

City of Rolling Meadows

Progress Through Participation

3600 Kirchoff Road, Rolling Meadows, IL 60008
www.cityrm.org | Tel: 847.394.8500

Popular Annual Financial Report



For the Fiscal Year Ended December 31, 2022



City of
**ROLLING
MEADOWS**



City of **ROLLING MEADOWS**

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City Manager's Office

3600 Kirchoff Road, Rolling Meadows, IL 60008 • www.cityrm.org • ☎ 847.394.8500 • Fax 847.394.8710

June 10, 2023

Citizens of Rolling Meadows,

The City of Rolling Meadows is pleased to present the City's tenth Popular Annual Financial Report for the Fiscal Year ended December 31, 2022. This report provides a brief analysis of where the City's revenues come from and how those dollars are spent, as well as trends in the local economy.

The information in this report is based on the City's 2022 Annual Comprehensive Financial Report which represents the City's official audited financial statements. The City's official financial statements received a favorable opinion from its independent auditors affirming that the financial statements are fairly presented in conformity with generally accepted accounting principles.

Every year, since 1985, the City has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This achievement, along with the creation of this Popular Financial Report reflects the City's strong commitment to fiscal accountability and integrity.

We are pleased to announce that the Government Finance Officers Association (GFOA) has given an Award of Outstanding Achievement in Popular Annual Financial Reporting to the City of Rolling Meadows for its Popular Annual Financial Report for the fiscal year ended December 31, 2022. This prestigious, national award recognizes the City for conforming to the program's standards of creativity, presentation and usefulness to the reader.

Achieving the highest standards for financial operations also helps the City maintain its excellent credit ratings with Moody's Investor Service (Aa3 rating) and Standard & Poor's Rating Services (AA+ rating). These allow the City to borrow money through bond issues at lower rates, which can save taxpayers considerable sums of money over the life of the loan.

We hope upon reading this report, you will have greater insight into the City's financial condition. If you have any questions or comments regarding information in the document, or any City financial report, please contact Finance Director Molly Talkington at 847.870.9041.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rob Sabo".

Rob Sabo

City Manager

City Government

The City of Rolling Meadows is located in northwest suburban Cook County, Illinois, roughly 27 miles from downtown Chicago.



The City provides a full range of municipal services including public safety, public works, planning and zoning, community development, finance and general administration.

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.

City of Rolling Meadows Fast Facts

Population (U.S. Census Bureau)	23,781
Median Household Income	\$88,195
Per Capita Personal Income	\$48,864
Median Age	38.0
Total Taxable Assessed Value (2021 Levy)	\$871,265,458
Fiscal Year 2022 Expenses	\$51.4 million
Fiscal Year 2022 Revenues	\$60.8 million
City Full Time/Part Time/Seasonal Employees	158 FT / 14 PT
City Outstanding Bonded Debt	\$17,358,723
City Bond Rating	Aa3 from Moody's (reaffirmed in 2018); AA+ from Standard & Poor's (reaffirmed in 2021)



Elected Officials
(as of December 31, 2022)

LEGISLATIVE

Mayor: Joe Gallo

Deputy City Clerk: Judy Brose

Ward 1:	Karen McHale, Alderman
Ward 2:	Nick Budmats, Alderman
Ward 3:	Kevin O'Brien, Alderman
Ward 4:	Jennifer Vinezeano, Alderman
Ward 5:	Jon Bisesi, Alderman
Ward 6:	Mandy Reyes, Alderman
Ward 7:	Lara Sanoica, Alderman

ADMINISTRATIVE

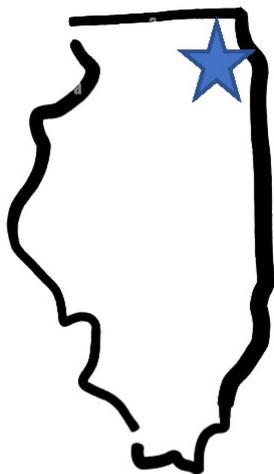
City Manager:	Rob Sabo
Finance Director:	Molly Talkington
Public Works Director:	Aaron Grosskopf
Police Chief:	John Nowacki
Fire Chief:	Pete Sutter

Local Economy

The City of Rolling Meadows encompasses 5.5 square miles and is centrally located within the "Golden Corridor", with O'Hare airport approximately 10 miles east of the City. The 2020 Census reported Rolling Meadows as the 97th largest city out of 1,369 cities in Illinois a population of 24,200. The City's development, like that of much of the Northwest suburbs, traces to the early-mid 1950's when the Illinois Toll Road and O'Hare International Airport were under construction.

Rolling Meadows is part of the Chicago Northwest suburban area that encompasses 32 communities along Interstate 90 from O'Hare airport to Elgin, Illinois. This "Golden Corridor" is home to approximately 900,000 persons, as of the 2020 census, and employs more than 550,000. 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 prides itself on being a business-friendly community as evidenced by 40 new businesses opening their doors in Rolling Meadows during 2022. Separately, the Cook County unemployment rate as of September 2022 was 5.0%, slightly higher than the State at 4.6% and above the national average of 3.5%.



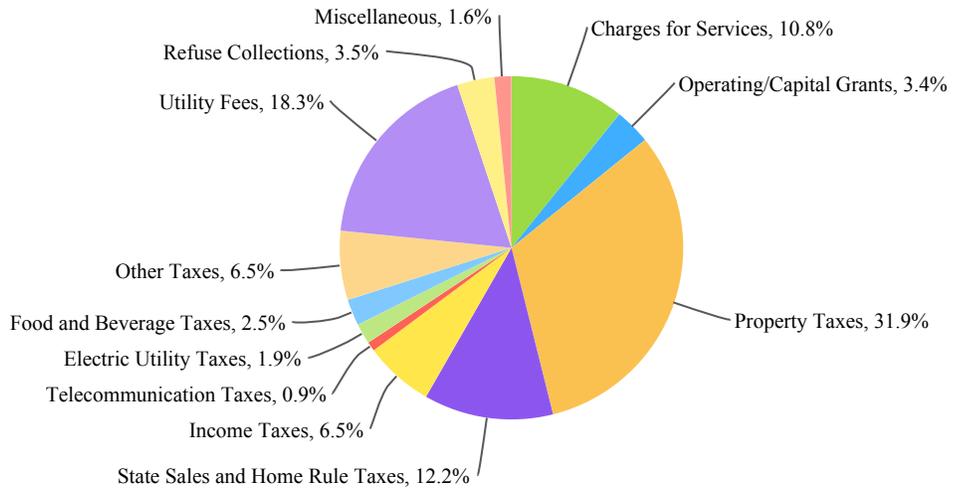
ILLINOIS



City Revenues

The City's revenue base continues to be diversified with only 32% originating from property taxes.

Of the total revenues, the City's Governmental Activities account for \$47.6 million.



2022 Revenues: \$60,916,306

The City's revenue base continues to be diversified with only 32% originating from property taxes.

Property Taxes

Taxes collected from property owners based upon assessed valuation and tax rate (includes the police and firefighters' pension funds). \$ 19,442,569

State Sales and Home Rule Taxes

Sales tax is imposed on a seller's receipts from sales of tangible personal property for use or consumption. The current rate consists of the State of Illinois Rate (6.25%), Cook County Rate (0.75%), Regional Transportation Authority Rate (1.0%), Local Sales Tax to the City (1.0%) and the City of Rolling Meadows Home Rule Rate (1.0%) for a total sales tax rate of 10.00%. 7,423,217

Income Taxes

The City receives a portion of the state income tax receipts based on a per-capita basis. 3,973,762

Telecommunication Taxes

The City receives a portion of taxes imposed on telecommunication services such as telephone services, two-way communications, cellular telecommunications and other transmission of messages. 562,964

Utility Fees

The City provides water, sewer and stormwater services. Each component has a separately determined user fee and funding mechanism related to delivering water from Lake Michigan and maintaining the underground utility system. 11,128,123

Refuse Collections

The City provides refuse services, which has a separately determined user fee and funding mechanism related to delivering refuse services. 2,112,926

Charges for Services

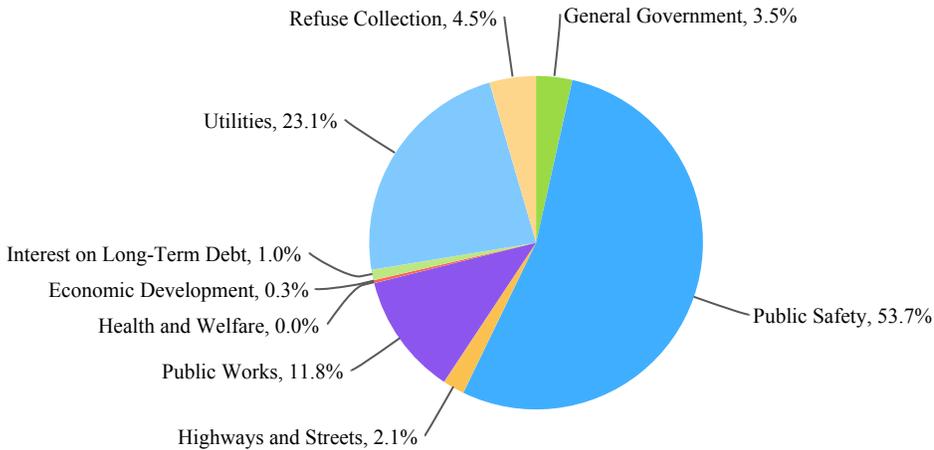
Includes licenses and permit fees, ambulance fees, fines and forfeitures, including red light enforcement, and other miscellaneous charges for services. 6,563,114

All Other Revenue Sources

Includes electric and natural gas utility taxes, food and beverage taxes, real estate transfer taxes, hotel taxes, local use taxes, replacement taxes, interest income, video gaming, miscellaneous revenue and operating/capital grants. 9,709,631

Total \$ 60,916,306

City Expenses



The City's expenses increased from 2021 due to effects of the net pension liabilities/deferred items for the City's pension funds. Public safety expenses account for 54% of total expenses of the City.

Of the total expenditures, the City's Governmental Activities accounts for \$37.2 million.

2022 Expenses: \$51,370,338

General Government

Includes administrative services (mayor, council, human resources, city clerk, finance, etc.) and community development services.

\$ 1,804,185

Public Safety

Includes police and fire services (nearly 29% of total are police and fire pension expenses).

27,566,521

Highways and Streets

Includes the operations of the City's annual motor fuel tax program, including snow and ice control and other capital outlay.

1,056,557

Public Works

Includes public works administration, buildings and grounds, forestry and streets services.

6,068,323

Health and Welfare

Includes museum, emergency planning, employee wellness, board of fire and police and urban affairs services.

7,621

Economic Development

Includes services related to the operation of the City's TIF Districts.

145,619

Interest on Long-Term Debt

Includes interest costs on all City governmental long-term debt, including general obligation bonds and capital leases.

535,028

Utilities

Includes water, sewer and stormwater services.

11,851,957

Refuse Collection

Includes refuse collection services.

2,334,527

Total

\$ 51,370,338

*General government is not included due to the changes in net IMRF net pension liability and total OPEB liability and the related deferred items.

Financial Statements

City's Financial Data

The tables on the next page are condensed forms of the financial statements within the Annual Comprehensive Financial Report. The City's Annual Comprehensive Financial Report contains very detailed information and data. The Annual Comprehensive Financial Report should be read in conjunction with the Popular Report. Interested users may obtain a complete copy by visiting the City's website at www.cityrm.org. The Popular Report is consistent with Generally Accepted Accounting Principles, however, it is not intended to act as a complete set of financial statements and does not include the City's component unit, the Public Library.

The Statement of Net Position (the City's Balance Sheet) and Statement of Activities (the City's Income Statement) are divided between governmental and business-type activities to distinguish functions of the City which are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions which are intended to recover all or a significant portion of their costs through user-fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, public works, health and welfare and economic development. The business-type activities include utilities and refuse collection.

The Statement of Net Position presents information on all of the City's assets and liabilities, 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 City reports restricted net position of \$3,966,742 at December 31, 2022, which is legally restricted for public safety, highways and streets and tax incremental financing district related items. The City's investment in capital assets (net of debt used to purchase such assets) amounts to \$153,419,967 at December 31, 2022.



City Statement of Net Position			
	2022	2021	2020
Current/Other Assets/Def. Outflows	\$ 101,733,658	\$ 68,413,914	\$ 65,141,516
Capital Assets	172,418,337	172,500,819	170,739,661
Total Assets/Def. Outflows	274,151,995	240,914,733	235,881,177
Current Liabilities/Def. Inflows	39,769,770	48,992,228	38,524,505
Noncurrent Liabilities	109,219,726	81,754,104	97,441,159
Total Liabilities/Def. Inflows	148,989,496	130,746,332	135,965,664
Net Poition			
Net Investment in Capital Assets	153,419,967	152,009,728	151,169,117
Restricted	3,966,742	3,835,861	2,961,105
Unrestricted (Deficit)	(32,224,210)	(40,229,058)	(54,214,709)
Total Net Position	<u>\$ 125,162,499</u>	<u>\$ 115,616,531</u>	<u>\$ 99,915,513</u>

The Statement of Revenues, Expenses and Changes in Net Position below summarizes the reasons behind the change in the City's net position. Revenues include program revenues (charges for services and grants that directly relate to the provision of certain City services) and general revenues (majority of which are property taxes).

City Changes in Net Position				% Change
	2022	2021	2020	from 2021
Revenues	\$ 60,916,306	\$ 56,220,044	\$ 54,245,147	12%
Expenses	51,370,338	40,519,026	46,394,995	11%
Change in Net Position	9,545,968	15,701,018	7,850,152	22%
Net Position - Beginning	115,616,531	99,915,513	92,065,361	26%
Net Position - Ending	<u>\$125,162,499</u>	<u>\$115,616,531</u>	<u>\$ 99,915,513</u>	25%

The General Fund represents approximately 67% 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 a reduction in expenditures and better than anticipated revenues in some areas (many of these revenues are one-time increases).

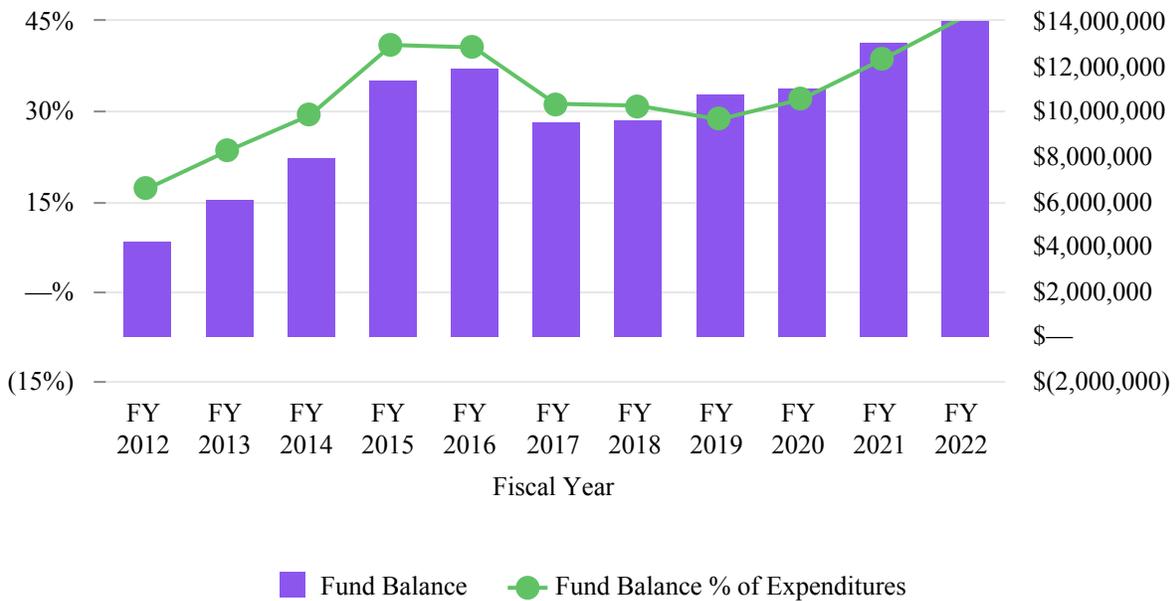
The City is actively engaged in developing new strategies for economic growth and development. Economic Development continues to be a priority for the City of Rolling Meadows. Rolling Meadows is known as a business friendly community and has a reputation as a “Great Place to Do Business”. The City encourages businesses to begin, grow and expand their businesses.

For FY 2022, the City contributed to the Police and Firefighter’s Pension Funds in excess of actuarial requirements. The City’s General Fund’s revenues came in 9% over budget and expenditures came in 3% under budget.

As of December 31, 2022, the total fund balance for the General Fund was \$15,635,122 or 46% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$15,631,482 (or 46% of 2022 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City’s ongoing obligations to its residents, businesses and creditors.

The City’s commitments on total fund balance of \$15,635,122 include \$3,640 as nonspendable for prepaid expenses. The chart below reflects the historical look over the last ten years and the overall gains for the General Fund.

General Fund - Fund Balance History - FY 2012 to FY 2022



Pension Obligations

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 a 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, 2022, the Net Position as a Percentage of the Total Pension Liability (known previously as funded status) for the Police Pension Fund is 73% (an increase from FY 2021 of 8% from 64%) and for the Fire Pension Fund is 65% (an increase from FY 2021 of 7% from 58%). The funded status increased primarily due to positive investment returns and voluntary contributions in excess of actuarial requirements.

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, 2022, is 87.6% compared with the last year's funded status at 98.6% (due to positive investment returns). This amount meets or exceeds the State of Illinois' annual requirement for Net Position.

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



Financial Policies

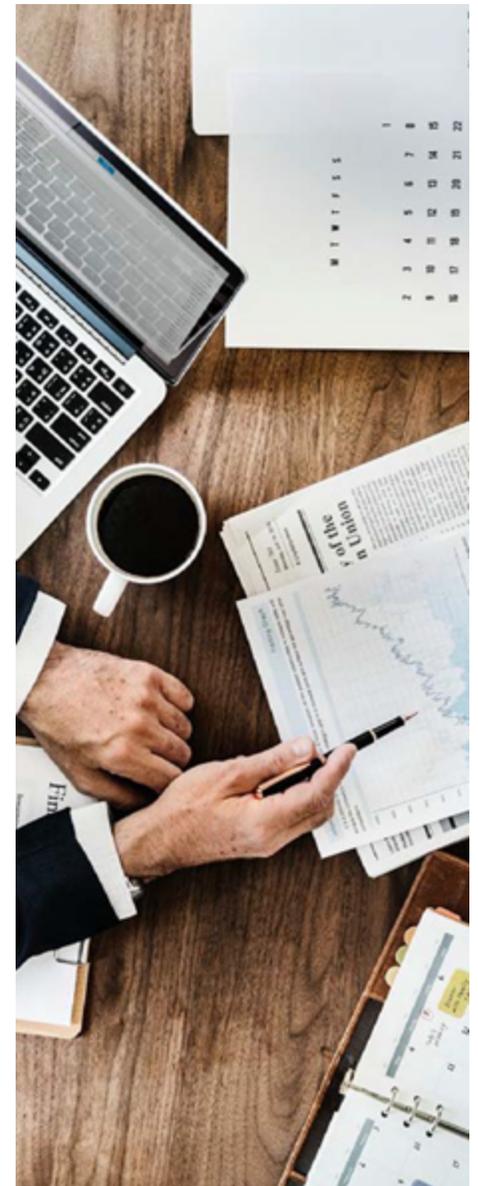
Financial Health and Long - Term Financial Planning

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 2022:

- The City added three fund balance policies for the Liability Insurance, Health Insurance, and Utilities Funds as follows:

Fund	Policy
Liability Insurance	Reserve equal to one year's payment of insurance plus an additional reserve for unseen liability payments (approximately \$1M)
Health Insurance	Reserve equal to one half year's payment of insurance (approximately \$2.25M)
Utilities	Maintain at least 25% of operating expenditures (FY2023 is \$2.2M)

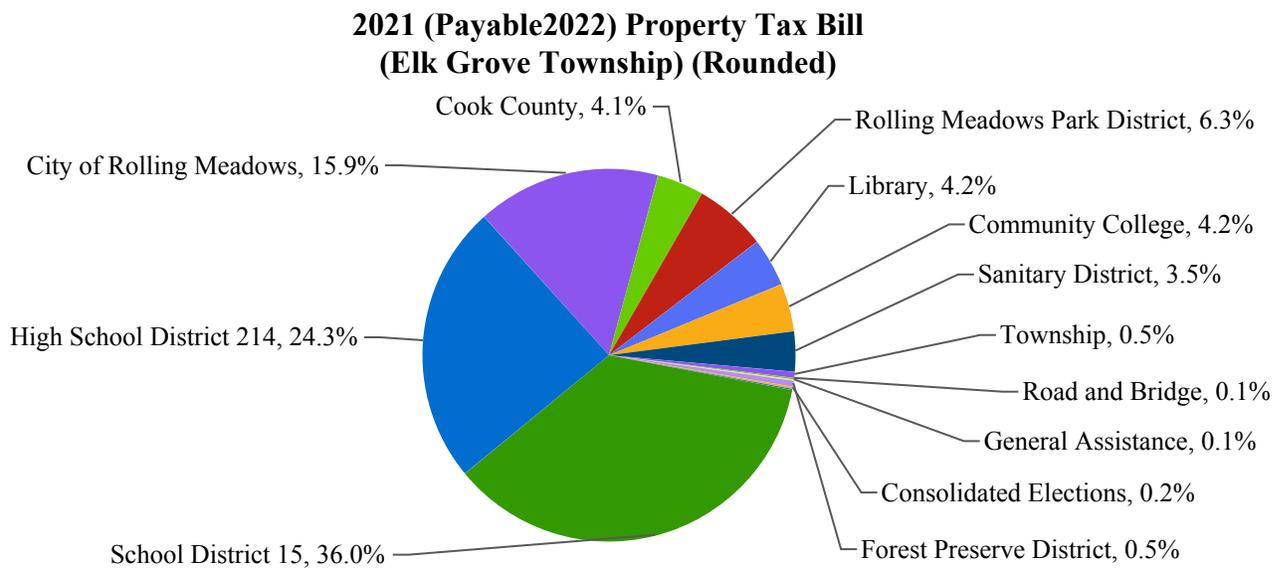
- The Capital Projects Committee continues to review capital projects and offer recommendations for long-term capital improvements.
- The City is committed to holding strong fund balance reserves and has only one negative fund. TIF #2 (Kirchoff/Owl) holds a negative fund balance position and is estimated to become positive by the end of its TIF term in FY 2025.
- The City shall strive maintain a General Fund Unassigned Balance (available) from 15% to 30% of General Fund operating expenditures.
- The Refuse Fund Balance Policy is that 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. FY2022, this fund is below policy and will continue to work to bring the fund back within policy limits.
- 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.
- As in previous years, during 2022, the City provided for contributions above and beyond the actuarially required amount to the Police and Firefighters' Pension Funds to amortize the unfunded liability more quickly, which will save future property tax dollars.



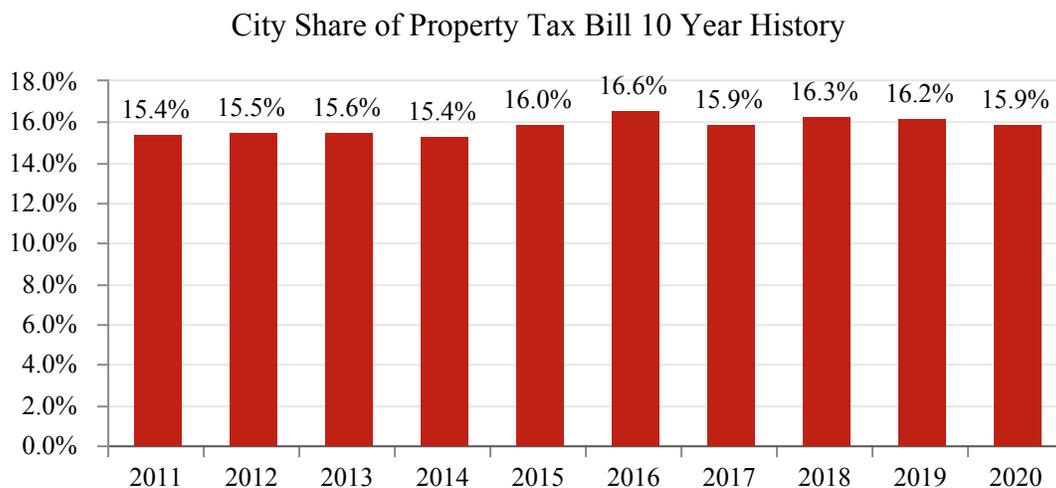
Property Taxes

Where Do my Property Taxes Go?

Every dollar of property tax paid by Rolling Meadows citizens is divided among many taxing districts. This year the City portion of the typical tax bill for a Rolling Meadows property owner was 15.9% including the Pension Funds (Elk Grove Township) (Rounding differences may occur).



The chart below shows the City's share of the average property tax bill (Elk Grove Township) for the last ten tax levy years. The City's share includes the police and firefighters' pension funds.



Major Initiatives

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

Recent Accomplishments



- In 2022, the City had seven new restaurant openings: BBQ Chicken, Chicago Ramen Lab, Ding Tea, El Gordito Grill, Lulu's Café, Meltz Bar & Grill, and Shelby's Café.
- The City will be actively engaged with the regional collaboration, Next Level Northwest (NLNW), a community-based business accelerator. In 2022, the professional coaching engagement added even more Rolling Meadows businesses of Tangerine Mountain, Safe-Way Tuckpointing, and Auctus Solutions.
- The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021 and provides \$350 billion in additional funding for state and local governments. The City of Rolling Meadows received \$3.2 million from the ARPA (federal funds). The City used this funding for public safety in the General Fund. The General Fund will provide the Utilities Fund \$3 million in FY 2023 for future utilities projects and reserve \$0.2 million in the General Fund for economic development opportunities.

Photos from Company Facebook pages



Major Initiatives Cont'd

- In 2022 the Aloft Hotel opened – a brand known for its contemporary architectural design. The City Council approved an application for a Cook County 7b tax incentive which helps commercial properties become economically feasible.



Photos from the Aloft website

A Message from Your Finance Department



The City of Rolling Meadows is required to perform an audit of its finances each year. Historically, the City has exceeded minimum reporting and disclosure standards by producing a Annual Comprehensive Financial Report. The City's Annual Comprehensive Financial Report has been awarded a Certificate of Excellence in Financial Reporting for 35 consecutive years by the Government Finance Officers Association (GFOA). For more information on financial matters of the City of Rolling Meadows, please call the Finance Department at 847.394.8500.

The City's website contains additional financial information including the Annual Comprehensive Financial Report and the City budget. The website is a great resource for information on all City services and events. Meeting agendas and minutes of City Council meetings can also be found at www.cityrm.org.

We hope that you find the Annual Comprehensive Financial Report both useful and informative. Any questions, comments or suggestions regarding this report can be directed to:



City of Rolling Meadows - Finance Department
Molly Talkington, Finance Director
3600 Kirchoff Road
Rolling Meadows, IL 60008
Telephone: 847.394.8500

Fiscal Year 2023 Plan

The annual budget is a management tool that each City department uses to plan, administer, monitor and improve its operations and service levels. It's a legal document through which the City Council carries out its legislative responsibility to control City finances. The budget is also a public information resource that allows taxpayers to understand the finances of their local government. The Fiscal Year 2023 Budget was designed with intent to strengthen the City's financial foundation while addressing rising inflation and supply chain concerns.

Fiscal Year 23 Budget Highlights

No Increase to Utility or Refuse Rates

Police, Fire and IMRF Pension Property Tax Levy equal to '21 levels

Target Funding to Local Roads and PW Operations to support planned projects

Incorporated American Rescue Plan Act (ARPA) Funding of \$3.2M into the FY 23 Budget

General Fund Operating Revenues \$36.4 Million

Inter. Gov. Revenues \$5M, License & Permits \$1.2M, Fines & Forfeitures \$226,000, Charges for Service \$3M, Investment Earnings \$52,000, Internal Service Chargebacks \$1.9M, Other \$1.8M

All Funds Revenues \$74.8 Million



64% of general fund revenue is generated from property and local taxes. The remaining balance is generated from City services, reimbursements and other revenues or transfers



General Fund Expenditures

\$41.1 Million

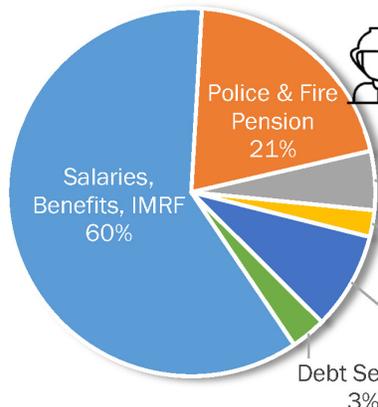
Salaries \$8.4M

Benefits \$4.4M

IMRF \$585,395



All Funds Expenditures \$78.7 Million



Fire Pension \$4.257M

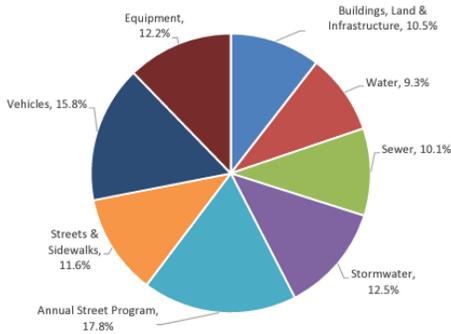
Police Pension \$3.626M

Internal Service Chargeback \$2.2M

Transfer to Local Road Fund \$1.05M



Fiscal Year 2023 Plan Con't



Capital Improvement Plan (CIP)

The CIP for Fiscal Year 2023 totals approximately \$10,786,500.

Projects include but are not limited to street and walkway improvements, water, sewer and storm water system improvements, improvements to facilities and equipment replacement.



The City of Rolling Meadows has been awarded the **Certificate of Achievement for Excellence in Financial Reporting** by the Government Finance Officer Association every year since 1985.

Let's Compare



Real Estate Transfer Tax outperformed the budget in FY 22 finishing an estimated 67% above budget. FY 23 required a budget reset.



ARPA funds of \$3.2M were received by the City. The first installment in 2021, the second installment late 2022. The funds will be used on water utility projects.



The Debt Service Fund will make its final payment on the 2012 GO Bond in FY 2023. This will make over \$700,000 available in the General Fund moving forward.



Staffing levels changed from 194 employees in 2022 to 192 employees for Fiscal Year 2023.



Utility Rates (Water, Sewer, Garbage and Storm water) remain unchanged.



FY 23 expenditures are expected to increase 3.3% or 1.22M over FY 22 projections

Property Tax Breakdown



↳ Elementary Schools, High Schools and Community College approx. 60%

↳ City of Rolling Meadows Approx. 16%
↳ Other Approx. 24%

Sales Tax Rate (Retailer and Service Occupations)

City Home Rule	County Home Rule	RTA	State of Illinois	Total
1%	+ 1.75%	+ 1%	+ 6.25%	= 10%

Find more Budget information details on the City's website www.cityrm.org

Since 1955

