

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, 2023



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 5, 2024

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, 2023. 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 2023 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)	23,564
Median Household Income	\$82,990
Per Capita Personal Income	\$47,206
Median Age	38.2
Total Taxable Assessed Value (2022 Levy)	\$1,001,790,966
Fiscal Year 2023 Expenses	\$56.2 million
Fiscal Year 2023 Revenues	\$64.2 million
City Full Time/Part Time/Seasonal Employees	168 FT / 12 PT
City Outstanding Bonded Debt	\$15,895,116
City Bond Rating	Aa3 from Moody's (reaffirmed in 2018); AA+ from Standard & Poor's (reaffirmed in 2021)



Top Row (left to right) Mayor Lara Sanoica, Karen McHale, Nick Budmats, Kevin O'Brien
Bottom Row (left to right) Jenifer Vinezeano, Stefanie Boucher, Mandy Reyez, Mike Koehler

Mayor: Lara Sanoica

Deputy City Clerk: Judy Brose

Ward 1:	Karen McHale, Alderman
Ward 2:	Nick Budmats, Alderman
Ward 3:	Kevin O'Brien, Alderman
Ward 4:	Jenifer Vinezeano, Alderman
Ward 5:	Stefanie Boucher, Alderman
Ward 6:	Mandy Reyez, Alderman
Ward 7:	Mike Koehler, Alderman

ADMINISTRATIVE

City Manager:	Rob Sabo
Finance Director:	Molly Talkington
Public Works Director:	Aaron Grosskopf
Police Chief:	John Nowacki
Fire Chief:	Pete Sutter
Community Development Director/Assistant City Manager:	Glen Cole

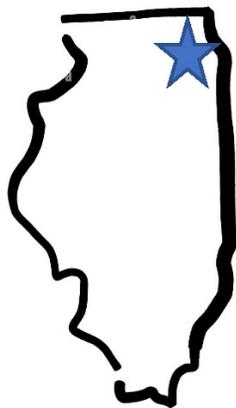
Local Economy

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%.

Additional financial information regarding the City can be found at www.cityrm.org/233/Financial-Reports.



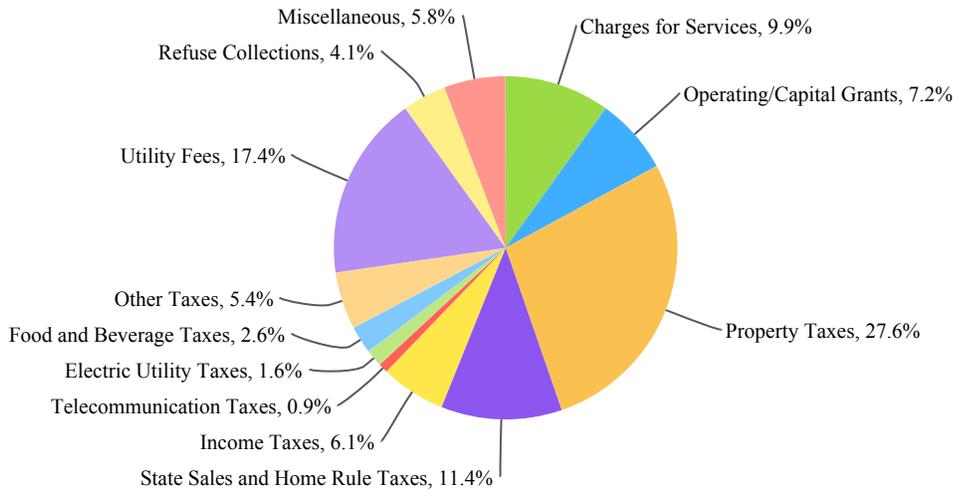
ILLINOIS



City Revenues

The City's revenue base continues to be diversified with only 28% originating from property taxes.

Of the total revenues, the City's Governmental Activities account for \$50.2 million.



2023 Revenues: \$64,133,412

The City's revenue base continues to be diversified with only 28% 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). \$ 17,732,490

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%. 7,330,463

Income Taxes

The City receives a portion of the state income tax receipts based on a per-capita basis. 3,891,016

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. 549,055

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. 11,201,086

Refuse Collections

The City provides refuse services, which has a separately determined user fee and funding mechanism related to delivering refuse services. 2,608,978

Charges for Services

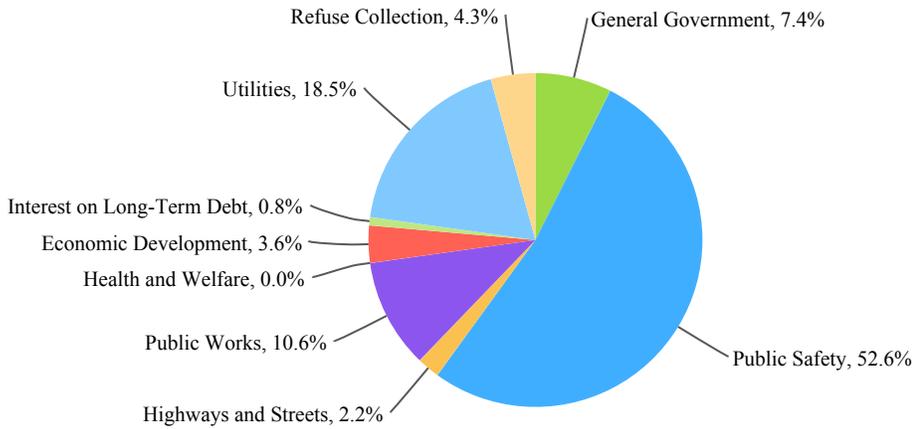
Includes licenses and permit fees, ambulance fees, fines and forfeitures, including red light enforcement, and other miscellaneous charges for services. 6,326,112

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. 14,494,212

Total \$ 64,133,412

City Expenses



The City’s expenses increased from 2022 due to effects of the net pension liabilities/deferred items for the City’s pension funds. Public safety expenses account for 53% of total expenses of the City.

Of the total expenditures, the City’s Governmental Activities accounts for \$43.4 million.

2023 Expenses: \$56,231,657

General Government

Includes administrative services (mayor, council, human resources, city clerk, finance, etc.) and community development services. \$ 4,157,535

Public Safety

Includes police and fire services (nearly 27% of total are police and fire pension expenses). 29,577,540

Highways and Streets

Includes the operations of the City’s annual motor fuel tax program, including snow and ice control and other capital outlay. 1,217,678

Public Works

Includes public works administration, buildings and grounds, forestry and streets services. 5,945,417

Health and Welfare

Includes museum, emergency planning, employee wellness, board of fire and police and urban affairs services. 4,305

Economic Development

Includes services related to the operation of the City’s TIF Districts. 2,012,564

Interest on Long-Term Debt

Includes interest costs on all City governmental long-term debt, including general obligation bonds and capital leases. 461,661

Utilities

Includes water, sewer and stormwater services. 10,414,003

Refuse Collection

Includes refuse collection services. 2,440,954

Total \$ 56,231,657

*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 \$3,561,818 at December 31, 2023, 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 \$156,432,114 at December 31, 2023.



	City Statement of Net Position		
	2023	2022	2021
Current/Other Assets/Def. Outflows	\$ 99,513,401	\$ 101,733,658	\$ 68,413,914
Capital Assets	175,410,174	172,418,337	172,500,819
Total Assets/Def. Outflows	274,923,575	274,151,995	240,914,733
Current Liabilities/Def. Inflows	29,565,322	39,769,770	48,992,228
Noncurrent Liabilities	112,293,999	109,219,726	81,754,104
Total Liabilities/Def. Inflows	141,859,321	148,989,496	130,746,332
Net Position			
Net Investment in Capital Assets	156,432,114	153,419,967	152,009,728
Restricted	3,561,818	3,966,742	3,835,861
Unrestricted (Deficit)	(26,929,678)	(32,224,210)	(40,229,058)
Total Net Position	\$ 133,064,254	\$ 125,162,499	\$ 115,616,531

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 2021
	2023	2022	2021	
Revenues	\$ 64,133,412	\$ 60,916,306	\$ 56,220,044	14%
Expenses	56,231,657	51,370,338	40,519,026	39%
Change in Net Position	7,901,755	9,545,968	15,701,018	(50%)
Net Position - Beginning	125,162,499	115,616,531	99,915,513	25%
Net Position - Ending	\$133,064,254	\$125,162,499	\$115,616,531	15%

The General Fund represents approximately 65% 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

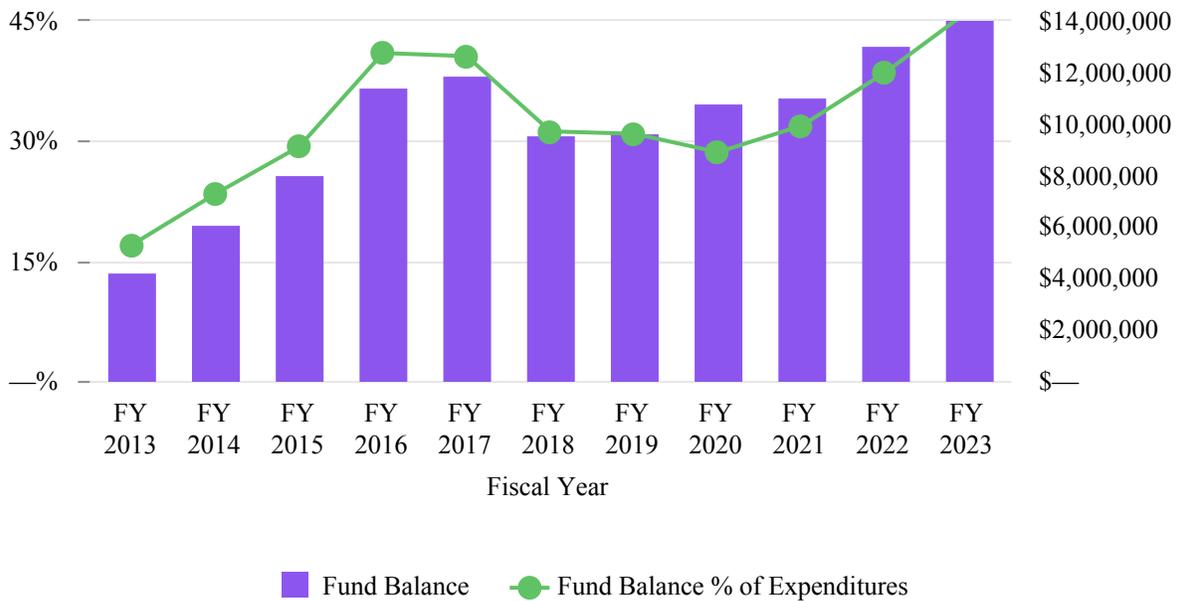
The City is actively engaged in developing new strategies for economic growth and development. Economic Development continues to be a priority for the City of Rolling Meadows. Rolling Meadows is known as a business friendly community and has a reputation as a “Great Place to Do Business”. The City encourages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

For FY 2023, 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 15% over budget and expenditures came in 0.1% under budget.

As of December 31, 2023, the total fund balance for the General Fund was \$16,863,019 or 46% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, \$16,862,899 (or 46% of 2023 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 \$16,863,019 include \$120 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 2013 to FY 2023



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, 2023, the Net Position as a Percentage of the Total Pension Liability (known previously as funded status) for the Police Pension Fund is 65% (an increase from FY 2022 of 3% from 62%) and for the Fire Pension Fund is 53% (an increase from FY 2022 of 0.5% from 53%). 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, 2023, is 87.6% compared with the last year's funded status at 108.4% (due to negative 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 2023:

Fund	Policy	Adoption Year
General Fund	Balance within 15% to 30% of the total expenditures	2014
Refuse Fund	Unassigned balance range of 30% to 50% of operating expenditures	2015
E911 Fund	Unassigned balance of 1 to 1.5 times annual expenditures	2016
Garbage Fund	Balance range of \$1.0M to \$1.5M	2019
Liability Insurance Fund	Reserve equal to one year's payment of insurance plus an additional reserve for unforeseen liability payments (approximately \$1M)	2022
Health Insurance Fund	Reserve equal to one half a year's payment of insurance	2022
Utilities Fund	Maintain at least 25% of operating expenditures	2022

The City continues to follow those policies when developing the City's budget and adhering to the policies during the actual year. During 2023, Finance staff worked on a draft Debt Management Policy that will be presented to City Council for consideration in 2024. Highlighted are some of the more pertinent policies that the City followed in FY 2023:

- The Capital Projects Committee continues to review capital projects and offer recommendations for long-term capital improvements.
- 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.
- 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.
- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of fixed assets.
- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.

Financial Policies - Cont'd

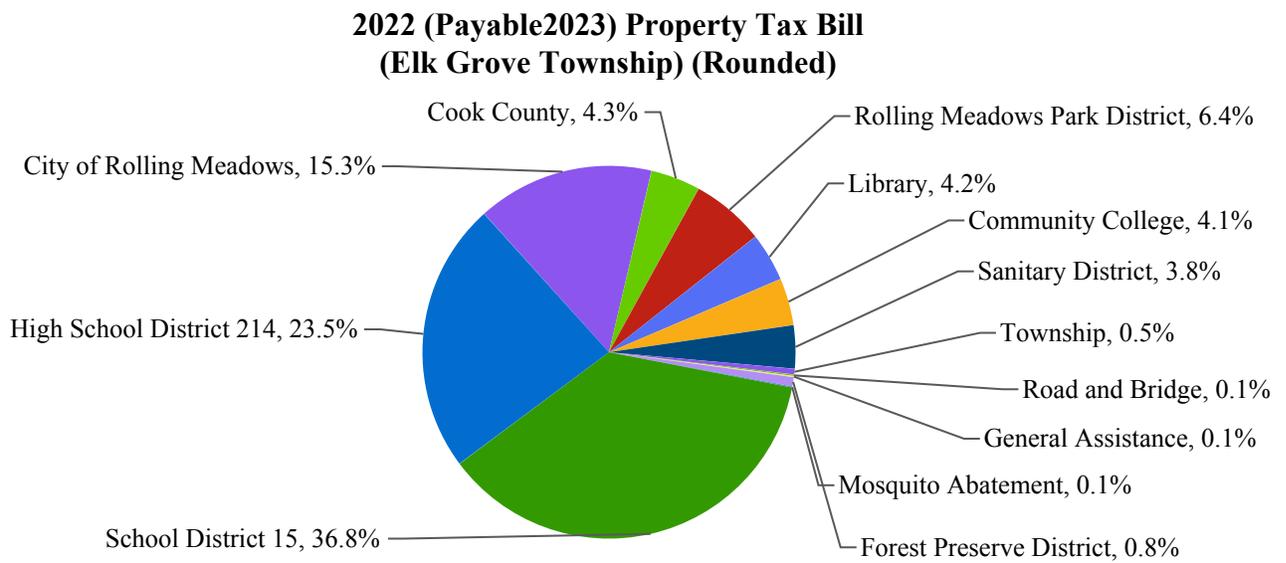
- Followed a written credit card policy for all business-related credit card purchases. Employees must sign a credit card policy agreement prior to a city-issued credit card may be issued.
- Adhere to investment policy which invests in public funds in a manner which protects principal, maximizes returns for a given level of risk and meets daily cash flow requirements of the City.
- 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.
- As in previous years, during 2023, 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.



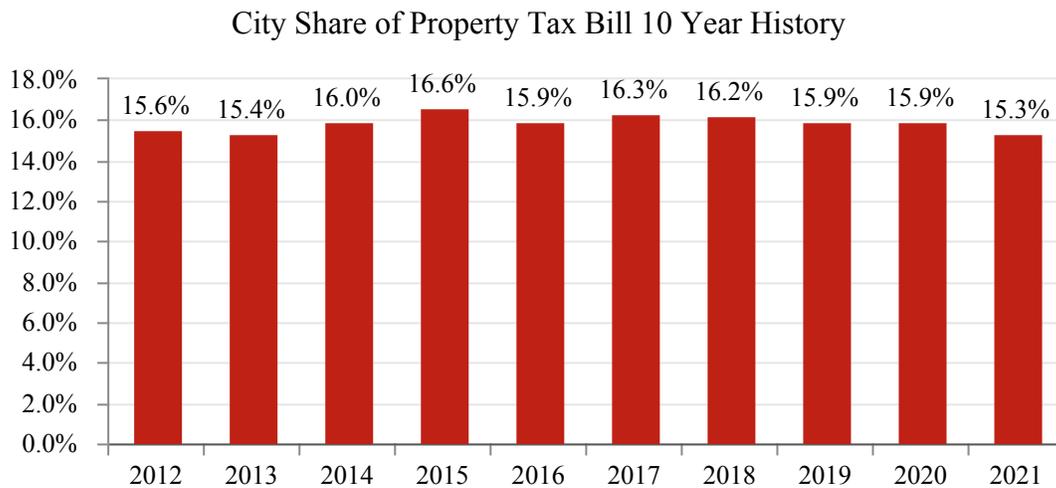
Property Taxes

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 15.3% 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 2023, the City had eleven new business openings: Casa Di Luigi, Phoenix Flame, Jerky Jerk, Sorry Mommy, Raising Cane's Chicken Fingers, Agit Black, Wing Stop, Savulita Taco, Mariscos and Tequila Bar, Jamnat, Brother Ribs at Rep's Place, and Axe Capoeira Chicago NW.
- The City engaged in regional collaboration with Next Level Northwest (NLNW), a community-based business accelerator. In 2023, the professional coaching program graduated the Rolling Meadows businesses of Country Financial, Winnie Industries, and Salty Provisions.
- The City approved its first ever Sustainability Plan and Business Development Strategic Plan. These two plans will help the City reduce its carbon footprint and guide future economic development activities to meet the needs of the City now and in the future.



Photos from Jannat Restaurant Social Media



Photos from Savulita Taco, Mariscos and Tequila Bar Facebook page



Photos from the Phoenix Flame Facebook page

A Message from Your Finance Department



**Congratulations
Triple Crown Winners!**

GFOA's Triple Crown recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award.



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

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 2024 Budget was designed with intent to strengthen the City's financial foundation while addressing rising inflation and supply chain concerns.

Fiscal Year 24 Budget Highlights

Implement the Recommended Rate Increases for the Refuse & Utilities Funds

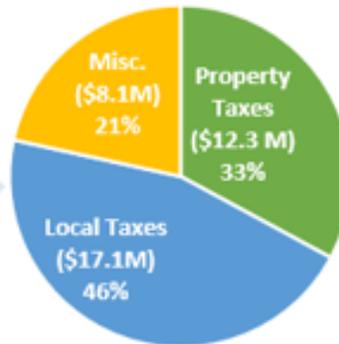
Reallocation of the 2022 Property Tax Levies, and an overall levy increase by 1.0%, excluding abatements.

Target Funding to Local Roads and Human Services to support planned projects

FY24 wages were budgeted per the current union contracts between a 2% to 3% increase. Non-bargaining unit was budgeted within the union contract range.

General Fund Operating Revenues

State & Home Rule Sales Tax \$8.1M, Income Tax \$4M, License & Permits \$1M, Fines & Forfeitures \$247,590, Charges for Service \$3M, Local Use Tax \$1M, Internal Service Chargebacks \$1.9M



79% 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

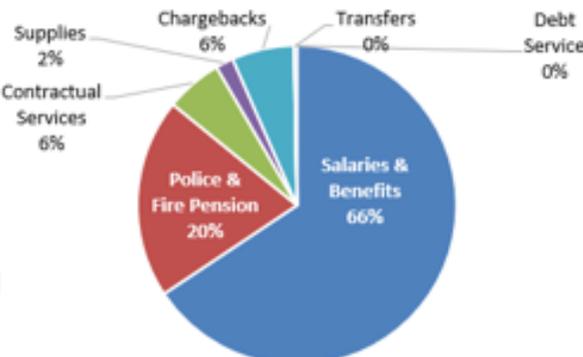
Salaries \$19.3M

Benefits \$6.3M

IMRF \$448,511

Fire Pension \$4.2M

Police Pension \$3.6M

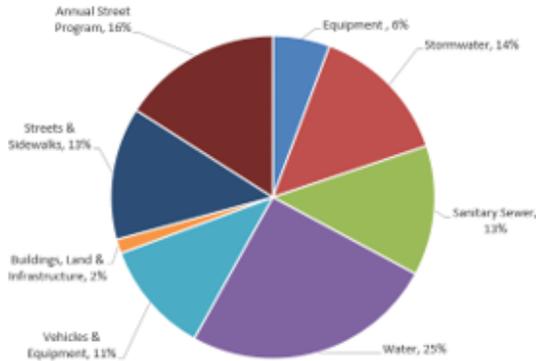


Internal Service Chargeback \$2.4M

Contractual Services \$2.2M



Fiscal Year 2024 Budget Facts & Stats



Capital Improvement Plan (CIP)

The CIP for Fiscal Year 2024 totals approximately \$14,058,025.

Projects include but are not limited to; street and walkway improvements, water, sewer and storm water systems 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 Officers Association every year since 1985.

Let's Compare



Effective 1/1/24 the Home Rule Sales Tax rate increases by 0.25%. This increase is expected to generate an additional \$750K in revenue annually, and will help support the enhanced Human Services Department.



Refuse rate increased by \$2.50/per month with a 10% Senior discount & an increase in penalties to 11% from 10%. Water & Sewer rates were changed to add levels to the access fee and additional tiers to the volumetric rates. Stormwater rates were increased from FY24 to FY27 only.



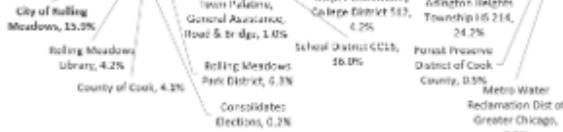
\$500K grant in FY24 for the creation of the Human Services Dept. which consists of a Director, 2 Community Social Workers, a mental health clinician and an Office Manager.



Police and Fire Pension Property Tax Levy equal to '22 levels.

FY24 expenditures are expected to increase 8.9% or \$2.5M over FY23 projections.

Property Tax Breakdown



Sales Tax Rate (Retailer and Service Occupations)

City Home Rule 1.25% + County Home Rule 1.75% + RTA 1% + State of Illinois 6.25% = 10.25%

Since 1955

