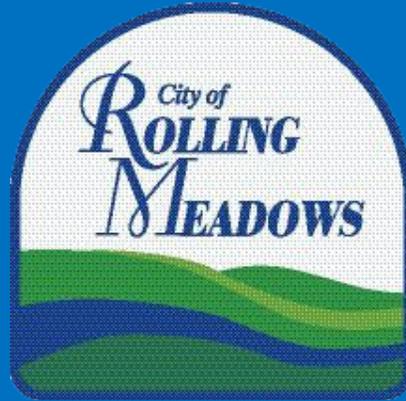


COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

CITY OF ROLLING MEADOWS, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

Prepared by the Finance Department

CITY OF ROLLING MEADOWS, ILLINOIS

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INTRODUCTORY SECTION

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**List of Principal Officials
December 31, 2016**

LEGISLATIVE

Mayor: Tim Veenbaas

Deputy City Clerk: Ginny Cotugno

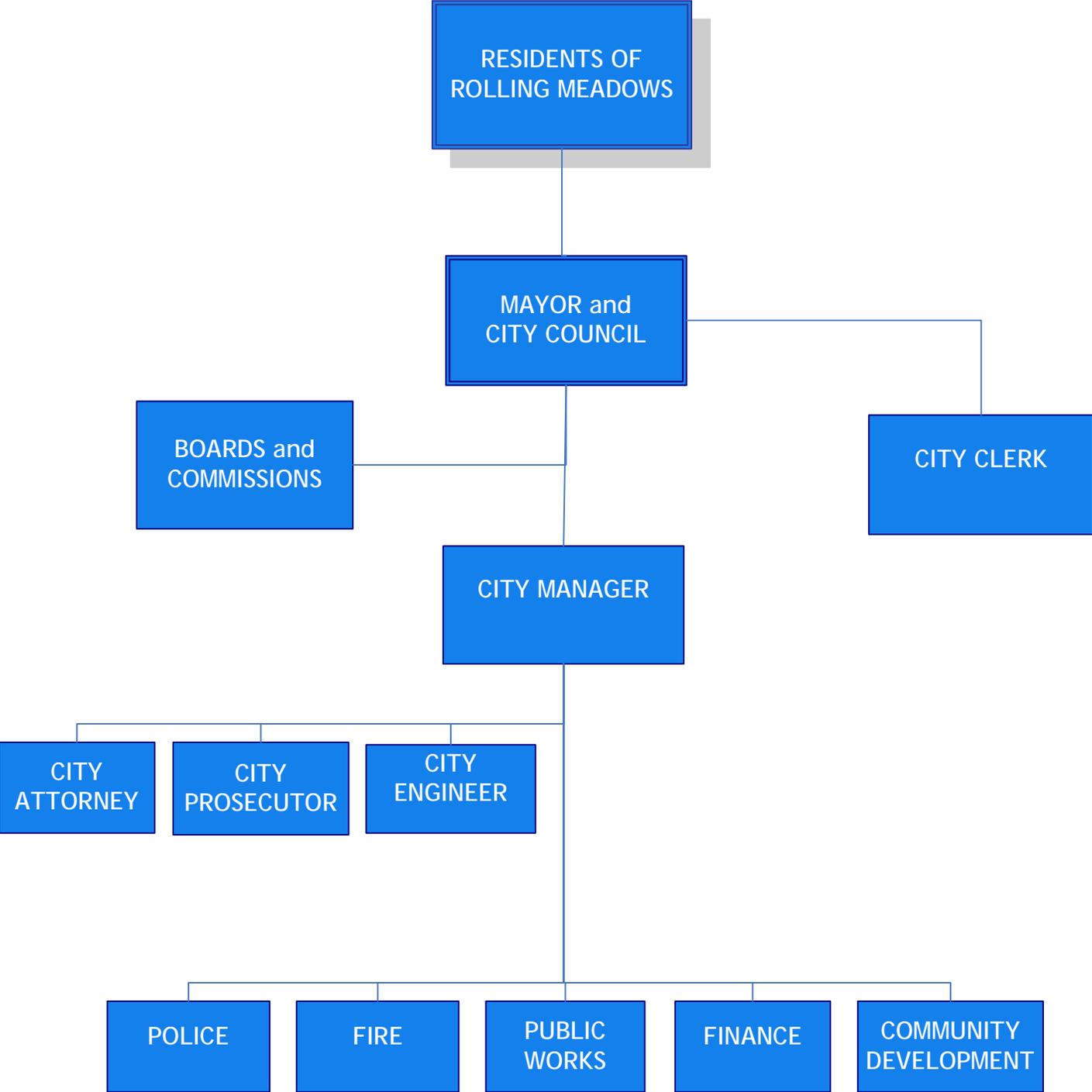
Ward 1:	Mike Cannon, Alderman
Ward 2:	Len Prejna, Alderman
Ward 3:	Laura Majikes, Alderman
Ward 4:	Brad Judd, Alderman
Ward 5:	Rob Banger, Jr., Alderman
Ward 6:	John D’Astice, Alderman
Ward 7:	Tim Veenbaas, Alderman

ADMINISTRATIVE

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

CITY OF ROLLING MEADOWS

Organizational Chart





"PROGRESS THRU PARTICIPATION"

May 3, 2017

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, 2016, 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, 2016, the licensed certified public accounting firm of Lauterbach & Amen, LLP, has issued an unmodified ("clean") opinion on the City of Rolling Meadows financial statements. The independent auditors report can be found at the front of the financial section of this report.

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

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

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

PROFILE OF THE CITY OF ROLLING MEADOWS

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

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

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

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

The City provides a full range of municipal services with 158 full-time and 20 part-time persons working in Public Safety, Public Works, Planning and Zoning, Community Development, Economic Development, Information Technology, Finance and General Administration. The City maintains approximately 61 miles of streets and about 134 miles of parkway. The City operates its own water distribution system with sewage treatment provided by the Metropolitan Water Reclamation District. The City is a member of two joint ventures; the first is the Northwest Suburban Joint Action Water Agency (JAWA), which provides water from Lake Michigan through Chicago. The City also maintains a few deep water wells as reserves (In case of emergency, the City also has two emergency water connects, one with the Village of Palatine and the other with the Village of Arlington Heights. These communities are currently in a different water system acquiring water from the City of Evanston.) The second joint venture is the Solid Waste Agency of Northern Cook County (SWANCC), which provides solid waste disposal services. The City also owns and operates its own fleet of refuse vehicles (recycling is a contracted service).

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

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

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

In November 2014, Moody's Investor Service upgraded Rolling Meadows' general obligation (GO) bond rating to Aa3 from a previous rating of A1, reflecting the agency's confidence in the City's overall financial health. The Moody's report cited a substantial increase in the City's reserve levels as well as a strong capacity to meet financial obligations. In November 2016, Moody's reaffirmed the City's bond rating of Aa3.

The City's Management and the City Council continually review its debt structure for any potential interest savings and future debt issuance.

MAJOR INITIATIVES

The City is actively engaged in developing new strategies for economic growth. Economic Development continues to be a priority for the City of Rolling Meadows. Rolling Meadows is known as a business-friendly community and has a reputation as a "Great Place to Do Business". There In FY 2016, there were higher-profile successes across the City:

Large commercial insurance broker **Arthur J. Gallagher Insurance's** pending arrival in early 2017 will represent the latest in a string of economic development activities that have transformed the area over the last five years. **Arthur J. Gallagher Insurance** is planning on moving its headquarters from Itasca to Rolling Meadows in 2017. The large insurance company is investing over \$85 million to upgrade buildings, garages, roadways and landscaping in the Meadows Corporate Center (2850 Golf Road) relocating 2,000 employees to this new location. The City approved the Golf Road Tax Increment Financing District (Golf Road TIF #4) in FY 2015 which provides a shortened TIF term of 15 years to help finance the redevelopment costs of the area. In 2016 Arthur J. Gallagher Insurance also purchased the 2900 Golf Road Building and after remodeling they moved their IT Department into this location.

The **Continental Towers** property at 1701 Golf Road completed its second phase of a \$12 million capital improvement project by the owners, Glen Star Properties. Continental Towers covers approximately 910,000 square foot of Class A office space and is comprised of three 12-story towers situated on a 34-acre site. The upgrades included enhancements to building entry ways, creating a new entrance, incorporating new landscaping, installing modern LED lighting and constructing a four-story (400 car) parking garage. Newer businesses to Continental Towers include Panasonic Corporation of North American and Verizon (relocating around 900 employees from Elgin to Rolling Meadows in March of 2016) (both businesses signed long-term leases).

Atrium Corporate Center located at 3800 Golf Road (the former 3Com building) recently was named "Business of the Year" by the Rolling Meadows Chamber of Commerce during its "Circle of Success" Awards in May 2015. Capital One Financial Corporation leases 150,000 square feet of the Atrium Corporate Center and relocated nearly 500 employees in 2012. Now, the Atrium Corporate Center is 100% leased and houses 2,200 employees.

Global Engine Manufacturer, China-based Weichai Group, chose Rolling Meadows for its North American headquarters. **Weichai American Corporation** completed an interior demolition and renovation of its 166,772 square-foot property on Golf Road. The company is one of the world's largest diesel engine manufacturers. The company selected Rolling Meadows due to its proximity to a high-tech supply base, their customers and the availability of a high-skilled workforce.

In FY 2016, Richards Building Supply Company, a wholesale distributor of residential and commercial building materials, opened its newest location at 4001 Industrial Avenue. The business acquired the 52,000 square foot property and plans on expanding its workforce by approximately 25% over the next few years. They moved from the Village of Palatine.

Rolling Meadows welcomed 76 new businesses to the community in 2016, underscoring the City's continued economic growth and development efforts – a 31% increase year-over-year. New businesses included Fortune 500 companies (Verizon), financial service providers (Meadows Credit Union), restaurants and food service (Bulldog Ale House, Comet, Gabutto Burger, Ming Hin Cuisine), goods and service providers (Yonan Carpet One) and more.

Ben Franklin Bank, now located at 3166 Kirchoff Road, relocated and expanded in the Rolling Meadows Shopping Center. The bank added drive-up banking services for its customers.

Just down from Ben Franklin Bank, Comet opened in downtown Rolling Meadows serving one-of-a-kind frozen desserts, coffees and sodas. The small business sees itself as a gathering place where residents can enjoy tasty treats with family, friends, and neighbors.

In FY 2015, Chicago-based Lexington Homes broke ground for a planned 54-unit townhome development at 3245 Kirchoff Road (former AMF Bowling Center). Known as **Lexington Crossing**, the development features a mix of two- and three-bedroom townhomes. The development will boost the downtown area's residential population and enhance the economic development of the area. In FY 2016, the development was nearly completed and City officials believe the project will boost the downtown area's residential population and create new opportunities for businesses. By the end of 2016 half of the townhomes were sold.

At 3000 Kirchoff Road, the Jewel/Osco completed a half million dollar remodeling project which included a Starbuck's Coffee and seating area.

As part of the City's commitment to funding local roads between the Annual Street Program, ongoing repairs and maintenance and grant reimbursed projects, the City spent approximately \$1.7 million (approximately \$1.1 million on the Annual Street Program and the remainder on various other projects). The Annual Street Program resurfaced fifteen local streets – four more than originally planned due to lower contractor bids.

As part of the City's extensive bike path system, the City added a section along Salt Creek that provides access between the downtown area and the Rolling Meadows Library. The new path begins near Fratello's (3301 Kirchoff) and runs south along the eastern edge of Salt Creek to the Library parking lot which opens access to users of Kimball Hill Park and other paths. Eighty percent of the \$350,000 project was covered by a grant from the Illinois Transportation Enhancement Program (ITEP).

Golf Road corridor **road improvements** started in FY 2015 and continued in FY 2016. Nearly one mile of new sidewalk built along the north side of Golf Road will improve pedestrian access to nearby retail shops and restaurants. The section, between Ring Road and New Wilke Road, is part of a \$1.2 million infrastructure improvement [funding is through the federal Congestion Mitigation and Air Quality Improvement (CMAQ) grant and matching funds from a Regional Transportation Authority (RTA) grant].

The City of Rolling Meadows continued to review data and research concerning the increasing service demands for fire service. The City has two fire stations currently located at 3111 Meadow Drive (Fogarty Fire Station) and 2455 Plum Grove Road (Neuckranz Fire Station). The Fire Department is working with City Council and Staff to identify ways to meet the challenge of providing the community with the highest levels of fire, rescue and emergency services by decreasing response times. In FY 2017, the City will be reviewing the next steps for the fire stations relocation project.

The City has removed more than 2,300 **Emerald Ash Borer (EAB)** infested trees over the last several years. The Public Works Department anticipates that the 200 remaining will be removed by FY 2017 per the City's multi-year plan. The City's tree replacement program includes multiple species to replace the dying ash trees.

Given the community's support of community events, a newly formed volunteer Community Events Committee continued its planning and work for FY 2016's events. The City held an expanded lineup of Farmers & Food Truck Markets, a summer block party along Kirchoff Road and events such as Wine-Down-By the Creek and a Parking Lot Party (each with live music); and in December held a special Holiday Tree Lighting with a spaghetti dinner. In addition, the City displayed commemorative street banners which were customized for residents and businesses who sponsored the banners.

The City of Rolling Meadows continues its capital investment in its waterworks and sewerworks systems with approximately \$1.5 million for FY 2016 and other improvements. Most notably is the investment in the City-wide installation of new Smart Point transmitters on residential and business water meters (commonly known as Smart Point Water Meters). This multi-year plan started in FY 2015 as an effort to upgrade water operations and provide more efficient, responsive customer service. These new devices will allow City employees to electronically access residents' and businesses' water meter data each month – eliminating estimates and enhancing the ability to track potential water leak issues. This multi-year project is being completed by City Staff.

The City's 2016 National Night celebration set a record of nearly 3,500 people who came together to honor Rolling Meadows police officers and celebrate community pride. More than fifty local businesses and organizations sponsored or participated in the celebration. Guests at the event enjoyed performances by the Chicago Bears Drumline, the world-renowned Jesse White Tumblers and a "star spangled" performance of our National Anthem by the Chicago Blackhawks' Jim Cornelison, and a fireworks display.

Other Economic Development Activities

Recognizing the need 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 businesses seeking a location in the City and to offer research and information. In FY 2016, the City added interactive community maps on the City's website for residents and businesses [using Geographic Information System (GIS) technology]. (The City is a member of the GIS Consortium which is a group of Chicago-area communities who share information technology and staffing resources for GIS data.)

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

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

Plans for 2017

Fiscal Year 2017 is expected to result in continued economic development in certain areas of the City which should lead to greater economic activity and growth in City sales tax, income tax, hotel taxes and food & beverage tax revenues. As the City's recent Market Summary indicates, Rolling Meadows' daytime employment is estimated at 16,514.

For 2017, the City will enhance and expand its economic development activities:

- The City Council approved plans for a local market research company to develop and conduct a business survey to be delivered through multiple communication channels and to use strategic partners such as the Rolling Meadows Chamber of Commerce to assist with the survey. The goal is to ensure that the City is doing all that it can to be an attractive option for businesses considering opening or relocating and to retain current businesses in Rolling Meadows.
- The City of Rolling Meadows is planning on partnering with surrounding municipalities – Elk Grove Village, Hanover Park, Hoffman Estates and Schaumburg – to create an exciting opportunity for business development. The consortium will partner to create Next Level Northwest (NLNW)

(a not-for-profit entity) to serve as a business accelerator for Stage 2 businesses and as a facilitator of continuing education, economic development, and innovation.

- The City of Rolling Meadows will be discussing updating the City's Comprehensive Plan.

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

- The 11-acre parcel at the corner of Kirchoff Road and Meadow Drive (formerly the Dominick's Property) is available and currently being marketed by the City and the property's developer.
- As mentioned previously, the next area of redevelopment was the AMF bowling center at 3245 Kirchoff Road (the City's "Downtown" area). Chicago-based Lexington Homes broke ground to develop a 54-unit townhome community on Kirchoff Road. The new development is nearing completion of a mix of two and three-bedroom townhomes and this project is expected to create opportunities for future downtown businesses. A total of eleven buildings are almost completed.

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

- Arthur J. Gallagher Co. recognized as one of "America's Best Employers" by Forbes Magazine is relocating to the Golf Road Corridor in 2017. The fourth largest international insurance brokerage and risk management services firm, Gallagher purchased the property at 2850 Golf Road in 2014. Their plan is to move its world headquarters from Itasca back to Rolling Meadows. The plans call for significant renovations to the Golf Road property and the company will be bringing upwards of 2,000 employees. (They now own the 2900 Golf Road Building to that houses their IT Department.)
- As mentioned previously, Glen Star Properties, finished more than \$12 million in renovations to improve the property at 1701 Golf Road known as Continental Towers. Continental Towers covers approximately 910,000 square foot of Class A office space and is comprised of three 12-story towers situated on a 34-acre site. This property is close to full occupancy with Verizon, Panasonic and other major employers.
- 5600 Apollo, LLC plans to purchase the property at 5600 Apollo Drive which is currently occupied by Charles Industries. 5600 Apollo LLC plans to demolish the existing building and construct a new 131,561 square foot headquarters to accommodate School Health Corporation. The estimated construction costs are approximately \$10 million which will include demolition, asbestos remediation, construction of a Class A facility, parking lot, stormwater detention and landscaping. School Health is a full-service provider of health supplies and services to health professionals in educational settings from pre-school to college. The company is expected to move all of its 110 to 120 employees and hire 10 additional employees. There may be some sales tax generated but this does not open until 2018.
- WinTrust Bank is planning to open a bank branch with a drive-thru window for their patrons at 1634 Algonquin Road.
- At 1921 Algonquin Road (former Bowl House) a Dunkin Donuts/Baskin Robbins is being discussed for this location.
- The vacant Sam's Club property on Golf Road is a parcel that the City is hopeful for some positive economic development at some point.

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

- The Former Pizza Hut building (2101 Plum Grove Road) was renovated and Nic's Organic Fast Food opened its doors at the end of 2016.
- The shopping plaza at the corner of Euclid and Plum Grove Road is under renovation with façade and other improvements. Also, a ramen noodle restaurant opened in 2016 in that shopping center.

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

- In 2011, the City of Rolling Meadows City Council approved the creation of the Rolling Meadows Community Events Foundation. The registered 501(c)3 non-profit organization has a separate bank account from the City of Rolling Meadows and its sole activity of the Rolling Meadows Community Events Foundation is to obtain donations for public purposes to support and finance annual community events. The funds will help with the maintenance and upkeep of the Rolling Meadows Historical Museum, 4th of July event(s), Veterans Memorial Committee & Memorial Day events, holiday tree lighting items/activities, winter holiday decorations, and other community items/events.
- Social media continues to be an added communication tool. Residents may receive late-breaking news, service updates and other important information through the City's Facebook page, Twitter feed, and Police Department APP.
- Rolling Meadows Crime Stoppers began its first full year of operation in 2013. The group supports the Police Department law enforcement efforts and raises funds for community outreach programs.
- Over the past three years, the Rolling Meadows' National Night Out celebration welcomed thousands of residents for an evening of family fun. FY 2017, local businesses, Rolling Meadows Crime Stoppers and the Rolling Meadows Community Events Foundation will sponsor National Night Out as a community event for all residents again.
- The City expanded the Farmers & Food Trucks Program. The popular Farmers & Food Truck events returned for a full season and will include a Friday-night Block Party. The combined car show, public safety vehicle display and Farmers & Food Truck event drew several hundred residents. The City offers its own unique take on the traditional farmers' market with farmers, food trucks and local market and craft items offered during each event. Additional events were added which includes Fridays Rock! events to feature live music in Kimball Hill Park.
- The City's Community Garden was successful during its third growing season for 2016 and expanded community plots in 2017. The Community Garden members partner with local schools to promote kids' interest in healthier food choices.
- The City of Rolling Meadows has a proud tradition of honoring local veterans. For the Memorial Day weekend, the City sponsors a Veterans Dinner where local veterans reconnect with fellow service members. The following day, the City hosts a Memorial Day Parade and Observance Ceremony for veterans, their families and the community.
- Each year the City sponsors Independence Day Events on July 4th. The Independence Day Parade kicks off the day followed by City-sponsored fireworks at dusk.

- Each December to welcome the holiday season, City officials and residents gather to light the City's Holiday Tree held in front of the McDonald's at 3000 Kirchoff Road. In 2016, for the event, the City hosted a spaghetti dinner and hope to do this again in 2017.
- The City supports the U.S. Marine's Toys for Tots Program by collecting toys for children in need at City Hall and the Library.
- The City also conducted two blood drives during 2016 and will sponsor several in 2017.

Long-Term City Initiatives

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

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

Economic Development Committee

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

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

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

Redevelopment Relating to Tax Increment Financing Districts

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

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

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

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

LOCAL ECONOMY

The area economy is showing positive signs with some upward trends in the areas of sales tax, income tax, use tax and hotel taxes. However, some items show while there have been some slight upward trends, there have been some unanticipated, one-time revenues such as real estate transfers, building permits and red light fines. The City's unemployment rate as of December 2016 was 5.9%.

Rolling Meadows is centrally located and enjoys excellent regional transportation connection. Approximately, 290,000 people live within five miles of downtown Rolling Meadows (Kirchoff Road) and another 149,000 work within that area.

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

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City of Rolling Meadows is responsible for establishing and maintaining an internal control structure. The internal control structure is designed to ensure that the assets of the City are protected from loss, theft, fraud, misappropriation or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. This structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The

concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

RELEVANT FINANCIAL POLICIES THIS YEAR

In order to insure that the City continues to meet its immediate and long term service goals, several financial policies and procedures have been implemented by management. Highlighted are some of the more pertinent policies that the City followed in FY 2016:

- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- The Ad-Hoc Capital Improvements Committee continues to review capital projects and offer recommendations for long-term capital improvements.
- The City is committed to rebuilding fund balance reserves and has eliminated negative fund balances and has made significant progress to that end. TIF #2 (Kirchoff/Owl) holds a negative fund balance position and is estimated to become positive by the end of its TIF term in 2025. TIF # 4 (Golf Road) has a negative fund balance position and is expected to become positive as Cook County reassesses the value of the new building and garage improvements on this TIF.
- The City adopted a Fund Balance Policy for the General Fund in FY 2014 which the City shall strive maintain a General Fund Unassigned Balance (available) from 15% to 30% of General Fund operating expenditures. The City will review this policy on an annual basis.
- In FY 2015, the City Council adopted a Fund Balance Policy for the Refuse Fund which the City shall strive to hold an amount known as Current Net Position ranging from 30% to 50% of the Refuse Fund's operating expenditures. The City will review this policy on an annual basis.
- In FY 2016, the City Council adopted a Fund Balance Policy for the 911 Fund to strive to hold between one to one and half times the annual expenditures for the 911 Fund. The City will review this policy on an annual basis and will prepare for a large capital purchase that all Northwest Central communities are dealing with.
- Posted on the City's website employees' salary and benefit data, as a continued transparency initiative (providing this data since 2011).
- As required by Public Act 97-0609, the City posted employee compensation data for Illinois Municipal Retirement Fund (IMRF) employees who are expected to receive compensation greater than \$75,000. The City took this mandate one step further, to enhance transparency, and published this data for all employees.

- City refinanced General Obligation Bonds worth more than \$2.0 million dollars which will save a little more than \$60,000 over the next five years. The bonds were originally issued to pay for redevelopment costs at the mixed use Riverwalk development on Kirchoff Road (the City's TIF #2 Fund).
- Staff and the City Council discussed long-range financial planning in 2011 and 2012 during its budget discussions. One of the goals discussed was reviewing the City's outstanding debt. In 2012, the City refunded nearly \$10 million worth of general obligation bonds to save taxpayers approximately \$750,000 over the next 12 years. [In 2013, the City refunded general obligation bonds to maximize its interest savings over the long-term.]
- Prepared and reviewed monthly revenue, expenditure and cash balance reporting for all funds with particular focus on the General Fund to the City Council. These financial reports ensure that the City Council is made aware of any variances from the appropriated budget. (The budget document continues to be revised and made easier to understand.)
- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of fixed assets.
- Mid-year prior to the presentation of the proposed budget, the City prepares a five-year capital plan with a five-year financial forecast which outlines management's intentions regarding capital asset purchases and infrastructure improvements.
- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.
- Followed a written credit card policy for all business-related credit card purchases. Employees must sign a credit card policy agreement prior to a city-issued credit card may be issued.
- Adhered to an investment policy which invests public funds in a manner which protects principal, maximizes return for a given level of risk and meets the daily cash flow needs of the City.
- In June, the City complied with the state-mandated annual treasurer reporting requirements. The report is published in a local newspaper and posted on the City's website at www.cityrm.org under the Finance Department page.

PENSION TRUST FUNDS AND POST EMPLOYMENT BENEFITS

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

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

The City of Rolling Meadows worked with the private actuary to ensure that the actuarial report for the Police and Fire Pension was current and the actuarial valuation matched the fiscal year. This was accomplished for this audit year. Based on December 31, 2016, the Net Position as a Percentage of the Total Pension Liability

(known previously as funded status) for the Police Pension Fund is 50.30% (an increase from FY 2015 of 3.05% from 47.25%) and for the Fire Pension Fund is 42.61% (an increase from FY 2015 of 3.05% from 39.56%). The funded status increased due to primarily improved investment returns (meeting or exceeding the actuarial rate of return of 7%).

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

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

The IMRF pension plan's Net Position as a Percentage of the Total Pension Liability as of December 31, 2016 is 85.29% compared with the last year's funded status at 83.73%.

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

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

RISK MANAGEMENT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rolling Meadows for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the thirtieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award for the FY 2016 Budget.

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

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Barry Krumstok". The signature is written in a cursive style with a large, stylized "B" and "K".

Barry Krumstok
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Rolling Meadows
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

May 3, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rolling Meadows Public Library, a discretely presented component unit or the Police Pension Trust Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rolling Meadows Public Library and the Police Pension Trust Fund is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Matters – Continued

Other Information – Continued

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

Lauterbach + Amen LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROLLING MEADOWS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal (beginning on page iii) and the City's financial statements (beginning on page 4).

Financial Highlights

The following are a few highlights to be discussed in greater detail in this Management's Discussion and Analysis and within the 2016 Comprehensive Annual Financial Report (CAFR):

Net Position and Performance in Total: The City's total net position as of December 31, 2016 was \$71,036,771, a decrease of \$3,931,550 or by 5.2% (from FY 2015's net position of \$74,968,321). This decrease is primarily due to effects of the net pension liability for the City's pension funds (deferred items), the effect of the "net other post-employment benefit plan"/(deferred items) and changes in compensated absences. As noted in last year's report, the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions will have an ongoing effect on the full reporting of the City's long-term obligations. This GASB Statement revised existing guidance for the financial reports of most pension plans. GASB's intent is to improve the accounting and financial reporting of public employee pensions by state and local governments.

Governmental Accounting Standards Board (GASB) Statement No. 68 requires the full accrual accounting for the City of Rolling Meadows' retirement plans: the Illinois Municipal Retirement Fund (IMRF), the Firefighters' Pension Fund and the Police Pension Fund. For FY 2016, the net pension liabilities for these retirement plans are as follows: the Illinois Municipal Retirement Fund (IMRF) is \$7,702,096 (the liability decreased by \$583,207 or 7.0%); Firefighters' Pension Fund is \$39,237,063 (the liability decreased by \$1.7 million or 4.2%); and the Police Pension Fund is \$37,295,637 (the liability decreased by \$1.8 million or 4.7%). The net pension liability across these retirement plans total \$84,234,796. From FY 2015, the cumulative reduction in the net pension liability is \$4.1 million or 4.7%.

Governmental Activity Summary: The net position for governmental activities ended at \$55,919,354, a decrease of \$3,857,144 from FY 2015. (The primary reason for this decrease is due to the implementation of GASB Statement No. 68, deferred items and compensated absences.)

Business-Type Activity Summary: The net position for business-type activities ended at \$15,117,417, a decrease of \$74,406 from FY 2015. (The implementation of GASB Statement No. 68 also effected the net position for business-type activities, deferred items and compensated absences.)

General Fund Summary: At December 31, 2016, the total fund balance for the General Fund was \$11,929,050 or 40.6% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$10,113,617 (or 34.4% of 2016 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City's ongoing obligations to its residents, businesses and creditors.

In FY 2016, the City Council committed \$721,452 in the General Fund to be used for funding compensated absences. There is \$1.0 million shown as assigned fund balance which is assigned from the General Fund's FY 2016 reserves to be utilized for possible settlements of ongoing labor negotiations with two newly formed collective bargaining units. In addition, there is \$41,146 as nonspendable for prepaid expenses and \$52,835 restricted for future IMRF expenses.

For FY 2016, the City's cash position increased by \$2.1 million or 11.4% from FY 2015 primarily due to governmental activities. The cash position of the General Fund at the end of the current fiscal year was \$8.1 million – an increase from FY 2015 of \$314,629.

Overview of the Financial Statements

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

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

TABLE (1)

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedules for the General Fund and the Motor Fuel Tax Fund. Required supplementary information may be found on pages 79 through 90 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules may be found on pages 91 through 128 of this report.

Infrastructure Assets

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

In FY 2011 the City's total net position was \$118.4 million and in FY 2016 the City's total net position was \$71.0 million. this change in net position is primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. When comparing the last two years, the overall change is a decrease of 5.2% in the City's total net position or a \$3.9 million decrease. The following table and graph displays the City's net position for the past six years.

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

Net Position	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Governmental Activities (in thousands)	\$107,023	\$113,018	\$118,588	\$123,765	\$59,737	\$55,919
Business-Type Activities (in thousands)	\$11,391	\$12,760	\$13,685	\$14,936	\$15,191	\$15,117
Total City Net Assets	\$118,414	\$125,778	\$132,273	\$138,701	\$74,968	\$71,036
\$ Change from Previous Year	\$2,676	\$7,364	\$6,495	\$6,428	(\$63,733)	(\$3,932)
% Change from Previous Year	2.3%	6.2%	5.2%	4.9%	-45.9%	-5.2%

The year-over-year change in net position is approximately \$3.9 million or a decrease of 5.2%. The decrease is primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions (deferred inflows of resources), an increase of the net other post-employment benefit payable, and the accounting for the deferred inflows/outflows of resources.

The next table, Table 3, reflects the condensed Statement of Net Position compared between FY 2015 and FY 2016.

TABLE 3. City of Rolling Meadows						
Statement of Net Position						
As of December 31, 2015 and December 31, 2016						
(in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Current and Other Assets	\$ 35.7	\$ 39.3	\$ 6.4	\$ 5.8	\$ 42.1	\$ 45.1
Capital Assets	129.8	129.6	14.7	16.4	144.0	\$ 146.0
Total Assets	165.5	168.9	21.1	22.2	186.6	191.1
Deferred Outflows of Resources	18.6	2.5	0.3	0.6	19.0	3.1
Total Assets & Deferred Outflows of Resources	184.1	171.4	21.5	22.8	205.6	194.2
Current Liabilities	5.1	4.6	1.2	1.6	6.3	6.2
Noncurrent Liabilities	100.0	92.3	5.0	6.0	105.0	98.3
Total Liabilities	105.1	96.9	6.2	7.5	111.2	104.4
Deferred Inflows of Resources	19.2	18.5	0.02	0.02	19.2	18.7
Total Liabilities & Deferred Inflows of Resources	124.3	115.5	6.3	7.7	130.6	123.2
Net Position:						
Net Investment In:						
Capital Assets	\$ 121.0	\$ 123.1	\$ 10.6	\$ 12.6	\$ 131.6	\$ 135.7
Restricted	1.1	1.4	-	-	1.1	1.4
Unrestricted (Deficit)	(62.3)	(68.6)	4.6	2.5	(57.7)	(66.1)
Total Net Position	\$ 59.8	\$ 55.9	\$ 15.2	\$ 15.1	\$ 75.0	\$ 71.0
<i>* Note: Rounding difference will occur between CAFR, this Table and other Tables.</i>						

Current Year Financial Impacts

The City's combined net position across governmental and business-type activities is \$71.0 million (which is considered the City's bottom line). The City's net position decreased by approximately \$4.0 million from FY 2015 (rounding differences between sections of this report will occur). This was a result of governmental activities decreasing by \$3.9 million and business-type activities decreasing by approximately \$100,000.

The City's net position is classified into three categories according to the order of their relative liquidity. These include assets invested in capital, restricted net position, and unrestricted net position. By far the largest portion of the total City of Rolling Meadows' net position shown in the summary Table 3, \$135.7 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 \$1.2 million for public safety which represents the combined ending fund balances for the 911 Fund, the Foreign Fire Insurance Fund and the Police Asset Seizure Fund. The remainder of

the restricted net position is for Highways and Streets which equals \$81,442 for the fund balance in the Motor Fuel Tax Fund; and for debt service which equals \$52,530 for FY 2016.

Unrestricted net position consists of net position that does not meet the definition of net position invested in capital assets or restricted net position. At the end of the current fiscal year, the City of Rolling Meadows reports a negative net position for the government as a whole, in the amount negative \$66.1 million. The primary reason why there was an increase of approximately \$8.4 million in the negative unrestricted net position are the GASB accounting changes for pensions (including OPEB), and deferred inflows of resources increasing for the 2016 property tax levy (levied in 2016 and collected in 2017 – reported as a liability) and compensated absences. Additional information on the Statement of Net Position may be found on page 4 and 5 of this CAFR.

Change in Net Position in the Statement of Activities

The fiscal year 2016 activities of the City of Rolling Meadows caused total net position to decrease by approximately \$3.9 million for governmental activities and to decrease by approximately \$100,000 for business-type activities. Due to the fact that the City, as a whole, has a diversified base of assets, the City of Rolling Meadows' total net position at the end of the end of fiscal year 2016 is \$71.0 million. Key elements are as follows in Table 4. The basic premise of this financial statement is to reflect the relative type of revenue in that the format identifies how each function of the government on the whole draws from general revenues, utility fees, grants, or other fees.

TABLE 4. City of Rolling Meadows
Changes in Net Position
For the Fiscal Years Ended December 31, 2015 and 2016
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Service	\$ 7.3	\$ 6	\$ 12.1	\$ 12.8	\$ 19.4	\$ 19.0
Operating & Capital Grants	1.7	1.2	-	-	1.7	1.2
General Revenues:						
Property Taxes	13.3	13.3	-	-	13.3	13.3
Other Taxes	14.8	14.8	-	-	14.8	14.8
Other Revenues	0.7	1.2	-	-	0.7	1.2
Total Revenues	\$ 37.8	\$ 36.7	\$ 12.1	\$ 12.8	\$ 49.9	\$ 49.5
Expenses						
Governmental Activities:						
General Government	\$ 4.7	\$ 0.9	\$ -	\$ -	\$ 4.7	\$ 0.9
Public Safety	31.1	33.7	-	-	31.1	33.7
Highway & Streets	1.0	1.0	-	-	1.0	1.0
Public Works	4.2	4.5	-	-	4.2	4.5
Health & Welfare	0.01	0.04	-	-	0.01	0.04
Economic Development	0.07	0.10	-	-	0.07	0.10
Interest	0.3	0.3	-	-	0.3	0.3
Business Type Activities:						
Refuse	\$ -	\$ -	\$ 2.2	\$ 2.3	\$ 2.2	\$ 2.3
Utilities	-	-	9.4	10.4	9.4	10.4
Total Expenses	\$ 41.4	\$ 40.5	\$ 11.6	\$ 12.7	\$ 53.0	\$ 53.2
Change in Net Position	\$ (3.5)	\$ (3.9)	\$ 0.5	\$ (0.1)	\$ (3.0)	\$ (4.0)
Net Position Ending	\$ 59.8	\$ 55.9	\$ 15.2	\$ 15.1	\$ 75.0	\$ 71.0

* Note: Rounding difference will occur in this Table.

For FY 2016 program revenues (all governmental revenues combined) compared to FY 2015 – Charges for Services of \$6.0 million decreased by \$1.3 million which is primarily due to fewer building permits as compared with FY 2015. Building permits were higher at \$903,129 than the FY 2016 Budgeted amount of \$450,000 but lower than the actual amount for FY 2015 of \$1.7 million (net difference to the general revenues of \$846,677 year-over-year). Building permits, along with many other revenue streams, are one-time revenues.

Operating grants/contributions for public safety consisted of \$26,655 for grants for police-reimbursable expenses (a decrease of approximately \$100,000), capital grants/contributions consisted of \$1.1 million for the state motor fuel tax annual allotment (\$613,576 – an increase of \$24,418 from FY 2015) and grant reimbursements from several road projects of approximately \$128,127 and the home rule motor fuel tax of \$387,568.

Governmental activities expenses decreased by approximately \$900,000 or a percentage change of 2.0% from FY 2015 to FY 2016. The overall change from FY 2015 to FY 2016 is due public safety governmental activities (expenses) increasing by \$2.6 million (the increase is due to the implementation of GASB Statement No. 68 and the settlement of the Police and Fire union contracts), general government decreasing by approximately \$3.8 million (due to the net of the internal service transfers) highways and streets decreased by \$6,059 from FY 2015, public works

(includes capital assets) increased approximately by \$300,000, health and welfare decreased by \$427, economic development increased by \$86,462 and interest on long-term debt decreased by \$62,817.

For FY 2016 business-type activities in terms of charges for services, the FY 2016 Budget increased rates for Water (7.0%), Sewer (5%) and Stormwater (5%) with some additional received for other line items. The overall change in charges for services total \$653,718 for the Utilities Fund or 6.6% due to the rate increases. For the Refuse Fund, charges for services decreased by \$12,277 or by 0.6% due some savings in refuse dumping fees/expenses. In FY 2016, there was no rate increase for the Refuse Fund.

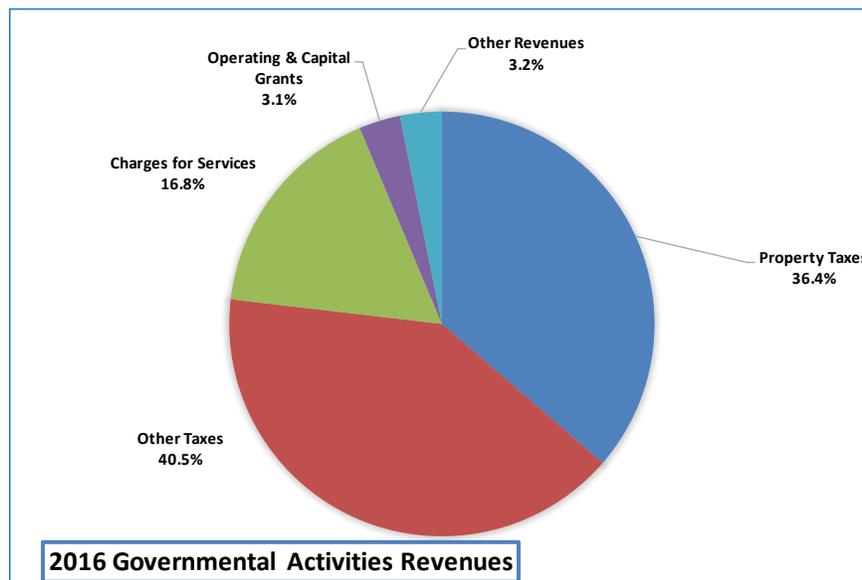
For FY 2016 business-type activities in terms of expenses, the Utilities Fund's expenses increased by \$982,247 or by 10.4% from FY 2015 due to personnel expenditures, the City of Chicago's JAWA costs and capital improvements. For the Refuse Fund, expenditures increased year-over-year by \$161,048 due to personnel expenditures and planned, budgeted for the Fund.

Governmental Activities

Revenues:

Total revenues for the City's Governmental Activities for FY 2016 were \$36.7 million – a decrease of approximately of \$1.1 million (when excluding Operating and Capital Grants and Charges for Services). As mentioned, building permits decreased year-over-year by \$846,677 accounting for the primary change as well as some other minor revenue changes.

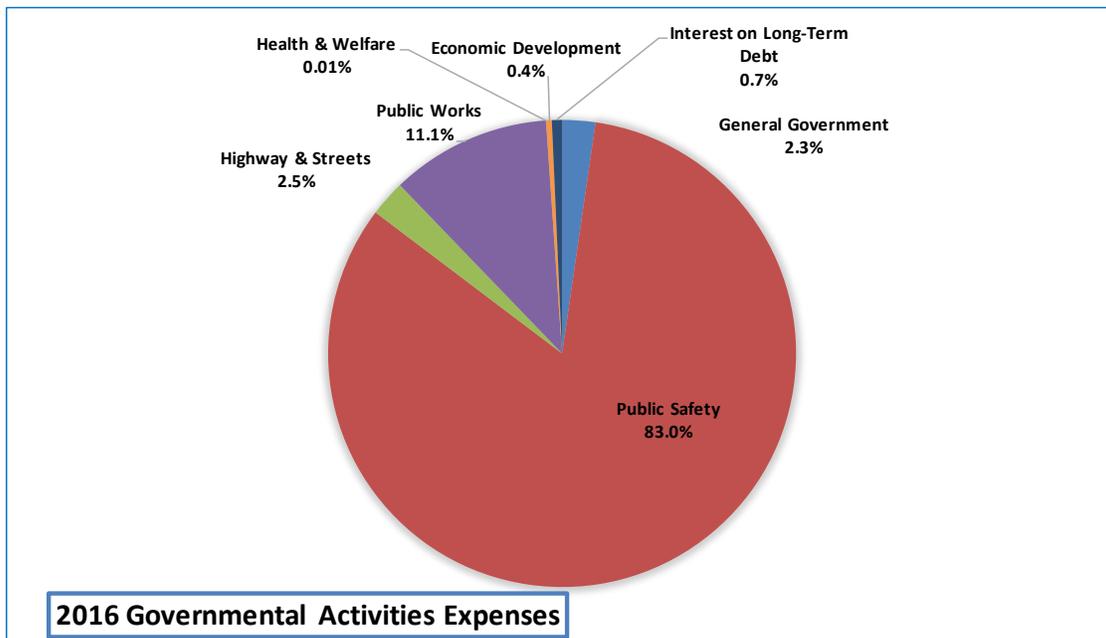
The following chart reflects the percentage breakdown for each of the categories of governmental activities revenue. Taxes such as sales tax (state and home rule), telecommunications taxes, electric utility tax, hotel tax, food & beverage tax, real estate tax, income tax and other taxes account for the largest share at approximately 40% of total governmental activity revenue or at approximately \$14.8 million. Property Taxes follow at 36.4% or \$13.3 million, charges for services at 16.8% or \$6.2 million, operating and capital grants at 3.1% or \$1.2 million and other revenues at 3.2% or approximately \$1.2 million (transfers in and chargebacks). 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 2016 were approximately \$40.5 million – approximately \$900,000 decrease from FY 2015. There were also some additional capital projects for local roads and some savings in contractual, supply and health care line items in general government, public safety increases due to employee contracts and pension benefits, and retirement of long-term debt.

The following chart 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, public safety expenses are 83% or \$33.7 million (of \$40.6 million) 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 \$6.4 million or 18.8% of the total public safety expenses (across all expenses) for FY 2016. The employer contribution for the Police Pension Fund was \$3,104,920 and for the Fire Pension Fund was \$3,245,390. The City levied a property tax levy for the Police Pension Fund in the amount of \$2,817,767 and made an additional contribution above the annual tax levy for FY 2016 which was \$287,153. For the Fire Pension Fund, the City levied a property tax levy in the amount of \$2,990,825 and made an additional contribution above the annual tax levy for FY 2016 which was \$254,565. (Note: the Police and Fire Pension Funds are budgeted in the General Fund.)

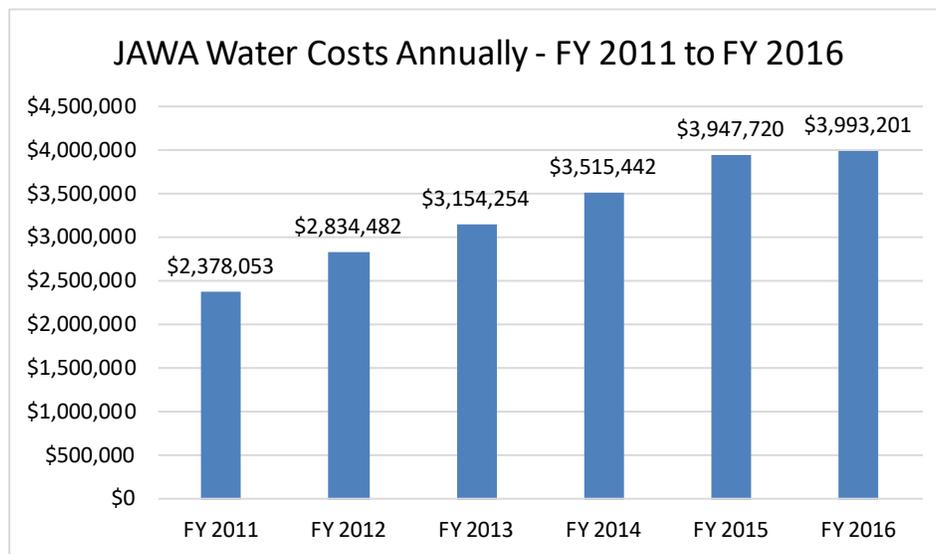
For the other categories in governmental expenses, the general government’s expenses make up 2.3% or \$929,813 million, highways and streets (state motor fuel tax and local road – contractual/supply items) is approximately 2.5% or \$1,013,213, public works is 11.1% or \$4,498,849, economic development at \$159,407 and health/welfare at \$4,370 are each less than approximately 1%, and interest on long-term debt is approximately 1% or \$283,878.

Business-Type Activities

Total revenues or charges for services for the City's business-type activities for FY 2016 were \$12,700,400, of which is comprised of \$10.6 million for the Utilities Fund and \$2.2 million for the Refuse Collection Fund (an increase of approximately 5.3% or \$641,441 from FY 2015). The major revenue components of the charges for services classification for business-type activities are fees from the City's Utilities Fund (water, sewer, refuse and stormwater) and Refuse Fund. These fees are the primary source of revenue deemed sufficient to support ongoing operations, maintenance and capital infrastructure improvements.

Total expenses for the City's business-type activities for FY 2016 were \$12.7 million or 9.8% increase or an increase of \$1.1 million from FY 2015 (primarily due to capital expenditures).

Of the total operating expenses for business-type activities for Utilities, approximately 20% is related to water, 15% to sewer and 5% to stormwater. For FY 2016, the City paid \$3,993,201 to the Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City's water supply (1.2% increase from year-over-year). Since FY 2010, the City has experienced \$1.6 million more in the annual cost from Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City's water supply. It is also important to note on the statement of net position, the City holds an Investment in Joint Venture with JAWA. The City's share of the net position of JAWA at December 31, 2016 was \$573,603.



Refuse expenses are accounted for separately in the Refuse Collection Fund. Refuse rates were held constant for FY 2015. In FY 2015, the City Council adopted a fund balance policy for the Refuse Fund which the City shall strive to hold an amount known as current net position ranging from 30% to 50% of the Refuse Fund's operating expenditures. For FY 2015, the net position is slightly above the range of the Refuse Fund's fund balance policy.

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in

assessing resources available at the end of the year in comparison with the City's upcoming financing requirements. At December 31, 2016, the governmental funds reported a combined fund balance of \$13.1 million, an increase from FY 2015 of approximately \$227,802. The overall increase is primarily attributed to the Local Road Fund's fund balance increasing due a property tax levy that was approved by City Council to be budgeted in the Local Road Fund rather than in the General Fund as well as some grant reimbursements. The General Fund's revenues and expenditures are discussed at length in the following paragraphs.

The net change (from this year to last year) for the General Fund was \$469,999 – the ending total fund balance for the General Fund was \$11,929,050 for FY 2016. There were some other changes to note – the Motor Fuel Tax Fund Balance decreased from \$353,313 to \$81,442 due to planned use of fund balance reserves. The 911 Fund increased from \$367,843 to \$1,010,594 due to some savings in the Professional Services line item due to non-emergency calls handled at the City versus Northwest Central Dispatch and a budgeted transfer of \$650,000 from the General Fund to the 911 Fund.

The Debt Service Fund decreased from \$79,379 to \$55,107 due to planned debt service payments and a budgeted transfer of \$40,000 from the Debt Service Fund. The Local Road Fund increased from \$313,560 to \$1,175,572 due a new property tax (previously budgeted in the General Fund) and some reimbursements of previous grant expenditures. The TIF #1 (Kirchoff & Owl) decreased from a negative \$1,147,851 to a negative \$1,316,776 due to planned debt service payments (this TIF is estimated to become positive at the end of its term). The TIF #4 (Golf Road) has a negative fund balance position of \$100,178 due to the first year of its 15-year term. (Cook County still needs to reassess the properties.)

The two remaining governmental funds are restricted for use. These Funds are not governed by the City of Rolling Meadows; however, separate governing authorities may authorize the use of the funds to offset certain City expenditures. In FY 2016, the Foreign Fire Tax Fund paid for \$37,004 and the Police Asset Seizure Fund paid for \$88,043 in expenditures.

General Fund Budgetary Highlights

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

For the FY 2016 Budget, the City Council approved one budget amendment to the General Fund. The City Council approved Resolution 16-R-71 which amended the FY 2016 Budget to transfer \$500,000 from the General Fund to the 911 Fund; \$300,000 from the General Fund to the Local Road Fund; \$200,000 from the Refuse Fund to the Local Road Fund; \$40,000 from the Debt Service Fund to the Vehicle & Equipment Replacement Fund and \$200,000 from the Liability Insurance Fund to the Building & Land Fund.

The next chart shows the detail for the FY 2016 Original/Final Budget and the FY 2016 Actual results. The chart also shows the percentage of the Actual results to the Original/Final Budget.

General Fund Budgetary Highlights Detail - FY 2016				
	Original Budget	Final Budget	Actual	% of Actual to Final Budget
Revenues				
Taxes	\$ 21,244,147	\$ 21,244,147	\$ 22,157,696	104.3%
Intergovernmental	3,008,250	3,008,250	3,119,160	103.7%
Licenses and Permits	950,000	950,000	1,421,955	149.7%
Charges for Services	2,765,506	2,765,506	2,926,258	105.8%
Fines and Forfeitures	1,173,000	1,173,000	1,300,002	110.8%
Interest	5,000	5,000	51,850	1037.0%
Miscellaneous	682,742	682,742	720,893	105.6%
Total Revenues	\$ 29,828,645	\$ 29,828,645	\$ 31,697,814	106.3%
Expenditures				
General Government	4,485,361	4,485,361	4,039,414	90.1%
Public Safety	22,704,148	22,704,148	23,074,130	101.6%
Public Works	2,394,132	2,394,132	2,287,326	95.5%
Health/Welfare and Culture	8,970	8,970	4,370	48.7%
Economic Development	24,770	24,770	5,000	20.2%
Total Expenditures	\$ 29,617,381	\$ 29,617,381	\$ 29,410,240	99.3%
Excess of Revenues Over (Under) Expenditures	211,264	211,264	2,287,574	1082.8%
Other Financing Sources (Uses)				
Disposal of Capital Assets	500	500	-	0.0%
Transfers In	240,000	240,000	240,000	100.0%
Transfers Out	(1,257,575)	(2,057,575)	(2,057,575)	100.0%
	\$ (1,017,075)	\$ (1,817,075)	\$ (1,817,575)	100.0%
Net Change in Fund Balance	\$ (805,811)	\$ (1,605,811)	\$ 469,999	
Fund Balance - Beginning			\$ 11,459,051	
Fund Balance - Ending			\$ 11,929,050	

In FY 2016, the City budgeted \$29,828,645 for revenues and actual revenues received were \$31,697,814 or \$1.9 million more than the final budget. Actual FY 2016 revenues came in at 6.3% higher than the FY 2016 Budget. The City budgeted \$29,617,381 and actual expenditures came in lower at \$29,410,240 or \$207,141 under budget. Expenditures came in at 0.3% lower than the FY 2016 Budget.

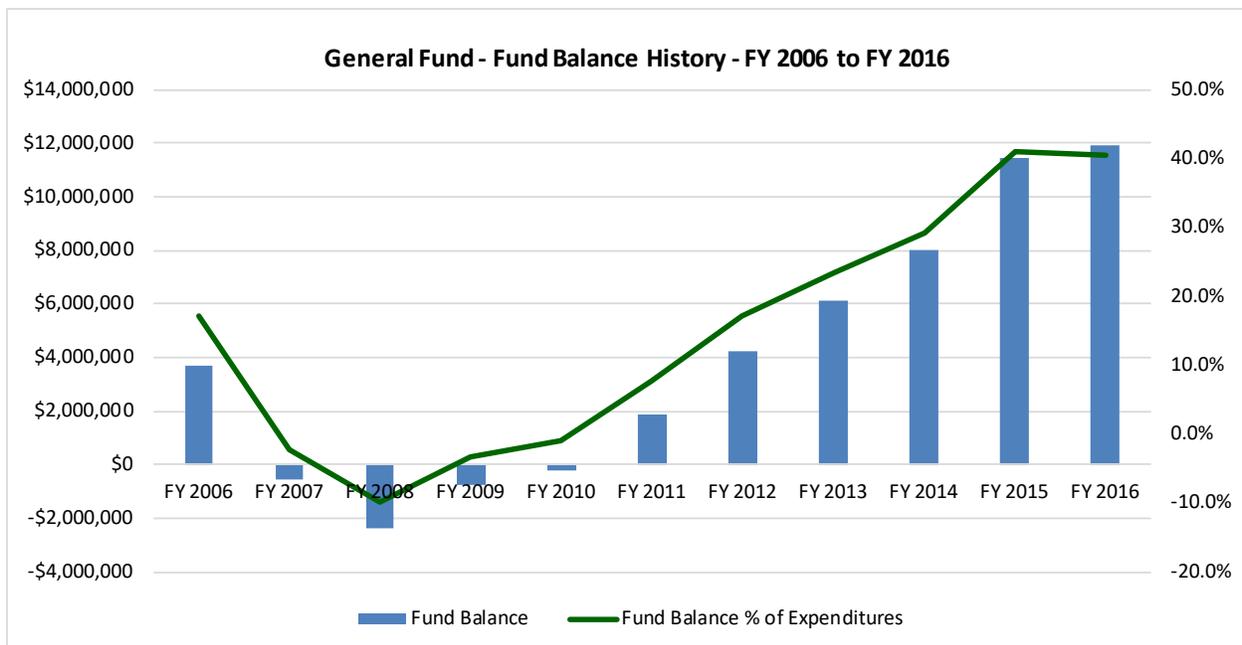
The other financing uses included a budgeted transfers of \$240,000 transfers into the General Fund, \$2,057,575 from the General Fund and \$500 for the disposal of assets. Actual other financing uses are detailed in the following chart.

Other Financing Sources (Uses) - Transfers for FY 2016	
Transfer to the Debt Service Fund for the 2012 Bond (2004 Refunded Bonds) Payment	\$ (657,575)
Transfer from the Health Insurance Fund to Commit Funds for Compensated Absences	200,000
Transfer to the Garage Fund (Repayment of Prior Transfer)	40,000
Transfer to the 911 Fund (Capital)	(650,000)
Transfer to the Local Road Fund (Capital)	(650,000)
Transfer to the Vehicle & Equipment Replacement Fund (Repayment of Prior Transfer)	(100,000)
Net Transfers From or To the General Fund	\$(1,817,575)

Over the last several years, the City of Rolling Meadows has taken proactive steps to begin to rebuild fund balance reserves, and eliminate negative funds. The City shows two funds that have negative fund balance positions which are the TIF #2 (Kirchoff/Owl) and the TIF #4 (Golf Road) Funds. The TIF #2 (Kirchoff/Owl) Fund will become positive near the end of the TIF's term (approximately FY 2023) and is negative due to the fact that a fourth parcel was not built on the development due to the downturn in the economy. The TIF #4 (Golf Road) Fund started its first of fifteen year tax increment financing and the Equalized Assessed Value is estimated to increase with the new building improvements taking place on the site (still waiting on Cook County to reassess the properties.)

As of December 31, 2016, the total fund balance for the General Fund was \$11,929,050 or 40.6% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$10,113,617 (or 34.4% of 2016 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City's ongoing obligations to its residents, businesses and creditors.

In FY 2016, the City Council committed \$721,452 in the General Fund to be used for funding compensated absences. There is \$1.0 million shown as assigned fund balance which is assigned from the General Fund's FY 2016 reserves to be utilized for possible settlements of ongoing labor negotiations with two newly formed collective bargaining units. In addition, there is \$41,146 as nonspendable for prepaid expenses and \$52,835 restricted for future IMRF expenses.



General Fund – Revenues

General Fund revenues ended for the fiscal year with approximately \$1.9 million more than the FY 2016 budget. Shown in the next chart that follows the next few paragraphs, there are seventeen revenue line items that make up the majority of General Fund revenues (85%). The FY 2016 actual to the FY 2016 Budget shows a \$1.9 million change or 6.3% from actual to budget. Not one single line item contributes to the entire change in revenues.

It is important to note that certain revenue line items in certain fiscal years will receive “unanticipated, one-time” revenues for various projects or fees. For instance, Red Light Fines, Building Permits, Real Estate Transfer Taxes and Hotel Taxes exceeded the budgeted amount.

The City had a one-time revenue from a billboard escrow that was held as a liability and recognized as revenue in FY 2016 in the amount of \$335,000. There is no further escrow to be recognized as revenue in future years.

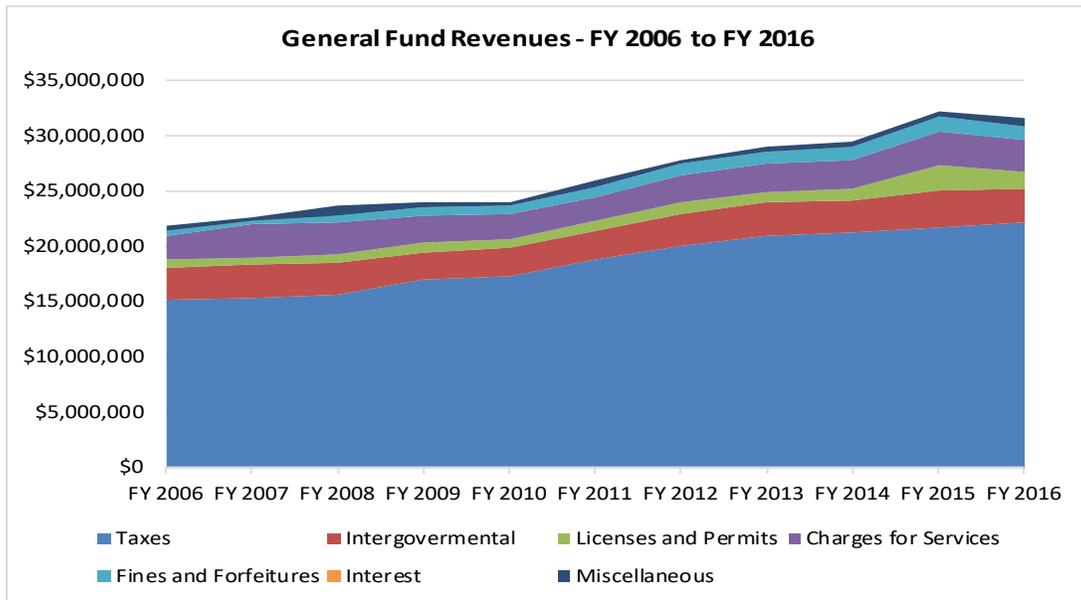
The City budgeted \$750,000 for red light fines and received \$1,002,136 for that revenue line item. The City received more in red light fines which was attributed to higher resolution cameras and all cameras working for this year.

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

For the current property tax levy the City received approximately 0.2% less than budget or \$25,926 less than the budget due to more appeals of property taxes and lower assessed values. By far the most significant changes in order of dollar amounts are attributed to: building permits (\$903,129); red light enforcement fines (\$1.0 million); municipal sales tax (\$3.7 million); home rule sales tax (\$2.7 million); and real estate transfer fees (\$599,679).

Major Revenue Sources - Budget to Actual (Approximately 85% of General Fund Revenues)					
	FY 2016 Budget	FY 2016 Actual	\$ Change	% Change	
Property Taxes - Prior Years' Taxes	\$ 10,000	\$ (170,334)	\$ (180,334)	-1803.3%	
Property Taxes - Current Levy	\$ 4,640,611	\$ 4,769,961	\$ 129,350	2.8%	
Property Taxes - Police Pension	\$ 2,805,767	\$ 2,817,768	\$ 12,001	0.4%	
Property Taxes - Fire Pension	\$ 2,977,769	\$ 2,990,826	\$ 13,057	0.4%	
Municipal Sales Tax	\$ 3,350,000	\$ 3,665,593	\$ 315,593	9.4%	
Home Rule Sales Tax	\$ 2,500,000	\$ 2,667,060	\$ 167,060	6.7%	
Telecommunications Tax	\$ 1,400,000	\$ 1,405,592	\$ 5,592	0.4%	
Electric Utility Tax	\$ 1,320,000	\$ 1,285,380	\$ (34,620)	-2.6%	
Hotel Tax	\$ 450,000	\$ 459,967	\$ 9,967	2.2%	
Food and Beverage Tax	\$ 1,200,000	\$ 1,337,145	\$ 137,145	11.4%	
Real Estate Transfer Tax	\$ 300,000	\$ 599,679	\$ 299,679	99.9%	
Cable Franchise Fees	\$ 290,000	\$ 329,059	\$ 39,059	13.5%	
State Income Tax	\$ 2,300,000	\$ 2,315,210	\$ 15,210	0.7%	
Local Use Tax	\$ 480,000	\$ 585,356	\$ 105,356	21.9%	
Replacement Tax	\$ 199,000	\$ 191,939	\$ (7,061)	-3.5%	
Building Permits	\$ 450,000	\$ 903,129	\$ 453,129	100.7%	
Red Light Enforcement Fines	\$ 750,000	\$ 1,002,136	\$ 252,136	33.6%	
	\$ 25,423,147	\$ 27,155,466	\$ 1,732,319	6.8%	

The next chart shows trend data for General Fund revenues from FY 2006 to FY 2016. Overall the City's General Fund revenues are diversified. To gain a sense of how current year impacts affected General Fund revenues, major revenue line items are explained in further depth following this chart.



Property Taxes comprise 32.8% of the General Fund's revenues (with the Fire, Police and IMRF pensions comprising more than approximately 23% of the Property Tax Levy for the General Fund). Overall, property taxes came in a little lower than budget due to property tax appeals and lower assessed values.

Municipal State Sales Tax came in better than budget by \$315,593 or by 9.4% and Home Rule Sales Tax better than budget by \$167060 or by 6.7%. The City is seeing more retail sales occur at Jewel, Dollar Tree, Meijer, Walmart and other retail establishments.

While the City has experienced declines in Telecommunications Taxes over the last few years, for FY 2016 there was a minor increase of 0.4% from the budgeted amount. The amount came slightly above budget of \$1.4 million at \$1,405,592.

Electric Utility Tax came in just under budget by 2.6% or at \$1,285,380. This tax is a stable tax and is expected to increase due to some of the new economic development the City is experiencing.

There are four nationally recognized hotels doing business in the City of Rolling Meadows. Due to an improving economy and business travel, the City's Hotel Tax came in above budget at \$459,967 or 2.2% above budget or by \$9,967.

The City's Food and Beverage Tax came above budget by \$137,145 at \$1.3 million or 11.4% above budget. There were a number of new restaurants who came into the City of Rolling Meadows in FY 2016. The City anticipates some, continued limited growth in this area.

Real Estate Transfer Tax is a tax on the sale of real estate property and it is a tax that City estimates each year (\$3 per \$1,000 of the sales price). The tax came in at \$599,679 or \$299,670 better than budget or 100% of budget. The reason for the additional amount beyond the budgeted amount is there were some larger real estate transfers in FY 2016 similar to the past several years. The City is experiencing a correlation between sales of the industrial and office complexes and the increase

in building permits. As mentioned, these unanticipated, one-time revenues cannot be anticipated by the City of Rolling Meadows. Here are a few of the significant ones for FY 2016:

- \$205,200 from the sale of 3800 Golf Road – Office Complex.
- \$11,813 from the sale of 5201 Tollview Drive – Industrial Building.
- \$11,520 from the sale of 2900 Golf Road (part of A.J. Gallagher Insurance complex).
- \$5,775 from the sale of 4801 – 4811 Emerson Avenue – Office Complex.
- \$5,550 from the sale of 4001 Industrial Drive – Industrial Building.

Cable Franchise Fees are a stable revenue source for the City and came in at \$329,059 or \$39,059 above budget at 13.5% better than budget.

State Income Tax came in at \$2,315,210 just \$15,210 over budget or by 0.7%. This tax revenue continues to be a key indicator of the economy's overall improvement. However, the Illinois Department of Revenue provided some information showing that due to some tax changes at the State level, there are corporate tax returns that show corporations now taking their previous net operating losses. This may impact the next few year's Income Tax receipts to the City. The City will monitor this situation.

The Local Use Tax (the sales tax that the purchaser owes on items that are purchased for use in Illinois) came in at \$585,356 or \$105,356 better than budget by 21.9%. This increase is primarily attributed to the improving economy and some changes with the Illinois Department of Revenue's tax procedures.

The Personal Property Replacement Tax (PPRT) came in at \$191,939 which was \$7,061 lower than budget by 3.5% for FY 2016. The similar impact that the City experienced with Income Tax holds true for this tax as well.

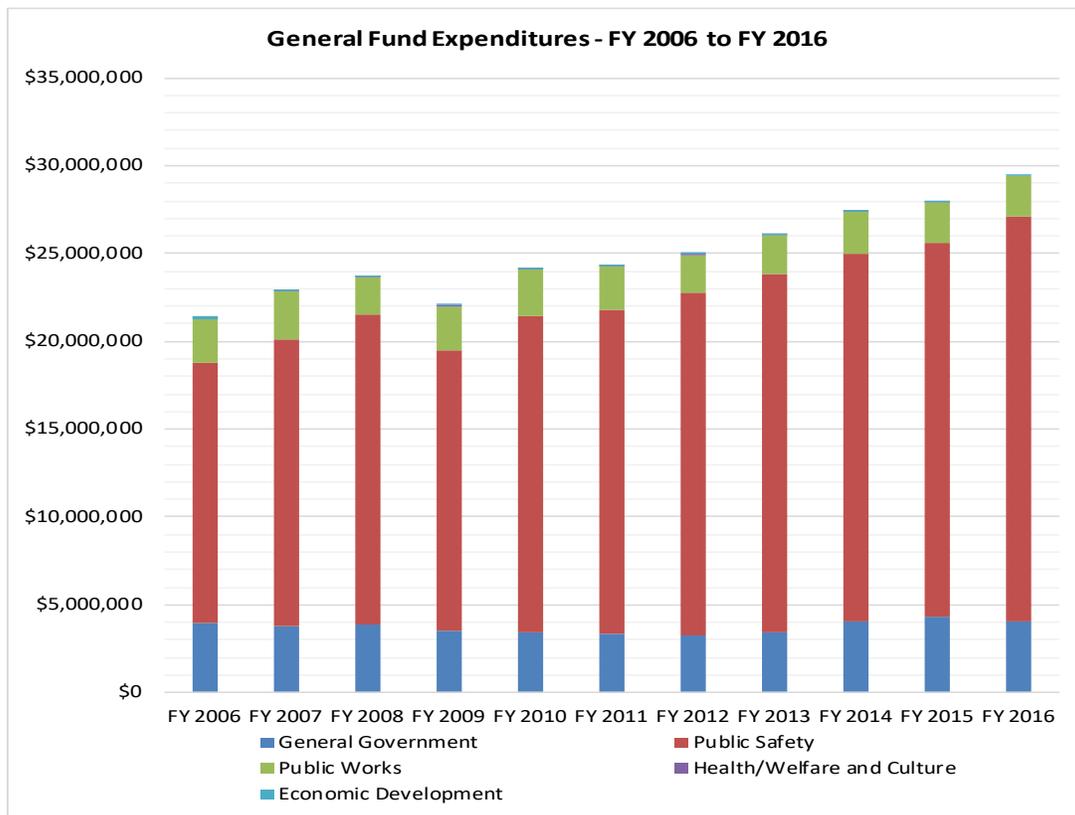
Grant revenues were slightly lower than budget by \$2,595 due to fewer grant funds.

Building Permits revenues came in at \$903,129 or \$453,129 better than budget for FY 2016. These are unanticipated, one-time revenues the City cannot anticipate. For FY 2016, the following significant building improvement projects included the A.J. Gallagher Insurance project/parking garage (2850 Golf Road), Continental Towers improvements/parking garage (1701 Golf Road), some residential condo building improvements. The City may see additional increases over the next few years for some expected business and residential building projects.

Due to increased resolution clarity in red light cameras, this revenue source came in at \$1.0 million. Red Light Enforcement Fines came in better than budget by \$252,136 or 133.6% of budget. All red light cameras are fully functional.

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

General Fund – Expenditures



The above chart details General Fund expenditures from FY 2006 to FY 2016 with the most significant increase in the City's pension obligations for Police, Fire and Non-Union (IMRF) Pension Funds. For FY 2016, year-end results show that the General Fund's total expenditures came in at \$29,410,240 which is \$207,141 or 0.7% under budget.

General Government came in at \$4,039,414 which is under budget by \$445,947 primarily due to changes in health care plans, other benefit items and savings in contractual and supply line items.

Public Safety (Police & Fire) were just over budget by \$369,982 due to the settlement of the police and fire union contracts.

Public Works came in under budget by \$106,806 due to ongoing labor negotiations and savings in contractual and supply line items.

Health and Welfare came in under budget by \$4,600 and Economic Development came in under budget by \$19,770.

As an additional note, in FY 2016, the City spent \$154,887 on EAB Tree Removals and EAB Replacements. This is a multi-year program which should be completed by early FY 2017.

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 Collection Funds at the end of the year amounted to a total of \$15,191,823 — decreased by \$74,406 from FY 2015 due to the implementation of the new pension standards and some capital assets nearing the end of their useful lives.

Capital Asset and Debt Administration

Capital Assets - The City of Rolling Meadows' net investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$145,433,365 (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 approximately \$161 thousand due to the addition of new capital assets and the depreciation of existing assets. The business-type activities net capital assets increased by \$1.6 million with the addition of new capital assets and the depreciation of existing assets.

City of Rolling Meadows Capital Assets at Year End Net of Depreciation (in Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Land	\$ 99.6	\$ 99.6	\$ -	\$ -	\$ 99.6	\$ 99.6
Land Improvements	0.6	0.6	0.1	0.2	0.7	0.8
Construction in Progress	7.3	6.0	1.6	3.3	8.9	9.3
Buildings	4.6	4.1	1.3	1.3	5.9	5.4
Machinery & Equipment	1.2	1.4	0.2	0.1	1.4	1.5
Infrastructure	14.3	15.3	11.2	10.9	25.5	26.2
Vehicles	2.1	2.6	-	-	2.1	2.6
Total	\$ 129.7	\$ 129.6	\$ 14.4	\$ 15.8	\$ 144.1	\$ 145.4
<i>* Rounding differences may occur.</i>						

The City of Rolling Meadows produces a five-year Capital Improvements Plan (CIP) and updates it annually. As part of the City's Capital Improvements Plan and in the City's FY 2016 Budget, the City invested approximately \$5.0 million in capital improvements (assets and other improvements). The City's investment in capital expenditures included an upgrade of the City's telecommunications/phone system, computer network infrastructure/WI-FI system, and started the preliminary work to upgrade its aging accounting and financial software to a fully-integrated Enterprise Resource Planning Software Platform (to continue over the next two years with an investment of approximately \$1.0 million).

The City invested approximately \$1.1 million in the City's Annual Street Program with an additional \$200,000 in roadway and curb improvements as well as \$370,000 in bikepath improvements. The City completed approximately \$100,000 in improvements to the City's buildings and parking lots. The City started the initial work for the replacement of its two fire stations at \$97,350. The City's Utility Fund completed nearly \$2.4 million in improvements for watermain improvements, Smart Point meter improvements/replacements, sanitary and stormwater improvements.

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

DEBT OUTSTANDING

At the end of the fiscal year 2016, the City of Rolling Meadows had total bonded debt outstanding of \$7.5 million and 100% comprises debt backed by the full faith and credit of the government. The majority of this debt outstanding is schedule to mature and be paid in FY 2017. No short term debt was issued during 2016.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
General obligation Bonds	\$ 9.0	\$ 6.7	\$ 1.2	\$ 0.8	\$ 10.2	\$ 7.5

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

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

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

In November 2014, Moody's Investor Service upgraded Rolling Meadows' general obligation (GO) bond rating to Aa3 from a previous rating of A1, reflecting the agency's confidence in the City's overall financial health. The Moody's report cited a substantial increase in the City's reserve levels as well as a strong capacity to meet financial obligations. In November 2016, Moody's reaffirmed the City's bond rating of Aa3.

The City of Rolling Meadows has taken advantage of low-interest loans from the Illinois Environmental Protection Agency (IEPA) for construction and eligible engineering costs associated with watermain improvements and sewerworks improvements. The IEPA Loans are paid from the City's Utilities Fund. The IEPA Water Loan Payable (Principal and Interest) at December 31, 2016 for the Waterworks Improvements is \$1,374,957. The IEPA Sewer Loan Payable (Principal and Interest) at December 31, 2016 is \$1,461,020. The City began making payments on both of the IEPA Loans in FY 2014. (These loans will be paid back by FY 2024.)

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

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

Economic Factors and Next Year's Budget

The General Fund is the City's primary operating fund and pays for most of the City's services – public safety [fire and police services], public works services and City administration services, [except for water, sewer and stormwater services accounted for in the Utilities Funds and Refuse (Garbage and Recycling) services accounted for in the Refuse Fund]. The financial condition for the City and in particular the General Fund has improved significantly over the last several years with a few unanticipated increases in revenues such as Building Permits, Red Light Enforcement Fines, and Real Estate Transfer Taxes have added to General Fund reserves. In addition, the City has experienced some growth in Sales Tax, Local Use Tax and other items. 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 other measures to attract and maintain businesses, the City is committed to evaluating overall expenditures and is committed to delivering services in a cost-efficient manner. Building fund balance reserves continues to be a cornerstone to the City's budget process while balancing personnel costs, capital infrastructure and pension requirements. In addition, the City is committed to funding its pension obligations in a fiscally prudent manner. The City continues to monitor the State of Illinois and their fiscal outlook. The City Council, Management and Staff take the longer view approach to the City's financial management. The City will continue to monitor and assess revenue and expenditures to make adjustments in future budgets.

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, 2016**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position
December 31, 2016**

	Governmental Activities	Business- Type Activities	Totals	Component Unit Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 17,211,189	3,840,916	21,052,105	2,766,561
Receivables - Net of Allowances	17,027,226	1,724,223	18,751,449	3,740,820
Prepays/Inventories	5,035,302	196,479	5,231,781	-
Total Current Assets	39,273,717	5,761,618	45,035,335	6,507,381
Noncurrent Assets				
Capital Assets				
Nondepreciable	105,606,228	3,290,436	108,896,664	608,893
Depreciable	76,259,304	27,260,432	103,519,736	8,171,841
Accumulated Depreciation	(52,261,282)	(14,721,753)	(66,983,035)	(5,227,401)
	129,604,250	15,829,115	145,433,365	3,553,333
Other Assets				
Equity Interest in Joint Venture	-	573,603	573,603	-
Total Noncurrent Assets	129,604,250	16,402,718	146,006,968	3,553,333
Total Assets	168,877,967	22,164,336	191,042,303	10,060,714
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	1,656,389	643,132	2,299,521	678,750
Deferred Items - Police Pension	265,935	-	265,935	-
Deferred Items - Firefighters' Pension	347,104	-	347,104	-
Loss on Refunding	202,373	-	202,373	-
Total Deferred Outflows of Resources	2,471,801	643,132	3,114,933	678,750
Total Assets and Deferred Outflows of Resources	171,349,768	22,807,468	194,157,236	10,739,464

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	\$ 959,741	987,242	1,946,983	160,712
Accrued Payroll	546,183	47,467	593,650	100,178
Deposits Payable	3,020	-	3,020	-
Interest Payable	2,667	11,557	14,224	-
Other Payables	239,600	-	239,600	-
Current Portion of Long-Term Liabilities				
Compensated Absences Payable	440,357	27,063	467,420	80,521
IEPA Loans Payable	-	115,131	115,131	-
General Obligation Bonds Payable	2,360,348	369,652	2,730,000	-
Total Current Liabilities	4,551,916	1,558,112	6,110,028	341,411
Noncurrent Liabilities				
Deposits Payable	45,319	468,023	513,342	-
Compensated Absences Payable	3,195,236	586,962	3,782,198	-
Net Pension Liability - IMRF	5,547,968	2,154,128	7,702,096	2,273,428
Net Pension Liability - Police Pension	37,295,637	-	37,295,637	-
Net Pension Liability - Firefighters' Pension	39,237,063	-	39,237,063	-
Net Other Post-Employment Benefit Payable	2,707,762	-	2,707,762	110,025
IEPA Loans Payable	-	2,252,899	2,252,899	-
General Obligation Bonds Payable	4,315,000	490,000	4,805,000	-
Total Noncurrent Liabilities	92,343,985	5,952,012	98,295,997	2,383,453
Total Liabilities	96,895,901	7,510,124	104,406,025	2,724,864
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	13,365,344	69,459	13,434,803	3,740,820
Grants	24,245	-	24,245	-
Deferred Items - IMRF	284,513	110,468	394,981	116,586
Deferred Items - Police Pension	2,389,766	-	2,389,766	-
Deferred Items - Firefighters' Pension	2,470,645	-	2,470,645	-
Total Deferred Inflows of Resources	18,534,513	179,927	18,714,440	3,857,406
Total Liabilities and Deferred Inflows of Resources	115,430,414	7,690,051	123,120,465	6,582,270
NET POSITION				
Net Investment in Capital Assets	123,131,275	12,601,433	135,732,708	3,553,333
Restricted - Public Safety	1,254,918	-	1,254,918	-
Restricted - Highways and Streets	81,442	-	81,442	-
Restricted - Debt Service	52,530	-	52,530	-
Restricted - Public Library	-	-	-	278,206
Unrestricted	(68,600,811)	2,515,984	(66,084,827)	325,655
Total Net Position	55,919,354	15,117,417	71,036,771	4,157,194

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended December 31, 2016**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government	\$ 929,813	3,482,990	-	-
Public Safety	33,691,854	2,215,543	26,655	-
Highways and Streets	1,013,213	484,226	-	1,129,271
Public Works	4,498,849	-	-	-
Health and Welfare	4,370	-	-	-
Economic Development	159,407	-	-	-
Interest on Long-Term Debt	283,878	-	-	-
Total Governmental Activities	40,581,384	6,182,759	26,655	1,129,271
Business-Type Activities				
Utilities	10,425,577	10,600,582	-	-
Refuse Collection	2,349,984	2,198,818	-	-
Total Business-Type Activities	12,775,561	12,799,400	-	-
Total Primary Government	53,356,945	18,982,159	26,655	1,129,271
Component Unit - Public Library	3,847,287	33,058	34,131	-

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 (Expenses)/Revenues			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Public Library
2,553,177	-	2,553,177	-
(31,449,656)	-	(31,449,656)	-
600,284	-	600,284	-
(4,498,849)	-	(4,498,849)	-
(4,370)	-	(4,370)	-
(159,407)	-	(159,407)	-
(283,878)	-	(283,878)	-
(33,242,699)	-	(33,242,699)	-
-	175,005	175,005	-
-	(151,166)	(151,166)	-
-	23,839	23,839	-
(33,242,699)	23,839	(33,218,860)	-
-	-	-	(3,780,098)
13,352,220	-	13,352,220	3,672,778
6,332,653	-	6,332,653	-
1,405,592	-	1,405,592	-
1,285,380	-	1,285,380	-
459,967	-	459,967	-
1,337,145	-	1,337,145	-
599,679	-	599,679	-
358,222	-	358,222	-
2,315,210	-	2,315,210	-
585,356	-	585,356	-
191,939	-	191,939	64,816
54,407	101,755	156,162	6,512
907,785	-	907,785	1,882
200,000	(200,000)	-	-
29,385,555	(98,245)	29,287,310	3,745,988
(3,857,144)	(74,406)	(3,931,550)	(34,110)
59,776,498	15,191,823	74,968,321	4,191,304
55,919,354	15,117,417	71,036,771	4,157,194

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2016**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 8,133,309
Receivables - Net of Allowances	
Property Taxes	10,948,148
Other Taxes	3,063,364
Accounts	269,962
Due from Other Funds	1,416,337
Prepays	<u>41,146</u>
 Total Assets	 <u><u>23,872,266</u></u>
LIABILITIES	
Accounts Payable	214,670
Accrued Payroll	538,614
Deposits Payable	3,020
Due to Other Funds	6,468
Other Payables	<u>239,600</u>
Total Liabilities	<u>1,002,372</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	10,940,844
Grants	-
Total Deferred Inflows of Resources	<u>10,940,844</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>11,943,216</u>
FUND BALANCES	
Nonspendable	41,146
Restricted	52,835
Committed	721,452
Assigned	1,000,000
Unassigned	<u>10,113,617</u>
Total Fund Balances	<u>11,929,050</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>23,872,266</u></u>

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

Special Revenue		Capital Projects		
Motor Fuel Tax	Debt Service	Local Road	Nonmajor	Totals
48,701	55,456	1,058,501	1,288,521	10,584,488
-	1,272,741	548,699	602,465	13,372,053
57,169	-	33,194	-	3,153,727
-	-	210,474	-	480,436
-	-	-	-	1,416,337
-	-	-	35,331	76,477
105,870	1,328,197	1,850,868	1,926,317	29,083,518
24,428	-	101,051	35,185	375,334
-	-	-	-	538,614
-	-	-	-	3,020
-	-	-	1,416,337	1,422,805
-	-	-	-	239,600
24,428	-	101,051	1,451,522	2,579,373
-	1,273,000	550,000	601,500	13,365,344
-	-	24,245	-	24,245
-	1,273,000	574,245	601,500	13,389,589
24,428	1,273,000	675,296	2,053,022	15,968,962
-	-	-	35,331	76,477
81,442	55,197	63,223	1,254,918	1,507,615
-	-	-	-	721,452
-	-	1,112,349	-	2,112,349
-	-	-	(1,416,954)	8,696,663
81,442	55,197	1,175,572	(126,705)	13,114,556
105,870	1,328,197	1,850,868	1,926,317	29,083,518

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, 2016

Total Governmental Fund Balances \$ 13,114,556

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. 129,604,250
Less: Internal Service Capital Assets (9,472,368)

Deferred outflows (inflows) of resources related to the pensions not
reported in the funds. 1,371,876
Deferred Items - IMRF (2,123,831)
Deferred Items - Police Pension (2,123,541)
Deferred Items - Firefighters' Pension

Internal Service Funds are used by the City to charge the costs of vehicle and
equipment management and employee compensated absences to individual funds.
The assets and liabilities of the internal service funds are included in
the governmental activities in the Statement of Net Position 20,331,061

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds. (3,518,577)
Compensated Absences Payable (5,547,968)
Net Pension Liability - IMRF (37,295,637)
Net Pension Liability - Police Pension (39,237,063)
Net Pension Liability - Firefighters' Pension (2,707,762)
Net Other Post-Employment Benefit Payable (6,675,348)
General Obligation Bonds Payable 202,373
Unamortized Loss on Refunding (2,667)
Accrued Interest Payable

Net Position of Governmental Activities 55,919,354

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2016**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2016**

	<u>General</u>
Revenues	
Taxes	\$ 22,157,696
Intergovernmental	3,119,160
Licenses and Permits	1,421,955
Charges for Services	2,926,258
Fines and Forfeitures	1,300,002
Interest	51,850
Miscellaneous	720,893
Total Revenues	<u>31,697,814</u>
Expenditures	
Current	
General Government	4,039,414
Public Safety	23,074,130
Highways and Streets	-
Public Works	2,287,326
Health/Welfare and Culture	4,370
Economic Development	5,000
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>29,410,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,287,574</u>
Other Financing Sources (Uses)	
Transfers In	240,000
Transfers Out	<u>(2,057,575)</u>
	<u>(1,817,575)</u>
Net Change in Fund Balances	469,999
Fund Balances - Beginning	<u>11,459,051</u>
Fund Balances - Ending	<u><u>11,929,050</u></u>

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

Special Revenue		Capital Projects		
Motor Fuel Tax	Debt Service	Local Road	Nonmajor	Totals
-	1,293,870	774,473	904,819	25,130,858
613,576	-	515,695	-	4,248,431
-	-	484,226	-	1,906,181
-	-	-	-	2,926,258
-	-	-	50,318	1,350,320
1,436	-	3	359	53,648
-	-	186,892	-	907,785
615,012	1,293,870	1,961,289	955,496	36,523,481
-	-	-	-	4,039,414
-	-	-	690,854	23,764,984
286,883	-	726,330	-	1,013,213
-	-	-	-	2,287,326
-	-	-	-	4,370
-	-	-	154,407	159,407
-	-	1,661,489	-	1,661,489
-	1,710,000	150,720	415,000	2,275,720
-	225,627	10,738	16,800	253,165
286,883	1,935,627	2,549,277	1,277,061	35,459,088
328,129	(641,757)	(587,988)	(321,565)	1,064,393
-	657,575	1,450,000	650,000	2,997,575
(600,000)	(40,000)	-	-	(2,697,575)
(600,000)	617,575	1,450,000	650,000	300,000
(271,871)	(24,182)	862,012	328,435	1,364,393
353,313	79,379	313,560	(455,140)	11,750,163
81,442	55,197	1,175,572	(126,705)	13,114,556

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

CITY OF ROLLING MEADOWS, ILLINOIS

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

For the Fiscal Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds **\$ 1,364,393**

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	1,282,231
Depreciation Expense	(1,832,265)
Disposals - Cost	(1,004,938)
Disposals - Accumulated Depreciation	1,004,938

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

Change in Deferred Items - IMRF	(1,293,538)
Change in Deferred Items - Police Pension	(5,693,840)
Change in Deferred Items - Firefighters' Pension	(7,792,600)

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.

Deduction to Compensated Absences Payable	419,563
Deduction to Net Pension Liability - IMRF	1,950,331
Deduction to Net Pension Liability - Police Pension	1,854,878
Deduction to Net Pension Liability - Firefighters' Pension	1,704,692
Additions to Net Other Post-Employment Benefit Payable	(329,940)
Retirement of Debt	2,275,720
Amortization of Loss of Refunding	(33,729)

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

3,016

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.

2,263,944

Changes in Net Position of Governmental Activities

(3,857,144)

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, 2016**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2016**

	Business-Type Activities - Enterprise			Governmental
				Activities
	Utilities	Refuse Collection	Totals	Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 3,007,219	833,697	3,840,916	6,626,701
Receivables - Net of Allowances - Accounts	1,412,962	311,261	1,724,223	21,010
Prepays	280	34,548	34,828	4,958,825
Inventories	161,651	-	161,651	-
Total Current Assets	4,582,112	1,179,506	5,761,618	11,606,536
Noncurrent Assets				
Capital Assets				
Nondepreciable	3,290,436	-	3,290,436	1,674,416
Depreciable	26,661,819	598,613	27,260,432	22,958,600
Accumulated Depreciation	(14,198,603)	(523,150)	(14,721,753)	(15,160,648)
	15,753,652	75,463	15,829,115	9,472,368
Other Assets				
Equity Interest in Joint Venture	573,603	-	573,603	-
Total Noncurrent Assets	16,327,255	75,463	16,402,718	9,472,368
Total Assets	20,909,367	1,254,969	22,164,336	21,078,904
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	540,987	102,145	643,132	-
Total Assets/ Deferred Outflows of Resources	21,450,354	1,357,114	22,807,468	21,078,904

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

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse	Totals	Activities
		Collection		Internal Service
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 960,933	26,309	987,242	577,939
Accrued Payroll	39,655	7,812	47,467	7,569
Accrued Interest Payable	11,557	-	11,557	-
Compensated Absences Payable	23,251	3,812	27,063	5,996
IEPA Loans Payable	115,131	-	115,131	-
General Obligation Bonds Payable	335,142	34,510	369,652	-
Total Current Liabilities	1,485,669	72,443	1,558,112	591,504
Noncurrent Liabilities				
Deposits Payable	468,023	-	468,023	45,319
Compensated Absences Payable	534,780	52,182	586,962	111,020
Net Pension Liability - IMRF	1,812,001	342,127	2,154,128	-
IEPA Loans Payable	2,252,899	-	2,252,899	-
General Obligation Bonds Payable	490,000	-	490,000	-
Total Noncurrent Liabilities	5,557,703	394,309	5,952,012	156,339
Total Liabilities	7,043,372	466,752	7,510,124	747,843
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	69,459	-	69,459	-
Deferred Items - IMRF	92,923	17,545	110,468	-
Total Deferred Inflows of Resources	162,382	17,545	179,927	-
Total Liabilities and Deferred Inflows of Resources	7,205,754	484,297	7,690,051	747,843
NET POSITION				
Net Investment in Capital Assets Unrestricted	12,560,480	40,953	12,601,433	9,472,368
Total Net Position	14,244,600	872,817	15,117,417	20,331,061

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2016**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 10,423,823	2,172,409	12,596,232	-
Miscellaneous	176,759	26,409	203,168	2,107,513
Interfund Services	-	-	-	7,439,929
Total Operating Revenues	<u>10,600,582</u>	<u>2,198,818</u>	<u>12,799,400</u>	<u>9,547,442</u>
Operating Expenses				
Administration	1,448,621	961,925	2,410,546	5,890,600
Public Safety	-	-	-	89,383
Public Works	690,409	-	690,409	287,043
Operations	7,483,279	1,368,925	8,852,204	-
Depreciation	720,893	16,718	737,611	975,409
Total Operating Expenses	<u>10,343,202</u>	<u>2,347,568</u>	<u>12,690,770</u>	<u>7,242,435</u>
Operating Income (Loss)	<u>257,380</u>	<u>(148,750)</u>	<u>108,630</u>	<u>2,305,007</u>
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	-	-	-	58,178
Interest Income	101,717	38	101,755	759
Interest Expense	(82,375)	(2,416)	(84,791)	-
	<u>19,342</u>	<u>(2,378)</u>	<u>16,964</u>	<u>58,937</u>
Income (Loss) Before Transfers	<u>276,722</u>	<u>(151,128)</u>	<u>125,594</u>	<u>2,363,944</u>
Transfers In	-	-	-	340,000
Transfers Out	-	(200,000)	(200,000)	(440,000)
	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(100,000)</u>
Change in Net Position	276,722	(351,128)	(74,406)	2,263,944
Net Position - Beginning	<u>13,967,878</u>	<u>1,223,945</u>	<u>15,191,823</u>	<u>18,067,117</u>
Net Position - Ending	<u>14,244,600</u>	<u>872,817</u>	<u>15,117,417</u>	<u>20,331,061</u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2016**

	Business-Type Activities - Enterprise			Governmental
	Utilities	Refuse Collection	Totals	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 10,661,700	2,190,226	12,851,926	-
Interfund Services Provided	-	-	-	8,571,660
Payments to Suppliers	(6,848,668)	(1,885,584)	(8,734,252)	(5,873,777)
Payments to Employees	(1,398,265)	(263,413)	(1,661,678)	(367,939)
	<u>2,414,767</u>	<u>41,229</u>	<u>2,455,996</u>	<u>2,329,944</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	-	-	-	340,000
Transfers Out	-	(200,000)	(200,000)	(440,000)
	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(100,000)</u>
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	58,178
Purchase of Capital Assets	(2,312,589)	-	(2,312,589)	(1,363,520)
Principal Paid on Debt	(438,104)	(33,920)	(472,024)	-
Interest Paid on Debt	(82,375)	(2,416)	(84,791)	-
	<u>(2,833,068)</u>	<u>(36,336)</u>	<u>(2,869,404)</u>	<u>(1,305,342)</u>
Cash Flows from Investing Activities				
Interest Received	101,717	38	101,755	759
Net Change in Cash and Cash Equivalents	(316,584)	(195,069)	(511,653)	925,361
Cash and Cash Equivalents - Beginning	3,323,803	1,028,766	4,352,569	5,701,340
Cash and Cash Equivalents - Ending	<u>3,007,219</u>	<u>833,697</u>	<u>3,840,916</u>	<u>6,626,701</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	257,380	(148,750)	108,630	2,305,007
Adjustments to Reconcile Operating Income Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	720,893	16,718	737,611	975,409
Other Expense	930,462	180,424	1,110,886	-
(Increase) Decrease in Current Assets	61,118	(8,592)	52,526	(975,782)
Increase (Decrease) in Current Liabilities	444,914	1,429	446,343	25,310
Net Cash Provided by Operating Activities	<u>2,414,767</u>	<u>41,229</u>	<u>2,455,996</u>	<u>2,329,944</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, 2016**

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 1,839,437	568,520
Investments		
U.S. Government and Agency Obligations	9,057,799	-
Corporate Bonds	11,142,230	-
Mutual Funds	3,138,044	-
Common Stock	38,741,216	-
Insurance Contracts	1,956,955	-
Certificate of Deposits	865,576	-
Receivables		
Accrued Interest	154,782	-
Due from Other Funds	6,468	-
Prepays	<u>3,080</u>	<u>-</u>
Total Assets	<u>66,905,587</u>	<u>568,520</u>
LIABILITIES		
Accounts Payable	29,284	-
Deposits Payable	<u>-</u>	<u>568,520</u>
Total Liabilities	<u>29,284</u>	<u>568,520</u>
NET POSITION		
Net Position Restricted for Pensions	<u>66,876,303</u>	

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2016**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 6,350,311
Contributions - Plan Members	<u>879,410</u>
Total Contributions	<u>7,229,721</u>
Investment Earnings	
Interest Earned	2,469,542
Net Change in Fair Value	<u>2,078,528</u>
	4,548,070
Less Investment Expenses	<u>(155,140)</u>
Net Investment Income	<u>4,392,930</u>
Total Additions	<u>11,622,651</u>
Deductions	
Administration	98,417
Benefits and Refunds	<u>6,511,140</u>
Total Deductions	<u>6,609,557</u>
Change in Fiduciary Net Position	5,013,094
Net Position Restricted for Pensions	
Beginning	<u>61,863,209</u>
Ending	<u><u>66,876,303</u></u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

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

Police Pension Employees Retirement System

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

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

Discretely Presented Component Unit

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

City of Rolling Meadows Public Library

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

BASIS OF PRESENTATION

Government-Wide Statements

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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, 2016

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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

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

Proprietary Funds

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

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

Receivables

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

Interfund Receivables, Payables and Activity

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Prepays/Inventories

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 or more 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

Deferred Outflows/Inflows of Resources

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Compensated Absences

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

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

Long-Term Obligations

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

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

Net Position

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position – Continued

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

<u>Fund (Fund Number)</u>	<u>Excess</u>
TIF #2 Kirchoff/Owl (37)	\$ 225

In FY 2016, the overage in expenditures for the TIF # 2 Kirchoff/Owl (37) of \$225 is due to a minor amount of additional professional services required to prepare the Annual TIF Report to the State of Illinois.

DEFICIT FUND BALANCE/NET POSITION

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

<u>Fund (Fund Number)</u>	<u>Deficit</u>
TIF #2 Kirchoff/Owl (37)	\$ 1,316,776
TIF #4 Golf Road (38)	100,178

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

The TIF #4 Golf Road (38) was created in 2015 and is located primarily in the Meadows Corporate Center area along the Golf Road corridor (2850 Golf Road). The large commercial insurance broker Arthur J. Gallagher Insurance set up its headquarters – moving from Itasca to Rolling Meadows – relocating approximately 2,000 employees. In FY 2016, there were no tax increment funds received, therefore the TIF shows a negative fund balance position. The Fund is estimated to be positive at a later date as the equalized assessed value increases with the new building and parking garages constructed on the TIF property.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$14,773,923 and the bank balances totaled \$14,765,876. Additionally, the City has \$591,692 invested in the Illinois Funds and \$5,686,490 invested in the IMET Fund. The City's investments in Illinois Funds and IMET are 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

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

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

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states that the City shall diversify its investments to avoid incurring unreasonable risks regarding specific security types and/or individual institutions. Furthermore, no financial institution shall hold more than fifty percent (50%) of the City's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping. Commercial paper shall not exceed twenty-five percent (25%) of the City's investment portfolio. At December 31, 2016, all of the City's investments are in compliance with the guidelines outlined above in the City's investment policy. At year-end, the City does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

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

Deposits. At year-end, the carrying amount of the Pension Fund’s deposits totaled \$22,437 and the bank balances totaled \$22,437.

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	\$ 865,576	-	865,576	-	-
U.S. Treasuries	4,747,291	1,001,283	2,401,337	1,344,671	-
U.S. Agencies	290,960	-	168,447	3,856	118,657
Corporate Bonds	6,700,087	625,696	4,186,771	1,844,195	43,425
	<u>12,603,914</u>	<u>1,626,979</u>	<u>7,622,131</u>	<u>3,192,722</u>	<u>162,082</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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

Investments by Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 4,747,291	4,747,291	-	-
U.S. Agencies	290,960	-	290,960	-
Corporate Bonds	6,700,087	-	6,700,087	-
Equity Securities				
Mutual Funds	925,358	925,358	-	-
Common Stock	22,166,003	22,166,003	-	-
Insurance Contracts	1,956,955	1,956,955	-	-
Certificate of Deposits	865,576	-	865,576	-
Total Investments by Fair Value Level	37,652,230	29,795,607	7,856,623	-

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

Custodial Credit Risk. For deposits, this is the risk that in the event of bank failure the Fund’s deposits may not be returned to it. At December 31, 2016, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Fund’s investment policy does not require pledging of collateral for all bank balances in excess of federal depository, since flow-through FDIC is available for the Fund’s deposits with financial institutions. For investments, the Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Fund, to act as custodian for its securities and collateral.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Concentration Risk. At year end, the Fund also has \$925,358 invested in mutual funds, \$22,166,003 invested in common stock, and \$1,956,955 invested in insurance contracts. At year-end, the Fund does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35%	2.0%
Domestic Equities	10% - 30%	4.8-5.8%
International Equities	3% - 12%	5.1-5.8%
Commodities	5%	4.0%
REITS	5%	5.4%
Cash and Cash Equivalents	0%	0.0%

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

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in January 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2016 are listed in the previous table.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$1,817,000 and the bank balances totaled \$1,817,795.

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. Treasuries	\$ 2,538,892	257,112	795,856	785,533	700,391
U.S. Agencies	1,480,656	-	141,273	370,774	968,609
Corporate Bonds	4,442,143	102,653	2,025,053	1,332,563	981,874
	8,461,691	359,765	2,962,182	2,488,870	2,650,874

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 by Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 2,538,892	2,538,892	-	-
U.S. Agencies	1,480,656	-	1,480,656	-
Corporate Bonds	4,442,143	-	4,442,143	-
Equity Securities				
Mutual Funds	2,212,686	2,212,686	-	-
Common Stock	16,575,213	16,575,213	-	-
Total Investments by Fair Value Level	27,249,590	21,326,791	5,922,799	-

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

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

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

Custodial Credit Risk. The Fund’s investment policy does not limit custodial credit risk for deposits. At December 31, 2016, 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, 2016, the U.S. Government Securities are categorized as insured, registered, or held by the Fund or its agent in the Fund’s name.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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

Concentration Risk. At year end, the Fund also has \$16,575,213 invested in common stock, and \$2,212,686 invested in mutual funds. The Fund does not have a formal written policy with regards to concentration credit risk for investments. At year-end, the Fund does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	42%	0.8-4.5%
Domestic Equities	45%	4.8-5.3%
International Equities	5%	5.3-7.8%
Commodities	5%	0.8-1.3%
REITS	5%	3.8-4.3%
Cash and Cash Equivalents	3%	0.0%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2016 are listed in the table above.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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	\$ 99,626,456	4,928	-	99,631,384
Construction in Progress	7,301,310	1,754,199	3,080,665	5,974,844
	<u>106,927,766</u>	<u>1,759,127</u>	<u>3,080,665</u>	<u>105,606,228</u>
Depreciable Capital Assets				
Land Improvements	1,367,862	-	-	1,367,862
Buildings	13,160,718	-	-	13,160,718
Infrastructure	47,705,574	2,771,116	-	50,476,690
Machinery and Equipment	4,685,197	454,342	535,257	4,604,282
Vehicles	6,377,602	741,831	469,681	6,649,752
	<u>73,296,953</u>	<u>3,967,289</u>	<u>1,004,938</u>	<u>76,259,304</u>
Less Accumulated Depreciation				
Land Improvements	728,859	46,748	-	775,607
Buildings	8,537,437	488,897	-	9,026,334
Infrastructure	33,432,445	1,724,098	-	35,156,543
Machinery and Equipment	3,497,989	288,379	535,257	3,251,111
Vehicles	4,261,816	259,552	469,681	4,051,687
	<u>50,458,546</u>	<u>2,807,674</u>	<u>1,004,938</u>	<u>52,261,282</u>
Net Depreciable Capital Assets	<u>22,838,407</u>	<u>1,159,615</u>	<u>-</u>	<u>23,998,022</u>
Net Capital Assets	<u>129,766,173</u>	<u>2,918,742</u>	<u>3,080,665</u>	<u>129,604,250</u>

Depreciation expense was charged to governmental activities as follows:

Public Works	\$ 1,832,265
Internal Service	<u>975,409</u>
	<u>2,807,674</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, 2016**

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	\$ 1,599,080	2,063,009	371,653	3,290,436
Depreciable Capital Assets				
Land Improvements	250,242	150,094	-	400,336
Building Improvements	3,674,232	127,058	-	3,801,290
Machinery and Equipment	1,978,564	-	-	1,978,564
Waterworks System	9,093,982	-	-	9,093,982
Sewerage System	11,602,360	344,081	-	11,946,441
Garage	39,819	-	-	39,819
	<u>26,639,199</u>	<u>621,233</u>	<u>-</u>	<u>27,260,432</u>
Less Accumulated Depreciation				
Land Improvements	199,689	20,696	-	220,385
Building Improvements	2,393,236	71,466	-	2,464,702
Machinery and Equipment	1,813,674	24,989	-	1,838,663
Waterworks System	3,926,434	177,250	-	4,103,684
Sewerage System	5,611,290	443,210	-	6,054,500
Garage	39,819	-	-	39,819
	<u>13,984,142</u>	<u>737,611</u>	<u>-</u>	<u>14,721,753</u>
Net Depreciable Capital Assets	<u>12,655,057</u>	<u>(116,378)</u>	<u>-</u>	<u>12,538,679</u>
Net Capital Assets	<u>14,254,137</u>	<u>1,946,631</u>	<u>371,653</u>	<u>15,829,115</u>

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

Utilities	\$ 720,893
Refuse Collection	<u>16,718</u>
	<u>737,611</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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				
Construction in Progress	-	71,369	-	71,369
Buildings and Improvements	4,451,776	5,351	-	4,457,127
Furniture and Equipment	594,999	5,296	-	600,295
Books and Other Library Materials	2,532,944	260,623	285,833	2,507,734
Audio Visual Materials	548,665	65,012	78,361	535,316
	<u>8,128,384</u>	<u>407,651</u>	<u>364,194</u>	<u>8,171,841</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,610,724	99,679	-	2,710,403
Furniture and Equipment	518,013	25,834	-	543,847
Books and Other Library Materials	1,620,110	262,240	285,833	1,596,517
Audio Visual Materials	390,858	64,137	78,361	376,634
	<u>5,139,705</u>	<u>451,890</u>	<u>364,194</u>	<u>5,227,401</u>
Net Depreciable Capital Assets	<u>2,988,679</u>	<u>(44,239)</u>	<u>-</u>	<u>2,944,440</u>
Net Capital Assets	<u>3,597,572</u>	<u>(44,239)</u>	<u>-</u>	<u>3,553,333</u>

PROPERTY TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and September 1 during the following year. The County collects such taxes and remits them periodically. Based upon collection histories, the City has provided an allowance for uncollectible property taxes equivalent to 5% and 3% of the current year's levy for Debt Service Funds and all other funds, respectively.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

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

Transfer In	Transfer Out	Amount
General	Internal Service	\$ 240,000 (1)
Debt Service	General	657,575 (2)
Local Road	General	650,000 (3)
Local Road	Motor Fuel Tax	600,000 (1)
Local Road	Refuse Collection	200,000 (1)
Nonmajor Governmental	General	650,000 (3)
Internal Service	General	100,000 (3)
Internal Service	Debt Service	40,000 (1)
Internal Service	Internal Service	<u>200,000 (1)</u>
		<u><u>3,337,575</u></u>

INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 1,416,337
Police Pension	General	2,974
Firefighters' Pension	General	<u>3,494</u>
		<u><u>1,422,805</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2005 (\$7,425,000), due in annual installments of \$590,000 to \$800,000 plus interest at 3.75% to 4.00% through December 1, 2017.	Debt Service (Property Tax)	\$ 1,570,000	-	770,000	800,000
General Obligation Bonds of 2007A (\$2,835,000), due in annual installments of \$225,000 to \$330,000 plus interest at 3.512% through December 1, 2017.	Utilities	275,502	-	135,360	140,142
	Refuse Collection	68,430	-	33,920	34,510
	Local Roads	306,068	-	150,720	155,348
General Obligation Refunding Bonds of 2012 (\$9,690,000), due in annual installments of \$80,000 to \$1,215,000 plus interest at 2.00% to 3.00% through December 1, 2023.	Debt Service (Property Tax)	1,255,000	-	415,000	840,000
	Debt Service (Sales Tax)	4,980,000	-	525,000	4,455,000
	Utilities	875,000	-	190,000	685,000
General Obligation Refunding Bonds of 2013 (\$2,055,000), due in annual installments of \$400,000 to \$425,000 plus interest at 2.00% through January 1, 2018.	TIF #2 Kirchoff/Owl	840,000	-	415,000	425,000
		<u>10,170,000</u>	<u>-</u>	<u>2,635,000</u>	<u>7,535,000</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT – Continued

IEPA Loans Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA (L17-4070) Loan Payable of 2012 - Due in semi-annual installments of \$40,440 including interest at 2.295% through September 15, 2033.	Utilities	\$ 1,187,101	-	53,943	1,133,158
IEPA (L17-4141) Loan Payable of 2013 - Due in semi-annual installments of \$41,743 including interest at 1.930% through May 1, 2034.	Utilities	1,293,673	-	58,801	1,234,872
		<u>2,480,774</u>	<u>-</u>	<u>112,744</u>	<u>2,368,030</u>

Legal Debt Margin

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

“The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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	\$ 4,010,380	374,787	749,574	3,635,593	440,357
Net Pension Liability					
IMRF	7,498,299	-	1,950,331	5,547,968	-
Police Pension	39,150,515	-	1,854,878	37,295,637	-
Firefighters' Pension	40,941,755	-	1,704,692	39,237,063	-
Net Other Post-Employment Benefit Obligation	2,377,822	329,940	-	2,707,762	-
General Obligation Bonds	8,951,068	-	2,275,720	6,675,348	2,360,348
	<u>102,929,839</u>	<u>704,727</u>	<u>8,535,195</u>	<u>95,099,371</u>	<u>2,800,705</u>
Business-Type Activities					
Compensated Absences	577,817	72,416	36,208	614,025	27,063
Net Pension Liability - IMRF	787,004	1,367,124	-	2,154,128	-
IEPA Loans Payable	2,480,774	-	112,744	2,368,030	115,131
General Obligation Bonds	1,218,932	-	359,280	859,652	369,652
	<u>5,064,527</u>	<u>1,439,540</u>	<u>508,232</u>	<u>5,995,835</u>	<u>511,846</u>
Component Unit - Public Library					
Compensated Absences	70,774	9,747	-	80,521	80,521
Net Pension Liability - IMRF	2,391,634	-	118,206	2,273,428	-
Net Other Post-Employment Benefit Obligation	110,025	-	-	110,025	-
	<u>2,572,433</u>	<u>9,747</u>	<u>118,206</u>	<u>2,463,974</u>	<u>80,521</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For the governmental activities, payments on the compensated absences, the net pension liability and the net other post-employment benefits obligation are made by the General Fund and Health Insurance Fund. Payments on general obligation bonds are being liquidated by the Debt Service, the TIF #2 Kirchoff/Owl, and Local Roads Funds. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$117,016 of internal service funds' compensated absences are included in the above amounts.

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

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation		IEPA Loans		General Obligation	
	Bonds		Payable		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,360,348	189,033	115,131	49,237	369,652	23,995
2018	1,020,000	118,574	117,566	46,801	195,000	12,988
2019	595,000	93,075	120,055	44,311	165,000	8,113
2020	675,000	76,713	122,596	41,770	130,000	3,575
2021	635,000	58,150	125,192	39,176	-	-
2022	675,000	40,688	127,842	36,524	-	-
2023	715,000	21,450	130,549	33,816	-	-
2024	-	-	133,315	31,052	-	-
2025	-	-	136,140	28,227	-	-
2026	-	-	139,025	25,343	-	-
2027	-	-	141,970	22,397	-	-
2028	-	-	144,979	19,388	-	-
2029	-	-	148,053	16,315	-	-
2030	-	-	151,191	13,176	-	-
2031	-	-	154,396	9,969	-	-
2032	-	-	157,671	6,695	-	-
2033	-	-	161,014	3,351	-	-
2034	-	-	41,345	399	-	-
Totals	<u>6,675,348</u>	<u>597,683</u>	<u>2,368,030</u>	<u>467,947</u>	<u>859,652</u>	<u>48,671</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2016:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 129,604,250
Less Capital Related Debt:	
General Obligation Bonds of 2005	(800,000)
General Obligation Bonds of 2007A	(155,348)
General Obligation Refunding Bonds of 2012	(5,295,000)
General Obligation Refunding Bonds of 2013	(425,000)
Unamortized Loss on Refunding	202,373
	<u>123,131,275</u>
Net Investment in Capital Assets	<u>123,131,275</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	15,829,115
Less Capital Related Debt:	
IEPA Loan Payable of 2012	(1,133,158)
IEPA Loan Payable of 2013	(1,234,872)
General Obligation Bonds of 2007A	(174,652)
General Obligation Refunding Bonds of 2012	(685,000)
	<u>12,601,433</u>
Net Investment in Capital Assets	<u>12,601,433</u>

Fund Balance Classifications

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

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

Committed Fund Balance. The City reports committed fund balance in the General Fund, a major fund. Board approval through passing a resolution is required to establish, modify or rescind a fund balance commitment. The City’s Board has committed the funds through formal Board action of a resolution for future compensated absence expenditures within the City.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications

Assigned Fund Balance. The City reports assigned fund balance in the General and Local Road Funds, both major funds. The City’s Board/management has assigned these for future labor contract and local road improvements, such as road maintenance and improvements within the City, based on approved management expenditures as determined through the annual budget process.

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

	General	Special Revenue Motor Fuel Tax	Debt Service	Capital Projects Local Road	Nonmajor	Totals
Fund Balances						
Nonspendable						
Prepays	\$ 41,146	-	-	-	35,331	76,477
Restricted						
IMRF	52,835	-	-	-	-	52,835
Public Safety						
Police	-	-	-	-	1,203,065	1,203,065
Fire	-	-	-	-	51,853	51,853
Highways and Streets	-	81,442	-	63,223	-	144,665
Debt Service	-	-	55,197	-	-	55,197
	52,835	81,442	55,197	63,223	1,254,918	1,507,615
Committed						
Compensated Absences	721,452	-	-	-	-	721,452
Assigned						
Labor Negotiations	1,000,000	-	-	-	-	1,000,000
Capital Projects	-	-	-	1,112,349	-	1,112,349
	1,000,000	-	-	1,112,349	-	2,112,349
Unassigned	10,113,617	-	-	-	(1,416,954)	8,696,663
Total Fund Balances	11,929,050	81,442	55,197	1,175,572	(126,705)	13,114,556

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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, 2016

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, 2016**

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, the following amounts through fiscal year 2021 as listed below:

Fiscal Year	Amount
2017	\$ 4,155,000
2018	4,241,014
2019	4,453,065
2020	4,675,718
2021	<u>4,909,504</u>
	<u><u>22,434,301</u></u>

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

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
2017	<u><u>\$ 400,953</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016 are as follows:

	<u>Percent Share</u>
Village of Elk Grove Village	12.44 %
Village of Hanover Park	10.93
Village of Hoffman Estates	16.28
Village of Mount Prospect	12.65
City of Rolling Meadows	6.71
Village of Schaumburg	27.40
Village of Streamwood	<u>13.59</u>
	<u>100.00 %</u>

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

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

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, 2016

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, 2016:

Current Assets	\$ 29,922,818	Current Liabilities	\$ 8,816,293
Noncurrent Assets		Long-Term Liabilities	<u>116,411,743</u>
Capital Assets	111,772,555	Total Liabilities	<u>125,228,036</u>
Other Assets	2,426,982	Net Position	<u>19,664,175</u>
Deferred Outflows	<u>769,856</u>		
Total Assets and Deferred Outflows	<u>144,892,211</u>		

Summary of revenues, expenses and changes in net position for the year ended April 30, 2016:

Operating Revenues	\$ 52,438,481
Operating Expenses	<u>42,949,876</u>
Operating Income	9,488,605
Nonoperating Revenue (Expenses)	<u>(4,443,364)</u>
Change in Net Position	5,045,241
Net Position - Beginning as Restated	<u>14,618,934</u>
Net Position - Ending	<u>19,664,175</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, 2016

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 \$3,993,201 to JAWA for the year ended December 31, 2016. All payments were paid from the Utilities Fund. The City’s share of net position of JAWA was \$573,603 at December 31, 2016.

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, 2016**

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, 2016 are as follows:

	<u>Percent Share</u>
Village of Arlington Heights	9.70 %
Village of Barrington	1.39
Village of Buffalo Grove	6.53
Village of Elk Grove Village	4.88
City of Evanston	6.45
Village of Glencoe	1.31
Village of Glenview	4.64
Village of Hoffman Estates	5.52
Village of Inverness	1.13
Village of Kenilworth	0.78
Village of Lincolnwood	1.99
Village of Morton Grove	3.33
Village of Mount Prospect	8.75
Village of Niles	3.35
Village of Palatine	10.34
City of Park Ridge	5.16
City of Prospect Heights	3.05
City of Rolling Meadows	3.55
Village of Skokie	7.31
Village of South Barrington	0.71
Village of Wheeling	3.52
Village of Wilmette	3.73
Village of Winnetka	<u>2.88</u>
	<u><u>100.00 %</u></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, 2016**

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, 2016:

Current Assets	\$ 2,218,610	Current Liabilities	\$ 2,264,201
Noncurrent Assets		Deferred Inflows	<u>144,000</u>
Capital Assets	<u>9,159,887</u>	Total Liabilities and Deferred Inflows	<u>2,408,201</u>
Total Assets	<u>11,378,497</u>	Net Position	<u><u>8,970,296</u></u>

Summary of revenues, expenses and changes in net position for the year ended April 30, 2016:

Operating Revenues	\$ 12,537,220
Operating Expenses	<u>13,151,141</u>
Change in Net Position	(613,921)
Net Position - Beginning	<u>9,584,217</u>
Net Position - Ending	<u><u>8,970,296</u></u>

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

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

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

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

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

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

In accordance with the joint venture agreement, the City remitted \$489,352 to SWANCC for the year ended December 31, 2016, which is recorded in the City's Refuse Collection Fund.

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

Illinois Municipal Retirement (IMRF)

Plan Descriptions

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

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

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

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

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	164
Inactive Plan Members Entitled to but not yet Receiving Benefits	87
Active Plan Members	<u>113</u>
Total	<u><u>364</u></u>

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2016 was 16.29% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50% and the prior valuation used a discount rate of 7.46%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability			
City	\$ 14,062,471	7,702,096	2,440,145
Library	4,150,821	2,273,428	720,258
Total	18,213,292	9,975,524	3,160,403

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 65,603,995	54,927,057	10,676,938
Changes for the year:			
Service Cost	764,608	-	764,608
Interest on the Total Pension Liability	4,796,080	-	4,796,080
Difference Between Expected and Actual Experience of the Total Pension Liability	70,604	-	70,604
Changes of Assumptions	(305,973)	-	(305,973)
Contributions - Employer	-	1,201,445	(1,201,445)
Contributions - Employees	-	348,298	(348,298)
Net Investment Income	-	3,774,049	(3,774,049)
Benefit Payments, including Refunds of Employee Contributions	(3,391,363)	(3,391,363)	-
Other (Net Transfer)	-	702,941	(702,941)
Net Changes	1,933,956	2,635,370	(701,414)
Balances at December 31, 2016	67,537,951	57,562,427	9,975,524
Net Pension Liability			
City	52,360,260	44,658,164	7,702,096
Library	15,177,691	12,904,263	2,273,428
Total	67,537,951	57,562,427	9,975,524

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

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

For the year ended December 31, 2016, the City recognized pension expense of \$1,390,650 and the Library recognized pension expense of \$445,243. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 46,871	(308,446)	(261,575)
Change in Assumptions	48,269	(203,121)	(154,852)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,883,131	-	2,883,131
Total Deferred Amounts Related to IMRF	2,978,271	(511,567)	2,466,704
Total Deferred Amounts Related to IMRF			
City	2,299,521	(394,981)	1,904,540
Library	678,750	(116,586)	562,164
Total	2,978,271	(511,567)	2,466,704

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

Fiscal Year	City Net Deferred Outflows of Resources	Library Net Deferred Outflows of Resources	Total Net Deferred Outflows of Resources
2016	\$ 503,271	148,550	651,821
2017	705,690	208,298	913,988
2018	648,825	191,514	840,339
2019	46,754	13,802	60,556
2020	-	-	-
Thereafter	-	-	-
Total	1,904,540	562,164	2,466,704

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At December 31, 2016, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	47
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>49</u>
Total	<u><u>97</u></u>

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

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

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2016, the City's contribution was 65.48% of covered payroll.

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	5.50%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 47,101,935	37,295,637	29,188,769

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 74,217,548	35,067,033	39,150,515
Changes for the year:			
Service Cost	1,171,229	-	1,171,229
Interest on the Total Pension Liability	5,082,602	-	5,082,602
Difference Between Expected and Actual Experience of the Total Pension Liability	181,793	-	181,793
Changes of Assumptions	(2,389,766)	-	(2,389,766)
Contributions - Employer	-	3,104,921	(3,104,921)
Contributions - Employees	-	472,132	(472,132)
Net Investment Income	-	2,381,161	(2,381,161)
Benefit Payments, including Refunds of Employee Contributions	(3,217,902)	(3,217,902)	-
Other (Net Transfer)	-	(57,478)	57,478
Net Changes	827,956	2,682,834	(1,854,878)
Balances at December 31, 2016	75,045,504	37,749,867	37,295,637

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended December 31, 2016, the City recognized pension expense of \$3,838,962. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 181,793	-	181,793
Change in Assumptions	-	(2,389,766)	(2,389,766)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	84,142	-	84,142
Total Deferred Amounts Related to Police Pension	<u>265,935</u>	<u>(2,389,766)</u>	<u>(2,123,831)</u>

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

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2016	\$ (407,782)
2017	(407,782)
2018	(407,782)
2019	(407,782)
2020	(407,782)
Thereafter	<u>(84,921)</u>
Total	<u>(2,123,831)</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions

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

Plan Membership. At December 31, 2016, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	48
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>41</u>
Total	<u>91</u>

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – Continued

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

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2016, the City's contribution was 79.24% of covered payroll.

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	5.50%
Cost of Living Adjustments	2.00% - 3.00%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 47,763,737	39,237,063	32,137,489

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 67,737,931	26,796,176	40,941,755
Changes for the year:			
Service Cost	1,291,068	-	1,291,068
Interest on the Total Pension Liability	4,626,392	-	4,626,392
Difference Between Expected and Actual Experience of the Total Pension Liability	347,104	-	347,104
Changes of Assumptions	(2,345,758)	-	(2,345,758)
Contributions - Employer	-	3,245,390	(3,245,390)
Contributions - Employees	-	407,278	(407,278)
Net Investment Income	-	2,011,769	(2,011,769)
Benefit Payments, including Refunds of Employee Contributions	(3,293,238)	(3,293,238)	-
Other (Net Transfer)	-	(40,939)	40,939
Net Changes	625,568	2,330,260	(1,704,692)
Balances at December 31, 2016	68,363,499	29,126,436	39,237,063

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

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

For the year ended December 31, 2016, the City recognized pension expense of \$6,087,908. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 347,104	-	347,104
Change in Assumptions	-	(2,345,758)	(2,345,758)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(124,887)	(124,887)
Total Deferred Amounts Related to Firefighters' Pension	<u>347,104</u>	<u>(2,470,645)</u>	<u>(2,123,541)</u>

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

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2017	\$ (363,732)
2018	(363,732)
2019	(363,732)
2020	(363,732)
2021	(363,734)
Thereafter	<u>(304,879)</u>
Total	<u><u>(2,123,541)</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, retirees contributed \$693,433. Active employees do not contribute to the plan until retirement.

At December 31, 2016, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	67
Active Employees	<u>133</u>
	<u>200</u>

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, was calculated as follows:

	<u>Governmental Activities</u>
Annual Required Contribution	\$ 550,670
Interest on the NPO	95,113
Adjustment to the ARC	<u>(79,261)</u>
Annual OPEB Cost	566,522
Actual Contribution	<u>236,582</u>
Change in the NOPEBO	329,940
NOPEBO - Beginning	<u>2,377,822</u>
NOPEBO - Ending	<u><u>2,707,762</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
2014	\$ 496,089	\$ 197,118	39.73%	\$ 2,074,510
2015	521,360	218,048	41.82%	2,377,822
2016	566,522	236,582	41.76%	2,707,762

CITY OF ROLLING MEADOWS, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2014, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 5,114,496
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,114,496
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 13,984,805
UAAL as a Percentage of Covered Payroll	36.57%

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, 2014 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 8.50% 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, 2016, was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress and Employer Contributions
 Other Post-Employment Benefit Plan

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

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

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

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

Notes to the Required Supplementary Information

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

CITY OF ROLLING MEADOWS, ILLINOIS

Other Post-Employment Benefits Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2016**

Funding Progress						(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	
2011	\$ -	\$ 6,685,475	0.00%	\$ 6,685,475	\$ 13,476,213	49.61%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	5,114,496	0.00%	5,114,496	13,984,805	36.57%
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2011	\$ 217,733	\$ 492,469	44.21%
2012	226,298	543,929	41.60%
2013	281,522	568,908	49.48%
2014	197,118	484,252	40.71%
2015	218,048	507,530	42.96%
2016	236,582	550,670	42.96%

Data Source: Actuarial Valuation Reports

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

CITY OF ROLLING MEADOWS, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2016**

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	Total	\$ 1,131,864	\$ 1,131,864	\$ -	\$ 7,316,510	15.47%
2016	City	927,222	927,635	(413)	5,684,573	16.32%
	Library	273,688	273,810	(122)	1,692,021	16.18%
	2016 Total	1,200,910	1,201,445	(535)	7,376,594	16.29%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.40%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 (base year 2012)

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

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2016

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

Notes to the Required Supplementary Information:

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2016**

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

Notes to the Required Supplementary Information:

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

See Following Page

CITY OF ROLLING MEADOWS, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

	<u>2015</u>
	<u>Total</u>
Total Pension Liability	
Service Cost	\$ 754,337
Interest	4,704,433
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(964,158)
Change of Assumptions	150,883
Benefit Payments, Including Refunds of Member Contributions	<u>(3,115,648)</u>
Net Change in Total Pension Liability	1,529,847
Total Pension Liability - Beginning	<u>64,074,148</u>
Total Pension Liability - Ending	<u><u>65,603,995</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,131,864
Contributions - Members	338,251
Net Investment Income	279,814
Benefit Payments, Including Refunds of Member Contributions	(3,115,648)
Administrative Expense	<u>(492,750)</u>
Net Change in Plan Fiduciary Net Position	(1,858,469)
Plan Net Position - Beginning	<u>56,785,526</u>
Plan Net Position - Ending	<u><u>54,927,057</u></u>
Employer's Net Pension Liability	<u><u>\$ 10,676,938</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.73%
Covered-Employee Payroll	\$ 7,316,510
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	145.93%

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

2016		
City	Library	Total
590,353	174,255	764,608
3,661,405	1,134,675	4,796,080
-	-	-
54,513	16,091	70,604
(236,242)	(69,731)	(305,973)
(2,618,469)	(772,894)	(3,391,363)
1,451,560	482,396	1,933,956
50,908,700	14,695,295	65,603,995
52,360,260	15,177,691	67,537,951
927,635	273,810	1,201,445
268,921	79,377	348,298
2,913,941	860,108	3,774,049
(2,618,469)	(772,894)	(3,391,363)
542,740	160,201	702,941
2,034,768	600,602	2,635,370
42,623,396	12,303,661	54,927,057
44,658,164	12,904,263	57,562,427
7,702,096	2,273,428	9,975,524
85.29%	85.02%	85.23%
5,684,573	1,692,021	7,376,594
135.49%	134.36%	135.23%

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Investment Returns

December 31, 2016

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2016**

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

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

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 21,244,147	21,244,147	22,157,696
Intergovernmental	3,008,250	3,008,250	3,119,160
Licenses and Permits	950,000	950,000	1,421,955
Charges for Services	2,765,506	2,765,506	2,926,258
Fines and Forfeitures	1,173,000	1,173,000	1,300,002
Interest	5,000	5,000	51,850
Miscellaneous	682,742	682,742	720,893
Total Revenues	<u>29,828,645</u>	<u>29,828,645</u>	<u>31,697,814</u>
Expenditures			
General Government	4,485,361	4,485,361	4,039,414
Public Safety	22,704,148	22,704,148	23,074,130
Public Works	2,394,132	2,394,132	2,287,326
Health/Welfare and Culture	8,970	8,970	4,370
Economic Development	24,770	24,770	5,000
Total Expenditures	<u>29,617,381</u>	<u>29,617,381</u>	<u>29,410,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>211,264</u>	<u>211,264</u>	<u>2,287,574</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	500	500	-
Transfers In	240,000	240,000	240,000
Transfers Out	(1,257,575)	(2,057,575)	(2,057,575)
	<u>(1,017,075)</u>	<u>(1,817,075)</u>	<u>(1,817,575)</u>
Net Change in Fund Balance	<u>(805,811)</u>	<u>(1,605,811)</u>	469,999
Fund Balance - Beginning			<u>11,459,051</u>
Fund Balance - Ending			<u><u>11,929,050</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 600,000	600,000	613,576
Interest	500	500	1,436
Total Revenues	<u>600,500</u>	<u>600,500</u>	<u>615,012</u>
Expenditures			
Highways and Streets			
Contracted Services	175,000	175,000	177,960
Supplies			
Snow and Ice Control	186,500	186,500	108,923
Total Expenditures	<u>361,500</u>	<u>361,500</u>	<u>286,883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	239,000	239,000	328,129
Other Financing (Uses)			
Transfers Out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>
Net Change in Fund Balance	<u><u>(361,000)</u></u>	<u><u>(361,000)</u></u>	<u>(271,871)</u>
Fund Balance - Beginning			<u>353,313</u>
Fund Balance - Ending			<u><u>81,442</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund 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.

MAJOR CAPITAL PROJECTS FUND

Local Road Fund

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

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes			
Prior Years' Taxes	\$ 10,000	10,000	(170,334)
Current Levy	4,640,611	4,640,611	4,769,961
Police Pension	2,805,767	2,805,767	2,817,768
Fire Pension	2,977,769	2,977,769	2,990,826
Municipal Sales Tax	3,350,000	3,350,000	3,665,593
Home Rule Sales Tax	2,500,000	2,500,000	2,667,060
Simplified Telecommunications Tax	1,400,000	1,400,000	1,405,592
Electric Utility Tax	1,320,000	1,320,000	1,285,380
Hotel Tax	450,000	450,000	459,967
Food and Beverage Tax	1,200,000	1,200,000	1,337,145
Real Estate Transfer Tax	300,000	300,000	599,679
Cable Franchise Fees	290,000	290,000	329,059
Total Taxes	21,244,147	21,244,147	22,157,696
Intergovernmental			
State Income Tax	2,300,000	2,300,000	2,315,210
Local Use Tax	480,000	480,000	585,356
Replacement Tax	199,000	199,000	191,939
Other Grants	29,250	29,250	26,655
Total Intergovernmental	3,008,250	3,008,250	3,119,160
Licenses and Permits			
Business Licenses	250,000	250,000	247,504
Liquor Licenses	150,000	150,000	167,350
Other Licenses	3,000	3,000	500
Building Permits	450,000	450,000	903,129
Rental Unit Permits	85,000	85,000	90,672
Other Permits	12,000	12,000	12,800
Total Licenses and Permits	950,000	950,000	1,421,955
Charges for Services			
Police Special Details	80,000	80,000	46,446
School Liaison Charges	190,029	190,029	189,777
Ambulance Fees	450,000	450,000	592,373

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Charges for Services - Continued			
Overhead Charges			
Garage	\$ 218,087	218,087	218,087
E911	36,627	36,627	36,627
TIF #2	51,479	51,479	51,479
TIF #4	50,000	50,000	50,000
Refuse	409,127	409,127	409,127
Utilities	690,409	690,409	690,409
Library	42,448	42,448	42,448
Other Inspection Fees	75,300	75,300	120,243
Other Charges for Services	472,000	472,000	479,242
Total Charges for Services	2,765,506	2,765,506	2,926,258
Fines and Forfeitures			
Circuit Court Fines	60,000	60,000	64,185
Traffic and Compliance Fines	175,500	175,500	102,366
DUI Fines	8,500	8,500	9,815
Red Light Enforcement Fines	750,000	750,000	1,002,136
Adjudication	25,000	25,000	28,609
Other Fines	154,000	154,000	92,891
Total Fines and Forfeitures	1,173,000	1,173,000	1,300,002
Interest	5,000	5,000	51,850
Miscellaneous			
Rental Income	622,900	622,900	628,075
Other	59,842	59,842	92,818
Total Miscellaneous	682,742	682,742	720,893
Total Revenues	29,828,645	29,828,645	31,697,814

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Mayor			
Salaries and Wages	\$ 9,950	9,950	9,950
Benefits	761	761	761
Contracted Services	2,900	2,900	4
Supplies	150	150	45
Total Mayor	13,761	13,761	10,760
City Council			
Salaries and Wages	28,001	28,001	27,667
Benefits	3,444	3,444	2,876
Contracted Services	63,300	63,300	61,148
Supplies	600	600	-
Total City Council	95,345	95,345	91,691
City Manager			
Salaries and Wages	386,079	386,079	363,082
Benefits	175,843	175,843	164,387
Contracted Services	64,685	64,685	41,715
Supplies	11,200	11,200	1,284
Total City Manager	637,807	637,807	570,468
City Clerk			
Salaries and Wages	110,670	110,670	124,397
Benefits	46,585	46,585	49,256
Contracted Services	14,177	14,177	9,478
Supplies	3,200	3,200	426
Total City Clerk	174,632	174,632	183,557
Public Relations			
Contracted Services	44,100	44,100	41,235
Supplies	1,500	1,500	-
Total Public Relations	45,600	45,600	41,235

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Video Production			
Salaries and Wages	\$ 5,000	5,000	1,800
Benefits	803	803	138
Contracted Services	15,500	15,500	14,620
Supplies	2,200	2,200	-
Total Video Production	23,503	23,503	16,558
Adjudication			
Contracted Services	54,500	54,500	36,916
Supplies	1,000	1,000	-
Total Adjudication	55,500	55,500	36,916
Community Events			
Contracted Services	2,950	2,950	2,983
Supplies	68,800	68,800	68,803
Total Community Events	71,750	71,750	71,786
Finance			
Salaries and Wages	307,027	307,027	284,092
Benefits	123,711	123,711	117,598
Contracted Services	41,811	41,811	51,201
Supplies	1,000	1,000	1,378
Total Finance	473,549	473,549	454,269
Administrative Services			
Legal Contracted Services	360,000	360,000	292,314
Engineering Contracted Services	28,000	28,000	27,107
Police Special Detail			
Salaries and Wages	100,000	100,000	50,208
Other Contracted Services	550,400	550,400	344,550
Other Supplies	9,050	9,050	8,353
Total Administrative Services	1,047,450	1,047,450	722,532

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Information Technology			
Salaries and Wages	\$ 258,762	258,762	240,079
Benefits	92,360	92,360	89,110
Contracted Services	120,061	120,061	104,205
Supplies	26,000	26,000	27,138
Total Information Technology	497,183	497,183	460,532
Total Administrative	3,136,080	3,136,080	2,660,304
Community Development			
Administration			
Salaries and Wages	313,592	313,592	316,192
Benefits	115,766	115,766	114,812
Contracted Services	165,369	165,369	149,301
Supplies and Materials	2,300	2,300	1,298
Total Administration	597,027	597,027	581,603
Building Inspections			
Salaries and Wages	451,727	451,727	400,947
Benefits	218,492	218,492	205,617
Contracted Services	77,505	77,505	187,447
Supplies and Materials	2,380	2,380	1,360
Total Building Inspections	750,104	750,104	795,371
Zoning Board of Appeals			
Contracted Services	675	675	55
Plan Commission			
Contracted Services	1,025	1,025	2,081
Tobacco Information/Prevention			
Contracted Services	450	450	-
Total Community Development	1,349,281	1,349,281	1,379,110
Total General Government	4,485,361	4,485,361	4,039,414

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Administration			
Salaries and Wages	\$ 447,972	447,972	437,513
Benefits	146,799	146,799	133,338
Employer Pension Contribution	3,092,920	3,092,920	3,104,921
Contracted Services	803,414	803,414	731,787
Supplies and Materials	143,585	143,585	144,918
Total Administration	4,634,690	4,634,690	4,552,477
Patrol			
Salaries and Wages	4,719,732	4,719,732	4,877,443
Benefits	1,236,176	1,236,176	1,174,015
Contracted Services	181,959	181,959	135,624
Supplies and Materials	60,600	60,600	66,873
Total Patrol	6,198,467	6,198,467	6,253,955
Investigation			
Salaries and Wages	735,979	735,979	925,299
Benefits	163,896	163,896	163,632
Contracted Services	24,420	24,420	16,440
Supplies and Materials	7,450	7,450	6,242
Total Investigation	931,745	931,745	1,111,613
Total Police Department	11,764,902	11,764,902	11,918,045
Fire Department			
Administration			
Salaries and Wages	342,398	342,398	328,892
Benefits	84,551	84,551	76,162
Employer Pension Contribution	3,232,333	3,232,333	3,245,390
Contracted Services	1,013,596	1,013,596	1,017,395
Supplies and Materials	4,400	4,400	2,978
Total Administration	4,677,278	4,677,278	4,670,817

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Fire Operations			
Salaries and Wages	\$ 4,728,589	4,728,589	5,045,114
Benefits	1,164,442	1,164,442	1,128,636
Contracted Services	130,215	130,215	114,011
Supplies and Materials	108,495	108,495	107,390
Total Fire Operations	6,131,741	6,131,741	6,395,151
Special Rescue Teams			
Salaries and Wages	59,551	59,551	56,711
Benefits	851	851	80
Contracted Services	23,050	23,050	12,166
Supplies and Materials	5,025	5,025	2,751
Total Special Rescue Teams	88,477	88,477	71,708
Total Fire Department	10,897,496	10,897,496	11,137,676
Board of Police and Fire Commission			
Salaries and Wages	3,000	3,000	-
Contracted Services	37,950	37,950	18,356
Supplies and Materials	800	800	53
Total Board of Police and Fire Commission	41,750	41,750	18,409
Total Public Safety	22,704,148	22,704,148	23,074,130
Public Works			
Administration			
Salaries and Wages	680,617	680,617	649,925
Benefits	322,539	322,539	307,779
Contracted Services	260,285	260,285	220,663
Supplies and Materials	8,850	8,850	5,291
Total Administration	1,272,291	1,272,291	1,183,658
Forestry Program			
Salaries and Wages	732,399	732,399	704,204
Benefits	334,457	334,457	344,569
Contracted Services	46,135	46,135	45,185
Supplies and Materials	8,850	8,850	9,710
Total Forestry Program	1,121,841	1,121,841	1,103,668
Total Public Works	2,394,132	2,394,132	2,287,326

CITY OF ROLLING MEADOWS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Health/Welfare and Culture			
Museum			
Contracted Services	\$ 5,220	5,220	3,433
ESDA			
Supplies and Materials	1,500	1,500	335
Safety Committee			
Supplies and Materials	1,250	1,250	602
Urban Affairs			
Supplies	1,000	1,000	-
Total Health/Welfare and Culture	8,970	8,970	4,370
Economic Development			
Community Development			
Contracted Services	24,270	24,270	5,000
Supplies and Materials	500	500	-
Total Economic Development	24,770	24,770	5,000
Total Expenditures	29,617,381	29,617,381	29,410,240

CITY OF ROLLING MEADOWS, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,277,100	1,277,100	1,293,870
Expenditures			
Debt Service			
Principal Retirement	1,710,000	1,710,000	1,710,000
Interest and Fiscal Charges	226,176	226,176	225,627
Total Expenditures	1,936,176	1,936,176	1,935,627
Excess (Deficiency) of Revenues Over (Under) Expenditures	(659,076)	(659,076)	(641,757)
Other Financing Sources			
Transfers In	657,575	657,575	657,575
Transfers Out	-	(40,000)	(40,000)
	657,575	617,575	617,575
Net Change in Fund Balance	(1,501)	(41,501)	(24,182)
Fund Balance - Beginning			79,379
Fund Balance - Ending			55,197

CITY OF ROLLING MEADOWS, ILLINOIS

Local Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 778,419	778,419	774,473
Intergovernmental	585,000	585,000	515,695
Licenses and Permits	500,000	500,000	484,226
Interest	-	-	3
Miscellaneous	10,000	10,000	186,892
Total Revenues	1,873,419	1,873,419	1,961,289
Expenditures			
Highways and Streets			
Contracted Services	640,320	640,320	625,218
Supplies			
Operating Supplies	115,800	115,800	89,226
Repairs and Maintenance Supplies	23,600	23,600	11,886
Capital Outlay			
Street Improvements	1,833,000	1,833,000	1,661,489
Debt Service			
Principal Retirement	150,720	150,720	150,720
Interest and Fiscal Charges	10,752	10,752	10,738
Total Expenditures	2,774,192	2,774,192	2,549,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	(900,773)	(900,773)	(587,988)
Other Financing Sources			
Transfers In	950,000	1,450,000	1,450,000
Net Change in Fund Balance	49,227	549,227	862,012
Fund Balance - Beginning			313,560
Fund Balance - Ending			1,175,572

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2016**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 1,288,521	-	1,288,521
Receivables - Net of Allowances			
Property Taxes	601,182	1,283	602,465
Prepays	35,331	-	35,331
Total Assets	1,925,034	1,283	1,926,317
LIABILITIES			
Accounts Payable	33,285	1,900	35,185
Due to Other Funds	-	1,416,337	1,416,337
Total Liabilities	33,285	1,418,237	1,451,522
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	601,500	-	601,500
Total Liabilities and Deferred Inflows of Resources	634,785	1,418,237	2,053,022
FUND BALANCES			
Nonspendable	35,331	-	35,331
Restricted	1,254,918	-	1,254,918
Unassigned	-	(1,416,954)	(1,416,954)
Total Fund Balances	1,290,249	(1,416,954)	(126,705)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,925,034	1,283	1,926,317

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2016**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 587,721	317,098	904,819
Fines and Forfeitures	50,318	-	50,318
Interest	353	6	359
Total Revenues	<u>638,392</u>	<u>317,104</u>	<u>955,496</u>
Expenditures			
Public Safety	690,854	-	690,854
Economic Development	-	154,407	154,407
Debt Service			
Principal Retirement	-	415,000	415,000
Interest and Fiscal Charges	-	16,800	16,800
Total Expenditures	<u>690,854</u>	<u>586,207</u>	<u>1,277,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,462)	(269,103)	(321,565)
Other Financing Sources			
Transfers In	<u>650,000</u>	-	<u>650,000</u>
Net Change in Fund Balances	597,538	(269,103)	328,435
Fund Balances - Beginning	<u>692,711</u>	<u>(1,147,851)</u>	<u>(455,140)</u>
Fund Balances - Ending	<u>1,290,249</u>	<u>(1,416,954)</u>	<u>(126,705)</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

911 Emergency Telephone Fund

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

Foreign Fire Tax Fund

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

Asset Seizure Fund

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

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

December 31, 2016

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
ASSETS				
Cash and Investments	\$ 1,004,948	55,771	227,802	1,288,521
Receivables - Net of Allowances				
Property Taxes	601,182	-	-	601,182
Prepays	35,331	-	-	35,331
Total Assets	<u>1,641,461</u>	<u>55,771</u>	<u>227,802</u>	<u>1,925,034</u>
LIABILITIES				
Accounts Payable	29,367	3,918	-	33,285
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	601,500	-	-	601,500
Total Liabilities and Deferred Inflows of Resources	<u>630,867</u>	<u>3,918</u>	<u>-</u>	<u>634,785</u>
FUND BALANCES				
Nonspendable	35,331	-	-	35,331
Restricted	975,263	51,853	227,802	1,254,918
Total Fund Balances	<u>1,010,594</u>	<u>51,853</u>	<u>227,802</u>	<u>1,290,249</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>1,641,461</u>	<u>55,771</u>	<u>227,802</u>	<u>1,925,034</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2016**

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
Revenues				
Taxes	\$ 558,558	29,163	-	587,721
Fines and Forfeitures	-	-	50,318	50,318
Interest	-	-	353	353
Total Revenues	558,558	29,163	50,671	638,392
Expenditures				
Public Safety	565,807	37,004	88,043	690,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,249)	(7,841)	(37,372)	(52,462)
Other Financing Sources				
Transfers In	650,000	-	-	650,000
Net Change in Fund Balances	642,751	(7,841)	(37,372)	597,538
Fund Balances - Beginning	367,843	59,694	265,174	692,711
Fund Balances - Ending	1,010,594	51,853	227,802	1,290,249

CITY OF ROLLING MEADOWS, ILLINOIS

911 Emergency Telephone - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 551,500	551,500	558,558
Expenditures			
Public Safety			
Contracted Services	646,952	646,952	565,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,452)	(95,452)	(7,249)
Other Financing Sources			
Transfers In	150,000	650,000	650,000
Net Change in Fund Balance	54,548	554,548	642,751
Fund Balance - Beginning			367,843
Fund Balance - Ending			1,010,594

NONMAJOR CAPITAL PROJECTS FUND

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

TIF #2 Kirchoff/Owl Fund

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

TIF #4 Golf Road Fund

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

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Balance Sheet
December 31, 2016**

	TIF #2 Kirchoff/Owl	TIF #4 Golf Road	Totals
ASSETS			
Cash and Investments	\$ -	-	-
Receivables - Net of Allowances			
Property Taxes	1,283	-	1,283
Total Assets	1,283	-	1,283
LIABILITIES			
Accounts Payable	-	1,900	1,900
Due to Other Funds	1,318,059	98,278	1,416,337
Total Liabilities	1,318,059	100,178	1,418,237
FUND BALANCES			
Unassigned	(1,316,776)	(100,178)	(1,416,954)
Total Liabilities and Fund Balances	1,283	-	1,283

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2016**

	TIF #2 Kirchoff/Owl	TIF #4 Golf Road	Totals
Revenues			
Taxes	\$ 317,098	-	317,098
Interest	6	-	6
Total Revenues	<u>317,104</u>	<u>-</u>	<u>317,104</u>
Expenditures			
Economic Development	54,229	100,178	154,407
Debt Service			
Principal Retirement	415,000	-	415,000
Interest and Fiscal Charges	16,800	-	16,800
Total Expenditures	<u>486,029</u>	<u>100,178</u>	<u>586,207</u>
Net Change in Fund Balances	(168,925)	(100,178)	(269,103)
Fund Balances - Beginning	<u>(1,147,851)</u>	<u>-</u>	<u>(1,147,851)</u>
Fund Balances - Ending	<u>(1,316,776)</u>	<u>(100,178)</u>	<u>(1,416,954)</u>

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #2 Kirchoff/Owl - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 350,000	350,000	317,098
Interest	50	50	6
Total Revenues	<u>350,050</u>	<u>350,050</u>	<u>317,104</u>
Expenditures			
Economic Development			
Contracted Services	54,004	54,004	54,229
Debt Service			
Principal Retirement	415,000	415,000	415,000
Interest and Fiscal Charges	16,800	16,800	16,800
Total Expenditures	<u>485,804</u>	<u>485,804</u>	<u>486,029</u>
Net Change in Fund Balance	<u>(135,754)</u>	<u>(135,754)</u>	(168,925)
Fund Balance - Beginning			<u>(1,147,851)</u>
Fund Balance - Ending			<u><u>(1,316,776)</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

TIF #4 Golf Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,488,965	2,488,965	-
Expenditures			
Economic Development			
Contracted Services	2,488,965	2,488,965	100,178
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(100,178)
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u>(100,178)</u>

ENTERPRISE FUNDS

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

Utilities Fund

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

Refuse Collection Fund

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

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 10,184,800	10,184,800	10,423,823
Miscellaneous	158,792	158,792	176,759
Total Operating Revenues	<u>10,343,592</u>	<u>10,343,592</u>	<u>10,600,582</u>
Operating Expenses			
Administration	1,714,178	1,714,178	1,448,621
Public Works	690,409	690,409	690,409
Operations	10,415,317	10,415,317	7,483,279
Depreciation	-	-	720,893
Total Operating Expenses	<u>12,819,904</u>	<u>12,819,904</u>	<u>10,343,202</u>
Operating Income (Loss)	<u>(2,476,312)</u>	<u>(2,476,312)</u>	<u>257,380</u>
Nonoperating Revenues (Expenses)			
Interest Income	1,000	1,000	101,717
Interest Expense	(79,627)	(79,627)	(82,375)
	<u>(78,627)</u>	<u>(78,627)</u>	<u>19,342</u>
Change in Net Position	<u>(2,554,939)</u>	<u>(2,554,939)</u>	<u>276,722</u>
Net Position - Beginning			<u>13,967,878</u>
Net Position - Ending			<u>14,244,600</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Administration			
Salaries and Wages	\$ 210,990	210,990	217,563
Benefits	111,941	111,941	112,802
IMRF Pension Expense	-	-	150,808
Contracted Services	1,390,997	1,390,997	967,274
Supplies	250	250	174
Total Administration	1,714,178	1,714,178	1,448,621
Public Works			
Contracted Services	690,409	690,409	690,409
Operations			
Water			
Salaries and Wages	682,843	682,843	674,251
Benefits	311,294	311,294	290,710
IMRF Pension Expense	-	-	441,128
Contracted Services	425,260	425,260	339,611
Supplies	170,565	170,565	80,196
Lake Michigan Water	4,344,557	4,344,557	3,993,201
Machinery & Equipment	1,573,450	1,573,450	204,526
Total Water	7,507,969	7,507,969	6,023,623
Sewer			
Salaries and Wages	498,024	498,024	406,044
Benefits	267,766	267,766	220,140
IMRF Pension Expense	-	-	281,091
Contracted Services	200,380	200,380	77,705
Supplies	81,125	81,125	43,174
Machinery & Equipment	900,000	900,000	46,861
Total Sewer	1,947,295	1,947,295	1,075,015

CITY OF ROLLING MEADOWS, ILLINOIS

Utilities - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operations - Continued			
Stormwater			
Salaries and Wages	\$ 102,186	102,186	93,765
Benefits	34,392	34,392	38,914
IMRF Pension Expense	-	-	60,765
Contracted Services	210,000	210,000	158,996
Supplies	38,475	38,475	27,263
Machinery & Equipment	575,000	575,000	4,938
Total Stormwater	960,053	960,053	384,641
Total Operations	10,415,317	10,415,317	7,483,279
Depreciation	-	-	720,893
Total Operating Expenses	12,819,904	12,819,904	10,343,202

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,163,874	2,163,874	2,172,409
Miscellaneous	22,500	22,500	26,409
Total Operating Revenues	<u>2,186,374</u>	<u>2,186,374</u>	<u>2,198,818</u>
Operating Expenses			
Administration	963,877	963,877	961,925
Operations	1,375,680	1,375,680	1,368,925
Depreciation	-	-	16,718
Total Operating Expenses	<u>2,339,557</u>	<u>2,339,557</u>	<u>2,347,568</u>
Operating (Loss)	<u>(153,183)</u>	<u>(153,183)</u>	<u>(148,750)</u>
Nonoperating (Expenses)			
Interest Income	-	-	38
Interest Expense	(2,420)	(2,420)	(2,416)
	<u>(2,420)</u>	<u>(2,420)</u>	<u>(2,378)</u>
(Loss) Before Transfers	(155,603)	(155,603)	(151,128)
Transfers Out	-	(200,000)	(200,000)
Change in Net Position	<u>(155,603)</u>	<u>(355,603)</u>	(351,128)
Net Position - Beginning			<u>1,223,945</u>
Net Position - Ending			<u><u>872,817</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Administration			
Contracted Services	\$ 963,877	963,877	961,925
Operations			
Salaries and Wages	265,322	265,322	260,575
Benefits	167,292	167,292	163,402
IMRF Pension Expense	-	-	180,424
Contracted Services	918,067	918,067	760,118
Supplies	24,999	24,999	4,406
Total Operations	1,375,680	1,375,680	1,368,925
Depreciation	-	-	16,718
Total Operating Expenses	2,339,557	2,339,557	2,347,568

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, 2016**

	<u>Municipal Garage</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 819,969
Receivables - Net of Allowances - Accounts	10,229
Prepays	143
Total Current Assets	<u>830,341</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	-
Depreciable	9,247
Accumulated Depreciation	<u>(9,247)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>830,341</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	36,065
Deposits Payable	-
Accrued Payroll	7,569
Compensated Absences Payable	5,996
Total Current Liabilities	<u>49,630</u>
Noncurrent Liabilities	
Compensated Absences Payable	<u>111,020</u>
Total Liabilities	<u>160,650</u>
NET POSITION	
Investment in Capital Assets	-
Unrestricted	<u>669,691</u>
Total Net Position	<u><u>669,691</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,749,107	1,000,569	1,324,173	1,732,883	6,626,701
-	10,781	-	-	21,010
-	-	1,480,242	3,478,440	4,958,825
1,749,107	1,011,350	2,804,415	5,211,323	11,606,536
1,162,154	512,262	-	-	1,674,416
19,790,172	3,159,181	-	-	22,958,600
(12,977,582)	(2,173,819)	-	-	(15,160,648)
7,974,744	1,497,624	-	-	9,472,368
9,723,851	2,508,974	2,804,415	5,211,323	21,078,904
267,002	39,464	16,794	218,614	577,939
-	-	-	45,319	45,319
-	-	-	-	7,569
-	-	-	-	5,996
267,002	39,464	16,794	263,933	636,823
-	-	-	-	111,020
267,002	39,464	16,794	263,933	747,843
7,974,744	1,497,624	-	-	9,472,368
1,482,105	971,886	2,787,621	4,947,390	10,858,693
9,456,849	2,469,510	2,787,621	4,947,390	20,331,061

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2016**

	<u>Municipal Garage</u>
Operating Revenues	
Interfund Services	\$ 1,519,344
Miscellaneous	5,674
Total Operating Revenues	<u>1,525,018</u>
Operating Expenses	
Administration	1,243,307
Public Safety	-
Public Works	-
Depreciation and Amortization	-
Total Operating Expenses	<u>1,243,307</u>
Operating Income (Loss)	<u>281,711</u>
Nonoperating Revenues (Expenses)	
Disposal of Capital Assets	-
Interest Income	-
	<u>-</u>
Income (Loss) Before Transfers	<u>281,711</u>
Transfers In	-
Transfers Out	(40,000)
	<u>(40,000)</u>
Change in Net Position	241,711
Net Position - Beginning	<u>427,980</u>
Net Position - Ending	<u><u>669,691</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,339,850	447,380	817,859	3,315,496	7,439,929
-	15,875	701,619	1,384,345	2,107,513
1,339,850	463,255	1,519,478	4,699,841	9,547,442
-	-	635,505	4,011,788	5,890,600
89,383	-	-	-	89,383
-	287,043	-	-	287,043
764,797	210,612	-	-	975,409
854,180	497,655	635,505	4,011,788	7,242,435
485,670	(34,400)	883,973	688,053	2,305,007
58,178	-	-	-	58,178
-	-	84	675	759
58,178	-	84	675	58,937
543,848	(34,400)	884,057	688,728	2,363,944
140,000	200,000	-	-	340,000
-	-	(200,000)	(200,000)	(440,000)
140,000	200,000	(200,000)	(200,000)	(100,000)
683,848	165,600	684,057	488,728	2,263,944
8,773,001	2,303,910	2,103,564	4,458,662	18,067,117
9,456,849	2,469,510	2,787,621	4,947,390	20,331,061

CITY OF ROLLING MEADOWS, ILLINOIS

Internal Service Funds

**Combining Statement of Cash Flows
For the Fiscal Year Ended December 31, 2016**

	<u>Municipal Garage</u>
Cash Flows from Operating Activities	
Interfund Services Provided	\$ 1,525,215
Payments to Suppliers	(823,570)
Payments to Employees	(367,939)
	<u>333,706</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	-
Transfers Out	(40,000)
	<u>(40,000)</u>
Cash Flows from Capital and Related Financing Activities	
Disposal of Capital Assets	-
Purchase of Capital Assets	-
	<u>-</u>
Cash Flows from Investing Activities	
Interest Received	-
	<u>-</u>
Net Change in Cash and Cash Equivalents	293,706
Cash and Cash Equivalents - Beginning	<u>526,263</u>
Cash and Cash Equivalents - Ending	<u><u>819,969</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	281,711
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	-
(Increase) Decrease in Current Assets	197
Increase (Decrease) in Current Liabilities	51,798
	<u>51,798</u>
Net Cash Provided by Operating Activities	<u><u>333,706</u></u>

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
1,339,850	458,492	890,761	4,357,342	8,571,660
(49,151)	(295,508)	(630,856)	(4,074,692)	(5,873,777)
-	-	-	-	(367,939)
1,290,699	162,984	259,905	282,650	2,329,944
140,000	200,000	-	-	340,000
-	-	(200,000)	(200,000)	(440,000)
140,000	200,000	(200,000)	(200,000)	(100,000)
58,178	-	-	-	58,178
(1,169,187)	(194,333)	-	-	(1,363,520)
(1,111,009)	(194,333)	-	-	(1,305,342)
-	-	84	675	759
319,690	168,651	59,989	83,325	925,361
1,429,417	831,918	1,264,184	1,649,558	5,701,340
1,749,107	1,000,569	1,324,173	1,732,883	6,626,701
485,670	(34,400)	883,973	688,053	2,305,007
764,797	210,612	-	-	975,409
-	(4,763)	(628,717)	(342,499)	(975,782)
40,232	(8,465)	4,649	(62,904)	25,310
1,290,699	162,984	259,905	282,650	2,329,944

CITY OF ROLLING MEADOWS, ILLINOIS

Municipal Garage - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,518,000	1,518,000	1,519,344
Miscellaneous	5,500	5,500	5,674
Total Operating Revenues	<u>1,523,500</u>	<u>1,523,500</u>	<u>1,525,018</u>
Operating Expenses			
Administration			
Motor Pool			
Salaries and Wages	319,605	319,605	367,939
Benefits	156,040	156,040	154,335
Contracted Services	386,808	386,808	378,176
Supplies	576,800	576,800	342,857
Total Operating Expenses	<u>1,439,253</u>	<u>1,439,253</u>	<u>1,243,307</u>
Income Before Transfers	84,247	84,247	281,711
Transfers Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>
Change in Net Position	<u>44,247</u>	<u>44,247</u>	241,711
Net Position - Beginning			<u>427,980</u>
Net Position - Ending			<u>669,691</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Vehicle Replacement - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 1,339,850	1,339,850	1,339,850
Operating Expenses			
Public Safety	1,895,000	1,895,000	89,383
Depreciation and Amortization	-	-	764,797
Total Operating Expenses	1,895,000	1,895,000	854,180
Operating Income (Loss)	(555,150)	(555,150)	485,670
Nonoperating Revenues			
Disposal of Capital Assets	-	-	58,178
Income Before Transfers	(555,150)	(555,150)	543,848
Transfers In	100,000	140,000	140,000
Change in Net Position	<u>(455,150)</u>	<u>(415,150)</u>	683,848
Net Position - Beginning			<u>8,773,001</u>
Net Position - Ending			<u>9,456,849</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Buildings and Land - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 452,500	452,500	447,380
Miscellaneous	-	-	15,875
Total Operating Revenues	<u>452,500</u>	<u>452,500</u>	<u>463,255</u>
Operating Expenses			
Public Works	1,039,960	1,039,960	287,043
Depreciation	-	-	210,612
Total Operating Expenses	<u>1,039,960</u>	<u>1,039,960</u>	<u>497,655</u>
(Loss) Before Transfers	(587,460)	(587,460)	(34,400)
Transfers In	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Change in Net Position	<u>(587,460)</u>	<u>(387,460)</u>	165,600
Net Position - Beginning			<u>2,303,910</u>
Net Position - Ending			<u><u>2,469,510</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Liability Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 817,859	817,859	817,859
Miscellaneous			
Insurance Rebate	-	-	628,717
Other	20,000	20,000	72,902
Total Operating Revenues	<u>837,859</u>	<u>837,859</u>	<u>1,519,478</u>
Operating Expenses			
Administration			
Liability Insurance	700,000	700,000	600,824
Unemployment	5,000	5,000	-
Reimbursable Repairs	20,000	20,000	34,681
Total Operating Expenses	<u>725,000</u>	<u>725,000</u>	<u>635,505</u>
Operating Income	112,859	112,859	883,973
Nonoperating Revenues			
Interest Income	100	100	84
Income Before Transfers	112,959	112,959	884,057
Transfers Out	-	(200,000)	(200,000)
Change in Net Position	<u>112,959</u>	<u>(87,041)</u>	684,057
Net Position - Beginning			<u>2,103,564</u>
Net Position - Ending			<u><u>2,787,621</u></u>

CITY OF ROLLING MEADOWS, ILLINOIS

Health Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Interfund Services	\$ 3,702,222	3,702,222	3,315,496
Miscellaneous			
Employee Contributions	365,488	365,488	348,290
Retiree Contributions	645,381	645,381	693,433
Insurance Rebate	-	-	342,622
Other	(25,000)	(25,000)	-
Total Operating Revenues	<u>4,688,091</u>	<u>4,688,091</u>	<u>4,699,841</u>
Operating Expenses			
Administration			
Group Health			
PPO White	982,640	982,640	896,017
PPO Blue	352,471	352,471	373,193
HMO	1,239,514	1,239,514	1,204,345
Retirees	480,807	480,807	467,623
PSEBA	24,163	24,163	23,804
PPO Purple	26,067	26,067	37,538
HMO Orange	-	-	33,533
Dental Insurance			
PPO	73,028	73,028	73,383
HMO	55,590	55,590	49,131
Retirees	8,519	8,519	11,770
Life Insurance	20,031	20,031	19,769
Medical Waivers	1,439	1,439	1,370
Retiree IMRF	97,680	97,680	14,923
Retiree Medicare Reimbursements	200,000	200,000	210,500
Retiree Payouts	600,000	600,000	578,569
Retiree Taxes	45,900	45,900	10,265
Other	8,000	8,000	6,055
Total Operating Expenses	<u>4,215,849</u>	<u>4,215,849</u>	<u>4,011,788</u>
Operating Income	472,242	472,242	688,053
Nonoperating Revenues			
Interest Income	500	500	675
Income Before Transfers	472,742	472,742	688,728
Transfers Out	(200,000)	(200,000)	(200,000)
Change in Net Position	<u>272,742</u>	<u>272,742</u>	488,728
Net Position - Beginning			<u>4,458,662</u>
Net Position - Ending			<u>4,947,390</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, 2016**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 22,437	1,817,000	1,839,437
Investments			
U.S. Government and Agency Obligations	5,038,251	4,019,548	9,057,799
Corporate Bonds	6,700,087	4,442,143	11,142,230
Mutual Funds	925,358	2,212,686	3,138,044
Common Stock	22,166,003	16,575,213	38,741,216
Insurance Contracts	1,956,955	-	1,956,955
Certificate of Deposits	865,576	-	865,576
Receivables - Net of Allowance			
Accrued Interest	92,558	62,224	154,782
Due from Other Funds	2,974	3,494	6,468
Prepays	1,506	1,574	3,080
Total Assets	37,771,705	29,133,882	66,905,587
LIABILITIES			
Accounts Payable	21,838	7,446	29,284
NET POSITION			
Net Position Restricted for Pensions	37,749,867	29,126,436	66,876,303

CITY OF ROLLING MEADOWS, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2016**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 3,104,921	3,245,390	6,350,311
Contributions - Plan Members	472,132	407,278	879,410
Total Contributions	3,577,053	3,652,668	7,229,721
Investment Earnings			
Interest Earned	1,721,948	747,594	2,469,542
Net Change in Fair Value	752,302	1,326,226	2,078,528
	2,474,250	2,073,820	4,548,070
Less Investment Expenses	(93,089)	(62,051)	(155,140)
Net Investment Income	2,381,161	2,011,769	4,392,930
Total Additions	5,958,214	5,664,437	11,622,651
Deductions			
Administration	57,478	40,939	98,417
Benefits and Refunds	3,217,902	3,293,238	6,511,140
Total Deductions	3,275,380	3,334,177	6,609,557
Change in Fiduciary Net Position	2,682,834	2,330,260	5,013,094
Net Position Restricted for Pensions			
Beginning	35,067,033	26,796,176	61,863,209
Ending	37,749,867	29,126,436	66,876,303

CITY OF ROLLING MEADOWS, ILLINOIS

Compliance Deposits - Agency Fund

**Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2016**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 441,806	126,714	-	568,520
LIABILITIES				
Deposits Payable	441,806	126,714	-	568,520

SUPPLEMENTAL SCHEDULES

CITY OF ROLLING MEADOWS, ILLINOIS

Long-Term Debt Requirements

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

December 31, 2016

Date of Issue	December 13, 2012
Date of Maturity	September 15, 2033
Authorized Issue	\$1,265,744
Interest Rate	2.295%
Interest Dates	March 15 and September 15
Principal Maturity Date	September 15
Payable at	Illinois Environmental Protection Agency
Fund Debt Retired by	Utilites
Purpose of Debt	Drinking Water Project

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Mar. 15	Amount	Sept. 15	Amount
2016	\$ 55,189	25,691	80,880	2017	13,003	2017	12,688
2017	56,462	24,418	80,880	2018	12,370	2018	12,048
2018	57,766	23,114	80,880	2019	11,722	2019	11,392
2019	59,099	21,781	80,880	2020	11,059	2020	10,722
2020	60,463	20,417	80,880	2021	10,381	2021	10,036
2021	61,859	19,021	80,880	2022	9,687	2022	9,334
2022	63,286	17,593	80,879	2023	8,977	2023	8,616
2023	64,747	16,133	80,880	2024	8,251	2024	7,882
2024	66,242	14,638	80,880	2025	7,508	2025	7,130
2025	67,771	13,109	80,880	2026	6,748	2026	6,361
2026	69,335	11,545	80,880	2027	5,970	2027	5,575
2027	70,935	9,945	80,880	2028	5,175	2028	4,770
2028	72,573	8,308	80,881	2029	4,361	2029	3,947
2029	74,248	6,632	80,880	2030	3,528	2030	3,104
2030	75,961	4,918	80,879	2031	2,676	2031	2,242
2031	77,715	3,165	80,880	2032	1,804	2032	1,361
2032	79,507	1,371	80,878	2033	912	2033	459
	<u>1,133,158</u>	<u>241,799</u>	<u>1,374,957</u>		<u>124,132</u>		<u>117,667</u>

CITY OF ROLLING MEADOWS, ILLINOIS

Long-Term Debt Requirements

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

December 31, 2016

Date of Issue	October 18, 2013
Date of Maturity	May 1, 2034
Authorized Issue	\$1,365,863
Interest Rate	1.930%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	Illinois Environmental Protection Agency
Fund Debt Retired by	Utilities
Purpose of Debt	Wastewater Project

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2016	\$ 59,942	23,546	83,488	2017	11,917	2017	11,629
2017	61,104	22,383	83,487	2018	11,338	2018	11,045
2018	62,289	21,197	83,486	2019	10,748	2019	10,449
2019	63,497	19,989	83,486	2020	10,147	2020	9,842
2020	64,729	18,759	83,488	2021	9,535	2021	9,224
2021	65,983	17,503	83,486	2022	8,910	2022	8,593
2022	67,263	16,223	83,486	2023	8,273	2023	7,950
2023	68,568	14,919	83,487	2024	7,624	2024	7,295
2024	69,898	13,589	83,487	2025	6,962	2025	6,627
2025	71,254	12,234	83,488	2026	6,288	2026	5,946
2026	72,635	10,852	83,487	2027	5,600	2027	5,252
2027	74,044	9,443	83,487	2028	4,899	2028	4,544
2028	75,480	8,007	83,487	2029	4,185	2029	3,822
2029	76,943	6,544	83,487	2030	3,457	2030	3,087
2030	78,435	5,051	83,486	2031	2,714	2031	2,337
2031	79,956	3,530	83,486	2032	1,957	2032	1,573
2032	81,507	1,980	83,487	2033	1,186	2033	794
2033	41,345	399	41,744	2034	399	2034	-
	<u>1,234,872</u>	<u>226,148</u>	<u>1,461,020</u>		<u>116,139</u>		<u>110,009</u>

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2016

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
2016	<u>\$ 800,000</u>	<u>32,000</u>	<u>832,000</u>	2017	<u>16,000</u>	2017	<u>16,000</u>

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2016

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
2016	<u>\$ 330,000</u>	<u>11,590</u>	<u>341,590</u>	2017	<u>5,795</u>	2017	<u>5,795</u>
	155,348	Governmental Activities					
	<u>174,652</u>	Business-Type Activities					
	<u>330,000</u>						

CITY OF ROLLING MEADOWS, ILLINOIS

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

December 31, 2016

Date of Issue	May 8, 2012
Date of Maturity	December 1, 2023
Authorized Issue	\$9,690,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 3.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago
Fund Debt Retired by	Debt Service and Utilities
Purpose of Debt	Refunded Debt for Access Road from Golf Road to Algonquin Road, Storm Water System Improvements, and Redevelopment Costs - Meadows Town Mall and Meijer Store

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2016	\$ 1,175,000	160,938	1,335,938	2017	80,469	2018	80,469
2017	1,215,000	131,562	1,346,562	2018	65,781	2019	65,781
2018	760,000	101,188	861,188	2019	50,594	2020	50,594
2019	805,000	80,288	885,288	2020	40,144	2021	40,144
2020	635,000	58,150	693,150	2021	29,075	2022	29,075
2021	675,000	40,688	715,688	2022	20,344	2023	20,344
2022	715,000	21,450	736,450	2023	10,725	2024	10,725
	<u>5,980,000</u>	<u>594,264</u>	<u>6,574,264</u>		<u>297,132</u>		<u>297,132</u>
	5,295,000	Governmental Activities					
	<u>685,000</u>	Business-Type Activities					
	<u>5,980,000</u>						

CITY OF ROLLING MEADOWS, ILLINOIS

**Long-Term Debt Requirements
General Obligation Refunding Bonds of 2013**

December 31, 2016

Date of Issue	March 28, 2013
Date of Maturity	January 1, 2018
Authorized Issue	\$2,055,000
Denomination of Bonds	\$5,000
Interest Rate	2.00%
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	Refunded Debt for financing redevelopment project costs consisting of the acquisition of land within Kirchoff Road/Owl Drive redevelopment project area

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2016	\$ 425,000	8,500	433,500	2017	4,250	2018	4,250

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, 2016 (Unaudited)**

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 105,646,508	109,272,518	108,882,307	108,392,130
Restricted	3,753,784	1,647,970	2,051,851	1,699,491
Unrestricted	8,983,731	(5,930,130)	(5,645,470)	(4,534,846)
Total Governmental Activities Net Position	118,384,023	104,990,358	105,288,688	105,556,775
Business-Type Activities				
Net Investment in Capital Assets	5,085,394	7,126,881	8,491,159	8,095,948
Unrestricted	1,259,025	713,479	315,541	2,085,393
Total Business-Type Activities Net Position	6,344,419	7,840,360	8,806,700	10,181,341
Primary Government				
Net Investment in Capital Assets	110,731,902	116,399,399	117,373,466	116,488,078
Restricted	3,753,784	1,647,970	2,051,851	1,699,491
Unrestricted	10,242,756	(5,216,651)	(5,329,929)	(2,449,453)
Total Primary Government Net Position	124,728,442	112,830,718	114,095,388	115,738,116

* Accrual Basis of Accounting

Data Source: Audited Financial Statements

2011	2012	2013	2014	2015	2016
111,771,420	113,811,130	114,849,845	117,346,244	121,051,207	123,131,275
2,767,336	1,437,541	1,281,794	1,226,505	1,084,594	1,388,890
(7,515,610)	(2,230,163)	2,456,900	5,192,234	(62,359,303)	(68,600,811)
107,023,146	113,018,508	118,588,539	123,764,983	59,776,498	55,919,354
8,449,043	8,343,385	8,429,963	8,847,435	10,554,431	12,601,433
2,942,316	4,417,081	5,255,511	6,089,240	4,637,392	2,515,984
11,391,359	12,760,466	13,685,474	14,936,675	15,191,823	15,117,417
120,220,463	122,154,515	123,279,808	126,193,679	131,605,638	135,732,708
2,767,336	1,437,541	1,281,794	1,226,505	1,084,594	1,388,890
(4,573,294)	2,186,918	7,712,411	11,281,474	(57,721,911)	(66,084,827)
118,414,505	125,778,974	132,274,013	138,701,658	74,968,321	71,036,771

CITY OF ROLLING MEADOWS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)

	2007	2008	2009	2010**	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	4,721,609	5,050,686	5,142,807	3,866,996	4,235,018	2,551,436	1,884,228	1,978,376	4,710,309	929,813
Public Safety	19,927,423	20,450,625	18,504,150	17,950,149	19,535,204	19,817,544	21,310,555	21,718,054	30,989,615	33,691,854
Highways and Streets	4,476,613	2,639,761	1,063,134	673,460	1,136,370	1,201,640	1,271,488	993,051	1,019,272	1,013,213
Public Works	2,246,108	4,155,140	3,449,304	5,708,281	3,948,420	3,692,206	3,929,719	4,478,722	4,209,525	4,498,849
Health and Welfare	103,638	25,680	30,071	23,721	9,537	9,879	10,481	10,352	4,797	4,370
Economic Development	122,229	251,734	62,322	32,982	42,130	129,036	59,851	65,738	72,945	159,407
Interest on Long-Term Debt	922,866	1,050,211	913,918	825,026	752,459	670,105	512,086	412,711	346,695	283,878
Total Governmental Activities Expenses	32,520,486	33,623,837	29,165,706	29,080,615	29,659,138	28,071,846	28,978,408	29,657,004	41,353,158	40,581,384
Business-Type Activities										
Water	4,768,120	4,772,997	4,859,697	-	-	-	-	-	-	-
Sewer	1,251,397	1,178,925	1,305,382	-	-	-	-	-	-	-
Refuse	2,381,456	2,488,338	2,471,363	2,543,279	2,291,402	2,224,955	1,980,584	2,120,696	2,188,956	2,349,984
Storm Water Management	508,623	603,328	476,415	-	-	-	-	-	-	-
Street Light Utility	91,310	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	6,432,610	6,740,808	7,735,312	8,178,445	8,557,359	9,443,330	10,425,577
Total Business-Type Activities Expenses	9,000,906	9,043,588	9,112,857	8,975,889	9,032,210	9,960,267	10,159,029	10,678,055	11,632,266	12,775,561
Total Primary Government Expenses	41,521,392	42,667,425	38,278,563	38,056,504	38,691,348	38,032,113	39,137,437	40,335,059	52,985,424	53,356,945
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	3,641,078	2,862,046	2,409,957	2,235,239	2,292,373	2,759,018	2,744,240	2,949,559	4,422,436	3,482,990
Public Safety	1,830,923	1,680,285	2,227,513	2,278,235	1,935,468	2,010,026	2,098,685	2,088,946	2,398,343	2,215,543
Highways and Streets	-	367,344	377,951	379,500	376,565	440,191	502,194	494,121	492,658	484,226
Public Works	-	40,000	-	-	-	-	-	-	-	-
Operating Grants/Contributions	56,871	131,846	87,436	129,711	115,719	89,572	45,133	34,668	131,706	26,655
Capital Grants/Contributions	1,004,163	862,720	868,063	743,796	1,068,261	1,981,230	1,641,349	1,620,109	1,584,544	1,129,271
Total Governmental Activities Program Revenues	6,533,035	5,944,241	5,970,920	5,766,481	5,788,386	7,280,037	7,031,601	7,187,403	9,029,687	7,338,685
Business-Type Activities										
Charges for Services										
Water	3,917,773	4,580,044	5,428,887	-	-	-	-	-	-	-
Sewer	1,277,885	1,576,209	1,663,771	-	-	-	-	-	-	-
Refuse	2,281,387	2,525,528	2,481,918	2,441,652	2,550,654	2,489,843	2,182,624	2,289,293	2,211,095	2,198,818
Storm Water Management	493,815	520,222	895,935	-	-	-	-	-	-	-
Street Light Utility	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	7,971,358	7,690,989	8,926,344	8,900,389	9,638,533	9,946,864	10,600,582
Capital Grants/Contributions	-	813,878	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	7,970,860	10,015,881	10,470,511	10,413,010	10,241,643	11,416,187	11,083,013	11,927,826	12,157,959	12,799,400
Total Primary Government Program Revenues	14,503,895	15,960,122	16,441,431	16,179,491	16,030,029	18,696,224	18,114,614	19,115,229	21,187,646	20,138,085

	2007	2008	2009	2010**	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental Activities	\$ (25,987,451)	(27,679,596)	(23,194,786)	(23,314,134)	(23,870,752)	(20,791,809)	(21,946,807)	(22,469,601)	(32,323,471)	(33,242,699)
Business-Type Activities	(1,030,046)	972,293	1,357,654	1,437,121	1,209,433	1,455,920	923,984	1,249,771	525,693	23,839
Total Primary Government Net (Expense) Revenue	(27,017,497)	(26,707,303)	(21,837,132)	(21,877,013)	(22,661,319)	(19,335,889)	(21,022,823)	(21,219,830)	(31,797,778)	(33,218,860)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	9,308,152	8,532,810	9,112,215	10,548,012	11,826,132	12,794,326	13,212,272	13,185,352	13,330,729	13,352,220
Sales and Home Rule	5,878,245	5,612,900	5,115,760	4,726,022	4,930,575	5,127,489	5,287,152	5,725,672	5,696,766	6,332,653
Telecommunications Taxes	2,047,648	2,038,337	2,075,334	1,846,728	1,936,227	1,845,387	1,705,124	1,489,622	1,691,483	1,405,592
Electric Utility	-	-	1,301,016	1,310,453	1,295,918	1,298,887	1,314,755	1,318,396	1,291,072	1,285,380
Hotel	265,716	451,898	288,634	289,076	333,374	389,212	399,218	466,914	476,594	459,967
Food and Beverage	1,339,008	1,293,970	1,221,391	1,216,961	1,212,122	1,176,218	1,166,430	1,219,330	1,286,438	1,337,145
Real Estate Transfer	386,091	269,663	191,259	174,819	153,688	239,865	638,306	433,172	505,464	599,679
Income	2,196,417	2,326,382	1,999,825	1,923,695	1,915,788	2,136,575	2,323,902	2,282,225	2,605,804	2,315,210
Replacement	303,772	207,587	177,371	194,281	181,680	175,462	201,091	194,283	179,585	191,939
Other Taxes	605,793	1,181,778	918,055	783,518	802,280	840,015	905,187	952,161	1,020,476	943,578
Interest	261,614	61,928	4,572	3,736	8,471	12,070	12,125	(36,478)	17,131	54,407
Miscellaneous	612,121	1,174,766	696,661	508,518	740,868	664,470	351,276	415,396	713,424	907,785
Gain (Loss) on Sale of Capital Assets	(4,137)	-	-	-	-	-	-	-	-	-
Transfers	700,644	(490,990)	404,714	56,402	-	87,195	-	-	-	200,000
Total Governmental Activities	23,901,084	22,661,029	23,506,807	23,582,221	25,337,123	26,787,171	27,516,838	27,646,045	28,814,966	29,385,555
Business-Type Activities										
Interest	(25,828)	32,658	13,400	(6,078)	585	382	1,024	1,430	20,876	101,755
Miscellaneous	88,161	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	(399,863)	490,990	(404,714)	(56,402)	-	(87,195)	-	-	-	(200,000)
Total Business-Type Activities	(337,530)	523,648	(391,314)	(62,480)	585	(86,813)	1,024	1,430	20,876	(98,245)
Total Primary Government	23,563,554	23,184,677	23,115,493	23,519,741	25,337,708	26,700,358	27,517,862	27,647,475	28,835,842	29,287,310
Changes in Net Position										
Governmental Activities	(2,086,367)	(5,018,567)	312,021	268,087	1,466,371	5,995,362	5,570,031	5,176,444	(3,508,505)	(3,857,144)
Business-Type Activities	(1,367,576)	1,495,941	966,340	1,374,641	1,210,018	1,369,107	925,008	1,251,201	546,569	(74,406)
Total Primary Government	(3,453,943)	(3,522,626)	1,278,361	1,642,728	2,676,389	7,364,469	6,495,039	6,427,645	(2,961,936)	(3,931,550)

* Accrual Basis of Accounting
** For the year ended December 31, 2010, the City condensed Water, Sewer, and Stormwater Management into one Fund, the Utilities Fund.
Data Source: Audited Financial Statements

CITY OF ROLLING MEADOWS, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)**

	2007	2008	2009
General Fund			
Reserved	\$ 23,280	885,176	31,143
Unreserved	(558,108)	(3,259,880)	(755,684)
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total General Fund	<u>(534,828)</u>	<u>(2,374,704)</u>	<u>(724,541)</u>
All Other Governmental Funds			
Reserved	406,996	3,083	39,266
Unreserved, Reported in,			
Special Revenue Funds	1,880,821	1,632,220	1,558,533
Debt Service Funds	(94,750)	(202,957)	944,481
Capital Projects Funds	1,394,085	759,234	2,143,972
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total All Other Governmental Funds	<u>3,587,152</u>	<u>2,191,580</u>	<u>4,686,252</u>
Total Fund Balances of All Governmental Funds	<u>3,052,324</u>	<u>(183,124)</u>	<u>3,961,711</u>

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

Note:

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

2010	2011	2012	2013	2014	2015	2016
38,662	-	-	-	-	-	-
(276,386)	-	-	-	-	-	-
-	17,154	42,584	26,407	44,792	44,788	41,146
-	-	-	-	-	-	52,835
-	-	-	-	421,452	521,452	721,452
-	-	-	-	-	1,221,683	1,000,000
-	1,835,647	4,203,793	6,076,910	7,565,662	9,671,128	10,113,617
(237,724)	1,852,801	4,246,377	6,103,317	8,031,906	11,459,051	11,929,050
-	-	-	-	-	-	-
1,890,239	-	-	-	-	-	-
733,690	-	-	-	-	-	-
2,000,606	-	-	-	-	-	-
-	43,704	34,615	9,987	2,677	35,126	35,331
-	2,767,336	1,437,541	1,283,172	1,234,222	1,090,277	1,454,780
-	394,257	756,176	1,147,248	488,579	313,560	1,112,349
-	(1,577,366)	(1,194,218)	(890,492)	(1,020,387)	(1,147,851)	(1,416,954)
4,624,535	1,627,931	1,034,114	1,549,915	705,091	291,112	1,185,506
4,386,811	3,480,732	5,280,491	7,653,232	8,736,997	11,750,163	13,114,556

CITY OF ROLLING MEADOWS, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)**

	2007	2008	2009
Revenues			
Taxes	\$ 18,308,907	19,016,882	19,937,896
Intergovernmental	4,021,047	3,933,009	3,788,179
Licenses and Permits	1,010,634	1,017,538	1,153,258
Charges for Services	2,996,532	2,872,146	2,437,206
Fines and Forfeitures	618,072	1,019,991	1,055,241
Interest	190,513	26,760	3,244
Miscellaneous	407,520	1,174,766	696,661
Total Revenues	27,553,225	29,061,092	29,071,685
Expenditures			
General Government	4,176,068	4,225,872	3,541,481
Public Safety	17,700,593	19,222,960	17,272,340
Highways and Streets	1,376,631	1,997,103	586,396
Public Works	2,817,057	2,128,901	2,545,694
Health and Welfare	23,013	25,680	30,071
Economic Development	119,358	251,734	62,322
Capital Outlay	2,356,659	1,670,995	995,943
Debt Service			
Principal Retirement	1,535,000	1,474,744	1,639,923
Interest	944,177	892,309	890,602
Total Expenditures	31,048,556	31,890,298	27,564,772
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,495,331)	(2,829,206)	1,506,913
Other Financing Sources (Uses)			
Disposal of Capital Assets	7,040	851	1,258
Debt Issuance	-	83,897	1,315,000
Premium/Discount on Debt Issuance	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	2,093,122	2,977,970	3,288,518
Transfers Out	(4,275,361)	(3,468,960)	(3,182,211)
Total Other Financing Sources (Uses)	(2,175,199)	(406,242)	1,422,565
Net Change in Fund Balances	(5,670,530)	(3,235,448)	2,929,478
Debt Service as a Percentage of Noncapital Expenditures	8.6%	7.71%	9.36%

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

2010	2011	2012	2013	2014	2015	2016
20,571,562	22,139,213	23,327,064	24,194,556	24,319,808	24,763,044	25,130,858
3,385,015	3,632,551	4,767,174	4,645,363	4,602,096	5,037,617	4,248,431
1,164,750	1,337,517	1,504,274	1,387,226	1,549,965	2,743,938	1,906,181
2,210,123	2,070,328	2,433,701	2,609,891	2,615,701	2,972,949	2,926,258
1,448,596	1,196,561	1,271,260	1,348,002	1,366,960	1,596,550	1,350,320
3,656	7,758	11,033	10,590	(37,604)	16,965	53,648
508,518	740,868	664,470	351,276	415,396	713,424	907,785
29,292,220	31,124,796	33,978,976	34,546,904	34,832,322	37,844,487	36,523,481
3,512,882	3,357,499	4,042,299	3,564,299	4,062,109	4,320,711	4,039,414
18,731,524	19,269,706	20,259,585	21,237,148	21,688,294	21,970,277	23,764,984
673,460	1,136,370	1,201,640	1,271,488	993,051	1,019,272	1,013,213
2,668,228	2,417,384	2,136,425	2,256,611	2,400,591	2,336,042	2,287,326
23,721	9,537	9,879	10,481	10,352	4,797	4,370
32,982	42,130	129,036	59,851	65,738	72,945	159,407
1,114,952	2,062,621	1,948,992	1,187,260	1,986,357	2,666,447	1,661,489
3,007,460	2,972,170	1,926,880	2,101,590	2,166,300	2,230,830	2,275,720
837,422	765,130	615,941	457,492	381,365	315,000	253,165
30,602,631	32,032,547	32,270,677	32,146,220	33,754,157	34,936,321	35,459,088
(1,310,411)	(907,751)	1,708,299	2,400,684	1,078,165	2,908,166	1,064,393
10,456	1,672	763	539	600	-	-
1,200,000	-	8,265,000	2,055,000	-	-	-
-	-	5,791	-	-	-	-
-	-	(8,267,289)	(2,033,165)	-	-	-
2,712,782	1,412,903	961,494	1,698,570	1,712,967	1,700,724	2,997,575
(1,656,380)	(1,412,903)	(874,299)	(1,748,887)	(1,707,967)	(1,595,724)	(2,697,575)
2,266,858	1,672	91,460	(27,943)	5,600	105,000	300,000
956,447	(906,079)	1,799,759	2,372,741	1,083,765	3,013,166	1,364,393
12.96%	12.54%	8.46%	8.41%	7.97%	7.87%	7.40%

CITY OF ROLLING MEADOWS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
December 31, 2016 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property
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	-
2012	441,318,353	259,333,247	135,360,243	-
2013	369,772,380	252,591,816	100,770,099	-
2014	394,371,663	254,681,126	81,117,603	-
2015	382,895,892	242,324,603	78,686,402	-

Data Source: Office of the Cook County Clerk

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

Total Taxable Assessed Value	% Increase/ Decrease	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
\$ 965,178,443	0.64%	\$ 2,895,535,329	33.33%	1.054
1,085,113,672	12.43%	3,255,341,016	33.33%	1.025
1,152,685,356	6.23%	3,458,056,068	33.33%	1.019
1,146,153,220	-0.57%	3,438,459,660	33.33%	1.158
1,003,838,180	-12.42%	3,011,514,540	33.33%	1.416
906,793,995	-9.67%	2,720,381,985	33.33%	1.706
836,011,843	-7.81%	2,508,035,529	33.33%	1.918
723,134,295	-13.50%	2,169,402,885	33.33%	2.200
730,170,392	0.97%	2,190,511,176	33.33%	2.187
703,906,897	-3.60%	2,111,720,691	33.33%	2.362

CITY OF ROLLING MEADOWS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years

Elk Grove Township

December 31, 2016 (Unaudited)

	2006	2007	2008
City Direct Rates			
General	\$ 0.473	0.473	0.428
Debt Service	0.139	0.139	0.124
Pension Trust			
Police Pension	0.055	0.055	0.089
Firefighters' Pension	0.056	0.056	0.089
Total City Direct Rates	<u>0.723</u>	<u>0.723</u>	<u>0.730</u>
Component Unit - Library Direct Rate	<u>0.331</u>	<u>0.302</u>	<u>0.289</u>
Total City Direct Rate	<u>1.054</u>	<u>1.025</u>	<u>1.019</u>
Overlapping Rates - Elk Grove Township			
Cook County	0.500	0.446	0.415
Forest Preserve District	0.057	0.053	0.051
Suburban Tuberculosis Sanitarium	0.005	-	-
Metropolitan Sanitary District	0.284	0.263	0.252
Northwest Mosquito Abatement	0.009	0.008	0.008
Consolidated Elections	-	0.012	-
Elk Grove			
Town	0.044	0.040	0.041
Road and Bridge	0.009	0.009	0.009
General Assistance	0.009	0.008	0.009
School Districts			
School District Number 15	2.763	2.435	2.385
High School District Number 214	1.823	1.621	1.587
Community College District Number 512	0.288	0.260	0.256
Rolling Meadows Park District	<u>0.449</u>	<u>0.418</u>	<u>0.411</u>
Total Overlapping Rates - Elk Grove Township	<u>6.240</u>	<u>5.573</u>	<u>5.424</u>
Total Direct and Overlapping Rates	<u><u>7.294</u></u>	<u><u>6.598</u></u>	<u><u>6.443</u></u>

Data Source: Office of the County Clerk

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

2009	2010	2011	2012	2013	2014	2015
0.445	0.507	0.649	0.703	0.812	0.790	0.833
0.124	0.142	0.157	0.168	0.193	0.189	0.191
0.139	0.209	0.257	0.295	0.353	0.355	0.411
0.141	0.206	0.254	0.318	0.379	0.384	0.436
0.849	1.064	1.317	1.484	1.737	1.718	1.870
0.309	0.352	0.389	0.434	0.463	0.469	0.493
1.158	1.416	1.706	1.918	2.200	2.187	2.362
0.394	0.423	0.462	0.531	0.560	0.568	0.552
0.490	0.051	0.058	0.063	0.069	0.069	0.069
-	-	0.025	-	-	-	-
0.261	0.274	0.320	0.370	0.417	0.430	0.426
0.008	0.009	0.010	0.011	0.013	0.013	0.011
0.021	-	-	-	0.031	-	0.03
0.044	0.049	0.056	0.064	0.077	0.076	0.078
0.010	0.010	0.013	0.014	0.017	0.018	0.018
0.010	0.010	0.012	0.014	0.017	0.017	0.017
2.307	2.512	2.943	3.269	3.849	3.868	4.035
1.636	1.839	2.067	2.324	2.768	2.776	2.881
0.258	0.295	0.334	0.373	0.444	0.451	0.466
0.420	0.486	0.546	0.607	0.709	0.711	0.749
5.859	5.958	6.846	7.640	8.971	8.997	9.336
7.017	7.374	8.552	9.558	11.171	11.184	11.698

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
Palatine Township (High School District 211)
December 31, 2016 (Unaudited)**

	2006	2007	2008
City Direct Rates			
General	\$ 0.473	0.473	0.428
Debt Service	0.139	0.139	0.124
Pension Trust			
Police Pension	0.055	0.055	0.089
Firefighters' Pension	0.056	0.056	0.089
Total City Direct Rates	0.723	0.723	0.730
Component Unit - Library Direct Rate	0.331	0.302	0.289
Total City Direct Rate	1.054	1.025	1.019
Overlapping Rates - Palatine Township			
Cook County	0.500	0.446	0.415
Forest Preserve District	0.057	0.053	0.051
Suburban Tuberculosis Sanitarium	0.005	-	-
Water Reclamation District	0.284	0.263	0.252
Northwest Mosquito Abatement	0.009	0.008	0.008
Consolidated Elections	-	0.012	-
Palatine			
Town	0.039	0.035	0.035
Road and Bridge	0.072	0.064	0.063
General Assistance	0.009	0.008	0.008
School Districts			
School District Number 15	2.763	2.435	2.385
High School District Number 211	2.261	1.972	1.928
Community College District Number 512	0.288	0.260	0.256
Rolling Meadows Park District	0.449	0.418	0.411
Total Overlapping Rates - Palatine Township	6.736	5.974	5.812
Total Direct and Overlapping Rates	7.790	6.999	6.831

Data Source: Office of the County Clerk

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

2009	2010	2011	2012	2013	2014	2015
0.445	0.507	0.648	0.703	0.812	0.790	0.833
0.124	0.142	0.157	0.168	0.193	0.189	0.191
0.139	0.209	0.257	0.295	0.353	0.355	0.411
0.141	0.206	0.254	0.318	0.379	0.384	0.436
0.849	1.065	1.317	1.484	1.737	1.718	1.870
0.309	0.352	0.389	0.434	0.463	0.469	0.493
1.158	1.417	1.706	1.918	2.200	2.187	2.362
0.394	0.423	0.462	0.531	0.560	0.568	0.552
0.490	0.051	0.058	0.063	0.069	0.069	0.069
-	-	-	-	-	-	-
0.261	0.274	0.320	0.370	0.417	0.430	0.426
0.008	0.009	0.010	0.011	0.013	0.013	0.011
0.021	-	-	-	0.031	-	0.034
0.034	0.041	0.044	0.049	0.058	0.059	0.063
0.061	0.070	0.079	0.082	0.092	0.090	0.092
0.008	0.009	0.012	0.014	0.017	0.017	0.018
2.307	2.512	2.943	3.269	3.849	3.868	4.035
1.916	2.200	2.482	2.772	3.197	3.213	3.309
0.258	0.295	0.334	0.373	0.444	0.451	0.466
0.420	0.486	0.546	0.607	0.709	0.711	0.749
6.178	6.370	7.290	8.141	9.456	9.489	9.824
7.336	7.787	8.996	10.059	11.656	11.676	12.186

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
Palatine Township (High School District 214)
December 31, 2016 (Unaudited)**

	2006	2007	2008
City Direct Rates			
General	\$ 0.473	0.473	0.428
Debt Service	0.139	0.139	0.124
Pension Trust			
Police Pension	0.055	0.055	0.089
Firefighters' Pension	0.056	0.056	0.089
Total City Direct Rates	0.723	0.723	0.730
Component Unit - Library Direct Rate	0.331	0.302	0.298
Total City Direct Rate	1.054	1.025	1.028
Overlapping Rates - Palatine Township			
Cook County	0.500	0.446	0.415
Forest Preserve District	0.057	0.053	0.051
Suburban Tuberculosis Sanitarium	0.005	-	-
Water Reclamation District	0.284	0.263	0.252
Northwest Mosquito Abatement	0.009	0.008	0.008
Consolidated Elections	-	0.012	-
Palatine			
Town	0.039	0.035	0.035
Road and Bridge	0.072	0.064	0.063
General Assistance	0.009	0.008	0.008
School Districts			
School District Number 15	2.763	2.435	2.385
High School District Number 214	1.823	1.621	1.587
Community College District Number 512	0.288	0.260	0.256
Rolling Meadows Park District	0.449	-	0.411
Total Overlapping Rates - Palatine Township	6.298	5.205	5.471
Total Direct and Overlapping Rates	7.352	6.230	6.499

Data Source: Office of the County Clerk

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

2009	2010	2011	2012	2013	2014	2015
0.445	0.507	0.648	0.703	0.812	0.790	0.833
0.124	0.142	0.157	0.168	0.193	0.189	0.191
0.139	0.209	0.257	0.295	0.353	0.355	0.411
0.141	0.206	0.254	0.318	0.379	0.384	0.436
0.849	1.065	1.317	1.484	1.737	1.718	1.870
0.309	0.352	0.389	0.434	0.463	0.469	0.493
1.158	1.417	1.706	1.918	2.200	2.187	2.362
0.394	0.423	0.462	0.531	0.560	0.568	0.552
0.049	0.051	0.028	0.063	0.069	0.069	0.069
-	-	-	-	-	-	-
0.261	0.274	0.320	0.370	0.417	0.430	0.426
0.008	0.009	0.010	0.011	0.013	0.013	0.011
0.021	-	0.025	-	0.031	-	0.034
0.034	0.041	0.044	0.049	0.058	0.059	0.063
0.061	0.070	0.079	0.082	0.092	0.090	0.092
0.008	0.009	0.012	0.014	0.017	0.017	0.018
2.307	2.512	2.943	3.269	3.849	3.868	4.035
1.636	1.839	2.067	2.324	2.768	2.776	2.881
0.256	0.295	0.334	0.373	0.444	0.451	0.466
0.420	0.486	0.546	0.607	0.709	0.711	0.749
5.455	6.009	6.870	7.693	9.027	9.052	9.396
6.613	7.426	8.576	9.611	11.227	11.239	11.758

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago
December 31, 2016 (Unaudited)**

Taxpayer	2015 Tax Levy Year			2007 Tax Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WSC GSP CT Holdings/1701 Golf Rd	\$ 10,465,906	1	1.49%			
Atrium Corp. Center LLC	6,249,998	2	0.89%			
Northrop Grumman Systems	6,121,671	3	0.87%	\$ 9,859,192	2	1.02%
Walmart Stores	4,078,347	4	0.58%	8,372,338	4	0.87%
YPI 1600 Corporate Center	3,831,232	5	0.54%			
Woodfield Crossing	3,515,411	6	0.50%			
Arthur J Gallagher	3,356,246	7	0.48%			
Marc Realty	3,091,975	8	0.44%	7,054,909	5	0.73%
Meijer Stores	3,049,997	9	0.43%	4,780,396	7	0.50%
Buck Management	2,950,255	10	0.42%			
Prime Group Realty				23,757,988	1	2.46%
3201 Tollview				8,654,799	3	0.90%
12 Oaks Realty/Management Office				6,274,525	6	0.65%
Rolling Meadows Delaware				4,734,692	8	0.49%
Tower Realty				4,674,538	9	0.48%
Crossroads 3501/Lincoln Atrium Mgnt				4,482,848	10	0.46%
Total	46,711,038		6.64%	82,646,225		8.56%

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

CITY OF ROLLING MEADOWS, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2016 (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
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%	(2,868)	10,478,733	98.01%
2012	2011	11,939,545	11,565,351	96.87%	(76,090)	11,489,261	96.23%
2013	2012	12,393,762	12,006,864	96.88%	(173,168)	11,833,696	95.48%
2014	2013	12,559,428	12,374,321	98.53%	11,319	12,385,640	98.62%
2015	2014	12,546,303	12,294,644	97.99%	(170,334)	12,124,310	96.64%
2016	2015	13,160,870	12,938,003	98.31%	-	12,938,003	98.31%

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, 2016 (Unaudited)**

Fiscal Year	2007	2008	2009	2010
General Merchandise	\$ 60,275,753	59,529,361	60,495,368	39,328,192
Food	15,001,571	11,690,306	11,157,166	9,916,455
Drinking and Eating Places	48,936,206	48,805,003	44,742,470	42,917,114
Apparel	3,405,336	2,521,712	2,522,896	2,443,133
Furniture and H.H. and Radio	7,218,336	7,372,794	6,164,965	5,862,267
Lumber, Building, Hardware	2,715,061	2,697,156	1,205,151	1,186,241
Automobile and Filling Stations	65,703,526	46,737,476	45,088,883	52,407,264
Drugs and Misc. Retail	16,190,972	13,493,447	12,878,726	12,343,741
Agriculture and All Others	32,404,576	30,093,783	20,523,263	23,267,418
Manufacturers	8,463,314	9,521,908	6,873,845	6,851,196
Total	260,314,651	232,462,946	211,652,733	196,523,021
Local Sales Tax Rate	2.00%	2.00%	2.00%	2.00%
Total Sales Tax Rate	8.75%	10.00%	10.00%	9.50%

Data Source: Illinois Department of Revenue

2011	2012	2013	2014	2015	2016
28,167,711	37,623,908	36,328,755	60,335,714	59,296,321	49,435,476
9,785,079	9,011,588	8,723,269	9,890,112	9,118,952	7,470,631
43,795,249	51,400,943	49,940,617	50,610,022	55,103,777	48,756,038
11,089,518	1,610,968	1,088,969	346,145	46,913	60,881
6,649,299	8,020,244	8,972,718	9,640,245	8,940,544	4,877,923
794,665	710,119	1,128,473	1,374,305	2,535,015	2,113,695
64,965,950	66,092,838	67,697,225	39,460,442	41,794,477	32,872,344
12,821,333	14,548,096	16,448,533	17,298,321	18,327,253	15,052,532
24,719,294	21,716,579	20,689,436	31,126,523	37,164,473	40,386,830
2,831,417	5,460,129	12,305,693	23,661,044	11,994,220	28,418,044
205,619,515	216,195,412	223,323,688	243,742,873	244,321,945	229,444,394
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
9.25%	9.00%	9.00%	9.00%	9.00%	10.00%

CITY OF ROLLING MEADOWS, ILLINOIS

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years
December 31, 2016 (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
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%
2013	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2014	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2015	5.25%	1.00%	1.00%	1.00%	0.75%	9.00%
2016	6.25%	1.00%	1.00%	1.00%	0.75%	10.00%

Data Source: Illinois Department of Revenue

CITY OF ROLLING MEADOWS, ILLINOIS

**Local Tax Revenues - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

Fiscal Year	State Sales Tax	Home Rule Sales Tax	Telecom Tax	Electric Utility Tax (A)	Food & Beverage	Hotel Tax (B)	Real Estate Transfer Tax
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
2013	3,075,929	2,211,223	1,705,124	1,314,755	1,166,430	399,218	638,306
2014	3,318,967	2,406,705	1,489,622	1,318,396	1,219,330	466,914	433,172
2015	3,354,233	2,342,533	1,691,483	1,291,072	1,286,438	476,594	505,464
2016	3,665,593	2,667,060	1,405,592	1,285,380	1,337,145	459,967	599,679

Data Source: City of Rolling Meadows CAFR

N/A - Not Available

Notes:

(A) Electric Utility Tax was implemented in 2009.

(B) Hotel Tax rate increased from 5% to 8% in 2008.

CITY OF ROLLING MEADOWS, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2016 (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			
2007	\$ 24,030,000	\$ 537,286	\$ 3,550,000	\$ -	\$ 28,117,286	6.68%	\$ 1,058
2008	22,404,048	556,387	3,310,952	-	26,271,387	6.08%	1,143
2009	20,721,298	471,887	3,053,702	-	24,246,887	5.70%	1,068
2010	18,968,838	390,505	2,786,162	-	22,145,505	6.12%	900
2011	17,131,668	284,713	2,508,332	-	19,924,713	4.74%	922
2012	15,474,788	234,172	2,230,212	1,029,074	18,968,246	4.34%	787
2013	13,348,198	191,232	1,896,802	2,434,046	17,870,278	3.89%	742
2014	11,181,898	-	1,558,102	2,586,404	15,326,404	3.18%	636
2015	8,951,068	-	1,218,932	2,480,774	12,650,774	2.61%	525
2016	6,675,348	-	859,652	2,368,030	9,903,030	1.92%	401

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, 2016 (Unaudited)**

Fiscal Year	General Obligation Bonds	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2007	\$ 27,580,000	2.71%	\$ 1,121
2008	25,715,000	2.86%	1,045
2009	23,775,000	2.06%	966
2010	21,755,000	1.90%	903
2011	19,640,000	1.96%	815
2012	17,705,000	1.95%	735
2013	15,245,000	1.82%	633
2014	12,740,000	1.76%	529
2015	10,170,000	1.39%	422
2016	7,535,000	1.07%	305

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, 2016 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to City (1)	City's Share of Debt
City Direct Debt	\$ 7,535,000	100.00%	\$ 7,535,000
Overlapping Debt			
County of Cook	3,471,016,750	0.59%	20,478,999
Cook County Forest Preserve	168,670,000	0.59%	995,153
Metropolitan Water Reclamation District	2,932,485,000	0.60%	17,594,910
Arlington Heights Park District	15,335,000	0.18%	27,603
Palatine Park District	16,890,000	5.97%	1,008,333
Rolling Meadows Park District	3,255,000	89.27%	2,905,739
Schaumburg Park District	17,545,000	0.20%	35,090
Community Consolidated School District No. 15	45,848,910	20.79%	9,531,988
Community Consolidated School District No. 59	18,005,000	1.76%	316,888
Township High School District 211	6,230,000	4.34%	270,382
Township High School District 214	41,305,000	5.96%	2,461,778
Harper College Comm College District No. 512	161,926,272	6.45%	10,444,245
Total Overlapping Debt	6,898,511,932		66,071,107
Total Direct and Overlapping Debt	6,906,046,932		73,606,107

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, 2016 (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, 2016 (Unaudited)**

Fiscal Year	(1) Population	(4) Personal Income (in Thousands)	(1) Per Capita Personal Income	(5) Median Age	(1) Percent High School Graduate or Higher %	(2) School Enrollment	(3) Unemployment Rate
2007	24,604	\$ 421,143	\$ 26,178	34.4	N/A	5,142	3.80%
2008	24,604	431,795	26,178	34.4	N/A	4,818	5.10%
2009	24,604	425,178	26,178	34.4	N/A	4,167	10.00%
2010	24,099	361,800	26,178	34.4	N/A	4,392	10.10%
2011	24,099	420,051	30,678	34.2	N/A	5,196	9.90%
2012	24,099	436,998	30,678	37.5	86.3	5,032	8.90%
2013	24,099	459,981	30,919	35.3	85.4	5,703	9.20%
2014	24,099	482,206	28,813	37.0	84.9	5,646	6.40%
2015	24,099	484,322	29,331	36.6	85.6	5,258	6.70%
2016	24,667	514,662	32,238	37.2	85.4	5,513	5.90%

Data Sources:

(1) U.S. Census Factfinder

(2) Data provided by School District

(3) Illinois Dept of Employment Security, Economic Information and Analysis Figures for years through 2009 are for the Chicago Metropolitan Area. For 2010, a smaller, more relative, demographic area was chosen, Illinois WorkZone 7.

(4) U.S. Bureau of Economic Analysis/Metropolitan Area

(5) www.bestplaces.net/economy/city/illinois

* For year 2016, category was changed from "Education Level in Years of Schooling" due to lack of data available.

N/A - Data is not available

CITY OF ROLLING MEADOWS, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2016 (Unaudited)**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northrop Defense Systems	2,200	1	9.9%	2,200	1	9.5%
Arthur J Gallagher	2,000	2	9.0%			
Capital One	1,400	3	6.3%			
Verizon Wireless	900	4	4.0%			
Cennate	750	5	3.4%			
Komatsu	350	6	1.6%	300	8	1.3%
RTC	350	7	1.6%			
Aurico Reports LLC	330	8	1.5%			
Meijer	300	9	1.3%	400	3	1.7%
A.H. Management Group	273	10	1.2%	330	6	1.4%
City Resident Lending/Argent Mortgage				500	2	2.2%
Harris Bank				350	4	1.5%
Fifth Third Bank				340	5	1.5%
Riverside Publishing				320	7	1.4%
Countrywide				265	9	1.2%
Kimball Hill Homes				220	10	1.0%
	<u>8,853</u>		<u>39.7%</u>	<u>5,225</u>		<u>22.7%</u>

Data Source:
Rolling Meadows Chamber of Commerce
February 2017 data

CAFR 2007 data based on 23,041 employees
2016 data from US Census Bureau Zip Code Business Patterns (NAICS) 2015 report of 22,303 employees

CITY OF ROLLING MEADOWS, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	2007	2008	2009
Full-Time			
General Government			
Management	8	8	7
Finance	8	8	6
Community Development	9	9	8
Public Safety			
Police			
Officers	54	56	52
Civilians	27	27	13
Fire			
Firefighters and Officers	46	49	42
Civilians	2	2	-
Public Works			
Administration	5	5	4
Engineering/Inspections	5	3	2
Streets and Grounds	14	14	16
Utilities and Garage	20	20	16
Part-Time			
General Government			
Management	-	-	1
Finance	2	2	3
Community Development	3	2	1
Public Safety			
Police	20	25	7
Fire	-	1	1
Public Works			
Streets and Grounds	2	2	1
Utilities	3	1	2

Data Source: City Human Resources and Budget Departments

2010	2011	2012	2013	2014	2015	2016
7	6	7	7	6	8	8
4	4	4	4	4	5	5
8	8	8	8	7	9	8
51	48	49	49	49	49	50
9	8	8	9	8	6	7
44	44	43	43	44	44	42
-	-	1	1	1	1	1
4	4	4	4	5	5	5
2	1	-	-	-	-	-
16	15	14	15	14	14	15
15	15	15	16	17	14	17
1	2	2	2	1	1	1
3	3	3	3	3	3	3
1	1	1	1	2	-	-
9	12	12	10	13	14	13
1	-	-	-	-	-	-
-	-	-	-	-	2	1
3	4	2	-	-	1	2

CITY OF ROLLING MEADOWS, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	2007	2008	2009
Public Safety			
Police			
Physical Arrests	1,043	921	510
Parking Violations	3,418	4,795	3,066
Traffic Violations	5,731	5,364	5,906
Fire			
Emergency Responses	1,976	2,282	2,204
Fire Calls	1,019	1,148	1,093
Fires Extinguished	N/A	N/A	N/A
Public Works			
Street Resurfacing (Miles)	0.77	0.95	-
Snow and Ice Control (Tons of Salt)	2,500	3,000	1,476
Water			
Number of Water Main Repairs	41	53	51
Water Average Daily Consumption (Thousands of Gallons)	2,487	2,616	2,692
Refuse Collection			
Refuse Collected (Tons per Day)	25	22	27
Recyclables Collected (Tons per Day)	9	10	10

Data Source: Various City Departments

N/A - Not Available

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

2010	2011	2012	2013	2014	2015	2016
456	921	812	861	871	678	692
3,469	6,165	6,198	6,494	4,983	2,281	2,220
5,947	4,665	3,591	3,688	3,069	3,999	4,241
3,599	3,487	3,507	3,589	3,535	3,787	3,991
1,097	1,196	1,070	1,181	1,280	1,096	1,141
42	41	53	54	54	42	43
1.60	1.36	0.07	0.75	0.91	1.00	1.52
1,668	678	1,301	2,078	1,420	1,408	952
58	54	61	69	52	66	46
2,300	1,871	2,173	2,037	2,006	1,944	1,928
19	19	18	10	18	19	20
9	10	9	11	9	9	9

CITY OF ROLLING MEADOWS, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	2007	2008	2009
Public Safety			
Police			
Stations	1	1	1
Patrol Units	18	15	15
Fire			
Fire Stations	2	2	2
Fire Engines	5	5	5
Public Works			
Streets (Miles)	61.71	61.71	61.71
Streetlights	257	257	257
Traffic Signals	45	45	49
Water			
Water Mains (Miles)	89.50	88.21	88.40
Fire Hydrants	1,392	1,395	1,395
Storage Capacity (Millions of Gallons)	5.50	5.50	5.50
Wastewater			
Sanitary Sewer (Miles)	77.67	77.94	77.94
Lift Stations	3	3	3
Storm Sewers (Miles)	60	60	60

Data Source: Various City Departments

2010	2011	2012	2013	2014	2015	2016
1	1	1	1	1	1	1
15	15	15	15	15	15	15
2	2	2	2	2	2	2
5	5	4	4	4	4	4
61.71	61.71	61.71	61.71	61.71	61.71	61.71
260	260	260	260	350	350	350
49	49	49	49	49	49	49
89.92	90.12	90.12	90.12	90.40	91.25	91.58
1,353	1,356	1,356	1,356	1,364	1,373	1,463
5.50	5.50	5.50	5.50	5.50	5.55	5.55
82.00	82.00	82.00	82.00	82.00	93.30	93.60
3	3	3	3	3	3	3
61	61	61	61	61	61	126

CITY OF ROLLING MEADOWS, ILLINOIS

**Water Sold by Type of Customer - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

Type of Customer	2007	2008	2009
Industrial	43,802	40,803	34,102
Residential/Multi-Family	575,905	547,625	529,064
Commercial	204,060	189,405	171,698
School/Government	32,071	26,450	26,712
Total	855,838	804,283	761,576
Water Rate per 1,000 Gallons of 1st 15,000 Gallons	\$ 4.34	\$ 4.96	\$ 5.83
Water rate per 1,000 gallons in excess of 15,000 gallons	\$ -	\$ 5.79	\$ 6.81
Sewer Rate per 1,000 Gallons of 1st 15,000 gallons	\$ 1.43	\$ 1.64	\$ 1.92
Sewer rate per 1,000 gallons of 1st 15,000 gallons	\$ -	\$ 1.91	\$ 2.25

Notes:

City of Rolling Meadows Current Utility Rates for Water and Sewer services may be found on the City's website at www.cityrm.org

City of Rolling Meadows established a two-tiered water and sewer billing system in FY 2008.

Data Source: City of Rolling Meadows Water Department Pumpage Report

2010	2011	2012	2013	2014	2015	2016
44,149	37,534	40,863	35,689	35,452	33,139	33,735
520,636	495,298	516,757	472,037	460,017	451,679	453,485
166,978	155,393	158,171	144,366	145,063	138,671	142,611
26,343	25,827	27,718	25,511	24,316	29,674	24,227
758,106	714,052	743,509	677,603	664,848	653,163	654,058

\$ 5.83	\$ 6.35	\$ 7.40	\$ 8.11	\$ 8.76	\$ 9.42	\$ 10.08
\$ 7.43	\$ 7.43	\$ 8.60	\$ 9.37	\$ 10.12	\$ 10.78	\$ 11.53
\$ 2.10	\$ 2.10	\$ 2.50	\$ 2.63	\$ 2.84	\$ 2.98	\$ 3.13
\$ 2.45	\$ 2.45	\$ 2.95	\$ 3.10	\$ 3.35	\$ 3.52	\$ 3.70

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures
December 31, 2016 (Unaudited)**

**City of Rolling Meadows, Cook County, Illinois
2016 Continuing Bond Disclosures Relating to the Following Bonds:**

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

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

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

\$2,055,000 General Obligation Refunding Bonds of 2013

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, 2016 (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, 2015. The City has received the award to each of the last 30 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 143- 144 and 152 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 145 - 150 of these audited financial statements.

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2016 (Unaudited)**

Debt Statement

Issue Date	Bond Issue	Principal Outstanding	Supported by
11/01/2005	General Obligation Bonds of 2005	\$ 800,000	Property Taxes
12/31/2007	General Obligation Bonds of 2007A	330,000	Proprietary
05/08/2012	General Obligation Refunding Bonds of 2012	5,980,000	Proprietary
03/28/2013	General Obligation Refunding Bonds of 2013	<u>425,000</u>	Incremental Taxes
	Total Gross Direct Bonded Debt	7,535,000	
	Less: Self-Supporting Bonded Debt	<u>755,000</u>	
	Total Net Direct Bonded Debt	<u><u>6,780,000</u></u>	

The City's overlapping and underlying bonded debt is updated as of December 31, 2016, and can be found on pages 157 - 159 of the audited financial statements.

The City's debt ratios are updated using the 2015 equalized assessed valuation and the 2015 estimated full value of taxable property.

Estimated Full Value of Taxable Property - 2015	\$ 2,111,720,691
Equalized Assessed Valuation - 2015	703,906,897

	Gross Direct Debt	Gross Direct Debt and Overlapping Debt
Per Capita	\$ 312.67	\$ 2,983.99
Percent of Estimated Full Value	0.357%	3.486%
Percent of Equalized Assessed Value	1.070%	10.457%

CITY OF ROLLING MEADOWS, ILLINOIS

**Continuing Bond Disclosures - Continued
December 31, 2016 (Unaudited)**

Debt Maturity Schedule

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

Fiscal Year	Annual Requirement	Cumulative Retirement	
		Amount	Percent
2017	\$ 2,730,000	\$ 2,730,000	36.23%
2018	1,215,000	3,945,000	52.36%
2019	760,000	4,705,000	62.44%
2020	805,000	5,510,000	73.13%
2021	635,000	6,145,000	81.55%
2022	675,000	6,820,000	90.51%
2023	715,000	7,535,000	100.00%

Future Debt

There is no updated information to report.

Pension and Retirement Fund Commitments

Updated annual financial information is contained in the audited financial statements of the City on pages 60 through 78.