



**Presented By
Robbin Blackert
City Administrator**

**City of Rock Falls
Fiscal Year 2020 Proposed Budget**

City of Rock Falls

Mayor

William B. Wescott

Council Members

Ward 1

Daehle Reitzel
William Wangelin

Ward 2

Glen Kuhlemier
Brian Snow

Ward 3

James Schuneman
Rod Kleckler

Ward 4

Lee Folsom
Violet Sobottka

Deputy Clerk

Michelle Conklin

City Treasurer

Kay Abner

City Administrator

Robbin Blackert

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Rock Falls at a Glance

Last year at this time, we were talking about the beginning of the Rock Falls FiberNet., a new enterprise fund for the City of Rock Falls. It was and remains our intent to utilize this broadband infrastructure to promote economic development and social equity while promoting public health, public safety and advancing educational opportunities for the residents and business of this community. The “backbone” is completed, and we are connection residential and business customers alike to the fiber network, opening the door to the world through technology.

The RB&W Riverfront area continues to grow, with the City taking steps in this fiscal year, to continue to make additions to the Riverfront Park and bring it closer to its completion. In addition, we are seeing growth in the riverfront area, with another hotel due to start construction at the end of April 2019 directly across the street from the Holiday Inn Express & Suites. At the same time a local investor, is building a Banquet facility, which will also house a new restaurant. Our vision continues to grow.

Our Tourism Department continues to develop more events to be enjoyed by local residents, but just importantly, bringing thousands of visitors to our City each year. They can enjoy the



Riverfront, trails, Hennepin Canal, Art Festival, Catfish Tournament, Food Truck Fridays, Boat Races, Taste of Fiesta and the list continues to grow.

The City of Rock Falls was awarded an Opportunity Zone designation for a large part of the uptown area. It gives us another tool to work towards change in the Uptown area, to develop it into a vibrant space of stores and business opportunities moving forward. The Limestone building, which had been part of our Riverfront area for over 125 years, and had become an eyesore, and has now been demolished, and opens more of the Riverfront to its beautiful scenery.

We continue to look forward to a better tomorrow, by offering our residents cost efficient, reliable city services of electric, wastewater, water, and of course FiberNet. Ensuring a secure and stable financial position, while insuring our future growth.

Mayor William B. Wescott

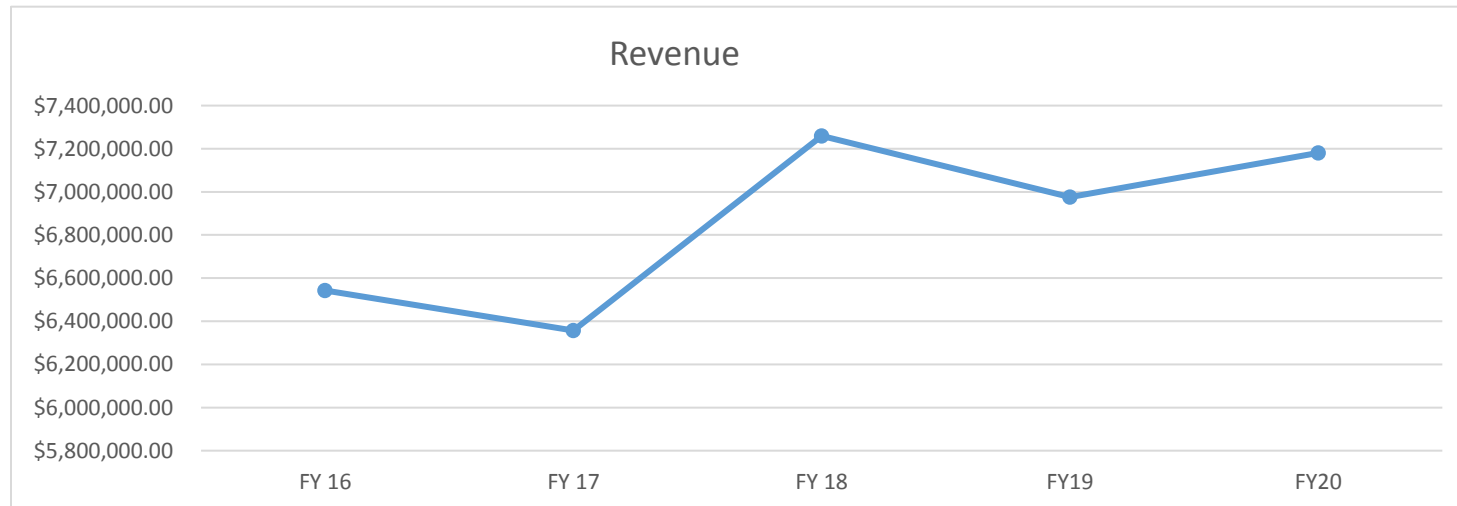
FY 20 General Fund Revenue Summary

General Fund Revenues & Assumptions:

The General Fund assumption for the reoccurring revenue sources indicate a slight growth in overall revenue sources. The FY 20 budget predicts an increase in all general fund reoccurring revenue over FY 19 general fund reoccurring revenues at 2.93%. The only non-reoccurring revenues include the assumption of \$110,000 in Member Initiative grants from Senator Neil Anderson and Representative Tony McCombie for remodeling of the shower and restroom facility in the Fire Department and the public restrooms in the City Hall and Community Building. Certain revenue assumptions are made based on historical data and formulas as supplied by the Illinois Municipal League for calculating Motor Fuel Tax, State Use Tax and State Income Tax (LGDF). The FY 20 assumption for State Use Tax is \$31.70 per capita which is considerably higher than the FY 19 assumption of \$26.30. The State has decreased their administrative fee from 2% to 1.5% with the overall expectation for the LGDF to increase from \$95.80 per capita to \$100.75 per capita. The combination of expected increases to the State Use Tax and the Local Government Distributive Fund is \$95,904. Which represents approximately 47% of the overall assumed increase in General Fund revenues. The other changes to revenue are the expected reimbursement for the School Resource Officer and increases to the Video Gaming tax received by the municipality totaling \$120,000. The tax levy for the upcoming fiscal year held at a 4.99% increase over the past year and will result in a \$10.41 increase to the average homeowner in Rock Falls on their tax bill received in 2019.

Contributions to the general fund by the utilities and tourism are 13% of the total revenues. Below is a chart representing the past seven years of general fund revenues.

Historical Revenue Chart



General Fund Revenue Breakdown

FRANCHISE/USAGE/TAXES	
Comcast Franchise Fee	\$ 130,000.00
Simplified Tele. Maintenance. Fee	\$ 150,000.00
Natural Gas Utility Tax	\$ 110,000.00
Utility Service Partners Royalty	\$ 4,000.00
Wireless Tower Rental Fee	\$ 10,000.00
Nicor Franchise Fee	\$ 15,500.00
Motor Fuel Tax Allotment & transfers	\$ 237,319.70
Street Maintenance-IDOT	\$ 19,000.00
Franchise/Usage/Other Taxes	\$ 675,819.70
UTILITY/ENTERPRISE CONTRIBUTION	
Capital Cost Recovery	\$ 490,000.00
Rent - Utility Office	\$ 48,786.00
Contribution Electric - Electric Usage	\$ 87,000.00
Contribution Electric - Utility Tax	\$ 1,200.00
Contribution Electric - Cap Cost	\$ 4,800.00
Contribution Sewer - Sewer Usage	\$ 4,400.00
Contribution Water - Water Usage	\$ 3,500.00
Contribution from Electric	\$ 5,000.00
Contribution from Water	\$ 37,500.00
Contribution from Sewer	\$ 37,500.00
Contribution from Garbage	\$ 65,000.00
Contribution Electric City Administrator	\$ 66,747.00
Contribution Water City Administrator	\$ 16,686.75
Contribution Sewer City Administrator	\$ 16,686.75
Contribution Garbage City Administrator	\$ 11,124.50
Tourism Rent	\$ 12,000.00
Tourism Admin Fee	\$ 9,000.00
Contribution from Utilities to GF	\$ 916,931.00

PROPERTY TAX REVENUE	
Prop. Tax-Corporate	\$ 187,046.00
Prop. Tax-Street & Bridge	\$ 57,000.00
Prop. Tax-Police Protection	\$ 37,814.00
Prop. Tax-Fire Protection	\$ 37,814.00
Prop. Tax-Police Pension	\$ 508,351.00
Prop. Tax-Tort	\$ 243,800.00
PPRT - Police & Fire	\$ 5,600.00
Trans/Work Comp & Gen Liability	\$ 230,000.00
Rural Fire Protection Tax	\$ 248,000.00
Property Tax Subtotal	\$ 1,555,425.00
SALES TAX REVENUE	
State Sales Tax	\$ 1,090,000.00
Non-Home Rule Sales Tax	\$ 747,066.00
State Use Tax	\$ 293,732.00
Non-Home Rule Sales Tax Transfers	\$ -
Sales Tax - Subtotal	\$ 2,130,798.00
INCOME TAX REVENUE	
State Income Tax (LGDF)	\$ 933,549.00
Income Tax - Subtotal	\$ 933,549.00

GRANTS	
Reimbursement-Grant Funds	\$ 110,000.00
Police Grants	\$ 2,500.00
Fire Grants	\$ -
Grants subtotal	\$ 112,500.00

FIRE/POLICE REVENUE	
Emergency Rescue	\$ 8,500.00
Non Res. Emergency Response Fee	\$ 500.00
Fire Chief Reimbursement	\$ 87,886.14
Video Gaming	\$ 230,000.00
Bail/Warrant Fee	\$ 10,000.00
Fines	\$ 62,000.00
Police Reports	\$ 1,000.00
Code Hearing Income	\$ 35,220.00
Charitable Games	\$ 3,000.00
School Resource Officer Reimbursement	\$ 71,624.00
Sex Offender Registration	\$ 2,000.00
Fire/Police subtotal	\$ 511,730.14
LICENSE/PERMITS/FEES	
Liquor Licenses	\$ 60,000.00
Tobacco/Liq. Violation Fines	\$ 500.00
Other Licenses	\$ 7,000.00
Building Permits	\$ 25,000.00
Inspection Fees	\$ 12,000.00
Contractors Registration	\$ 6,000.00
License/Permits/Fees Subtotal	\$ 110,500.00
MISCELLANEOUS	
Interest/Investments	\$ 10,000.00
Miscellaneous / fund transfers/RLF	\$ 170,913.00
Health Insurance Reimbursement	\$ 162,231.00
Miscellaneous Subtotal	\$ 343,144.00
Totals	\$ 7,290,396.84

The Importance of Utilities and Enterprise Funds to the General Fund Revenues

As noted on the previous page, Rock Falls' utilities and enterprise funds contribute a tremendous amount of money to the General Fund. In FY 20, including the \$19,000 contribution from our Tourism Department, our utilities and enterprise funds contributed 13% of our total General Fund revenues.

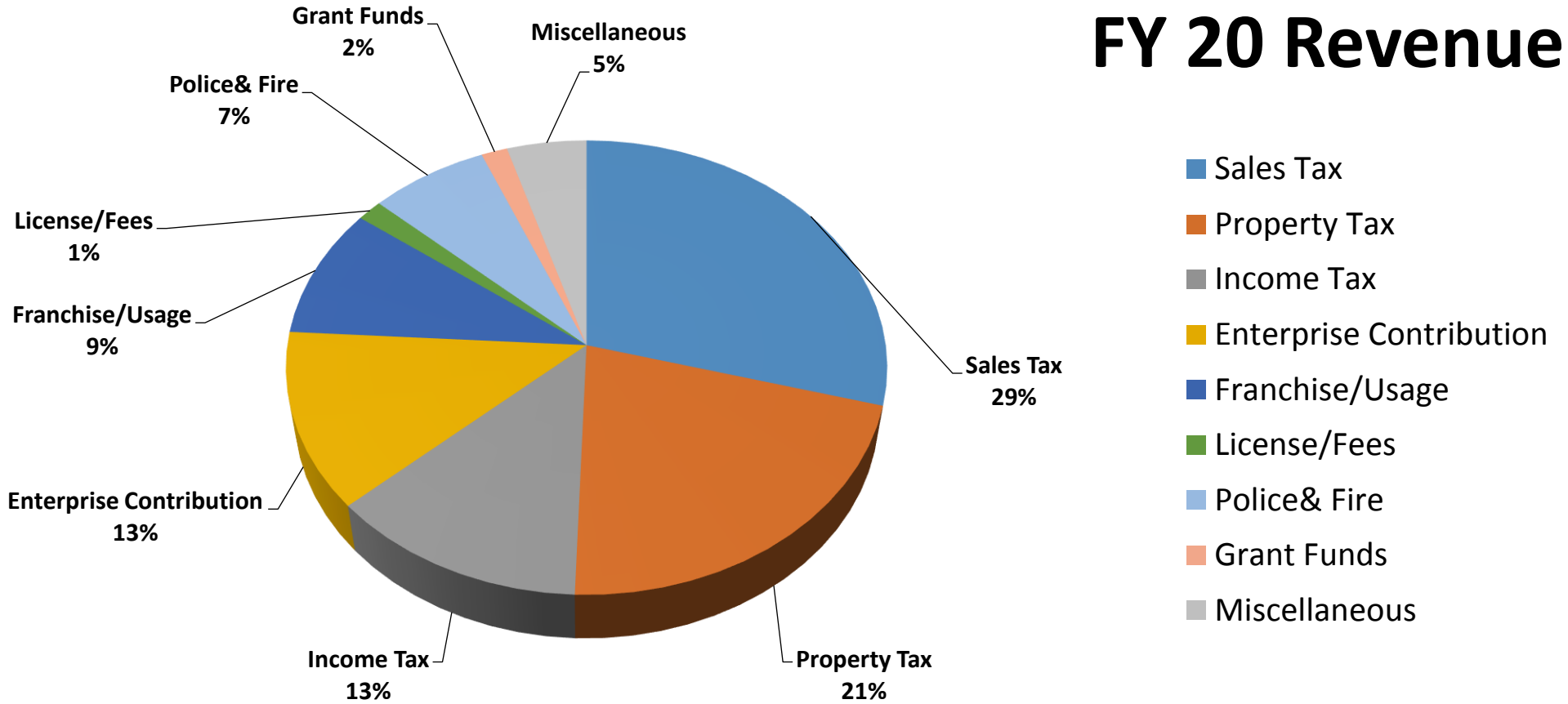
The total transfers and contributions from these funds represent 6% of their cumulative operating revenues. The American Public Power Association published *Public Power Pays Back* in March 2018 citing the national average for public/municipal utilities contribution of their operating revenues is 5.6%. Rock Falls' utilities are important for many reasons, but from a financial perspective, *if the utilities did not contribute to the shared City services and donate their utilities for City use, the General Fund would need to be cut by nearly \$1 million dollars.*

The Street Department, Police Department, Fire Department, Community Building and City Hall buildings have all of their utilities (electric, sewer, water & garbage) donated.



FY 20 General Fund Revenue Pie Chart

FY 20 Revenue



FY 20 General Fund Expenditures Summary

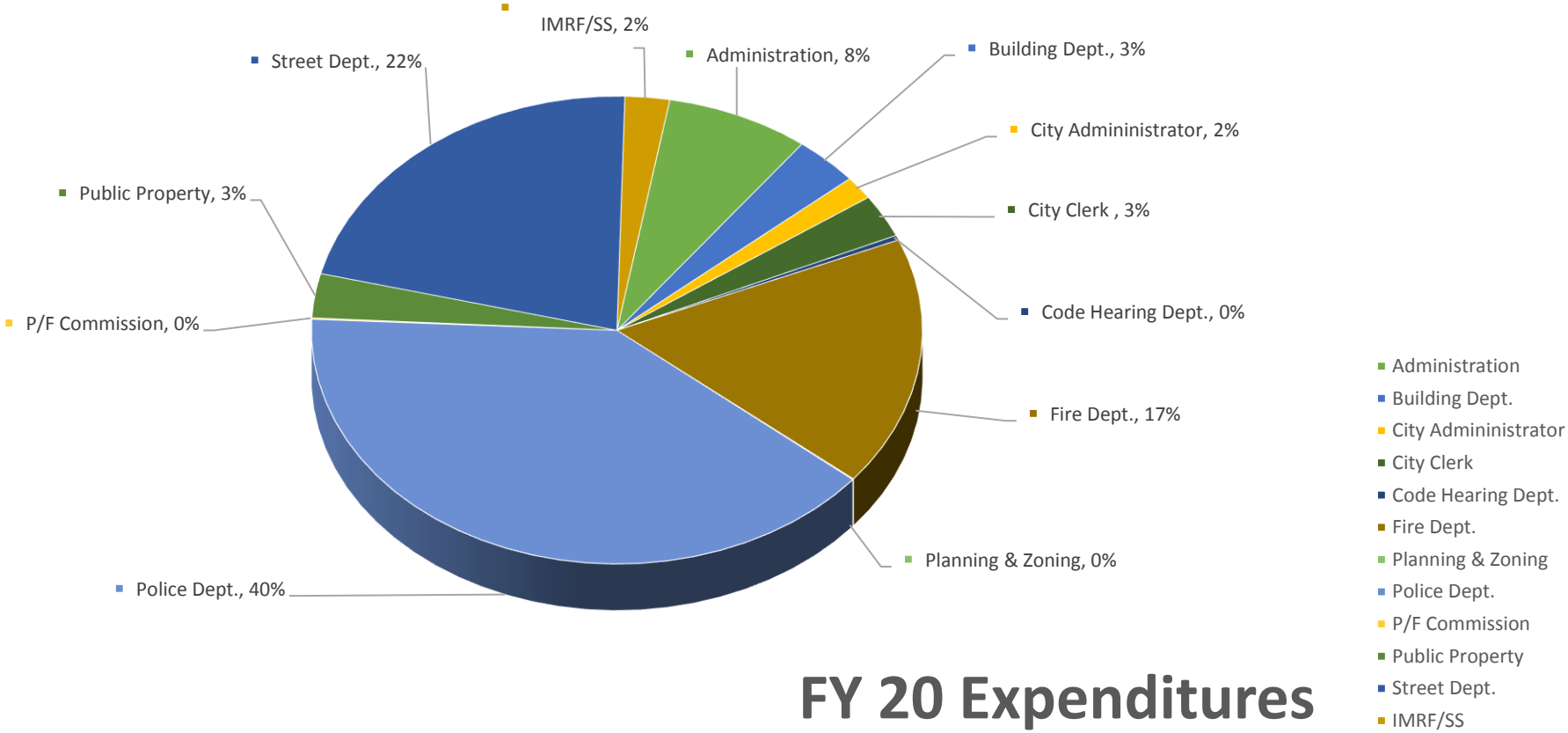
General Fund Expenditures & Assumptions

The FY 20 General Fund assumes a significant decrease in expenditures over FY 19 by 15.91%. However, FY 19's budget assumed \$1.2 M in non-reoccurring expenditures in the Public Property budget for the Limestone & Parrish Alford Brownfields sites, which did not occur. Without the reoccurring expenses from FY 19's budget, the FY 20 budget expenditures decreased by 5.21%. Other than the Public Property budget as stated above, the most notable decrease is in the Street Department. No major roadwork is planned for this fiscal year, with all funds being placed into reserves for the rebuilding of 3rd Avenue in the summer of 2020. As in the past the three largest general fund budgets are the Police, Street & Fire Department's, respectively.

General Fund Expenditures FY 20 & FY 19 Comparison

Budget Year	FY 20	FY 19	Over/Under FY 19
Administration	\$ 564,850.61	\$ 619,312.00	-8.79%
Building Dept.	\$ 255,663.00	\$ 242,864.13	5.27%
City Administrator	\$ 119,450.00	\$ 129,140.00	-7.50%
City Clerk	\$ 220,654.00	\$ 218,354.95	1.05%
Code Hearing Dept.	\$ 24,800.00	\$ 23,900.00	3.77%
Fire Dept.	\$ 1,283,699.50	\$ 1,310,432.00	-2.04%
Planning & Zoning	\$ 3,875.00	\$ 3,875.00	0.00%
Police Dept.	\$ 2,962,937.00	\$ 2,805,335.17	5.62%
P/F Commission	\$ 6,975.00	\$ 21,901.00	-68.15%
Public Property	\$ 227,140.00	\$ 1,237,200.00	-81.64%
Street Dept.	\$ 1,602,891.94	\$ 2,072,383.00	-22.65%
IMRF/SS	\$ 175,989.51	\$ 173,877.03	1.21%
	\$ 7,448,925.56	\$ 8,858,574.28	-15.91%

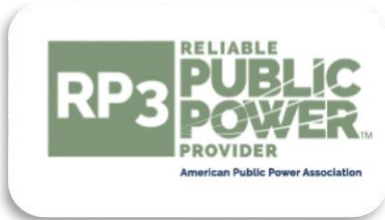
FY 20 General Fund Expenditures Pie Chart



FY 20 Utility Funds Summary

ELECTRIC UTILITY:

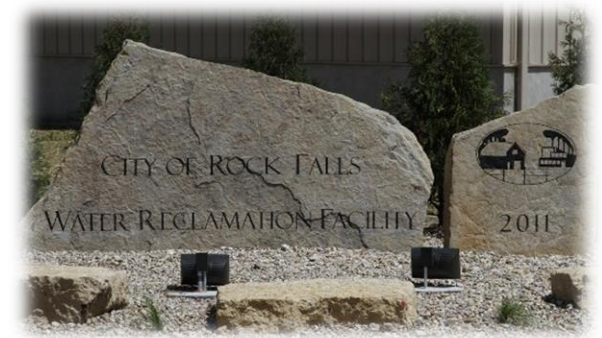
The Rock Falls Electric Utility is an RP³ (Reliable Public Power Provider) City through the American Public Power Association. The RP³ program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. Criteria within each of the four RP³ areas are based upon sound business practices and recognized industry leading practices. Only 3 Cities in Illinois have RP³ designation with ***Rock Falls having the highest designation in the State at the Platinum level.***



The Electric Department budget includes a large capital project for the \$6M rebuild of the Avenue A Substation. The funding for this capital project is available through the issuance of Tax Exempt Municipal Alternate Revenue Source bonds in 2018. Another notable project which was financed through the bond issuance is the installation of a new transformer at the hydroelectric generation facility costing approximately \$200,000. There are no other significant changes to the operation & maintenance or capital budgets of the electric utility.

WASTEWATER

The FY 20 Wastewater Department budget reflects a rate increase of 3.9% for basic residential wastewater customers. The Wastewater Department Operations & Maintenance budget has no significant changes to revenues or expenditures however, the capital budget does include a project totaling \$820,000 for sewer lining of West 1st Street, Leroy Avenue and 8th Avenue. This capital project was funded through a low interest loan through Illinois Environmental Protection Agency. The City should receive 30% on the principal of this loan. Slip lining existing lines is a considerable cost savings over complete line replacement. An additional substantial capital project is the extension of sanitary sewer to the Schmitt Addition on the southern edge of the City. This project was funded through the issuance of Tax Exempt Municipal Alternate Revenue Source bonds in 2018. The cost estimate for this project is approximately \$1M.



WATER



The FY20 Water Department budget reflects a rate increase of 4.5% each year for the next three years for basic residential water customers. The Water Department Operations & Maintenance budget has no substantial changes to revenues or expenditures. The Water Department’s \$1.2M Capital Budget for FY 20 includes the extension of water service to the Schmitt Addition on the southern border of the City, making the site “shovel ready” for development with all utilities extended to the land. As with the wastewater extension to the property, this extension was funded through the issuance of Tax Exempt Municipal Alternate Revenue Source bonds in 2018.

GARBAGE

FY 19 saw the first year of 95-gallon totes being used for the collection of solid waste and recycling in the City of Rock Falls. The City entered into a seven year contract with Moring Disposal which will run through June 30, 2025. The seven year contract made it possible for the City to lock in lower prices which is being passed onto our residents, although the prices are higher than in previous contracts. The solid waste collection rate will remain at \$15.00 per month for residents through FY 20. In order to keep the prices at the current rate, the Garbage budget reflects \$54,000 being used from the reserves in order to accomplish the rates stabilization. The Garbage fund also provides all the funding for our City’s recycling center for electronics and other bulk products. The recycling center is only for residents of the City of Rock Falls.

BROADBAND/FIBER

The newest of the City’s utilities, FIBERNET completed construction of it’s “backbone” along the Route 30 and 40 corridors of the City and is currently installing service to both residential and business customers. Rock Falls FIBERNET is a Fiber to the Premise (FTTP) project whereby Rock Falls businesses and residents will have access to 1 Gigabit fiber internet service.

The Operations & Maintenance Budget for expenditures is very close to the assumptions of the financial plan for the utility with revenues somewhat behind schedule due to delays in the bidding process prior to the start of construction. During FY20, Rock Falls FIBERNET will begin service to all schools in Rock Falls with the exception of Rock Falls Township High School.

The FY20 Capital Budget assumes the buildout of 3 fiberhoods. In order to provide capital funding for these buildouts, additional funding will be sought through tax exempt municipal bonds or through other funding sources in FY20.



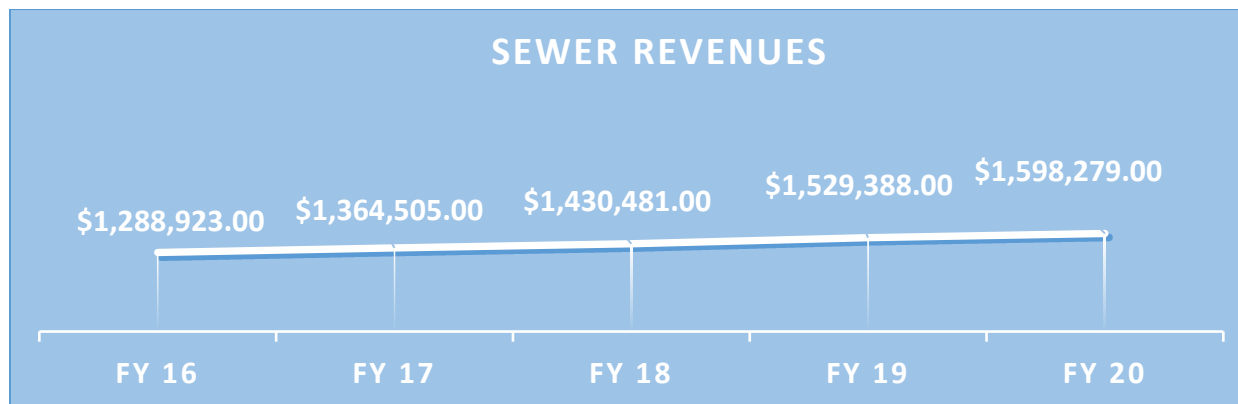
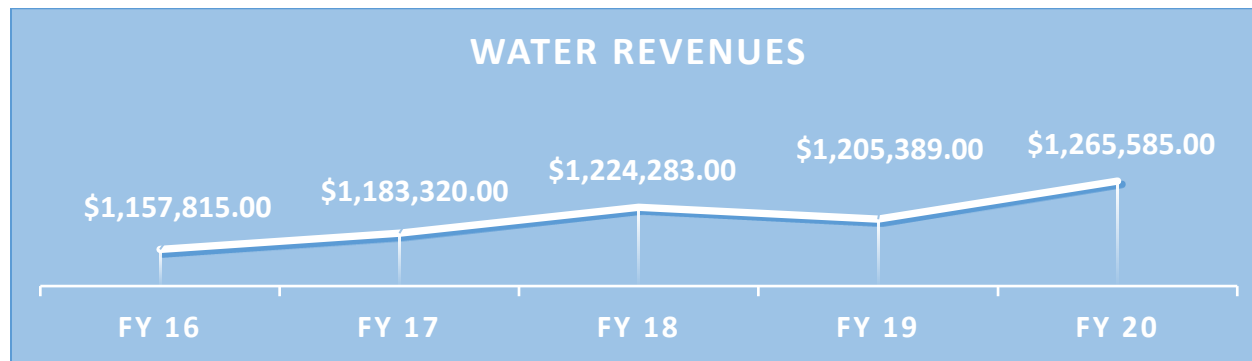
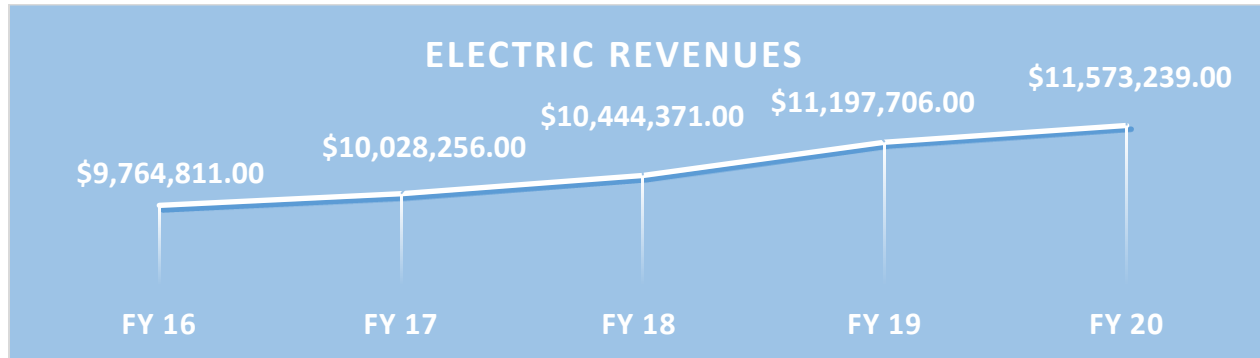
Utility Expenditure/Revenue FY 20 & FY 19 Comparison

Expenditures	FY 20	FY 19	Over/Under FY 19
Electric	\$ 11,573,239.00	\$ 11,197,706.00	3.35%
Wastewater	\$ 2,634,167.00	\$ 2,456,488.00	7.23%
Water	\$ 1,658,792.00	\$ 1,514,677.00	9.51%
Broadband Fiber	\$ 1,004,465.00	\$ 940,351.00	6.82%
Garbage	\$ 649,795.00	\$ 645,338.00	0.69%

Revenue	FY 20	FY 19	Over/Under FY19
Electric	\$ 10,039,036.00	\$ 9,579,379.00	4.80%
Wastewater	\$ 3,047,345.00	\$ 2,980,267.00	2.25%
Water	\$ 1,723,000.00	\$ 1,660,839.00	3.74%
Broadband Fiber	\$ 229,900.00	\$ 234,769.00	-2.07%
Garbage	\$ 594,900.00	\$ 604,260.00	-1.55%

*Includes total only **reoccurring** O&M, Capital & Debt for Expenditures & Revenue
FY 19 revenues and expenditures are budgeted figures and not actual final numbers.*

Electric, Water & Wastewater Historical Revenue Summary
FY 19 & FY 20 are budgeted figures and not actual final revenue



FY 20 Total Government Funds Summary

General Fund

	FY 20 Budget
Projected Revenue	\$ 7,290,396.84
IMRF/SS Contribution	\$ 160,525.00
Revenue Totals	\$ 7,450,921.84
	FY 20 Budget
Department Expenses	
Administration	\$ 564,850.61
Building Dept.	\$ 255,663.00
City Administrator	\$ 119,450.00
City Clerk	\$ 220,654.00
Code Hearing Dept.	\$ 24,800.00
Fire Dept.	\$ 1,283,699.50
Planning & Zoning	\$ 3,875.00
Police Dept.	\$ 2,962,937.00
Police/Fire Commission	\$ 6,975.00
Public Property	\$ 227,140.00
Street Dept.	\$ 1,602,891.94
Sub-Total Expenses	\$ 7,272,936.05
IMRF/Social Sec.	\$ 175,989.51
Expense Total	\$ 7,448,925.56
Surplus/(Deficit)	\$ 1,996.28

Reserve Balance Due \$ **773,375.68**

Utility/Enterprise and Other Stand Alone Funds

Broadband

	FY 20 Budget
Revenues	\$ 229,900.00
Transfer in from Reserves	\$ 2,184,454.00
Total Income	\$ 2,414,354.00
Expenses w/Capital	\$ 2,414,354.00
Trans to(from) Reserves	\$ -
Total Expenses	\$ 2,414,354.00

Demolition

	FY 20 Budget
Revenues	\$ 85,225.00
Reserves	
Total Income	\$ 85,225.00
Expenses	\$ 76,500.00
Trans to (from) Reser	\$ 8,725.00
Total Expenses	\$ 85,225.00

Electric

	FY 20
Revenues	\$ 11,573,239.00
Transfer from Reserves	\$ -
Total Income	\$ 11,573,239.00
Expenses	\$ 10,039,036.00
Capital Projects	\$ 5,643,420.00
Total Expenses	\$ 15,682,456.00
Transfer to Reserves	\$ (4,109,217.00)

Garbage

	FY 20 Budget
Revenues	\$ 594,900.00
Transfer from Reserves	\$ -
Total Income	\$ 594,900.00
Expenses	\$ 649,795.50
Transfer to Reserve	\$ (54,895.50)
Total Expense	\$ 594,900.00

Information Technology

	FY 20 Budget
Total Income	\$ 62,472.00
Total Expenses	\$ 61,264.00
	\$ 1,208.00

Industrial Development Commission

	FY 20 Budget
Revenues	\$ 4,020.00
Transfer from Reserves	
Total Income	\$ 4,020.00
Expenditures	\$ -
Trans to/(from) Reserve	\$ 4,020.00

TIF- Downtown

	FY 20 Budget
Revenues	\$ 148,000.00
Transfer in from Reserves	\$ -
Total Income	\$ 148,000.00
Total Expenses	\$ 147,450.00
Transfer to Reserves	\$ 550.00
Unexpended Funds	\$ -

Tourism

	FY 20 Budget
Revenues	\$ 231,747.00
Reserves	\$ -
Total Income	\$ 231,747.00
Expenses	\$ 230,069.00
Trans to (from) Reser	\$ 1,678.00
Total Expenses	\$ 231,747.00

Utility Office

	FY 20 Budget
Revenues	\$ 489,195.00
Expenditures	\$ 489,195.00
Unexpended Funds	\$ -

Water

	FY 20 Budget
O&M revenues	\$ 1,265,585.00
Transfer from Reserves	
Total O&M Income	\$ 1,265,585.00
O& M Expenses	\$ 1,177,560.00
Transfer to Reserves	\$ 88,025.00
Total O&M Expenses	\$ 1,265,585.00
Capital Imp. Income	\$ 191,729.00
Transfer from reserve	\$ -
Total Capital Income	\$ 191,729.00
Total Cap Expense	\$ 1,244,833.00
Transfer to reserve	\$ (1,053,104.00)
Total Capital Expenses	\$ 191,729.00
Debt Service Income	\$ 265,686.00
To/(from) Reserves	
Total Debt Service Inc.	\$ 265,686.00
Debt Service Expenses	\$ 259,198.00
Transfer to Reserves	\$ 6,488.00
Total Debt Service Exp	\$ 265,686.00

Wastewater

	FY 20 Budget
O&M revenues	\$ 1,598,279.00
Transfer from Reserves	\$ -
Total O&M Income	\$ 1,598,279.00
O& M Expenses	\$ 1,516,478.00
to Reserves	\$ 81,801.00
Total O&M Expenses	\$ 1,598,279.00
Capital Improvement Income	\$ 177,876.00
Transfer from Reserves	\$ -
Total Capital Income	\$ 177,876.00
Capital Exp.	\$ 1,751,528.00
Transfer to Reserves	\$ (1,573,652.00)
Total Capital Imp. Exp.	\$ 177,876.00
Plant Rep Income	\$ 1,285,200.00
Transfer from Reserves	\$ -
Total Income	\$ 1,285,200.00
Plant Rep Exp	\$ 1,117,689.00
Transfer to Reserves	\$ 167,511.00
Plant Expense	\$ 1,285,200.00

FY 20 Budget Summary

The total budget sum of \$27.8 M represents a \$13.8M or 33.24% decrease below the FY 19 project budget. However, the actual FY 19 budget will be far less than budgeted. The FY 20 budget includes all the major capital projects including the \$6M for the Avenue A Electrical Substation rebuild (originally budgeted in the FY 19 budget) and \$2.2M for the Water and Wastewater extensions to the Schmitt Addition.

	FY 20 Budget
Total Revenues	\$ 27,838,428.84
Total Expenditures	\$ 27,836,432.56
Surplus/(Deficit) Budget	\$ 1,996.28

The FY 20 total operating budget expenditures for the City are \$27,836,432. and assumes a \$1,996. surplus. The surplus assumption is based on total operating revenues of \$27,838,428.

The FY 20 budget continues Rock Falls' strong budgetary performance by maintaining reserve fund balances and excellent cash liquidity.

FY 20 Mandatory Reserve Balances

Fund	Budgeted O & M	Minimum Balance	Days of O & M	Per Day Cost
General	\$ 7,272,936.05	\$ 773,375.68	45	\$ 17,186.13
Electric	\$ 10,039,036.00	\$ 2,475,378.74	90	\$ 27,504.21
Water	\$ 1,177,560.00	\$ 580,714.52	180	\$ 3,226.19
Sewer	\$ 1,516,478.00	\$ 747,852.16	180	\$ 4,154.73
Garbage	\$ 649,795.50	\$ 320,447.10	180	\$ 1,780.26