Township	7.023	7.268	6.565
Total Direct and Overlapping Rates	8.125	8.441	7.653

Data Source: Office of the County Clerk

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

2005	2006	2007	2008	2009	2010	2011
0.468	0.473	0.473	0.428	0.445	0.507	0.649
0.144	0.139	0.139	0.124	0.124	0.142	0.157
0.053	0.055	0.055	0.089	0.139	0.209	0.257
0.054	0.056	0.056	0.089	0.141	0.206	0.254
0.719	0.723	0.723	0.730	0.849	1.064	1.317
0.317	0.331	0.302	0.289	0.309	0.352	0.389
1.036	1.054	1.025	1.019	1.158	1.416	1.706
0.533	0.500	0.446	0.415	0.394	0.423	0.462
0.060	0.057	0.053	0.051	0.490	0.051	0.058
0.005	0.005	-	-	-	-	0.025
0.315	0.284	0.263	0.252	0.261	0.274	0.320
0.009	0.009	0.008	0.008	0.008	0.009	0.010
0.014	-	0.012	-	0.021	-	-
0.044	0.044	0.040	0.041	0.044	0.049	0.056
0.009	0.009	0.009	0.009	0.010	0.010	0.013
0.009	0.009	0.008	0.009	0.010	0.010	0.012
2.840	2.763	2.435	2.385	2.307	2.512	2.943
1.759	1.823	1.621	1.587	1.636	1.839	2.067
0.281	0.288	0.260	0.256	0.258	0.295	0.334
0.429	0.449	0.418	0.411	0.420	0.486	0.546
6.307	6.240	5.573	5.424	5.859	5.958	6.846
7.343	7.294	6.598	6.443	7.017	7.374	8.552

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
Palatine Township (High School District 211)
December 31, 2012 (Unaudited)**

	2002	2003	2004
City Direct Rates			
General	\$ 0.534	0.569	0.497
Debt Service	0.115	0.119	0.153
Pension Trust			
Police Pension	0.061	0.065	0.056
Firefighters' Pension	0.065	0.065	0.057
Total City Direct Rates	0.775	0.818	0.763
Component Unit - Library Direct Rate	0.327	0.355	0.325
Total City Direct Rate	1.102	1.173	1.088
Overlapping Rates - Palatine Township			
Cook County	0.690	0.630	0.593
Forest Preserve District	0.061	0.059	0.060
Suburban Tuberculosis Sanitarium	0.006	0.004	0.001
Water Reclamation District	0.371	0.361	0.347
Northwest Mosquito Abatement	0.009	0.010	0.009
Consolidated Elections	-	0.029	-
Palatine			
Town	0.041	0.042	0.038
Road and Bridge	0.074	0.009	0.070
General Assistance	0.008	0.078	0.008
School Districts			
School District Number 15	3.185	3.313	2.925
High School District Number 211	2.067	2.165	2.158
Community College District Number 512	0.295	0.310	0.279
Rolling Meadows Park District	0.448	0.498	0.471
Total Overlapping Rates - Elk Grove Township	7.255	7.508	6.959
Total Direct and Overlapping Rates	8.357	8.681	8.047

Data Source: Office of the County Clerk

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

2005	2006	2007	2008	2009	2010	2011
0.468	0.473	0.473	0.428	0.445	0.507	0.648
0.144	0.139	0.139	0.124	0.124	0.142	0.157
0.053	0.055	0.055	0.089	0.139	0.209	0.257
0.054	0.056	0.056	0.089	0.141	0.206	0.254
0.719	0.723	0.723	0.730	0.849	1.065	1.317
0.317	0.331	0.302	0.289	0.309	0.352	0.389
1.036	1.054	1.025	1.019	1.158	1.417	1.706
0.533	0.500	0.446	0.415	0.394	0.423	0.462
0.060	0.057	0.053	0.051	0.490	0.051	0.058
0.005	0.005	-	-	-	-	-
0.315	0.284	0.263	0.252	0.261	0.274	0.320
0.009	0.009	0.008	0.008	0.008	0.009	0.010
0.014	-	0.012	-	0.021	-	-
0.037	0.039	0.035	0.035	0.034	0.041	0.044
0.069	0.072	0.064	0.063	0.061	0.070	0.079
0.008	0.009	0.008	0.008	0.008	0.009	0.012
2.840	2.763	2.435	2.385	2.307	2.512	2.943
2.191	2.261	1.972	1.928	1.916	2.200	2.482
0.281	0.288	0.260	0.256	0.258	0.295	0.334
0.429	0.449	0.418	0.411	0.420	0.486	0.546
6.791	6.736	5.974	5.812	6.178	6.370	7.290
7.827	7.790	6.999	6.831	7.336	7.787	8.996

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
Palatine Township (High School District 214)
December 31, 2012 (Unaudited)**

	2002	2003	2004
City Direct Rates			
General	\$ 0.534	0.569	0.497
Debt Service	0.115	0.119	0.153
Pension Trust			
Police Pension	0.061	0.065	0.056
Firefighters' Pension	0.065	0.065	0.057
Total City Direct Rates	0.775	0.818	0.763
Component Unit - Library Direct Rate	0.327	0.355	0.325
Total City Direct Rate	1.102	1.173	1.088
Overlapping Rates - Palatine Township			
Cook County	0.690	0.630	0.593
Forest Preserve District	0.061	0.059	0.060
Suburban Tuberculosis Sanitarium	0.006	0.004	0.001
Water Reclamation District	0.371	0.361	0.347
Northwest Mosquito Abatement	0.009	0.010	0.009
Consolidated Elections	-	0.029	-
Palatine			
Town	0.041	0.042	0.038
Road and Bridge	0.074	0.009	0.070
General Assistance	0.008	0.078	0.008
School Districts			
School District Number 15	3.185	3.313	2.925
High School District Number 214	1.888	1.982	1.818
Community College District Number 512	0.295	0.310	0.279
Rolling Meadows Park District	0.448	0.498	0.471
Total Overlapping Rates - Elk Grove Township	7.076	7.325	6.619
Total Direct and Overlapping Rates	8.178	8.498	7.707

Data Source: Office of the County Clerk

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

2005	2006	2007	2008	2009	2010	2011
0.468	0.473	0.473	0.428	0.445	0.507	0.648
0.144	0.139	0.139	0.124	0.124	0.142	0.157
0.053	0.055	0.055	0.089	0.139	0.209	0.257
0.054	0.056	0.056	0.089	0.141	0.206	0.254
0.719	0.723	0.723	0.730	0.849	1.065	1.317
0.317	0.331	0.302	0.298	0.309	0.352	0.389
1.036	1.054	1.025	1.028	1.158	1.417	1.706
0.533	0.500	0.446	0.415	0.394	0.423	0.462
0.060	0.057	0.053	0.051	0.490	0.051	0.028
0.005	0.005	-	-	-	-	-
0.315	0.284	0.263	0.252	0.261	0.274	0.320
0.009	0.009	0.008	0.008	0.008	0.009	0.010
0.014	-	0.012	-	0.021	-	0.025
0.037	0.039	0.035	0.035	0.034	0.041	0.044
0.069	0.072	0.064	0.063	0.061	0.070	0.079
0.008	0.009	0.008	0.008	0.008	0.009	0.012
2.840	2.763	2.435	2.385	2.307	2.512	2.943
1.759	1.823	1.621	1.587	1.636	1.839	2.067
0.281	0.288	0.260	0.256	0.256	0.295	0.334
0.429	0.449	-	0.411	0.420	0.486	0.546
6.359	6.298	5.205	5.471	5.896	6.009	6.870
7.395	7.352	6.230	6.499	7.054	7.426	8.576

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Property Tax Payers - Current Levy Year and Nine Levy Years Ago
December 31, 2012 (Unaudited)**

Taxpayer	2011 Tax Levy Year			2003 Tax Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
1701 Golf Road Holdings	\$ 10,462,663	1	1.15%			
Atrium Corporation Center LLC	6,875,195	2	0.76%			
Northrop Corporation	7,374,996	3	0.81%	\$ 9,495,472	2	1.21%
Rolling Meadows Delaware	5,253,510	4	0.58%	4,686,146	10	0.60%
Tower Realty Management Corp.	4,462,302	5	0.49%	6,453,826	5	0.82%
YPI 1600 Corporate Center	4,346,443	6	0.48%	6,723,521	4	0.85%
12 Oaks Realty	4,041,903	7	0.45%			
Marc Realty	3,896,274	8	0.43%			
Meijer Stores LTD	3,363,303	9	0.37%			
Walmart Stores	3,152,978	10	0.35%	8,375,454	3	1.06%
Prime Group Realty (formerly American National Bank)				17,440,405	1	2.21%
3800 Golf Rd LLC				5,715,617	6	0.73%
Citadel Management, Inc				5,526,116	7	0.70%
Lincoln Atrium Management Co.				5,364,452	9	0.68%
Teachers Insurance				5,469,719	10	0.69%
YPI 1600 Corporate Center	<u>53,229,567</u>		<u>5.87%</u>	<u>75,250,728</u>		<u>9.55%</u>
12 Oaks Realty						

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Property Tax Levies and Collections - Last Fiscal Years
December 31, 2012 (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
2003	2002	\$ 6,308,471	\$ 6,283,466	99.60%	\$ (152,404)	\$ 6,131,062	97.19%
2004	2003	6,438,424	6,413,838	99.62%	(221,234)	6,192,604	96.18%
2005	2004	6,893,476	6,667,518	96.72%	57,974	6,725,492	97.56%
2006	2005	6,891,780	6,719,499	97.50%	68,802	6,788,301	98.50%
2007	2006	6,973,121	6,473,354	92.83%	445,674	6,919,028	99.22%
2008	2007	7,848,368	7,639,825	97.34%	(46,927)	7,592,898	96.74%
2009	2008	8,428,123	8,301,100	98.49%	(35,600)	8,265,500	98.07%
2010	2009	9,730,232	9,383,289	96.43%	108,851	9,492,140	97.55%
2011	2010	10,690,980	10,481,601	98.04%	-	10,481,601	98.04%
2012	2011	11,787,444	11,664,662	98.96%	-	11,664,662	98.96%

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, 2012 (Unaudited)**

Fiscal Year	2003	2004	2005	2006
General Merchandise	\$ 66,675,940	65,459,920	64,188,280	61,123,560
Food	15,330,580	13,072,900	13,779,560	15,127,480
Drinking and Eating Places	43,968,520	45,969,580	47,885,120	49,420,200
Apparel	4,644,480	3,356,000	3,621,500	3,443,500
Furniture and H.H. and Radio	4,261,200	4,136,200	3,699,140	7,149,700
Lumber, Building, Hardware	2,172,540	3,211,060	2,807,960	2,915,620
Automobile and Filling Stations	15,328,260	37,261,380	46,308,020	44,328,920
Drugs and Misc. Retail	13,496,240	13,628,840	16,269,740	16,478,260
Agriculture and All Others	36,870,780	36,813,940	31,777,380	32,129,520
Manufacturers	8,744,460	9,413,220	10,828,300	8,593,220
Total	211,493,000	232,323,040	241,165,000	240,709,980
Local Sales Tax Rate	1.50%	2.00%	2.00%	2.00%
Total Sales Tax Rate	8.25%	8.75%	8.75%	8.75%

Data Source: Illinois Department of Revenue

2007	2008	2009	2010	2011	2012
60,275,753	59,529,361	60,495,368	39,328,192	28,167,711	37,623,908
15,001,571	11,690,306	11,157,166	9,916,455	9,785,079	9,011,588
48,936,206	48,805,003	44,742,470	42,917,114	43,795,249	51,400,943
3,405,336	2,521,712	2,522,896	2,443,133	11,089,518	1,610,968
7,218,336	7,372,794	6,164,965	5,862,267	6,649,299	8,020,244
2,715,061	2,697,156	1,205,151	1,186,241	794,665	710,119
65,703,526	46,737,476	45,088,883	52,407,264	64,965,950	66,092,838
16,190,972	13,493,447	12,878,726	12,343,741	12,821,333	14,548,096
32,404,576	30,093,783	20,523,263	23,267,418	24,719,294	21,716,579
8,463,314	9,521,908	6,873,845	6,851,196	2,831,417	5,460,129
260,314,651	232,462,946	211,652,733	196,523,021	205,619,515	216,195,412
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
8.75%	10.00%	10.00%	9.50%	9.25%	9.00%

CITY OF ROLLING MEADOWS, ILLINOIS

Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years December 31, 2012 (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
2003	5.00%	1.00%	0.50%	0.75%	1.00%	8.25%
2004	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2005	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2006	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2007	5.00%	1.00%	1.00%	0.75%	1.00%	8.75%
2008	5.25%	1.00%	1.00%	1.00%	1.75%	10.00%
2009	5.25%	1.00%	1.00%	1.00%	1.75%	10.00%
2010	5.25%	1.00%	1.00%	1.00%	1.25%	9.50%
2011	5.25%	1.00%	1.00%	1.00%	1.00%	9.25%
2012	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%

Data Source: Illinois Department of Revenue

CITY OF ROLLING MEADOWS, ILLINOIS

**Local Tax Revenues - Last Ten Fiscal Years
December 31, 2012 (Unaudited)**

Fiscal Year	State Sales Tax	Home Rule Sales Tax (A)	Telecom Tax (B)	Electric Utility Tax (C)	Food & Beverage (D)	Hotel Tax (E)	Real Estate Transfer Tax
2003	\$ 2,785,074	\$ 1,041,430	\$ 988,767	\$ N/A	\$ 899,494	\$ 259,596	\$ 661,454
2004	3,073,337	2,140,654	1,632,101	N/A	1,250,607	263,684	912,866
2005	3,245,233	2,448,482	2,289,734	N/A	1,276,799	248,527	802,639
2006	3,298,095	2,344,833	2,065,561	N/A	1,318,674	304,677	594,248
2007	3,405,981	2,471,264	2,047,648	N/A	1,339,008	265,716	386,091
2008	3,347,289	2,265,611	2,038,337	N/A	1,293,970	451,898	269,663
2009	3,062,136	2,053,624	2,075,334	1,301,016	1,221,391	288,634	191,259
2010	2,768,676	1,957,345	1,846,728	1,310,453	1,216,961	289,076	174,819
2011	2,871,640	2,058,935	1,936,227	1,295,918	1,212,122	333,374	153,688
2012	2,978,856	2,148,633	1,845,387	1,298,887	1,176,218	389,212	239,865

Data Source: City of Rolling Meadows CAFR

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2012 (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			
2003	\$ 12,125,000	\$ -	\$ 2,500,000	\$ -	\$ 14,625,000	4.36%	\$ 594
2004	19,245,000	-	2,390,000	-	21,635,000	6.14%	879
2005	25,300,000	-	2,280,000	-	27,580,000	7.43%	1,121
2006	23,855,000	-	2,165,000	-	26,020,000	6.61%	1,058
2007	24,030,000	537,286	3,550,000	-	28,117,286	6.68%	1,143
2008	22,404,048	556,387	3,310,952	-	26,271,387	6.08%	1,068
2009	20,721,298	471,887	3,053,702	-	24,246,887	5.70%	985
2010	18,968,838	390,505	2,786,162	-	22,145,505	6.12%	922
2011	17,131,668	284,713	2,508,332	-	19,924,713	4.74%	827
2012	15,474,788	234,172	2,230,212	1,029,074	18,968,246	4.34%	787

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, 2012 (Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2003	\$ 14,625,000	1.80%	594
2004	21,635,000	2.75%	879
2005	27,580,000	3.05%	1,121
2006	26,020,000	2.71%	1,058
2007	27,580,000	2.86%	1,121
2008	25,715,000	2.37%	1,045
2009	23,775,000	2.06%	966
2010	21,755,000	1.90%	903
2011	19,640,000	1.96%	815
2012	17,705,000	1.95%	735

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, 2012 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to City (1)	City's Share of Debt
City Direct Debt	\$ 15,708,960	100.00%	\$ 15,708,960
Overlapping Debt			
Arlington Heights Township			
High School District 214	48,305,000	5.96%	2,878,978
Cook County	3,814,460,000	0.59%	22,505,314
Forest Preserve District of Cook County	94,885,000	0.59%	559,822
Harper Community College District 512	185,775,000	6.45%	11,982,488
Metro Water Reclamation District of Greater Chicago	2,300,335,115	0.60%	13,802,011
Palatine Township High School District 211	24,970,000	4.34%	1,083,698
Rolling Meadows Park District	2,670,000	89.27%	2,383,509
Arlington Heights Park District	23,649,547	0.18%	42,569
Palatine Park District	21,030,600	5.97%	1,255,527
Schaumburg Park District	22,350,000	0.20%	44,700
School District 69	13,455,000	1.76%	236,808
School District CC 15	49,870,000	20.79%	10,367,973
Total Overlapping Debt	6,601,755,262		67,143,397
Total Direct and Overlapping Debt	6,617,464,222		82,852,357

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, 2012 (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, 2012 (Unaudited)**

Fiscal Year	(1) Population	(2) Personal Income (in Thousands)	(3) Per Capita Personal Income	(1) Median Age	(1) Education Level in Years of Schooling	(3) School Enrollment	(4) Unemployment Rate
2003	24,604	\$ 335,574	\$ 26,178	34.4	14.0	5,220	5.30%
2004	24,604	352,359	26,178	34.4	14.0	5,378	4.80%
2005	24,604	371,160	26,178	34.4	14.0	5,231	4.70%
2006	24,604	393,382	26,178	34.4	14.0	5,075	3.50%
2007	24,604	421,143	26,178	34.4	14.0	5,142	3.80%
2008	24,604	431,795	26,178	34.4	14.0	4,818	5.10%
2009	24,604	425,178	26,178	34.4	14.0	4,167	10.00%
2010	24,099	361,800	26,178	34.4	14.0	4,392	10.10%
2011	24,099	420,051	30,678	34.2	14.0	5,196	9.90%
2012	24,099	436,998	30,678	37.5	14.0	5,032	8.90%

Data Sources:

(1) U.S. Census

(2) Data provided by School District Administrative Offices

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

(4) U.S. Bureau of Economic Analysis

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Employers - Current Year and Nine Years Ago
December 31, 2012 (Unaudited)**

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Defense Systems	2,100	1	9.1%	2,500	1	11.1%
BMO Harris N.A.	383	2	1.7%			
Houghton Mifflin Harcourt*	350	3	1.5%			
Komatsu	310	4	1.3%			
Cook County Courthouse	300	5	1.3%			
A.H. Management Group	268	6	1.2%			
Meijer	246	7	1.1%			
RTC Industries	243	8	1.1%			
Panasonic	235	9	1.0%			
WalMart	217	10	0.9%			
3 Comm Corp				1,000	2	4.4%
Transamerica Commercial				500	3	2.2%
Kelso Burnett Co.				400	4	1.8%
Middleby Corp.				300	5	1.3%
New Resources				285	6	1.3%
ElectroDynamics Inc.				270	7	1.2%
Carlson Wagonlit Travel				250	8	1.1%
Coleman Floor Co.				250	9	1.1%
Method Electric, Inc.				250	10	1.1%
	<u>4,652</u>		<u>20.2%</u>	<u>6,005</u>		<u>26.7%</u>

Data Source: Rolling Meadows Chamber of Commerce

* Formerly Riverside Publishing Co.

CITY OF ROLLING MEADOWS, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
December 31, 2012 (Unaudited)**

	2003	2004	2005
Full-Time			
General Government			
Management	6	6	5
Finance	11	11	10
Community Development	9	9	9
Public Safety			
Police			
Officers	56	55	54
Civilians	25	28	29
Fire			
Firefighters and Officers	45	45	45
Civilians	3	3	3
Public Works			
Administration	5	5	5
Engineering/Inspections	1	1	1
Streets and Grounds	18	17	15
Utilities and Garage	20	20	20
Part-Time			
General Government			
Management	-	-	-
Finance	2	2	2
Community Development	2	2	2
Public Safety			
Police	11	11	10
Fire	-	-	-
Public Works			
Streets and Grounds	2	2	2
Utilities	3	2	2

Data Source: City Human Resources and Budget Departments

2006	2007	2008	2009	2010	2011	2012
8	8	8	7	7	6	7
9	8	8	6	4	4	4
9	9	9	8	8	8	8
54	54	56	52	51	48	49
27	27	27	13	9	8	8
45	46	49	42	44	44	43
2	2	2	-	-	-	1
4	5	5	4	4	4	4
4	5	3	2	2	1	-
14	14	14	16	16	15	14
20	20	20	16	15	15	15
-	-	-	1	1	2	2
2	2	2	3	3	3	3
2	3	2	1	1	1	1
13	20	25	7	9	12	12
-	-	1	1	1	-	-
2	2	2	1	-	-	-
3	3	1	2	3	4	2

CITY OF ROLLING MEADOWS, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2012 (Unaudited)**

	2003	2004	2005
Public Safety			
Police			
Physical Arrests	1,051	886	798
Parking Violations	4,327	4,293	4,014
Traffic Violations	6,268	6,616	5,837
Fire			
Emergency Responses	1,934	1,912	1,945
Fire Calls	1,103	1,036	1,055
Fires Extinguished	N/A	N/A	N/A
Public Works			
Street Resurfacing (Miles)	0.70	0.41	2.28
Snow and Ice Control (Tons of Salt)	1,380	1,395	1,150
Water			
Number of Water Main Repairs	83	43	78
Water Average Daily Consumption (Thousands of Gallons)	2,595	2,481	2,557
Refuse Collection			
Refuse Collected (Tons per Day)	N/A	N/A	25
Recyclables Collected (Tons per Day)	N/A	N/A	9

Data Source: Various City Departments

N/A - Information not Available

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

2006	2007	2008	2009	2010	2011	2012
1,084	1,043	921	510	456	921	812
4,540	3,418	4,795	3,066	3,469	6,165	6,198
5,928	5,731	5,364	5,906	5,947	4,665	3,591
1,978	1,976	2,282	2,204	3,599	3,487	3,507
1,227	1,019	1,148	1,093	1,097	1,196	1,070
N/A	N/A	N/A	N/A	42	41	53
8.28	0.77	0.95	-	1.60	1.36	0.07
1,636	2,500	3,000	1,476	1,668	678	1,301
42	41	53	51	58	54	61
2,563	2,487	2,616	2,692	2,300	1,871	2,173
29	25	22	27	19	19	18
9	9	10	10	9	10	9

CITY OF ROLLING MEADOWS, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2012 (Unaudited)**

	2003	2004	2005
Public Safety			
Police			
Stations	1	1	1
Patrol Units	12	12	12
Fire			
Fire Stations	2	2	2
Fire Engines	4	4	4
Public Works			
Streets (Miles)	70.50	70.50	70.50
Streetlights	257	257	257
Traffic Signals	45	45	45
Water			
Water Mains (Miles)	86.78	87.38	88.03
Fire Hydrants	1,285	1,295	1,314
Storage Capacity (Millions of Gallons)	5.50	5.50	5.50
Wastewater			
Sanitary Sewer (Miles)	76.60	76.88	77.16
Lift Stations	3	3	3
Storm Sewers (Miles)	60	60	60

Data Source: Various City Departments

2006	2007	2008	2009	2010	2011	2012
1	1	1	1	1	1	1
12	18	15	15	15	15	15
2	2	2	2	2	2	2
4	5	5	5	5	5	4
70.50	60.89	60.89	60.89	60.89	60.89	60.89
257	257	257	257	260	260	260
45	45	45	49	49	49	49
88.63	89.50	88.21	88.40	89.92	90.12	90.12
1,327	1,392	1,395	1,395	1,353	1,356	1,356
5.50	5.50	5.50	5.50	5.50	5.50	5.50
77.33	77.67	77.94	77.94	82.00	82.00	82.00
3	3	3	3	3	3	3
60	60	60	60	61	61	61

CITY OF ROLLING MEADOWS, ILLINOIS

**Water Sold by Type of Customer - Last Ten Fiscal Years
December 31, 2012 (Unaudited)**

Type of Customer	2003	2004	2005
Industrial	54,445	56,856	54,273
Residential/Multi-Family	623,441	581,221	615,602
Commercial	236,591	225,158	227,754
School/Government	32,606	42,278	35,628
Total	947,083	905,513	933,257
Water Rate per 1,000 Gallons	\$ 3.44	\$ 3.58	\$ 3.78
Sewer Rate per 1,000 Gallons	\$ 1.03	\$ 1.07	\$ 1.13

Data Source: City of Rolling Meadows Water Department Pumpage Report

2006	2007	2008	2009	2010	2011	2012
52,830	43,802	40,803	34,102	44,149	37,534	40,863
586,794	575,905	547,625	529,064	520,636	495,298	516,757
223,024	204,060	189,405	171,698	166,978	155,393	158,171
34,704	32,071	26,450	26,712	26,343	25,827	27,718
897,352	855,838	804,283	761,576	758,106	714,052	743,509
\$ 4.06	\$ 4.34	\$ 4.96	\$ 5.83	\$ 5.83	\$ 6.35	\$ 7.40
\$ 1.34	\$ 1.43	\$ 1.64	\$ 1.92	\$ 2.10	\$ 2.10	\$ 2.50

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures
December 31, 2012 (Unaudited)**

**City of Rolling Meadows, Cook County, Illinois
2012 Continuing Bond Disclosures Relating to the Following Bonds:**

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

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

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

\$410,000 General Obligation Bonds of 2007

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

\$9,690,000 General Obligation Refunding Bonds of 2012

For further information please contact:

City of Rolling Meadows
3600 Kirchoff Road
Rolling Meadows, Illinois 60008

Telephone Number: (847) 394-8500

Fax Number: (847) 394-8710

CITY OF ROLLING MEADOWS, ILLINOIS

Continuing Bond Disclosures - Continued December 31, 2012 (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, 2011. The City has received the award to each of the last 26 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 128 - 129 and 137 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 130 - 135 of these audited financial statements.

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2012 (Unaudited)**

Debt Statement

Issue Date	Bond Issue	Principal Outstanding	Supported by
03/15/2003	General Obligation Bonds of 2003	\$ 2,010,000	Incremental Taxes
09/15/2004	General Obligation Bonds of 2004	745,000	Sales Taxes
10/18/2005	General Obligation Bonds of 2005	3,720,000	Property Taxes
05/01/2007	General Obligation Bonds of 2007	70,000	Proprietary
12/31/2007	General Obligation Bonds of 2007A	1,550,000	Proprietary
05/08/2012	General Obligation Refunding Bonds of 2012	<u>9,610,000</u>	Proprietary
	Total Gross Direct Bonded Debt	17,705,000	
	Less: Self-Supporting Bonded Debt	<u>13,985,000</u>	
	Total Net Direct Bonded Debt	<u><u>3,720,000</u></u>	

The City's overlapping and underlying bonded debt is updated as of December 31, 2012, and can be found on pages 142 - 144 of the audited financial statements.

The City's debt ratios are updated using the 2011 equalized assessed valuation and the 2011 estimated full value of taxable property.

Estimated Full Value of Taxable Property - 2011	\$ 2,720,381,985	
Equalized Assessed Valuation - 2011	906,793,995	
	Gross Direct Debt	Gross Direct Debt and Overlapping Debt
Per Capita	\$ 734.68	\$ 3,438.00
Percent of Estimated Full Value	0.651%	3.046%
Percent of Equalized Assessed Value	1.952%	9.137%

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2012 (Unaudited)**

Debt Maturity Schedule

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

Calendar Year	Annual Requirement	Cumulative Retirement	
		Amount	Percent
2012	\$ 2,470,000	\$ 2,470,000	13.95%
2013	2,495,000	4,965,000	28.04%
2014	2,565,000	7,530,000	42.53%
2015	2,635,000	10,165,000	57.41%
2016	2,735,000	12,900,000	72.86%
2017	1,215,000	14,115,000	79.72%
2018	760,000	14,875,000	84.02%
2019	805,000	15,680,000	88.56%
2020	635,000	16,315,000	92.15%
2021	675,000	16,990,000	95.96%
2022	715,000	17,705,000	100.00%

Future Debt

There is no updated information to report.

Pension and Retirement Fund Commitments

Updated annual financial information is contained in the audited financial statements of the City on pages 54 through 65.