

City of Rolling Meadows, IL

# 2008 Comprehensive Annual Financial Report

*For the Fiscal Year Ending December 31, 2008*

**City of Rolling Meadows**

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Rolling Meadows, IL  
60008

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[www.cityrm.org](http://www.cityrm.org)

**CITY OF ROLLING MEADOWS,  
ILLINOIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2008**

Prepared by Finance Department

**CITY OF ROLLING MEADOWS, ILLINOIS**

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## **INTRODUCTORY SECTION**

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

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Principal Officials**

**December 31, 2008**

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**LEGISLATIVE**

Mayor: Kenneth Nelson

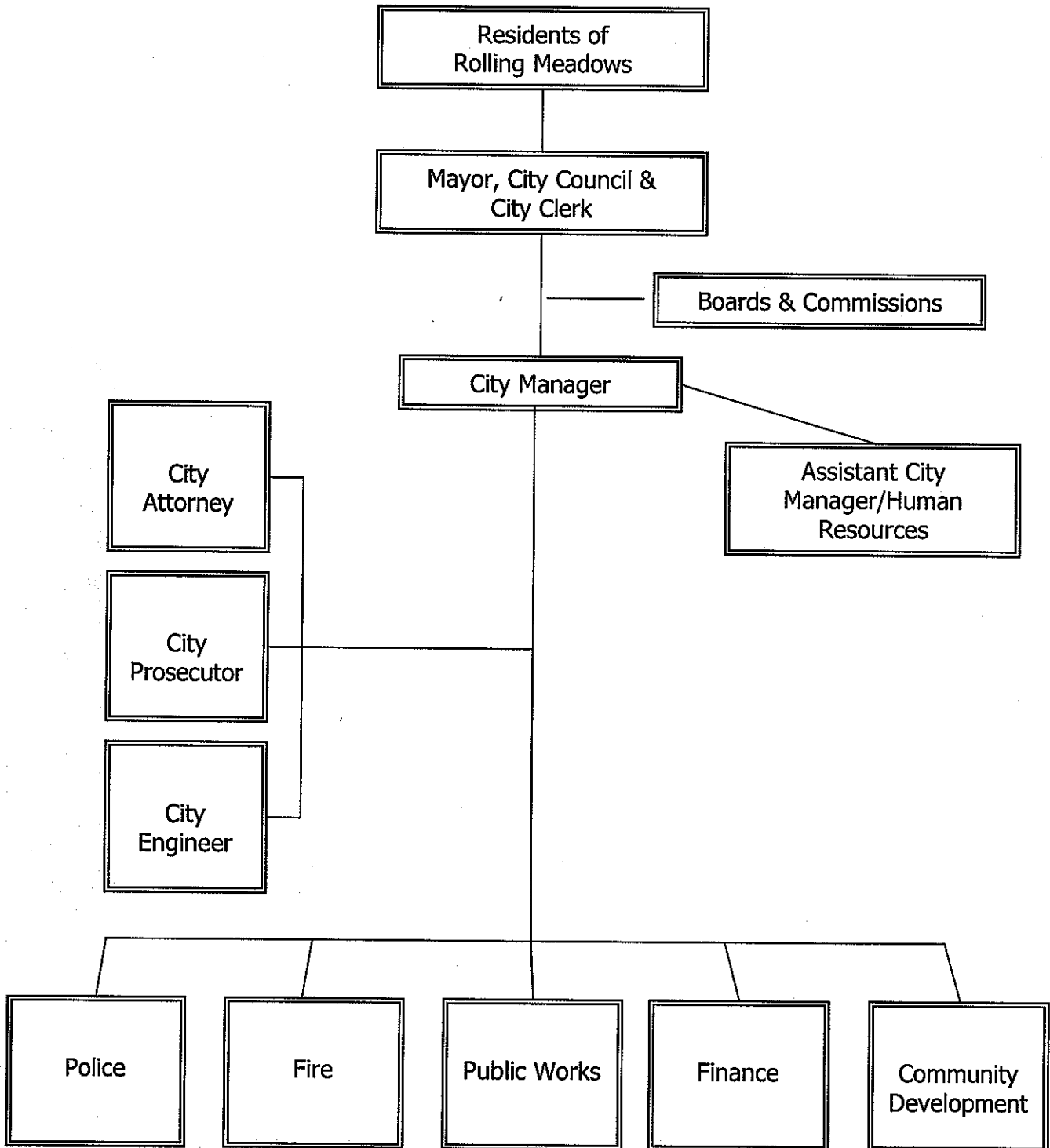
City Clerk: Lisa Hinman

Ward 1:	John Pitzafarro, Alderman
Ward 2:	Barb Lusk, Alderman
Ward 3:	Larry Buske, Alderman
Ward 4:	Tom Rooney, Alderman
Ward 5:	Glenn Adams, Alderman
Ward 6:	Kathy Kwandras, Alderman
Ward 7:	James Larsen, Alderman

**ADMINISTRATIVE**

City Manager:	Sarah Phillips
Director of Finance:	Jim Egeberg
Director of Public Works	Fred Vogt
Police Chief:	Steven Williams
Fire Chief:	Ronald Stewart
Community Development Director:	Valerie Dehner

# City of Rolling Meadows Organization Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rolling Meadows  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director



April 13, 2009

*"PROGRESS THRU PARTICIPATION"*

To: Honorable Mayor Kenneth Nelson, Members of the City Council and the Citizens of Rolling Meadows:

The Comprehensive Annual Financial Report (CAFR) of the **CITY OF ROLLING MEADOWS, ILLINOIS** for the Fiscal Year ended December 31, 2008, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the city manager and the finance director. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the City of Rolling Meadows. The results of operations as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report includes all funds of the City (primary government), as well as its component units, the Rolling Meadows Public Library (discretely presented), Rolling Meadows Police Pension Fund (blended) and Rolling Meadows Firefighters' Pension Fund (blended). Component units are autonomous entities for which the primary government is financially accountable.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

**The Reporting Entity and its Services**

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

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

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

The City operates under a city manager form of government who administers the 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. The public voted by referendum to eliminate the elected city treasurer's position in 2006, and subsequently those duties were assigned to the finance director.

The City provides a full range of municipal services with 201 full-time, and 33 part-time persons working in public safety, public works, planning and zoning, social services, and general administration. The Police Department has obtained reaccreditation status with the Commission on Accreditation for Law Enforcement Agencies (CALEA) every year since 1999. In 2006 the City retained its high rating from the Insurance Service Office (ISO). A high ISO rating translates to lower insurance costs for property owners.

The City maintains approximately 61 miles of streets and maintains about 134 miles of parkway. The City operates its own water system with sewage treatment provided by the Metropolitan Water Reclamation District. The City is a member of two joint ventures, the Joint Action Water Agency (JAWA), which provides water from Lake Michigan and the Solid Waste Agency of Northern Cook County (SWANCC), which provides solid waste disposal services. Two unique features to Rolling Meadows are that the City distributes biodegradable bags to be utilized by the residents for either garbage or yard waste, and the City owns and operates its own fleet of refuse vehicles.

The Rolling Meadows Library is operated under an appointed board, which is separate from the City Council. Library Board positions are appointed by the Mayor and expire on a rotating basis. Library operations are administered by the Library Board, however, the City is required by state statute to include within its property tax levy and budget the Library's requests. The Library does not have authority to issue debt, and must do so through the City. Thus, the Library is a component unit of the City.

#### **Major Initiatives and Economic Outlook**

In 2008 the City finalized preliminary plans for the Golf and New Wilke roadway improvement. Construction is set to take place in fiscal year 2009, and will greatly enhance accessibility to one of the City's busiest retail areas. Additionally in 2009, the City will receive 25% of the Northwest Municipal Conference's federal stimulus funds which will be used for additional roadway improvements on East and West Frontage Roads. Further stimulus monies will be sought by the City for water and sewer infrastructure improvements as well.

The City engaged in two major water main improvements in 2008. The first took place in the northwestern industrial area of the City on Hicks Road. These improvements to the water main on Hicks Road will increase the flow of water to the area and greatly enhance fire protection. The City also entered into water interconnect agreement with the Village of Palatine, to provide water for the City in the event of an emergency.

A pending agreement with a developer regarding the Woodfield Development Area (Woodfield Gardens) did not come to fruition in 2008. However, the City did hold public hearings proposing that the Woodfield Development Area become a Tax Increment Financing District (TIF), which was subsequently approved by the City Council in January 2009. The City will continue to pursue developers for the area in the hope of replacing this areas low rise rental units and limited commercial with new retail and housing.

A continual lagging economy resulted in the slow down of the Wellington project, located on the southeast corner of Kirchoff and Owl roads, where the proposed fourth building was not built. However, the City did do a beautification project, replacing a gravel lot with sod located on the

corners of Owl and Kirchoff Roads. The Wellington project, which is a Tax Increment Financing (TIF) District established in 2002, was planned to consist of four buildings with 28,000 square feet of office and retail space and 154 condominium units. The first building, mixed used, was occupied in early 2005, and a second residential building was occupied in late 2005. A third residential building was completed in 2006. The City is currently in negotiations with the developer regarding the completion of the fourth building.

The City is currently in discussions with the owner of a local grocery store about the possibility of a new planned development of the Rolling Meadows Shopping Center, located several blocks east of City Hall on Kirchoff Road.

Phase two of the Fire Station #16 remodeling, which involved the remodeling of administrative offices, was completed in 2008. Due to budgetary constraints, plans to build a new fire station (#17) were postponed until 2010.

### **Accounting System and Budgetary Control**

Management of the City of Rolling Meadows is responsible for establishing and maintaining an internal control structure. The internal control structure is designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. This structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

### **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 Firefighters' and Police Pension Funds are funded through an annual property tax levy, employee contributions and investment earnings. An independent actuary advises the City on the amount of the property tax levy necessary to meet the funding requirements of the pension, with an amortization period for the unfunded liability ending in 2033. Firefighters contribute 9.455% of their base salary, and police officers contribute 9.91% of their annual salary. Sworn firefighters and police officers hired after July 1986 contribute to Medicare.

The Illinois Municipal Retirement Fund (IMRF) pension plan covers civilian full-time employees. The IMRF benefits are coordinated with Social Security benefits. 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 (6.2% of salary capped annually) and Medicare (1.45% of total compensation).

The notes to the financial statement provide more information pertaining to employee pensions.

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.

### **Risk Management**

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

### **Independent Audit**

State statutes require an annual audit by an independent certified public accountant. The accounting firm of Lauterbach and Amen, LLC, was selected by the City council upon staff recommendation for a five year period. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rolling Meadows for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the twenty second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgments**

The preparation of the comprehensive annual financial report was made possible by the dedication and hard work of the entire finance department staff. We would like to express special appreciation to Senior Accountants Rob Fredrickson, Melissa Gallagher, Diana Schoeneck and Laura Matz who contributed to the preparation of this document.

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

Respectfully submitted,



Jim Egeberg  
Finance Director

## **FINANCIAL SECTION**

This section includes:

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

# **INDEPENDENT AUDITORS' REPORT**

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

## INDEPENDENT AUDITORS' REPORT

April 13, 2009

The Honorable Mayor  
Members of the City Council  
City of Rolling Meadows, Illinois

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the basic financial statements of each of the City of Rolling Meadows, Illinois' nonmajor governmental funds, and internal service funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the City of Rolling Meadows, Illinois management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the Rolling Meadows Public Library discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounting included for the Rolling Meadows Public Library, is based solely on the report of the other auditor.

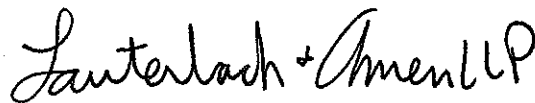
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois as of December 31, 2008 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as schedules in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Rolling Meadows, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining, and individual fund financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements and each of the combining and individual fund financial statements taken as a whole.

The Management's Discussion and Analysis and the other required supplementary information listed in the accompanying table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

The introductory and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.



LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Rolling Meadows, Illinois  
Management's Discussion and Analysis  
December 31, 2008**

The City of Rolling Meadows' management's discussion and analysis is designed to provide readers a narrative overview and analysis of the City's financial statements for the fiscal year ending December 31, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal (beginning on page iv) and the City's financial statements (beginning on page 12).

**Financial Highlights**

The assets of the City of Rolling Meadows exceeded its liabilities at the close of the most recent fiscal year by \$112,830,718 (*net assets*). Of this amount, \$5,216,651 is an unrestricted deficit, while \$116,399,399 is invested in capital assets, net of related debt and \$1,647,970 is restricted for specific purposes.

- The City's total net assets decreased by \$11,897,724 (or 9.53%) during the fiscal year ending December 31, 2008. Of this decrease, \$8.4 million is due to a change in the recognition of deferred property taxes on the entity wide balance sheet from 2007 to 2008. The remaining decrease is based on planned use of fund balance. The governmental net assets decreased by \$13,393,665 and the business-type activities net assets increased by \$1,495,941.
- As of the close of the current fiscal year, the City of Rolling Meadows' governmental funds reported combined ending fund balances of negative \$183,124.
- At the end of fiscal year 2008, the fund balance for the General Fund was a negative \$2,374,704, due to an unexpected decline in revenues. The City implemented a cash reserves policy for the General Fund in January, 2008 to proactively alleviate General Fund fund balance shortages.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

The government-wide financial statements may be found on pages 12 through 15 of this report.

### **Fund Financial Statements**

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

#### ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rolling Meadows maintains twenty-four individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Motor Fuel Tax Fund and the General Obligation Bond Series of 2005 Fund, of which these three are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and may be found elsewhere in this report.

The City of Rolling Meadows adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements may be found on pages 16 through 19 of this report.

#### ***Proprietary Funds***

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains five internal service funds: two to account for its fleet of vehicles, the building and land fund to account for building maintenance and improvements, the health insurance fund for health insurance premiums, including retiree, and the liability insurance fund for general liability insurance as well as workers' compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements may be found on pages 20 through 25 of this report.

#### ***Fiduciary Funds***

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

The basic fiduciary fund financial statements may be found on pages 26 and 27 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 28 through 77 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information may be found on pages 78 through 87 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules may be found on pages 88 through 153 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rolling Meadows, assets exceeded liabilities by \$112,830,718 at the close of the most recent fiscal year.

By far the largest portion of the City of Rolling Meadows' net assets, \$116,399,399 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rolling Meadows' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Rolling Meadows**  
**Statement of Net Assets**  
**As of December 31, 2008 and 2007**  
**(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 16.01	\$ 20.1	\$ 2.3	\$ 2.5	\$ 18.4	\$ 22.6
Capital assets	132.3	132.9	10.4	8.8	142.7	141.7
<b>Total assets</b>	<b>\$ 148.4</b>	<b>\$ 153.0</b>	<b>\$ 12.7</b>	<b>\$ 11.3</b>	<b>\$ 161.1</b>	<b>\$ 164.3</b>
Long-term liabilities	\$ 30.5	\$ 33.2	\$ 3.7	\$ 4.1	\$ 34.2	\$ 37.3
Other liabilities	12.9	1.4	1.2	.9	14.1	2.3
<b>Total liabilities</b>	<b>\$ 43.4</b>	<b>\$ 34.6</b>	<b>\$ 4.9</b>	<b>\$ 5.0</b>	<b>\$ 48.3</b>	<b>\$ 39.6</b>
Net assets:						
Invested in capital assets, net of debt	\$ 109.3	\$ 105.6	\$ 7.1	\$ 5.1	\$ 116.4	\$ 110.7
Restricted	1.6	3.8	-	-	1.6	3.8
Unrestricted (deficit)	(5.9)	9.0	.7	1.2	(5.2)	10.2
<b>Total net assets</b>	<b>\$ 105.0</b>	<b>\$ 118.4</b>	<b>\$ 7.8</b>	<b>\$ 6.3</b>	<b>\$ 112.8</b>	<b>\$ 124.7</b>

A portion of the City of Rolling Meadows' net assets (or \$1.6 million) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City of Rolling Meadows is able to report positive balances in two categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Additional information on the Statement of Net Assets may be found on pages 12 through 13 of this report.

## Change in Net Assets

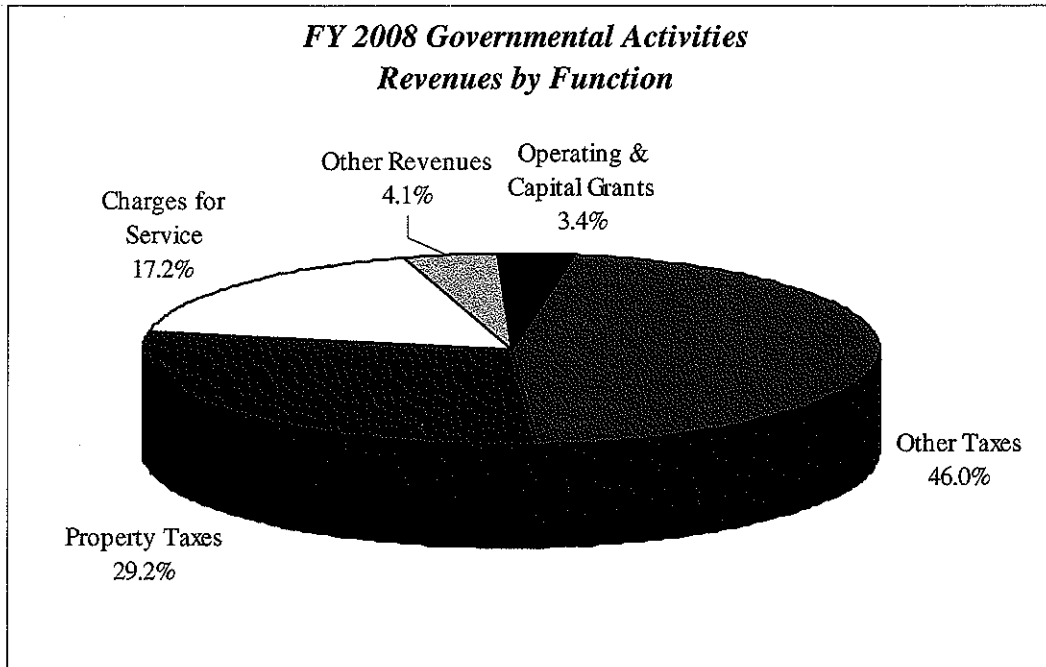
The fiscal year 2008 activities of the City of Rolling Meadows caused the net assets to decline by \$11,897,724 (for governmental activities, change in net assets is a \$13,393,665 decrease, and for business-type activities, changes in net assets is a \$1,495,941 increase). The net assets as of the end of fiscal year 2008 is \$112,830,718. Key elements are as follows:

**City of Rolling Meadows**  
**Changes in Net Assets**  
**For the Fiscal Year Ended December 31, 2008 and 2007**  
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenue</b>						
Program revenues:						
Charges for service	\$ 5.0	\$ 5.5	\$ 9.2	\$ 8.0	\$ 14.1	\$ 13.5
Operating grants/contributions	0.1	-	-	-	0.1	-
Capital grants	0.9	1.0	0.8	-	1.7	1.0
General revenue:						
Property taxes	8.5	9.3	-	-	8.5	9.3
Other taxes	13.4	13.0	-	-	13.4	13.0
Other revenues	1.2	0.9	0.0	< 0.1	1.2	0.9
<b>Total revenue</b>	<b>29.1</b>	<b>29.7</b>	<b>10.0</b>	<b>8.0</b>	<b>39.0</b>	<b>37.7</b>
<b>Expenses</b>						
Governmental activities:						
General Government	\$ 5.1	\$ 4.7	\$ -	\$ -	\$ 5.1	\$ 4.7
Public Safety	20.4	19.9	-	-	20.4	19.9
Highway & Streets	2.6	4.5	-	-	2.6	4.5
Public Works	4.2	2.3	-	-	4.2	2.3
Health & Welfare	0.0	0.1	-	-	.0	0.1
Economic Development	0.2	0.1	-	-	.2	0.1
Interest	1.1	0.9	-	-	1.1	0.9
Business-type:						
Water	-	-	4.7	4.8	4.7	4.8
Sewer	-	-	1.2	1.2	1.2	1.2
Refuse	-	-	2.5	2.4	2.5	2.4
Stormwater	-	-	0.6	0.5	0.6	0.5
Street Light Utility	-	-	-	0.1	-	0.1
<b>Total expenses</b>	<b>33.6</b>	<b>32.5</b>	<b>9.0</b>	<b>9.0</b>	<b>42.5</b>	<b>41.5</b>
<b>Revenues over (under) expenses</b>	<b>(4.5)</b>	<b>(2.8)</b>	<b>1.0</b>	<b>(1.0)</b>	<b>(3.5)</b>	<b>(3.8)</b>
Transfers	(0.5)	0.7	0.5	(0.4)	-	0.3
<b>Change in net assets</b>	<b>\$ (5.0)</b>	<b>\$ (2.1)</b>	<b>\$ 1.5</b>	<b>\$ (1.4)</b>	<b>\$ (3.5)</b>	<b>\$ (3.5)</b>

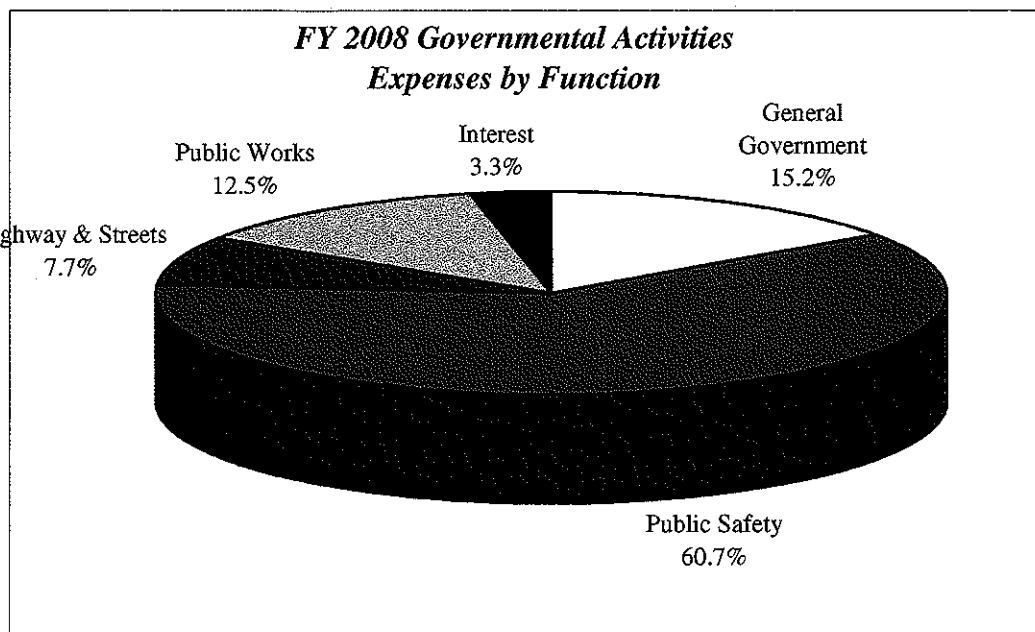
**Governmental Activities**

**Revenues:**



For the fiscal year ended December 31, 2008, revenues from governmental activities totaled \$29.0 million, signifying a decrease in revenues of \$0.6 million dollars from the previous fiscal year. Property taxes totaled \$8.5 million representing 27.2% of the total governmental activity revenue. Other taxes, at \$13.4 million, are primarily attributable to the City's sales, state income, food and beverage, telecom, and real estate transfer taxes. The slight decline in property taxes is attributable to a weakening economy and housing market and increase in property foreclosures.

**Expenses:**



For the fiscal year ending December 31, 2008, expenses for governmental activities totaled \$33.6 million, a \$1.1 million increase over the fiscal year 2007. Expenses related to public safety – police and fire – accounted for 60.8% of the total expenses for governmental activities. The overall increase in expenses is explained by inflationary pressures—causing the costs of goods and services and health care costs to rise and an unexpected volatility in the prices of fuel.

### Business-type Activities

The major revenue components of the “charges for services” classification for business-type activities are fees from the City’s water, sewer, refuse and stormwater utilities. Total charges for services for these activities are \$9,202,003, an increase of \$1,231,143 or 15.0% from the \$7,970,860 generated in fiscal year 2007. Business-type activities increased the City of Rolling Meadows’ net assets by \$1,495,941. Key elements of this increase were continued capital projects.

### Financial Analysis of the Government’s Funds

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

**Governmental Funds** - The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing resources available at the end of the year in comparison with the City’s upcoming financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At December 31, 2008 the governmental funds reported a combined fund balance deficit of \$183,124, a decrease of \$3,235,448 from fiscal year 2007. Since revenues received did not reach budgeted levels, it was necessary to use fund balances to meet approved budget expenditures.

The General Fund is the City’s primary operating fund and the largest source of funding for day-to-day activities of its various departments. Shown in the chart “General Fund Budgetary Highlights” is the original, final and actual budget. The actual budget shows the net change in fund balance as a decline by \$175,546. The deficit fund balance at the beginning of fiscal year was \$534,828 and the fund balance at the end of the year is a negative \$2,374,704. Additional information may be found on page 139 of this report.

#### General Fund Budgetary Highlights

(in Millions)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>
Revenues	\$ 25,111,133	\$ 25,248,658	\$ 23,744,012
Expenditures	23,478,179	23,478,179	23,745,668
Excess of Revenues			
Over Expenditures	1,632,954	1,770,479	(1,656)
Other Financing Sources or (Uses)	(1,808,500)	(1,808,500)	(1,838,220)
Net Change in Fund Balance	\$ (175,546)	\$ (38,021)	\$ (1,839,876)

The Motor Fuel Tax Fund is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The Motor Fuel Tax Fund reported a deficit of \$286,162, due primarily to unbudgeted street improvements of \$285,616, resulting in ending fund balance of \$1,647,970.

The General Obligation Bond Series of 2005 Fund reported a deficit of \$79,240, which was budgeted as a deficit of \$81,150, resulting in a deficit ending fund balance of \$173,990.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but include long-term outflows and capital assets. Unrestricted net assets of the Water, Sewer, Refuse and Stormwater Management Funds at the end of the year amounted to \$713,479—down \$545,546 from 2007 due to more assets being invested in capital assets and infrastructure improvements.

The Water Fund reported a surplus of \$943,664 for 2008, resulting in ending net assets of \$3,855,805. This increase was due primarily to capital contributions of \$792,632. The Sewer Fund reported a surplus of \$460,009 due to charges for services exceeding expenses by \$397,284 and net transfers in of \$62,725. A surplus of \$38,299 was also reported in the Refuse Collection Fund, due to charges for services exceeding expenses by \$46,855. Finally, the Stormwater Management Fund reported a surplus of \$53,969 due primarily to capital contributions of \$21,246.

### Capital Asset and Debt Administration

**Capital Assets** - The City of Rolling Meadows' investment in capital assets for its governmental and business-type activities as of December 31, 2008 amounts to \$142,768,168 (net of accumulated depreciation) an increase of \$1,042,466 from 2007. This investment in capital assets includes land, land improvements, construction in progress, buildings and systems, machinery and equipment, roads, highways, bridges and vehicles. The .07% increase from 2007 balances reflects investments in land, building, machinery and equipment, and infrastructure.

**City of Rolling Meadows  
Capital Assets at Year End  
Net of Depreciation  
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 99.2	\$ 98.9	\$ -	\$ -	\$ 99.2	\$ 98.9
Land improvements	.1	.1	-	-	.1	.1
Construction in progress	1.1	1.5	1.3	-	2.4	1.5
Building	7.6	7.6	1.8	1.9	9.4	9.5
Machinery and equipment	1.3		.6	.4	1.9	1.6
Infrastructure	21.5	22.2	6.7	6.5	28.2	28.7
Vehicles	1.5		-	-	1.5	1.4
<b>Total</b>	<b>\$ 132.3</b>	<b>\$ 132.9</b>	<b>\$ 10.4</b>	<b>\$ 8.8</b>	<b>\$ 142.7</b>	<b>\$ 141.7</b>

Additional information on the City of Rolling Meadows' capital assets may be found on pages 49 through 52 of this report.

**Long-term Debt.** At the end of the fiscal year 2008, the City of Rolling Meadows had total bonded debt outstanding of \$25,715,000. Of this amount, 100% comprises debt backed by the full faith and credit of the government.

**City of Rolling Meadows  
Outstanding General Obligation Debt (000's)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 22.4	\$ 24.0	\$ 3.3	\$ 3.6	\$ 25.7	\$ 27.6

The City of Rolling Meadows made principal payments on outstanding debt in the current year of \$1,865,000, in accordance with the terms of the various bond issues. No new general obligation bonds were issued during 2008.

The City of Rolling Meadows was assigned an AA rating by Standard & Poor's, and had a previous Aa3 rating from Moody's. The City of Rolling Meadows as a home rule authority is not limited to the amount of general obligation debt it may issue, except that any debt issue may not exceed a forty-year payment period. The total per capita general obligation debt for the community is \$1,045.16.

Additional information on the City of Rolling Meadows' long-term debt may be found in Note 3 on pages 54 through 58 of this report.

### **Economic Factors and Next Year's Budget and Rates**

Rolling Meadows is part of the Chicago northwest suburban area that encompasses 32 communities along Interstate 90 from O'Hare Airport to Elgin, Illinois. Known as the "Golden Corridor", this area is home to approximately 890,000 people, 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 of Rolling Meadows is centrally located within the "Golden Corridor" with O'Hare Airport approximately 10 miles east of the City.

Because of this great location, Rolling Meadows continues to experience interest from developers in two major redevelopment projects. Although the economic downturn has slowed the progress of these projects, work continues and progress is expected in fiscal year 2009. The 40-acre site at the corner of Route 53 and Algonquin Road, a proposed mixed-use residential/retail development, is now a tax increment financing district. This area has the potential to become an extraordinary lifestyle center with a "town center" atmosphere.

Rolling Meadows continues to focus its attention on downtown revitalization, including redevelopment of the former Dominick's 11-acre site and the multi-million dollar remodel of the Rolling Meadows Shopping Center. The City is also considering proposals for the development of Riverwalk's Lot 4 at the corner of Owl and Kirchoff. Such development will increase sales and property tax revenues to the City.

As mentioned at the beginning of this analysis the City closed the year with a negative General Fund balance. In January 2008, the City established a cash reserve fund to help cover City operations during the continued economic downturn in tax receipts and the housing market. The goal is to slowly build the fund reserves to the desired level of 10% of General Fund expenditures.

The City continues to prudently use resources and is looking ahead to exciting development projects to enhance the community as a whole.

### **Requests for Information**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be addressed to the Director of Finance, City of Rolling Meadows, 3600 Kirchoff Road, Rolling Meadows, Illinois, 60008.

## **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds
  - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Assets  
December 31, 2008**

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**See Following Page**

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Assets  
December 31, 2008**

	Governmental Activities	Business- Type Activities	Total	Component Unit <u>Public Library</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 659,662	375,207	1,034,869	1,719,940
Receivables - Net of Allowances	11,429,718	1,382,167	12,811,885	3,403,165
Prepays/Inventories	3,837,330	62,415	3,899,745	11,586
<b>Total Current Assets</b>	<b>15,926,710</b>	<b>1,819,789</b>	<b>17,746,499</b>	<b>5,134,691</b>
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Nondepreciable	100,341,291	1,284,469	101,625,760	608,893
Depreciable	64,424,274	18,525,048	82,949,322	8,258,967
Accumulated Depreciation	(32,435,230)	(9,371,684)	(41,806,914)	(4,681,350)
	<u>132,330,335</u>	<u>10,437,833</u>	<u>142,768,168</u>	<u>4,186,510</u>
<b>Other Assets</b>				
Investment in Joint Venture	-	440,937	440,937	-
Unamortized Bond Issuance Costs	163,230	15,383	178,613	-
	<u>163,230</u>	<u>456,320</u>	<u>619,550</u>	<u>-</u>
<b>Total Noncurrent Assets</b>	<b>132,493,565</b>	<b>10,894,153</b>	<b>143,387,718</b>	<b>4,186,510</b>
<b>Total Assets</b>	<b>148,420,275</b>	<b>12,713,942</b>	<b>161,134,217</b>	<b>9,321,201</b>

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

	Governmental Activities	Business- Type Activities	Total	Component Unit Public Library
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	777,989	487,406	1,265,395	131,597
Accrued Payroll	557,012	54,315	611,327	119,204
Deposits Payable	340,199	-	340,199	-
Interest Payable	36,255	-	36,255	-
Unearned/Deferred Revenue	8,515,939	51,897	8,567,836	-
<b>Current Portion of Long-Term Liabilities</b>				
Compensated Absences Payable	877,883	45,077	922,960	99,814
Capital Leases Payable	83,137	-	83,137	-
General Obligation Bonds Payable - Net	1,682,725	257,275	1,940,000	-
<b>Total Current Liabilities</b>	<b>12,871,139</b>	<b>895,970</b>	<b>13,767,109</b>	<b>350,615</b>
<b>Noncurrent Liabilities</b>				
Deposits Payable	-	321,411	321,411	-
Net Pension Obligation Payable	3,832,275	-	3,832,275	-
Compensated Absences Payable	5,136,770	602,524	5,739,294	12,146
Capital Leases Payable	473,250	-	473,250	-
General Obligation Bonds Payable - Net	20,818,705	3,053,677	23,872,382	-
Net Other Post-Employment Benefit Payable	297,778	-	297,778	-
<b>Total Noncurrent Liabilities</b>	<b>30,558,778</b>	<b>3,977,612</b>	<b>34,536,390</b>	<b>12,146</b>
<b>Total Liabilities</b>	<b>43,429,917</b>	<b>4,873,582</b>	<b>48,303,499</b>	<b>362,761</b>
<b>NET ASSETS</b>				
Invested in Capital Assets - Net of Related Debt	109,272,518	7,126,881	116,399,399	4,186,510
Restricted - Highways and Streets	1,647,970	-	1,647,970	-
Unrestricted	(5,930,130)	713,479	(5,216,651)	4,771,930
<b>Total Net Assets</b>	<b>104,990,358</b>	<b>7,840,360</b>	<b>112,830,718</b>	<b>8,958,440</b>

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Activities  
Year Ended December 31, 2008**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
<b>Governmental Activities</b>				
General Government	\$ 5,050,686	2,862,046	-	-
Public Safety	20,450,625	1,680,285	117,736	-
Highways and Streets	2,639,761	367,344	-	862,720
Public Works	4,155,140	40,000	14,110	-
Health and Welfare	25,680	-	-	-
Economic Development	251,734	-	-	-
Interest on Long-Term Debt	1,050,211	-	-	-
	<u>33,623,837</u>	<u>4,949,675</u>	<u>131,846</u>	<u>862,720</u>
<b>Business-Type Activities</b>				
Water	4,772,997	4,580,044	-	792,632
Sewer	1,178,925	1,576,209	-	-
Refuse Collection	2,488,338	2,525,528	-	-
Stormwater Management	603,328	520,222	-	21,246
	<u>9,043,588</u>	<u>9,202,003</u>	<u>-</u>	<u>813,878</u>
<b>Total Primary Government</b>	<u>42,667,425</u>	<u>14,151,678</u>	<u>131,846</u>	<u>1,676,598</u>
<b>Component Unit - Public Library</b>	<u>3,389,373</u>	<u>45,285</u>	<u>29,788</u>	<u>-</u>

<b>General Revenues</b>
Taxes
Property
State Sales and Home Rule
Simplified Telecommunications
Hotel
Food and Beverage
Real Estate Transfer
Other Taxes
Intergovernmental - Unrestricted
Income Taxes
Local Use Taxes
Replacement Taxes
Interest
Miscellaneous
Transfers - Internal Activity
Change in Net Assets
Net Assets - Beginning as Restated
Net Assets - Ending

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

Net Expense/Revenue			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Public Library
(2,188,640)	-	(2,188,640)	-
(18,652,604)	-	(18,652,604)	-
(1,409,697)	-	(1,409,697)	-
(4,101,030)	-	(4,101,030)	-
(25,680)	-	(25,680)	-
(251,734)	-	(251,734)	-
(1,050,211)	-	(1,050,211)	-
(27,679,596)	-	(27,679,596)	-
-	599,679	599,679	-
-	397,284	397,284	-
-	37,190	37,190	-
-	(61,860)	(61,860)	-
-	972,293	972,293	-
(27,679,596)	972,293	(26,707,303)	-
-	-	-	(3,314,300)
8,532,810	-	8,532,810	3,370,372
5,612,900	-	5,612,900	-
2,038,337	-	2,038,337	-
451,898	-	451,898	-
1,293,970	-	1,293,970	-
269,663	-	269,663	-
817,304	-	817,304	74,880
2,326,382	-	2,326,382	-
364,474	-	364,474	-
207,587	-	207,587	-
61,928	32,658	94,586	-
1,174,766	-	1,174,766	31,584
(490,990)	490,990	-	25,286
22,661,029	523,648	23,184,677	3,502,122
(5,018,567)	1,495,941	(3,522,626)	187,822
110,008,925	6,344,419	116,353,344	8,770,618
104,990,358	7,840,360	112,830,718	8,958,440

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Balance Sheet - Governmental Funds  
December 31, 2008**

	General	Motor Fuel Tax	General Obligation Bond Series of 2005	Nonmajor Governmental	Totals
<b>ASSETS</b>					
Cash and Investments	\$ -	51,336	-	608,326	659,662
Receivables - Net of Allowances					
Property Taxes	6,517,322	-	866,987	1,041,028	8,425,337
Other Taxes	2,553,554	59,758	-	19,559	2,632,871
Accounts	237,610	-	-	83,677	321,287
Due from Other Governments	-	-	-	14,110	14,110
Due from Other Funds	-	1,586,084	-	2,098,565	3,684,649
Prepays	5,083	-	-	3,083	8,166
<b>Total Assets</b>	<b>9,313,569</b>	<b>1,697,178</b>	<b>866,987</b>	<b>3,868,348</b>	<b>15,746,082</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	209,545	49,208	-	75,042	333,795
Accrued Payroll	465,472	-	-	81,977	547,449
Deposits Payable	-	-	-	8,756	8,756
Due to Other Funds	4,357,179	-	188,452	1,977,636	6,523,267
Unearned/Deferred Revenue	6,656,077	-	852,525	1,007,337	8,515,939
<b>Total Liabilities</b>	<b>11,688,273</b>	<b>49,208</b>	<b>1,040,977</b>	<b>3,150,748</b>	<b>15,929,206</b>
<b>Fund Balances</b>					
Reserved - Prepays	5,083	-	-	3,083	8,166
Reserved - Encumbrances	880,093	-	-	-	880,093
Unreserved - General Fund	(3,259,880)	-	-	-	(3,259,880)
Unreserved - Special Revenue Funds	-	1,647,970	-	(15,750)	1,632,220
Unreserved - Debt Service Funds	-	-	(173,990)	(28,967)	(202,957)
Unreserved - Capital Projects Funds	-	-	-	759,234	759,234
<b>Total Fund Balances</b>	<b>(2,374,704)</b>	<b>1,647,970</b>	<b>(173,990)</b>	<b>717,600</b>	<b>(183,124)</b>
<b>Total Liabilities and Fund Balances</b>	<b>9,313,569</b>	<b>1,697,178</b>	<b>866,987</b>	<b>3,868,348</b>	<b>15,746,082</b>

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to  
Net Assets - Governmental Activities**

**December 31, 2008**

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<b>Total Governmental Fund Balances</b>	<b>\$ (183,124)</b>
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Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	128,119,498
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Internal Service Funds are used by the Village to charge the costs of vehicle and equipment management and employee compensated absences to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	7,992,340
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Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Unamortized Bond Issuance Costs	143,838
Net Pension Obligation Payable	(3,832,275)
Compensated Absences Payable	(5,889,351)
Capital Leases Payable	(74,153)
General Obligation Bonds Payable - Net	(20,952,382)
Net Other Post-Employment Benefit Payable	(297,778)
Accrued Interest Payable	<u>(36,255)</u>

<b>Net Assets of Governmental Activities</b>	<b><u>104,990,358</u></b>
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The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2008**

	General	Motor Fuel Tax	General Obligation Bond Series of 2005	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 15,580,763	-	864,062	2,572,057	19,016,882
Intergovernmental	3,016,179	658,873	-	257,957	3,933,009
Licenses and Permits	650,194	-	-	367,344	1,017,538
Charges for Services	2,872,146	-	-	-	2,872,146
Fines and Forfeitures	749,282	-	-	270,709	1,019,991
Interest	(30,502)	27,775	3,383	26,104	26,760
Miscellaneous	905,950	29,070	-	239,746	1,174,766
<b>Total Revenues</b>	<b>23,744,012</b>	<b>715,718</b>	<b>867,445</b>	<b>3,733,917</b>	<b>29,061,092</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	3,879,164	-	86,500	260,208	4,225,872
Public Safety	17,666,901	-	-	1,556,059	19,222,960
Highways and Streets	-	390,299	-	1,606,804	1,997,103
Public Works	2,113,820	-	-	15,081	2,128,901
Health/Welfare and Culture	25,680	-	-	-	25,680
Economic Development	60,103	-	-	191,631	251,734
Capital Outlay	-	465,278	-	1,205,717	1,670,995
<b>Debt Service</b>					
Principal Retirement	-	-	590,000	884,744	1,474,744
Interest and Fiscal Charges	-	-	270,185	622,124	892,309
<b>Total Expenditures</b>	<b>23,745,668</b>	<b>855,577</b>	<b>946,685</b>	<b>6,342,368</b>	<b>31,890,298</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,656)</b>	<b>(139,859)</b>	<b>(79,240)</b>	<b>(2,608,451)</b>	<b>(2,829,206)</b>
<b>Other Financing Sources (Uses)</b>					
Disposal of Capital Assets	851	-	-	-	851
Debt Issuance	-	-	-	83,897	83,897
Transfers In	-	-	-	2,977,970	2,977,970
Transfers Out	(1,839,071)	(146,303)	-	(1,483,586)	(3,468,960)
	<b>(1,838,220)</b>	<b>(146,303)</b>	<b>-</b>	<b>1,578,281</b>	<b>(406,242)</b>
<b>Net Change in Fund Balances</b>	<b>(1,839,876)</b>	<b>(286,162)</b>	<b>(79,240)</b>	<b>(1,030,170)</b>	<b>(3,235,448)</b>
<b>Fund Balances - Beginning</b>	<b>(534,828)</b>	<b>1,934,132</b>	<b>(94,750)</b>	<b>1,747,770</b>	<b>3,052,324</b>
<b>Fund Balances - Ending</b>	<b>(2,374,704)</b>	<b>1,647,970</b>	<b>(173,990)</b>	<b>717,600</b>	<b>(183,124)</b>

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

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

**Year Ended December 31, 2008**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ (3,235,448)**

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	1,201,117
Depreciation Expense	(2,295,129)

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Additions to Net Pension Obligation Payable	(1,085,086)
Additions to Compensated Absences Payable	(243,801)
Additions to Net Other Post-Employment Benefit Payable	(297,778)
Issuance of Debt	(83,897)
Retirement of Debt	1,474,744
Amortization of Premium	24,265
Amortization of Bond Issue Costs	(15,090)

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

1,844

Internal service funds are used by the Village to charge the costs of vehicle and equipment  
management and employee compensated absences to individual funds.

The net revenue of certain activities of internal service funds is  
reported with governmental activities.

(464,308)

**Changes in Net Assets of Governmental Activities**

(5,018,567)

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Assets - Proprietary Funds  
December 31, 2008**

		Water
<b>ASSETS</b>		
Current Assets		
Cash and Investments		\$ 334,872
Receivables - Net of Allowances - Accounts		723,830
Due from Other Funds		229,083
Inventories		48,061
Prepays		2,154
Total Current Assets		1,338,000
Noncurrent Assets		
Capital Assets		
Nondepreciable		577,673
Depreciable		9,690,701
Accumulated Depreciation		(5,963,604)
		4,304,770
Other Assets		
Investment in Joint Venture		440,937
Unamortized Bond Issuance Costs		12,306
		453,243
Total Noncurrent Assets		4,758,013
Total Assets		6,096,013
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		324,940
Accrued Payroll		25,786
Due to Other Funds		-
Unearned/Deferred Revenue		48,564
Compensated Absences Payable		28,204
Capital Leases Payable		-
General Obligation Bonds Payable		105,820
Total Current Liabilities		533,314
Noncurrent Liabilities		
Deposits Payable		321,411
Compensated Absences Payable		386,541
Capital Leases Payable		-
General Obligation Bonds Payable		998,942
Total Noncurrent Liabilities		1,706,894
Total Liabilities		2,240,208
<b>NET ASSETS</b>		
Invested in Capital Assets - Net of Related Debt		3,200,008
Unrestricted		655,797
Total Net Assets		3,855,805

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

Business-Type Activities - Enterprise				Governmental Activities
Sewer	Refuse Collection	Stormwater Management	Totals	Internal Service
40,335	-	-	375,207	-
221,039	361,525	75,773	1,382,167	36,113
-	-	-	229,083	2,838,618
-	-	-	48,061	-
67	12,108	25	14,354	3,829,164
261,441	373,633	75,798	2,048,872	6,703,895
93,951	-	612,845	1,284,469	56,976
5,730,671	598,613	2,505,063	18,525,048	8,516,941
(2,584,475)	(125,884)	(697,721)	(9,371,684)	(4,363,080)
3,240,147	472,729	2,420,187	10,437,833	4,210,837
-	-	-	440,937	-
-	3,077	-	15,383	19,392
-	3,077	-	456,320	19,392
3,240,147	475,806	2,420,187	10,894,153	4,230,229
3,501,588	849,439	2,495,985	12,943,025	10,934,124
53,122	27,254	82,090	487,406	444,194
13,280	13,509	1,740	54,315	9,563
-	1,850	227,233	229,083	-
-	-	3,333	51,897	-
7,114	8,473	1,286	45,077	6,682
-	-	-	-	67,326
-	26,455	125,000	257,275	177,725
73,516	77,541	440,682	1,125,053	705,490
-	-	-	321,411	331,443
134,774	79,926	1,283	602,524	118,620
-	-	-	-	414,908
-	249,735	1,805,000	3,053,677	1,371,323
134,774	329,661	1,806,283	3,977,612	2,236,294
208,290	407,202	2,246,965	5,102,665	2,941,784
3,240,147	196,539	490,187	7,126,881	2,179,555
53,151	245,698	(241,167)	713,479	5,812,785
3,293,298	442,237	249,020	7,840,360	7,992,340

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds  
Year Ended December 31, 2008**

	<u>Water</u>
Operating Revenues	
Charges for Services	\$ 4,508,280
Miscellaneous	71,764
Interfund Services	-
Total Operating Revenues	<u>4,580,044</u>
Operating Expenses	
Administration	281,110
Public Safety	-
Public Works	376,535
Operations	3,874,540
Depreciation and Amortization	202,192
Total Operating Expenses	<u>4,734,377</u>
Operating Income (Loss)	<u>(154,333)</u>
Nonoperating Revenues (Expenses)	
Disposal of Capital Assets	-
Interest Income	27,420
Interest Expense	(38,620)
	<u>(11,200)</u>
Income (Loss) Before Contributions and Transfers	(165,533)
Capital Contributions	792,632
Transfers In	400,000
Transfers Out	<u>(83,435)</u>
Change in Net Assets	943,664
Net Assets - Beginning	<u>2,912,141</u>
Net Assets - Ending	<u><u>3,855,805</u></u>

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

Business-Type Activities - Enterprise				Governmental Activities
Sewer	Refuse Collection	Stormwater Management	Totals	Internal Service
1,550,618	2,441,131	509,746	9,009,775	-
25,591	84,397	10,476	192,228	994,079
-	-	-	-	4,722,947
1,576,209	2,525,528	520,222	9,202,003	5,717,026
165,455	448,485	46,456	941,506	5,254,364
-	-	-	-	103,693
118,112	173,902	-	668,549	122,493
694,823	1,819,032	342,174	6,730,569	-
200,535	37,254	125,253	565,234	632,578
1,178,925	2,478,673	513,883	8,905,858	6,113,128
397,284	46,855	6,339	296,145	(396,102)
-	-	-	-	65,547
-	1,109	4,129	32,658	35,168
-	(9,665)	(89,445)	(137,730)	(168,921)
-	(8,556)	(85,316)	(105,072)	(68,206)
397,284	38,299	(78,977)	191,073	(464,308)
-	-	21,246	813,878	172,780
200,000	-	126,302	726,302	-
(137,275)	-	(14,602)	(235,312)	-
460,009	38,299	53,969	1,495,941	(291,528)
2,833,289	403,938	195,051	6,344,419	8,283,868
3,293,298	442,237	249,020	7,840,360	7,992,340

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2008**

	<u>Water</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from Customers and Users	\$ 4,184,136
Interfund Services Provided	-
Payments to Suppliers	(3,426,642)
Payments to Employees	(914,129)
	<u>(156,635)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers to/from Other Funds	400,000
Advances to/from Other Funds	(83,435)
	<u>316,565</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	(183,243)
Proceeds on Sale of Capital Assets	-
Principal Paid on Debt	(95,238)
Interest Paid on Debt	(38,620)
	<u>(317,101)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	27,420
	<u>27,420</u>
<b>Net Change in Cash and Cash Equivalents</b>	(129,751)
<b>Cash and Cash Equivalents - Beginning</b>	464,623
<b>Cash and Cash Equivalents - Ending</b>	<u>334,872</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	(154,333)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	202,192
(Increase) Decrease in Current Assets	(395,908)
Increase (Decrease) in Current Liabilities	191,414
	<u>(156,635)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(156,635)</u>
<b>Noncash Capital and Related Activities</b>	
Capital Contributions	792,632
	<u>792,632</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Sewer	Refuse Collection	Stormwater Management	Totals	Internal Service
1,534,791	2,503,286	515,783	8,737,996	-
-	-	-	-	4,078,846
(806,555)	(2,004,553)	(63,139)	(6,300,889)	(4,821,900)
(429,042)	(436,373)	(50,717)	(1,830,261)	(304,910)
299,194	62,360	401,927	606,846	(1,047,964)
200,000	-	126,302	726,302	-
(137,275)	-	(14,602)	(235,312)	-
62,725	-	111,700	490,990	-
(321,584)	(283,801)	(591,598)	(1,380,226)	(1,091,444)
-	-	-	-	9,247
-	(23,810)	(120,000)	(239,048)	(225,251)
-	(9,665)	(89,445)	(137,730)	(168,921)
(321,584)	(317,276)	(801,043)	(1,757,004)	(1,476,369)
-	1,109	4,129	32,658	35,168
40,335	(253,807)	(283,287)	(626,510)	(2,489,165)
-	253,807	283,287	1,001,717	2,489,165
40,335	-	-	375,207	-
397,284	46,855	6,339	296,145	(396,102)
200,535	37,254	125,253	565,234	632,578
(41,418)	(22,242)	(4,439)	(464,007)	(1,638,180)
(257,207)	493	274,774	209,474	353,740
299,194	62,360	401,927	606,846	(1,047,964)
-	-	21,246	813,878	172,780

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Net Assets - Fiduciary Funds  
December 31, 2008**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,214,821	357,776
Investments		
U.S. Government and Agency Obligations	21,620,467	-
Municipal Bonds	-	-
Mutual Funds	9,944,772	-
Common Stock	1,508,043	-
Insurance Company Contracts	288,826	-
Receivables		
Accrued Interest	108,969	-
Total Assets	<u>35,685,898</u>	<u>357,776</u>
<b>LIABILITIES</b>		
Accounts Payable	139,845	6,047
Deposits Payable	-	351,729
Due to Other Funds	-	-
Total Liabilities	<u>139,845</u>	<u>357,776</u>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits	<u>35,546,053</u>	-

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

**CITY OF ROLLING MEADOWS, ILLINOIS**

**Statement of Changes in Net Assets - Fiduciary Funds  
Year Ended December 31, 2008**

	<u>Pension Trust</u>
<b>Additions</b>	
Contributions - Employer	\$ 1,697,454
Contributions - Plan Members	836,492
Contributions - Prior Year	227,515
Miscellaneous	46,988
<b>Total Contributions</b>	<u>2,808,449</u>
<b>Investment Earnings</b>	
Interest Earned	1,648,035
Net Change in Fair Value	<u>(7,968,839)</u>
	(6,320,804)
Less Investment Expenses	<u>(132,199)</u>
<b>Net Investment Income</b>	<u>(6,453,003)</u>
<b>Total Additions</b>	<u>(3,644,554)</u>
<b>Deductions</b>	
Administration	94,959
Benefits and Refunds	<u>2,837,084</u>
<b>Total Deductions</b>	<u>2,932,043</u>
<b>Change in Net Assets</b>	(6,576,597)
<b>Net Assets - Beginning</b>	<u>42,122,650</u>
<b>Net Assets - Ending</b>	<u>35,546,053</u>

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

# CITY OF ROLLING MEADOWS, ILLINOIS

## Notes to the Financial Statements December 31, 2008

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# CITY OF ROLLING MEADOWS, ILLINOIS

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**CITY OF ROLLING MEADOWS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2008**

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