

Rochelle's Budget in Brief – FY 2026

Plain-Language Summary for City Council

General Fund Overview

The General Fund provides for day-to-day operations across core departments including Police, Fire, Public Works, Engineering, City Hall, Economic Development, and Community Development. FY 2026 revenues are projected at \$16,326,475, while expenditures total \$16,603,886. Staff recommends using approximately \$277,000 in reserves for one-time capital and facility improvements, resulting in an estimated ending fund balance of \$10,374,130. This reserve balance remains well above the City's policy requirement of maintaining 15–40% of General Fund expenditures in reserve.

The City's major General Fund revenue sources include sales tax, property taxes, the Local Government Distributive Fund (LGDF), video gaming fees, charges for services, and interfund transfers from utility enterprises. Transfers in total \$4,004,665 — the City's single largest revenue source. Sales taxes account for roughly 18% of total revenues, and LGDF revenues are expected to increase modestly to \$1.7 million in 2026. The property tax levy totals \$3,104,199 with an estimated rate of \$0.8759 per \$100 of assessed value. The City's overall tax rate continues to remain below \$1.05 and represents less than 13% of the average homeowner's total property tax bill.

The FY 2026 budget continues investments in personnel, adding two new police officers and one engineering technician. Non-union wage adjustments average 3% in line with the 2024 compensation study, and union increases range between 3–4%. Personnel costs remain within industry norms, representing about 19% of total budgeted costs when utilities are included.

Enterprise and Capital Funds

The City's enterprise operations — Electric, Water, Water Reclamation, Advanced Communications & Technology Center, Railroad, Landfill, Golf Course, and Airport — account for \$75,193,025, or 63% of total budgeted expenditures. Of this, \$26.8 million is dedicated to power purchases and \$17.4 million to capital investments.

Electric Utility: The Electric Fund is the largest of all enterprise funds with expenditures of \$55,949,965. Major investments include a new west-side substation, power plant upgrades, and overhead-to-underground line conversions. These projects are financed through alternate revenue bonds, cash reserves, and federal grants. Electric sales continue to grow with new customers like Wheatland Tubing, MightyVine, and CHS contributing to Rochelle's position as one of the top municipal utilities in Illinois.

Water and Water Reclamation: Combined revenues total \$10.56 million, supporting operations, debt service, and major capital projects including completion of wastewater treatment plant upgrades and an iron removal system at Well #8. The City continues to leverage IEPA loans and grant funds to complete projects without heavy reliance on rate increases.

Technology Center & Advanced Communications: With FY 2026 expenditures of \$1.95 million and revenues of \$1.53 million, this fund remains stable and strategically focused on fiber expansion, cybersecurity improvements, and new customer acquisition. The fund is projected to maintain a positive cash balance through reserve use.

Minor Enterprise Funds: The Airport, Railroad, Landfill, and Golf Course continue to contribute to Rochelle's regional economy. The Airport alone generates \$17 million annually in local impact (Source IDOT

Aeronautics). FY 2026 projects include an 8-unit T-hangar and continued support for the Skydiving Center and Flight Deck Bar & Grill. The City Railroad anticipates \$1.3 million in revenue with continued transload center growth, while the Golf Course achieved record rounds and continues reinvestment in course improvements.

Other Funds and Capital Programs

The City's other significant funds include the Motor Fuel Tax (MFT), four Tax Increment Financing (TIF) districts, the Utility Tax Fund, the Non-Home Rule Sales Tax Fund, and the Hotel/Motel Tax Fund.

MFT revenues of approximately \$431,000 will fund the annual seal coat program and larger transportation projects like the 7th Avenue Bridge and 20th Street/Flagg Road intersection improvements. The four TIF districts continue to grow, with notable EAV increases in the Downtown and Southern Gateway TIF (27.3%) and Lighthouse Pointe TIF (10.6%). The Northern Gateway and newly established Eastern Gateway TIFs will focus on commercial redevelopment and Highway 251 expansion planning.

The Utility Tax Fund is projected to generate \$880,000 in FY 2026 to support sidewalk replacements and stormwater improvements. The 1% Non-Home Rule Sales Tax, increased in 2025, will generate \$1.99 million for infrastructure projects and bond repayments. Hotel/Motel Tax revenues, estimated at \$275,000, fund tourism initiatives such as Railfan Park improvements, mural projects, and pickleball court upgrades.

Debt and Financial Position

Total outstanding debt is projected to decrease by \$3.9 million, bringing the balance to approximately \$31.1 million in FY 2026. The City issued up to \$2 million in new alternate revenue bonds for electrical upgrades and construction of the community hangar. Overall debt service obligations remain stable, supported by strong credit ratings and conservative borrowing practices.

Proposed staffing increased slightly to 148 full-time positions across all funds: 83.5 in the General Fund, 14 in Internal Services, and 50.5 in Enterprise Funds. The additional staffing includes funds for two additional police officers and an engineering tech. The city continues to manage healthcare and benefit costs effectively. Although the premium increase was just over 9% this year, the average annual increases since joining the IPBC in 2018 is below 4%.

Accomplishments and Outlook

In 2025, the City of Rochelle earned the GFOA Distinguished Budget Award for the sixth consecutive year and the Certificate of Excellence in Financial Reporting for the tenth. More than \$12 million in state and federal grants supported water and wastewater upgrades, lead service line replacements, and other critical infrastructure investments. The City also received a \$1.1 million downtown improvement grant and continues work on the Hickory Grove redevelopment.

Looking forward, Rochelle faces challenges from inflation, potential reductions in state and federal programs, and the possible early closure of the Prairie State Generating Plant. However, continued focus on infrastructure, economic development, and fiscal stability ensures that Rochelle remains well-positioned for the future.

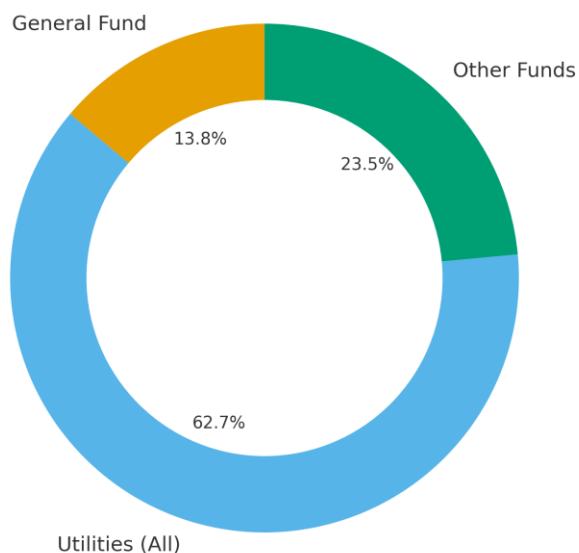
Conclusion

The FY 2026 Budget reflects the City's commitment to long-term sustainability, community engagement, and strategic investment in people, infrastructure, and technology. The budget balances essential service delivery with sound financial management — advancing Rochelle's mission to be a safe, connected, and innovative community.

Overview & Strategic Focus

Total Proposed Budget: \$120,019,874 (down ~ \$13M from prior year). This plan funds core services, advances capital projects, and aligns with the City's six strategic goals.

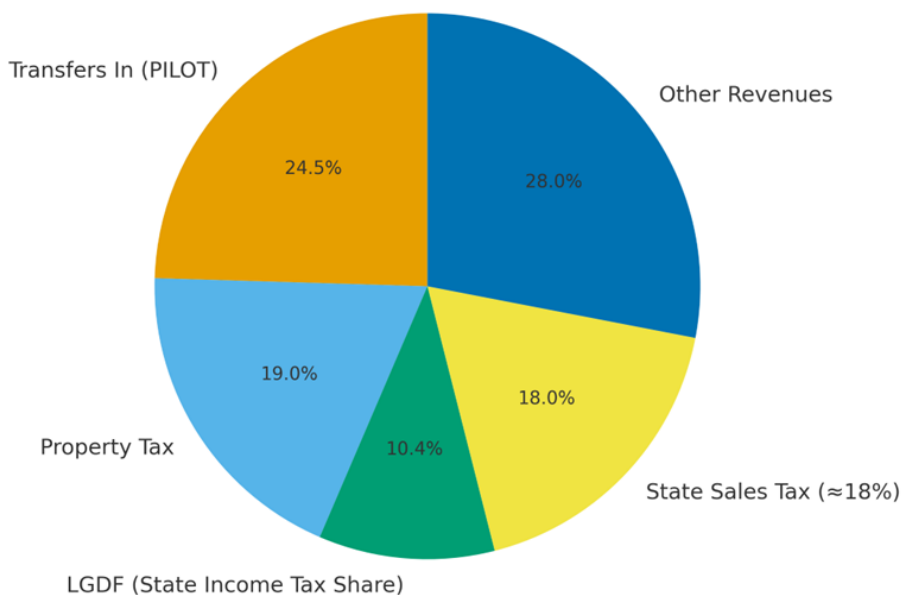
Total Budget by Fund Type - FY2026 (\$120.0M)



General Fund Summary

Revenues: \$16,326,475 | Expenditures: \$16,603,886 | One-time reserves used: ~ \$277,411 | Ending fund balance: \$10,374,130

General Fund Revenues - FY2026 (\$16.33M)



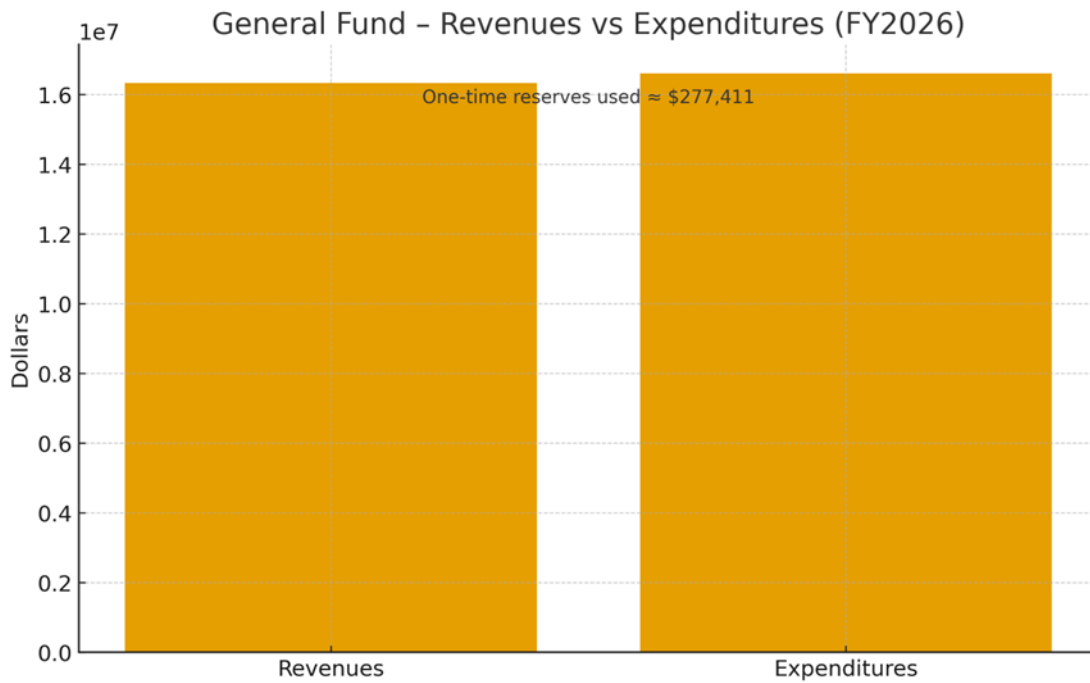


Chart: Expenditures slightly exceed revenues; City plans to use ≈ \$277k of reserves for one-time projects.

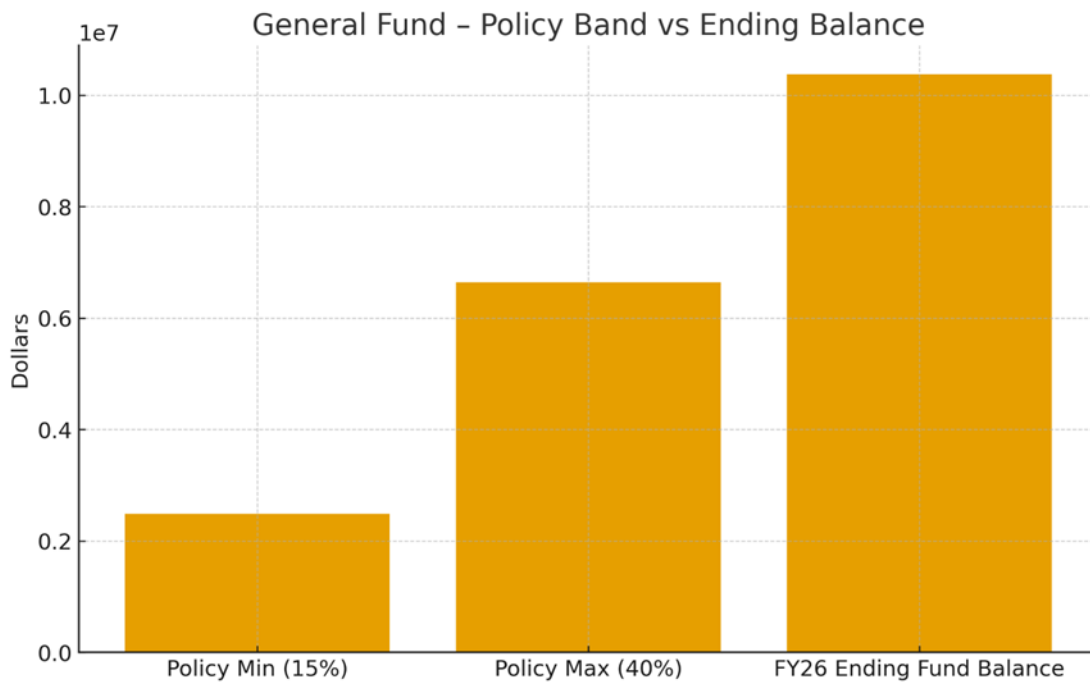


Chart: Policy band (15–40% of GF expenditures) is \$2,490,583–\$6,641,554; FY26 ending balance is \$10,374,130.

Enterprise & Capital Funds

Utilities total: \$75.19M. Key cost drivers include ~\$26.78M for power purchases and ~\$17.40M in capital outlays. Major FY26 projects: west-side substation; WWTP Phase II; iron removal at Well #8; Tech Center upgrades; community hangar.

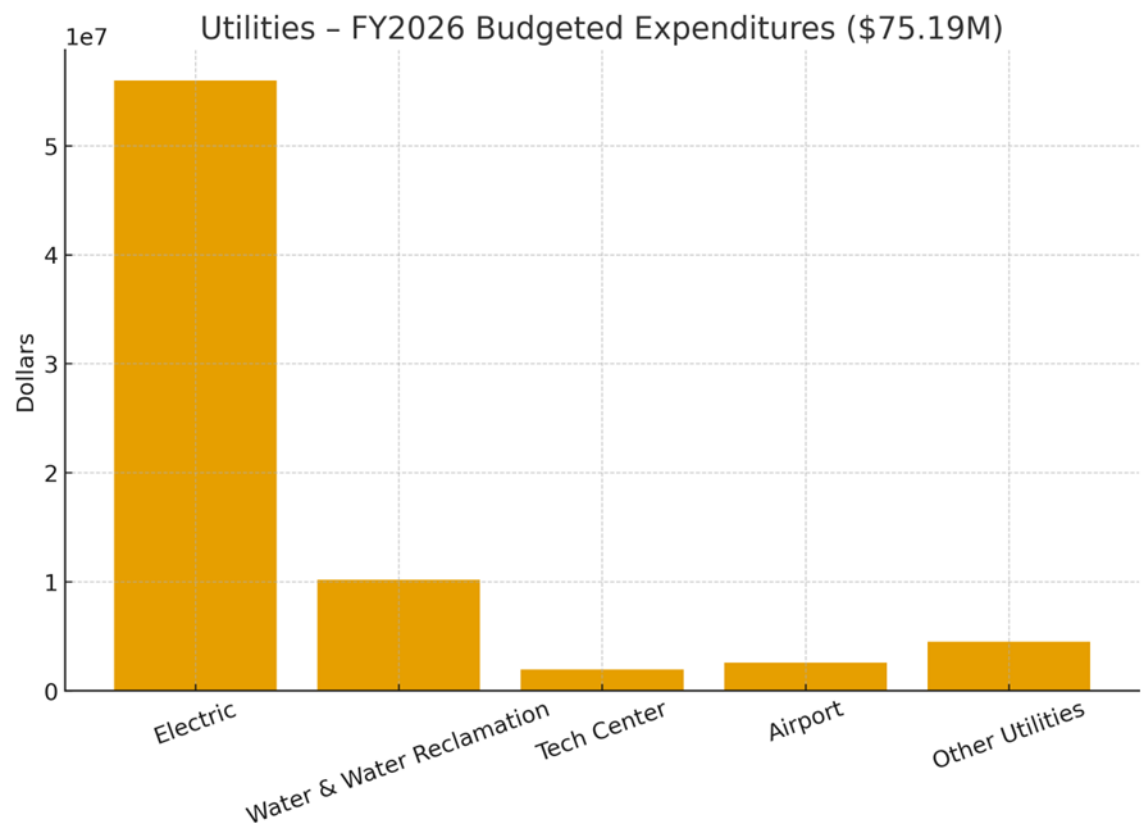


Chart: Electric is the largest utility; Water/WR and Airport follow; ‘Other’ captures Railroad, Solid Waste, and Golf.

