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www.cityrm.org

Citizen's Annual Financial Report

Fiscal Year Ended December 31, 2015

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Citizens of Rolling Meadows,

The City of Rolling Meadows is pleased to present the City's fourth Citizen's Annual Financial Report for the Fiscal Year ended December 31, 2015. 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 2015 Comprehensive Annual Financial Report (CAFR) 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 Citizen's 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, 2014. This prestigious, national award recognizes the City for conforming to the program's standards of creativity, presentation and usefulness to the reader.

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, Melissa Gallagher at 847.870.9041.

Sincerely,

Barry Krumstok
 City Manager



Rolling Meadows Fast Facts

Population	24,099
Per Capita Personal Income	\$29,331
Total Taxable Assessed Value (2014 Levy)	\$730,170,392
Fiscal Year 2015 Expenses	\$53.0 million
Fiscal Year 2015 Revenues	\$50.0 million
City Full Time/Part Time/Seasonal Employees	160 FT/ 16 PT/ 12 Seasonal
City Outstanding Bonded Debt	\$10,170,000
City Bond Rating	Aa3 from Moody's AA+ from Standard & Poor's

General Information

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

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 including public safety, public works, planning and zoning, community development, finance and general administration.



Elected Officials

(As per December 31, 2015)

Mayor		Tom Rooney
City Council:		
Ward 1		Mike Cannon
Ward 2		Len Prejna
Ward 3		Laura Majikes
Ward 4		Brad Judd
Ward 5		Rob Banger, Jr.
Ward 6		John D'Astice
Ward 7		Tim Veenbaas

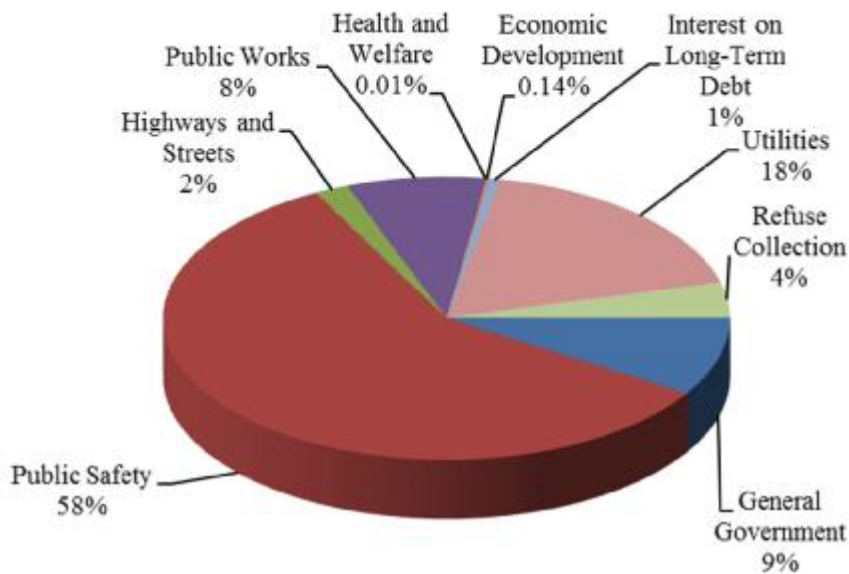
Local Economy

The area economy is improving and there are some upward trends in the areas of building permits, 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 2015 was 6.7%.

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.

The City actively pursues economic development activities in an effort to expand and diversify its revenue base and ultimately secure the financial health of the organization and community. ***The City experienced increased economic activity, expansion of existing businesses and development interest in the City of Rolling Meadows***, punctuated by continued building permit activity (both residential and commercial) and building improvement valuation.

2015 EXPENSES - \$52,985,424



FAST FACTS:

- The City’s expenses increased from 2014 due to the implementation of GASB Statement No. 68 and the reporting of the City’s net pension obligations in the financial statements.
- Public safety expenses account for just over 58% of total expenses of the City.

General Government

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

\$4,710,309

Public Safety

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

30,989,615

Highways and Streets

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

1,019,272

Public Works

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

4,209,525

Health and Welfare

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

4,797

Economic Development

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

72,945

Interest on Long-Term Debt

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

346,695

Utilities

Includes water, sewer and stormwater services.

9,443,330

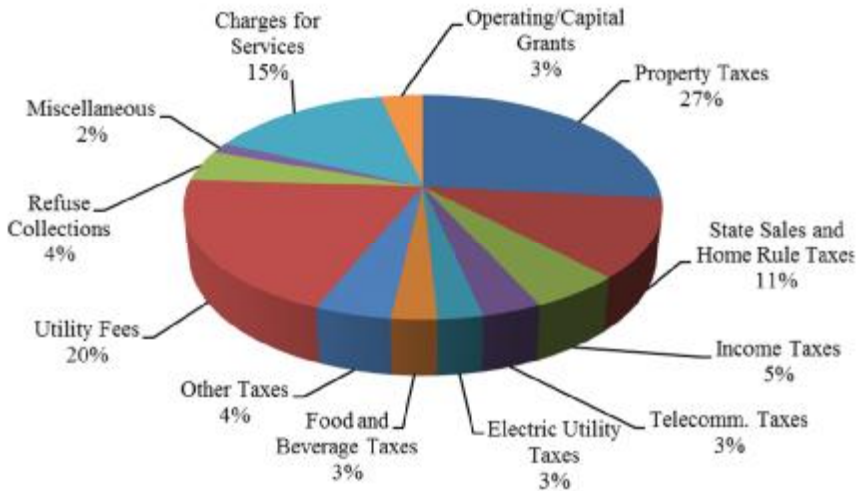
Refuse Collection

Includes refuse collection services.

2,188,936

\$52,985,424

2015 Revenues - \$50,023,488



FAST FACTS:

- The City was able to report a 3.68% (\$294,673) increase in sales tax/home rule sales tax and income tax from FY 2014.
- The City’s revenue base continues to be diversified, with only 27% 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).

\$13,330,729

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%) and the City of Rolling Meadows Home Rule Rate (1.0%) for a total sales tax rate of 9.00%.

5,696,766

Income Taxes

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

2,605,804

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.

1,691,483

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.

9,946,864

Refuse Collections

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

2,211,095

Charges for Services

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

7,313,437

All Other Revenue Sources

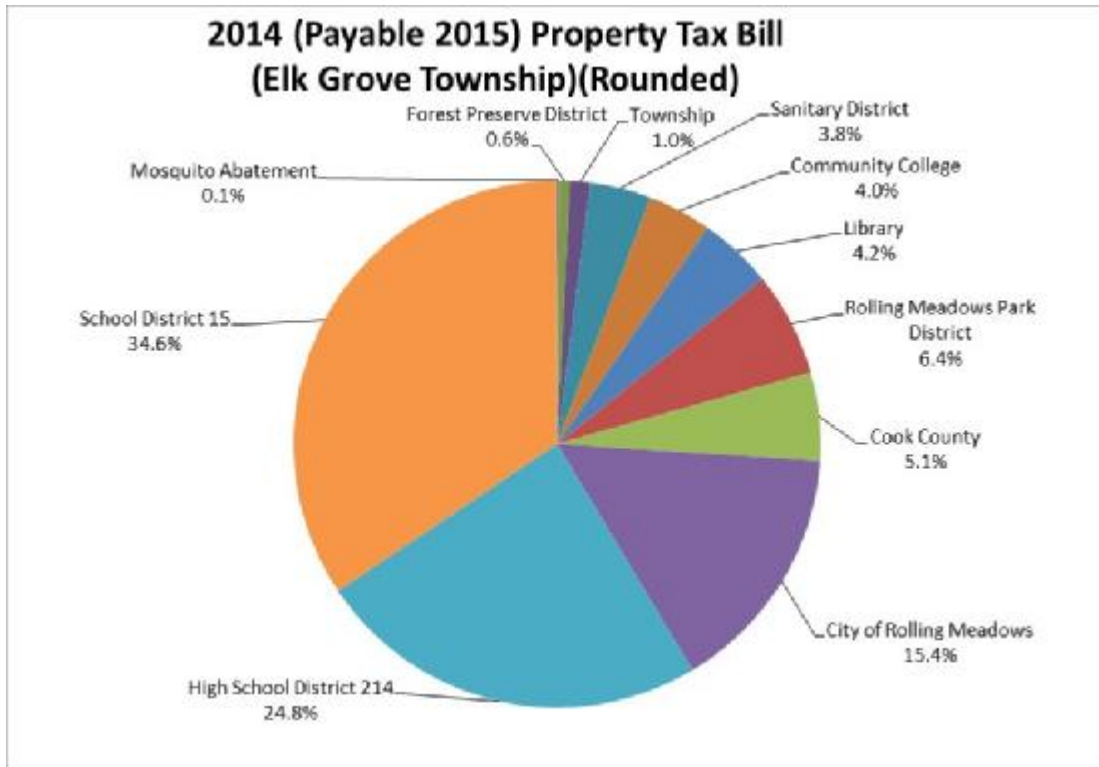
Includes electric utility taxes, food and beverage taxes, real estate transfer taxes, hotel taxes, local use taxes, replacement taxes, interest income, miscellaneous revenue and operating/capital grants.

7,227,310

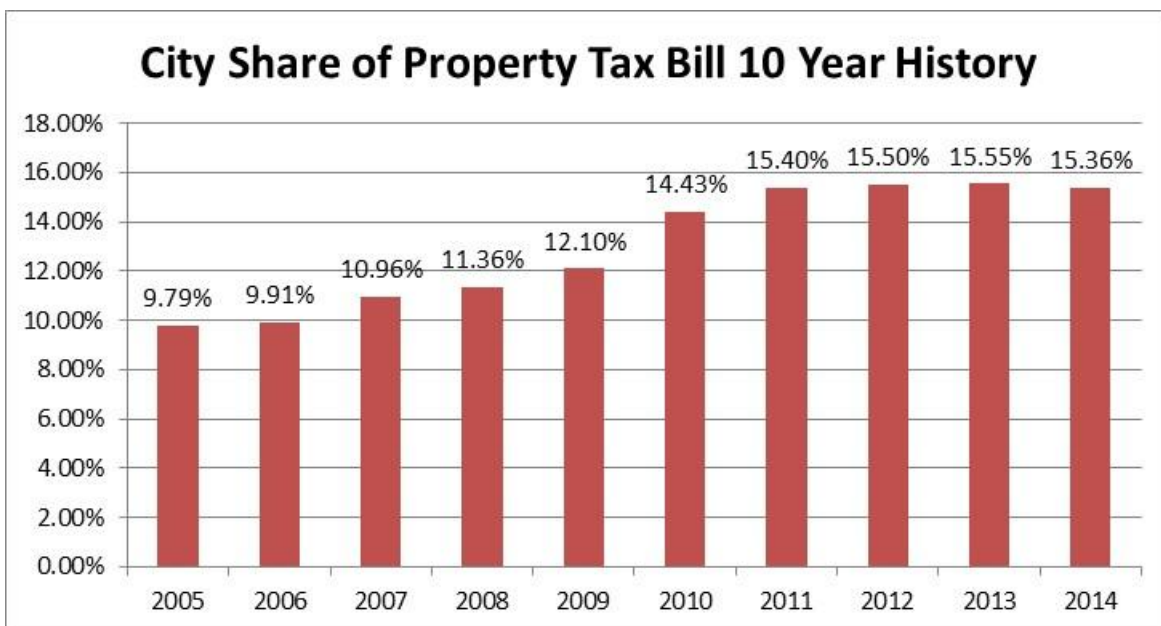
\$50,023,488

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 15.36% 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’ penion funds.



Financial Health of Rolling Meadows 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 fiscal year 2015:

- § 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) is the only Fund with a negative fund balance position and is estimated to become positive by the end of its TIF term in 2025.
- § 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.
- § 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.
- § 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 saved the City more than \$60,000.*** 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).
- § 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.



"A Great Place to Call Home"

Major Initiatives – Economic 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”. In FY 2015, there were higher-profile successes across the City:

Large commercial insurance broker **Arthur J. Gallagher Insurance is planning on moving its headquarters from Itasca to Rolling Meadows in 2017**. Arthur J. Gallagher Insurance is investing \$85 million to upgrade buildings, 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.

For 2016, the City continues to work on various economic development activities:

First, the City’s Downtown area along Kirchoff Road is an area of redevelopment and growth. There are several items of interest for redevelopment:

- Meadows Marketplace (formerly the Dominick’s Property) will be evaluated for a senior living development in FY 2016 (aging in place development).
- 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 will feature 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 will be constructed.
- The Former Ray’s Auto location at 3001 Kirchoff Road is a property that is currently under construction to be redeveloped into a coffee and ice cream shop called Comet’s – a perfect location for foot traffic on weekdays and weekends (or after a baseball game, school or church).
- The Plan Commission and the City Council approved Ben Franklin’s move to the end cap at the shopping center on 3266 Kirchoff Road. Ben Franklin will remain in the same shopping center and will be constructing a drive-thru for their patrons.

Second, the next area is along the Golf and Algonquin Road Corridor. Currently, the City has been in talks with multiple restaurants and businesses to move into various properties. 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 calls for significant renovations to the Golf Road property and the company will be bringing upwards of 1,100 plus employees.
- As mentioned previously, Glen Star Properties, is working on 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 expected to be close to full occupancy after the remodeling is completed (a parking garage is being worked on).
- **The City of Rolling Meadows has been awarded a \$1.2 million in grant funding to improve pedestrian safety along the Golf Road corporate corridor**. When completed there will be sidewalks connecting

employees at the Atrium Corporate Center, Meadows Corporate Center, Arthur J. Gallagher Insurance and other commercial properties.

- Umi Grill closed in 2014 located at 1440 Golf Road. The property recently sold and is now owned by “Chen’s Brothers of Illinois, LLC” of Chicago. The group is looking to open a “China Buffet” type restaurant and construction has started.
- Bull Dog Ale House (at the site of the former Chili’s Restaurant on 1480 Golf Road) will be opening a bar and grill in 2016.
- At 1155 Golf Road, AT & T constructed a new, large-scale retail facility which has features similar to an “Apple Store”.
- A new fast food restaurant will be opening at 1219 Golf Road called Pie Five (near the Meijer and by the T-Mobile store)
- A chiropractic office called “The Joint” opened in 2016 at 1317 Golf Road (near Meijer and by Jimmy Johns).
- ATS/Sortimat located at 5540 Meadowbrook Industrial Court has expanded into 27,800 square feet of additional warehouse space. The company is completing roof and mechanical work at that location in 2015. In 2010, the City Council approved a Cook County 6b tax incentive for ATS/Sortimat.
- The building on the site of the former Russell’s Barbeque has now been demolished by the owner. Inquiries for this property have included a car wash, memory care/adult day care facilities and a self-storage facility.
- At the site of 3985/3989 Algonquin Road (former Supermercado which closed in August 2014), plans have been submitted to the City and construction is in progress for a store/grocer/restaurant.

Third, 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) is being renovated to open as a Nic’s Organic Fast Food and may open at a later date in 2016.
- At 4001 Industrial Avenue, Richards Building Supply (a wholesale distributor of building material: roofing, windows, decking, soffit, doors, and cabinets) is moving to that location. *The company will also generate sales tax to the City.*



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

The Statement of Net Position and Statement of Activities 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 below details 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 \$1,084,594 at December 31, 2015, 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 \$131,605,638 at December 31, 2015. The decrease in unrestricted net position in the current year relates to the City's recognition of its net pension liabilities for the Illinois Municipal Retirement Fund (IMRF), the Police Pension Fund, and the Firefighters' Pension Fund.

	City Statement of Net Position			% Change From 2013
	2015	2014	2013	
Current Other Assets/Def. Outflows	\$ 61,541,745	39,904,467	35,937,078	71%
Capital Assets	144,020,310	141,250,252	140,846,527	2%
Total Assets/Def. Outflows	<u>205,562,055</u>	<u>181,154,719</u>	<u>176,783,605</u>	16%
Current Liabilities/Def. Inflows	25,634,218	18,962,172	18,181,345	41%
Noncurrent Liabilities	104,959,516	23,490,889	26,328,247	299%
Total Liabilities/Def. Inflows	<u>130,593,734</u>	<u>42,453,061</u>	<u>44,509,592</u>	193%
Net Position				
Net Investment in Capital Assets	131,605,638	126,193,679	123,279,808	7%
Restricted	1,084,594	1,226,505	1,281,794	-15%
Unrestricted (Deficit)	<u>(57,721,911)</u>	<u>11,281,474</u>	<u>7,712,411</u>	-848%
Total Net Position	<u><u>74,968,321</u></u>	<u><u>138,701,658</u></u>	<u><u>132,274,013</u></u>	-43%

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 From 2013
	2015	2014	2013	
Revenues	\$ 50,023,488	46,762,704	45,632,476	10%
Expenses	52,985,424	40,335,059	39,137,437	35%
Change in Net Position	(2,961,936)	6,427,645	6,495,039	-146%
Net Position - Beginning*	77,930,257	132,274,013	125,778,974	-38%
Net Position - Ending	74,968,321	138,701,658	132,274,013	-43%

* Beginning Net Position in 2015 was restated for the implementation of GASB Statement No. 68



The City is required to perform an audit of its finances each year. Historically, the City has exceeded minimum reporting and disclosure standards by producing a Comprehensive Annual Financial Report (CAFR). *The City's CAFR has been awarded a Certificate of Excellence in Financial Reporting for 29 consecutive years* by the Government Finance Officers Association.

If you have any questions concerning this report or would like to offer any ideas or suggestions for improvement, please feel free to call Melissa Gallagher, Finance Director at 847.870.9041.

City of Rolling Meadows Website

www.cityrm.org

The City's website contains additional financial information including the Comprehensive Annual Financial Report and the City budget.

The City's 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 on the City's website.



Finance Department

For more information on financial matters of the City of Rolling Meadows, please call the Finance Department at 847.394.8500