

City of Rolling Meadows

Progress Through Participation

3600 Kirchoff Road, Rolling Meadows, IL 60008

www.cityrm.org | Tel: 847.394.8500

Citizen's Annual Financial Report



For the Fiscal Year Ended December 31, 2020



City of
**ROLLING
MEADOWS**



City of **ROLLING MEADOWS**

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City Manager's Office

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November 16, 2021

Citizens of Rolling Meadows,

The City of Rolling Meadows is pleased to present the City's ninth Citizen's Annual Financial Report for the Fiscal Year ended December 31, 2020. 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 2020 Comprehensive Annual 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 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, 2020. 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 Interim Finance Director Thomas Glaser at 847.870.9041.

Sincerely,

Barry Krumstok

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)	24,200
Per Capita Personal Income	\$39,307
Total Taxable Assessed Value (2019 Levy)	\$936,405,983
Fiscal Year 2020 Expenses	\$46.4 million
Fiscal Year 2020 Revenues	\$54.2 million
City Full Time/Part Time/Seasonal Employees	160 FT / 16 PT
City Outstanding Bonded Debt	\$20,085,937
City Bond Rating	Aa3 from Moody's (reaffirmed in 2018); AA+ from Standard & Poor's (reaffirmed in 2021)

Elected Officials
(as of December 31, 2020)

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:	John D'Astice, Alderman
Ward 7:	Lara Sanoica, Alderman

ADMINISTRATIVE

City Manager:	Barry Krumstok
Finance Director:	Melissa Gallagher
Public Works Director:	Rob Horne
Police Chief:	John Nowacki
Fire Chief:	Jeff Moxley

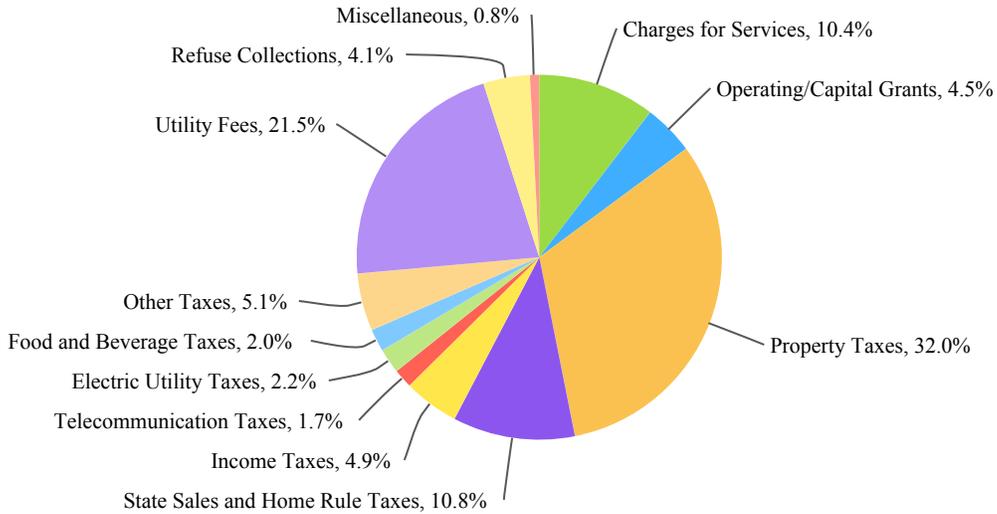
Local Economy

Rolling Meadows is located in Cook County, IL. and enjoys excellent regional highway, railroad and air transportation connections. Situated between the Jane Adams Tollway and Illinois Route 53, more than 150,000 vehicles traverse each of these roadways on a daily basis. The Union Pacific Railroad, a major freight and passenger line operating just north and east of the City, lies just 24 track miles from downtown Chicago, and the City is about 10 miles west of O'Hare International Airport. Based on the 2020 census, Rolling Meadows is the 97th largest city out of 1,369 cities in Illinois with a population of 24,200.

Businesses, large and small, consider relocating to the City due its strategic location in the "Golden Corridor" due to its proximity to the Jane Addams Memorial Tollway. The City is a business-friendly community as evidenced by 37 new businesses opening in 2020. The City's unemployment rate as of September 2021 was approximately 7.6%; significantly lower than the State (10.4%) and slightly below the national average (7.8%).



City Revenues



2020 Revenues: \$54,245,147

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). \$ 17,359,533

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%. 5,870,745

Income Taxes

The City receives a portion of the state income tax receipts based on a per-capita basis. 2,653,791

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. 913,759

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. 11,651,752

Refuse Collections

The City provides refuse services, which has a separately determined user fee and funding mechanism related to delivering refuse services. 2,241,441

Charges for Services

Includes licenses and permit fees, ambulance fees, fines and forfeitures, including red light enforcement, and other miscellaneous charges for services. 5,639,237

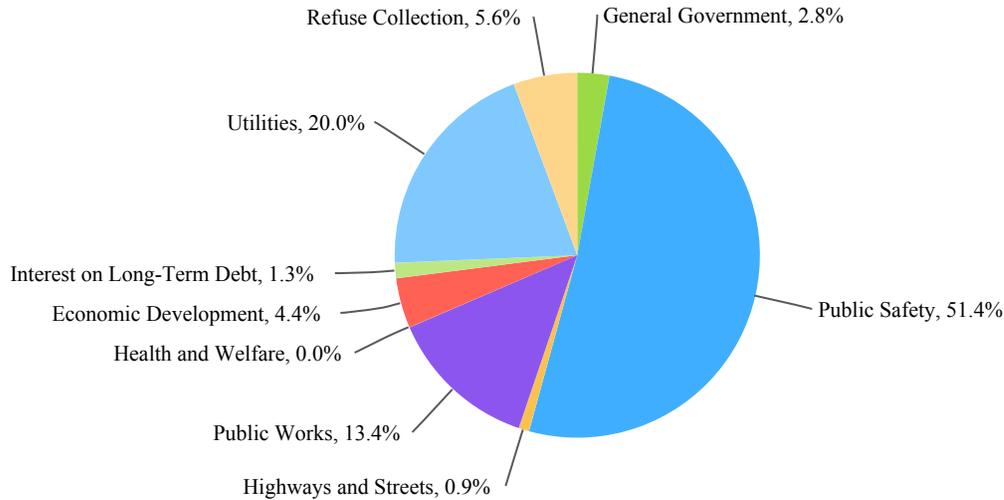
All Other Revenue Sources

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. 7,914,889

Total

\$ 54,245,147

City Expenses



2020 Expenses: \$46,394,995

The City's expenses decreased from 2019 due to effects of the net pension liabilities/deferred items for the City's pension funds. Public safety expenses account for 51% of total expenses of the City.

General Government

Includes administrative services (mayor, council, human resources, city clerk, finance, etc.) and community development services. \$ 1,311,913

Public Safety

Includes police and fire services (nearly 34% of total are police and fire pension expenses). 23,863,185

Highways and Streets

Includes the operations of the City's annual motor fuel tax program, including snow and ice control and other capital outlay. 431,123

Public Works

Includes public works administration, buildings and grounds, forestry and streets services. 6,194,260

Health and Welfare

Includes museum, emergency planning, employee wellness, board of fire and police and urban affairs services. 4,377

Economic Development

Includes services related to the operation of the City's TIF Districts. 2,056,757

Interest on Long-Term Debt

Includes interest costs on all City governmental long-term debt, including general obligation bonds and capital leases. 624,443

Utilities

Includes water, sewer and stormwater services. 9,295,732

Refuse Collection

Includes refuse collection services. 2,613,205

Total \$ 46,394,995

Financial Statements

City's Financial Data

The tables on the next page are condensed forms of the financial statements within the Comprehensive Annual Financial Report. The City's Comprehensive Annual Financial Report contains very detailed information and data. The Comprehensive Annual Financial Report should be read in conjunction with the Citizen's Report. Interested 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 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 \$2,961,105 at December 31, 2020, 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 \$151,169,117 at December 31, 2020.



	City Statement of Net Position		
	2020	2019	2018
Current/Other Assets/Def. Outflows	\$ 65,141,516	\$ 72,249,618	\$ 80,554,627
Capital Assets	170,739,661	165,369,002	152,918,494
Total Assets/Def. Outflows	235,881,177	237,618,620	233,473,121
Current Liabilities/Def. Inflows	38,524,505	35,760,838	29,414,176
Noncurrent Liabilities	97,441,159	109,792,421	112,895,013
Total Liabilities/Def. Inflows	135,965,664	145,553,259	142,309,189
Net Poition			
Net Investment in Capital Assets	151,169,117	146,500,322	146,876,224
Restricted	2,961,105	1,965,814	1,797,635
Unrestricted (Deficit)	(54,214,709)	(56,400,775)	(57,509,927)
Total Net Position	\$ 99,915,513	\$ 92,065,361	\$ 91,163,932

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 2019
	2020	2019	2018	
Revenues	\$ 54,245,147	\$ 55,864,704	\$ 54,459,929	—%
Expenses	46,394,995	54,963,275	50,603,327	(8%)
Change in Net Position	7,850,152	901,429	3,856,602	104%
Net Position - Beginning (as Restated)	92,065,361	91,163,932	87,307,330	5%
Net Position - Ending	\$ 99,915,513	\$ 92,065,361	\$ 91,163,932	10%

The General Fund represents approximately 72% 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).

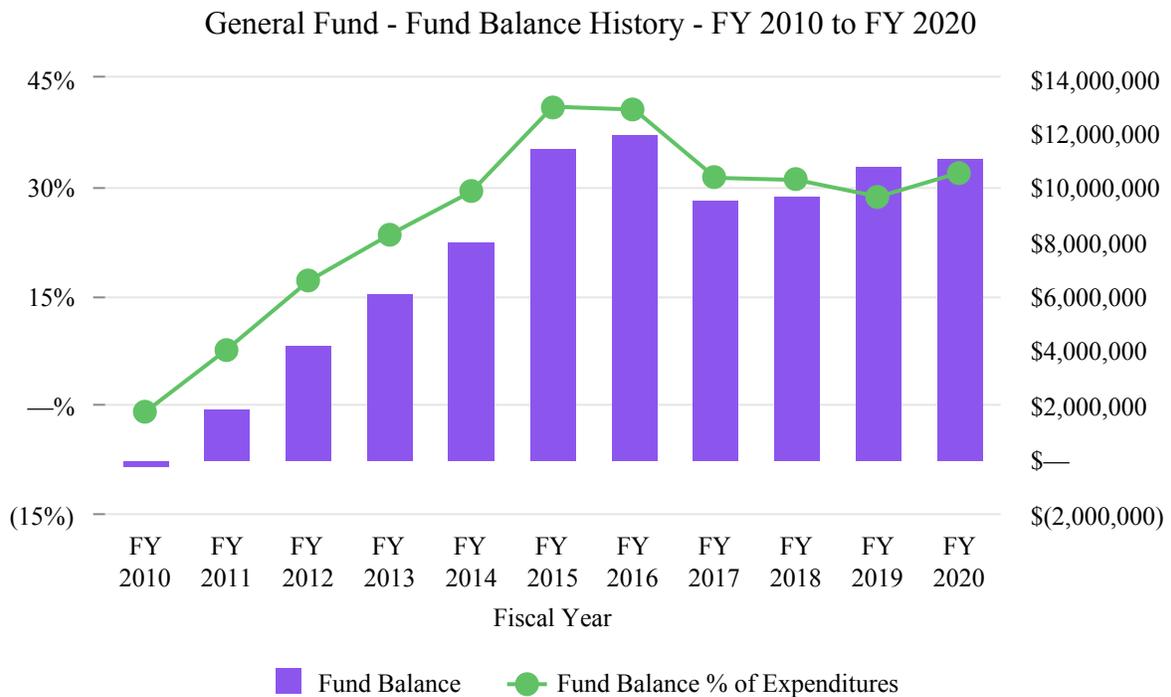
General Fund Snapshot

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 2020, the City contributed to the Police and Firefighter’s Pensio Funds in excess of actuarial requirements. The City’s General Fund’s revenues came in 3% under budget and expenditures came in 3% under budget.

As of December 31, 2020, the total fund balance for the General Fund was \$11,047,320 or 33% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$10,606,672 (or 32% of 2020 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City’s ongoing obligations to its residents, businesses and creditors.

The City’s commitments on total fund balance of \$11,047,320 include the committed amount of \$400,000 in the General Fund to be used for funding compensated absences and \$40,648 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.



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, 2020, the Net Position as a Percentage of the Total Pension Liability (known previously as funded status) for the Police Pension Fund is 64% (an increase from FY 2019 of 4% from 60%) and for the Fire Pension Fund is 58% (an increase from FY 2019 of 7% from 51%). 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, 2020, is 98.6% compared with the last year's funded status at 91.1% (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 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 2020:

- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- 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 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.
- In FY 2019, the City Council adopted a Fund Balance Policy for the Garage Fund to strive to hold a fund balance between \$1.0 million and \$1.5 million.

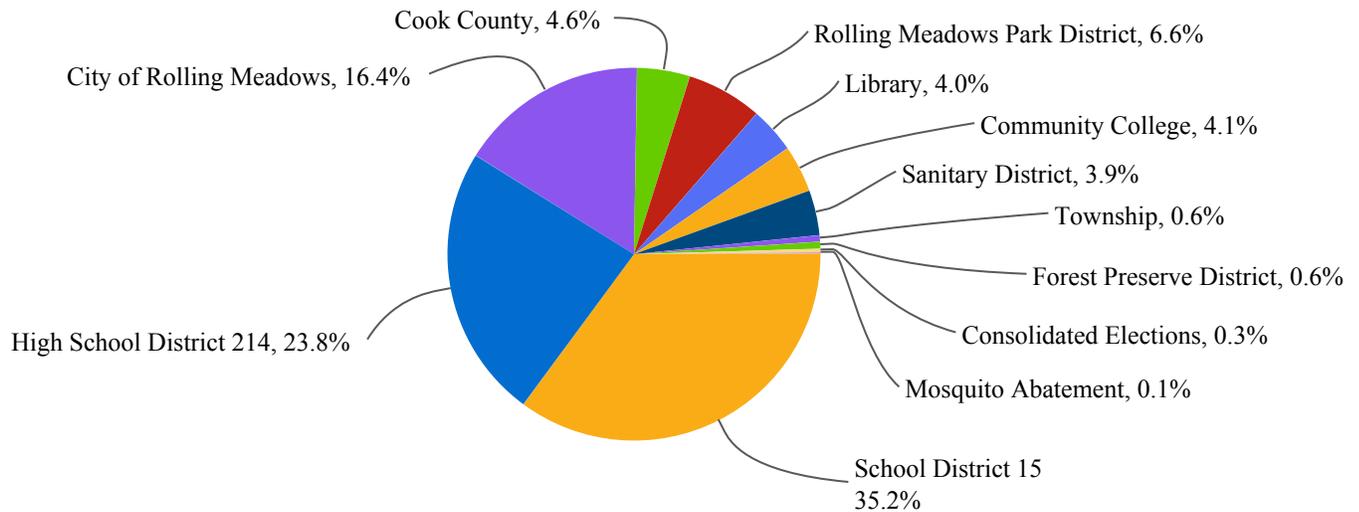


Property Taxes

Where Do my Property Taxes Go?

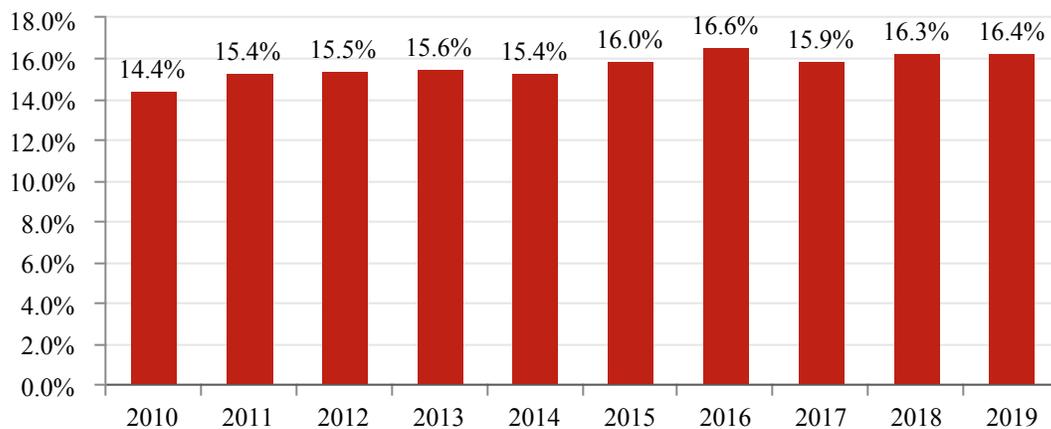
Every dollar of property tax paid by Rolling Meadows citizens is divided among many taxing districts. This year the City portion of the typical tax bill for a Rolling Meadows property owner was 16.4% including the Pension Funds (Elk Grove Township) (Rounding differences may occur).

**2019 (Payable2020) Property Tax Bill
(Elk Grove Township) (Rounded)**



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.

City Share of Property Tax Bill 10 Year History



Major Initiatives

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

Recent Accomplishments

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



- Building for the future, the City continues to re-invest in capital infrastructure projects such as water main replacements (bond-funded projects) and local road reconstruction projects.
- The City's fire stations bond-funded project was completed launching the Fire Department into a new era. The location of each station was a result of a multi-year effort to identify suitable sites that would improve response times to all areas of Rolling Meadows.
- Recent surveys of the City's business community helped make changes in the City's permitting and licensing processing. Surveys reinforced the City's reputation as a business-friendly community. The findings also helped foster ways to strengthen outreach and services to businesses.

Major Initiatives Cont'd

- Thirty-seven (37) new businesses opened in the City. Eight (8) businesses were home occupation-based businesses and twenty-nine (29) were non-home occupation-based businesses. Some businesses, such as restaurants, took advantage of the COVID-19 closure requirements to build out or renovate.
- Notable restaurants that chose to open in 2020 include Burrito Parrilla Mexicana (2101 Plum Grove Road); K-BBQ Korean Restaurant (1973 Plum Grove Road); Sally's Place Restaurant (1973 Plum Grove Road); Tacos Jerez (1401 Golf Road); Tropical Smoothie Café (1456 Golf Road).
- The City welcomed additional new businesses which included Knock Out Prints (4007 Algonquin Road); DiCarlo Construction (4000 Industrial Drive); Patients Choice Medical (3601 Edison Place); Phoenix HVAC (1051 Rohlwing Road); SEA Limited (engineering legal services (5600 Apollo Drive – School Health building); Busse's Flowers & Gifts – flower shop (3445 Kirchoff Road); and Los 2 Amigos (Mexican restaurant / under new ownership); Pizza Ready (pizza parlor – carryout / under new ownership).
- Continental Towers (<https://continental-towers.com/>) undertook a major interior and outdoor renovation at 1701 Golf Road. The office complex renovation is promoted as a 910,000 square foot ultra-modern amenity work space with tenant access to a luxury health club, lounge, game room, café and other conveniences.
- Nature's Care Company – Cannabis Dispensary (<https://naturescarecompany.com/>) located at 974 Rohlwing Road updated its interior space and increased online purchase options.
- The City's Business Newsletter called the "Business Messenger" is mailed quarterly to businesses to engage local businesses with the City. The quarterly newsletter is developed specifically to provide timely and accurate information on topics that affect local businesses. The Business Messenger also showcases local businesses each quarter. The Business Messenger promoted businesses to share their experiences with each other with articles such as the "Rolling Meadows Small Business Page".
- On the City's home webpage, the City's online "Community Portal" provides relevant, up to date information for residents and businesses. The interactive portal includes property information, local services and zoning classifications. In addition, there is a new Infrastructure Page to keep apprised of construction and other capital improvement projects across the City.

- The Economic Development Committee (EDC) meets regularly to review and develop new services and programs to attract new businesses and to expand existing business activities.
- In FY 2020, following the Center for Disease Control (CDC) guidelines, the City held a few ribbon cutting ceremonies and also attended in-person EDC meetings. EDC members reach out to new businesses by calling to greet and welcome them to the community. Looking ahead to FY 2021, the EDC will be reviewing ideas for an updated restaurant and “new” business incentive plan as a response to COVID-19 and overall business development.
- In FY 2019, the City revised its Comprehensive Plan which serves as the main blue print for development and land use in Rolling Meadows. The new plan was shaped by extensive feedback received from residents, business owners, and other community stakeholders.
- In FY 2020, the City updated its Zoning Code which will offer greater flexibility for business owners and developers seeking to invest or expand this year. The focus with the update included identifying alternative uses for vacant properties; offering guidelines for newer uses (such as brewpubs, for example); and creating a more user-friendly code by incorporating modern terminology and expanding the use of graphics.
- In FY 2021, the EDC is looking to leverage the branding power of the new Rolling Meadows Chamber (a Co-op of multiple chambers) for new streetscape ideas across the City and to review the Comprehensive Plan for potential revitalization activities.



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 Comprehensive Annual Financial Report. The City's Comprehensive Annual Financial Report has been awarded a Certificate of Excellence in Financial Reporting for 34 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.

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

City of Rolling Meadows - Finance Department
Thomas Glaser, Interim Finance Director
3600 Kirchoff Road
Rolling Meadows, IL 60008
Telephone: 847.394.8500



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The City's website contains additional financial information including the Comprehensive Annual 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.

Plans for 2021

- The City is planning its annual local business expo called the “Business & Community Showcase” to encourage business-to-business networking and help residents learn more about companies will take place September 24, 2021. (Due to COVID-19, the FY 2020 “Business & Community Showcase” was rescheduled for 2021.)
- The 11-acre parcel at the corner of Kirchoff Road and Meadow Drive (formerly the Dominick’s Property) was purchased by Property Developer, M/I Homes of Chicago. When completed, Meadow Square will feature 106 two-and three-story townhomes starting at approximately \$305,000. These downtown homes will help drive foot traffic to stores and restaurants along Kirchoff Road.
- The City will be actively engaged with the regional collaboration, Next Level Northwest (NLNW), a community-based business accelerator. In FY 2020, the City hosted its first Rolling Meadows Pitch Panel application and review for Rolling Meadows-based Lakeshore Title Agency to enter into a professional coaching engagement on behalf of NLNW. 2021 will be an even more productive year with two Rolling Meadows businesses to take advantage of this innovative, non-profit program.
- The “**RM Business Buzz**” (rmbusinessbuzz.org) promotes business-to-customer (B2C) relationships by offering a platform for local companies to post high-value offers, activities, and coupons that are not available anywhere else. As a response to the COVID-19 pandemic and to promoting local businesses, the RM Business Buzz is a creative way for the City to reach out to residents and expand its reach beyond its borders.
- “**Shop, Dine, Visit**” is a tagline of a City-sponsored multimedia content marketing initiative that supports local businesses by encouraging residents to shop locally. The initiative includes “Online Resources” and a comprehensive Dining Guide; “Print Features” in monthly Newsletters and a newly created website called “RM Business Buzz Website”.

Since 1955

City of
**ROLLING
MEADOWS**