



City of River Falls

Long Range Fiscal Plan

2020-2024

Table of Contents

Introduction	3
Organizational Goals	3
About River Falls	4
Long Range Fiscal Plan	4
Economic Factors	5
Discussion of Revenue Results	6
Discussion of Expenditure Results	9
Discussion of General Fund Advances-Tax Increment	12
Budget Calendar	13
Financial Goals and Policies	14
General Financial Policies and Procedures	14
Operating Budget Policies and Procedures	14
Operating Budget Financial Goals and Guidelines	15
Mill Rate/Tax Level Policy Statement	15
General Fund Revenues from Own Sources	15
General Fund Revenues from Other Funds.....	15
Capital Budget Policies and Procedures	16
Operating Expenditures as a Percentage of Total Expenditures	16
Reserve Policies and Procedures.....	16
Unreserved General Fund Balance	16
Total General Fund Cash and Investments/Liability	17
Debt Policies and Procedures	17
Direct Long-Term Debt Per Capita	17
Debt Service/Total Revenues	18
Debt Service Levy/Total Levy	18
Legal Debt Capacity	18
Industrial Development Bonds.....	18
Appendix A-Fiscal Plan Schedules	19-21

Introduction and Organizational Goals

The City of River Falls wishes to establish a long-range financial plan which will provide tools to monitor the City's financial health. In conjunction with the City's annual budget process, various financial indicators are evaluated to determine whether the proposed budget meets the designated goals. The long-term trends related to these goals will also be reviewed for areas of strengths and weaknesses. The forecast will enhance the budget process by providing assurance that the proposed budget will be fiscally feasible in future years.

Municipalities are often contending with a changing fiscal environment. Changes in state policies and the corresponding adjustments in either revenues or expenditures are challenges that will continue. The purpose of the long-range fiscal plan is to forecast the most likely scenarios and use the forecasts to make necessary adjustments to maintain the financial health of the organization.

This plan includes financial projections for the current and upcoming five-year period for the City but focuses more heavily on the impacts related to property taxes and intergovernmental revenues. The emphasis is on the General Fund, Library Fund, Debt Service Funds and Capital Project Funds, which are most affected by adjustments related to State revenues and property taxes. For this analysis, fee-based revenue funds are assumed to be self-supporting and are not included in this fiscal plan.

The forecast methods include any information that may be available to predict the projected revenues and expenditures for the studied time frame. Information from long term trends, State agency information, consumer price indices and City Council policies will be used to prepare the projections. In general, the default method will use the most conservative revenue estimates in order to provide future flexibility.

The goal of this plan is to assemble the City's financial policies and fiscal plan in one document. With the input and review by the City Council, future budgets will be compiled to conform as much as possible with the plan document. Although unforeseen changes are inevitable, this plan provides a framework and reference for future decisions.

The City Council approved a strategic plan in June 2018 that provides guidance for the fiscal plan. The plan consists of four strategic priorities - the issues of greatest importance to the City over the next four years.

Connected Community

Economic Vitality

Financial Sustainability

Quality Municipal Services

The plan also sets out desired outcomes, key outcome indicators and results and how the results will be measured. More information on the City's strategic plan can be found on the City's [website](#).

River Falls

River Falls is located approximately 30 miles east of the Minneapolis-St. Paul metro area. The City has an estimated year-round population of 16,000 and approximately 6,100 college students.

River Falls offers the best of Wisconsin in scenic beauty, seasonal entertainment and hometown charm. There are unlimited opportunities to explore nature at the numerous parks, campgrounds, walking and biking trails. River Falls is home to the Kinnickinnic River, a superb Class I trout stream, and six golf courses located within 15 minutes of the City. River Falls is also close to Willow River State Park and the St. Croix River.



River Falls values education and is home to the University of Wisconsin-River Falls and the Chippewa Valley Technical College. The River Falls Public School District consists of eight schools serving approximately 3,000 students.

The City has excellent health care services including the River Falls Area Hospital and Medical Clinic, and River Falls Ambulance Service. There are superb public facilities including a LEED certified City Hall, a public library which serves the City and surrounding community and modern schools. The City has four industrial parks that can offer sites for new construction or facilitate existing space needs. The vibrant downtown is promoted by the River Falls Chamber of Commerce and Business Improvement District Board.

Long Range Fiscal Plan

The financial projections included in this report are based on several factors and assumptions. Revenues are based on actual receipts as well as current knowledge of future payments. Expenditures are based on management's estimated costs. These assumptions can strongly influence the outcome of the projections and must be closely analyzed to ensure accuracy.

The following assumptions are included in the study:

Revenues

- Property tax levy for operations (excluding debt and capital costs) of the General fund will increase by an average of four percent from 2020 through 2024.
- The levy for the Library fund will decrease by \$5,000 in 2021 to \$850,000 and remain static through 2024.
- State shared revenues will continue to decrease by one percent for each year.
- Transportation aids will remain constant using the 2020 funding projections.

- Charges for service will remain constant using the 2020 funding projections.
- Transfers from other funds will increase by one percent per year.
- Payment in lieu of property tax from the electric and water funds will remain constant using 2018 rates and values.
- A street light utility fee is proposed to be implemented in phases and will contribute an estimated \$150,000 per year when fully implemented.

Expenditures

- Staffing changes – Levy funded staffing increases include Deputy Fire Chief (2020), Community Development Director (2020) (50% funded by Electric utility), Public Services Director (2020) (50% to utility funds) 1 FTE Direct Service (2022), 2 FTE Direct Service (2023), 1 FTE Direct Service (2024).
- Budgeted totals for employee wages will increase two percent per year.
- Health insurance costs will increase by five percent per year.
- General operating costs will increase by half a percent per year.
- Street maintenance costs will increase by one percent per year.

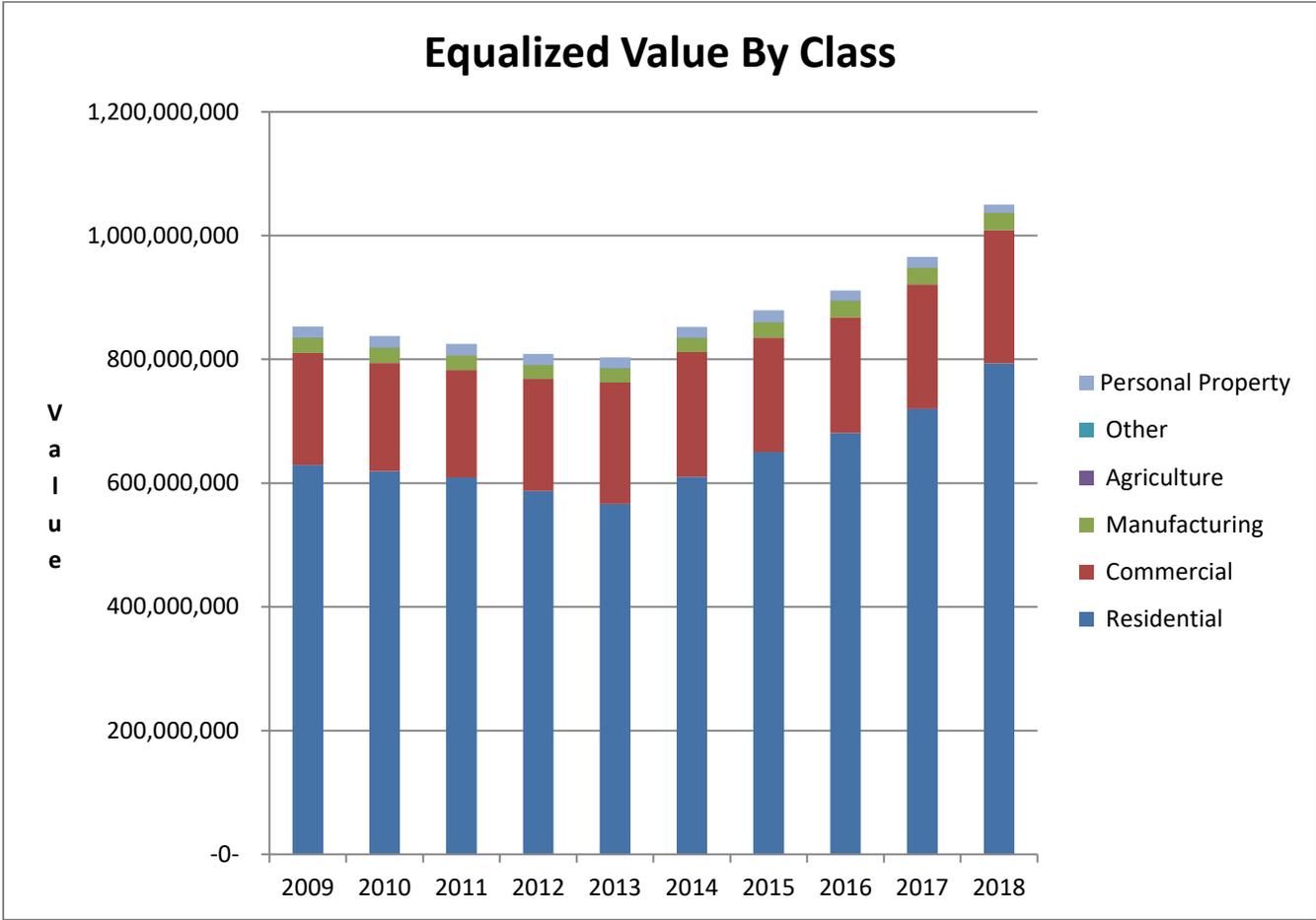
Economic Factors

The City of River Falls has historically benefitted from one to two percent growth in property values each year, and this is expected to continue. Much of this growth has been commercial and industrial, which results in higher property tax revenues without the increase in service costs generally needed by residential development. Through the end of June 2019, the City has issued 37 single family building permits valued at \$6.6 million, 8 multi-family permits valued at \$11.3 million and 15 alteration permits which include the investment by the River Falls School District for \$26.4 million. Through the end of June, investment in the City has exceeded the total for 2018.

Since the last Fiscal Plan conducted in 2013/2014, The City's equalized value has increased from \$803,507,800 in 2013 to \$1,050,124,600 in 2018, an increase of over 30% during that time. There has been a continued increase in commercial and manufacturing values in the past year, with a 3 percent additional increase expected in 2019.

The area has seen an increase in net new construction for both counties with Pierce and St. Croix Counties realizing 2019 increases of 1.9 percent and 3.3 percent respectively.

The most recent citywide property assessment was done in 2015 to adjust for changes in the assessment allocation between classes (residential and commercial) and to update the assessed values to current market rates. A revaluation is planned in 2021 to again review the current values and make any necessary changes.



Unemployment rates in Pierce and St. Croix Counties

<i>Region</i>	<i>April 2019 Unemployment Rate</i>	<i>Rate One Year Ago</i>
State of Wisconsin	2.7%	2.7%
Pierce	2.9%	3.3%
St. Croix	2.9%	3.1%

Discussion of Revenue Results

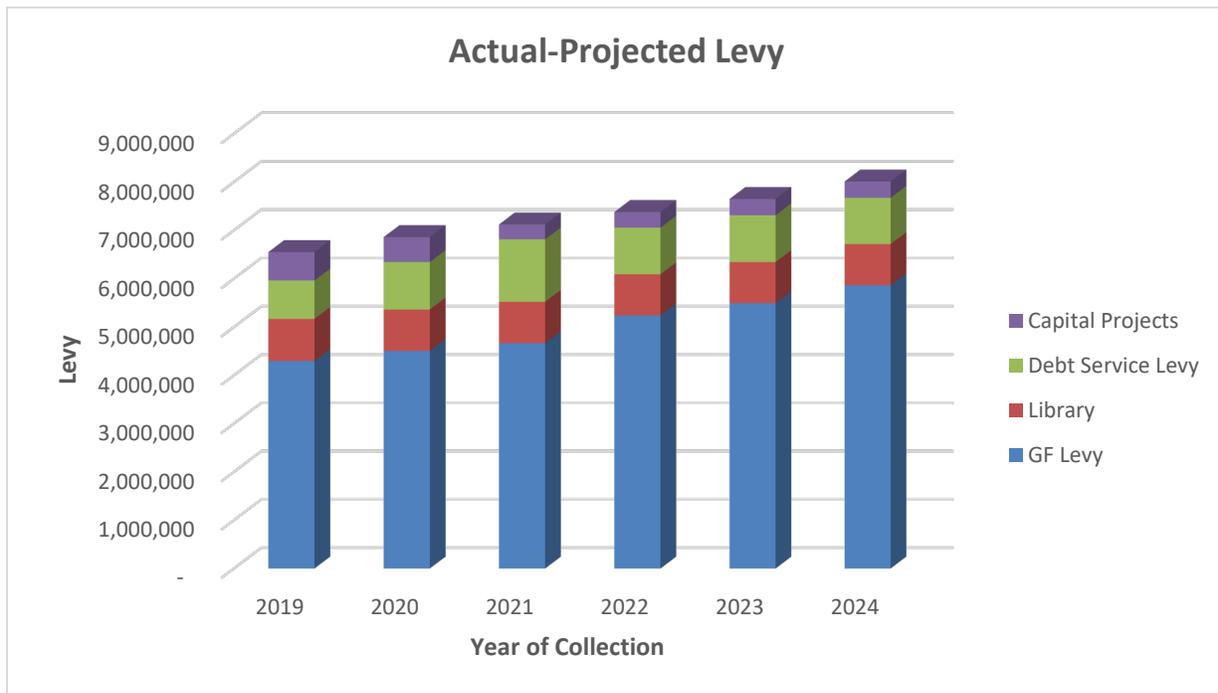
Property Taxes

The assessed value of the City as of January 1, 2018, was \$926,399,800, which was an increase of 2.8 percent over the previous year. Using historical data, the fiscal plan uses an assumption of one percent growth in assessed values from 2020 through 2024. The City’s tax increment district #5 is scheduled to terminate in 2021, however, a three-year

extension is being proposed for the City to recoup all project costs. At the planned termination in 2024, an additional \$24 million will be available to all the taxing jurisdictions.

The result of the proposed fiscal plan shows an increase in levy toward operations, and a reduction in levy dedicated to debt service costs. With a levy allocation goal of 60% General fund, 10% Library, 20% Debt and 10% Capital, this plan meets or exceeds those guidelines by 2024. This provides future funding (2025 and beyond) for additional programs and services.

The State of Wisconsin has imposed levy limits for municipalities that restricts levy increases to zero percent plus net new construction, subject to an adjustment for debt service payments. Since levy limits were implemented, the City's annual levy has fallen well under the maximum allowed. The proposed five-year plan assumes that the current levy limit policy will remain in place as is, without further restrictions.



One benchmark that can be used to compare property taxes between different communities is the property tax levy per capita. This is generally used in lieu of the mill rate, as that will change with an adjustment in assessed values. Using the most recent figures available, the median property tax per capita for all Wisconsin cities and villages is \$595. River Falls compares favorably at \$415 per capita in 2018, or a ranking of 300 out of the population of 601. With the levy increases included in the fiscal plan, the property tax levy per capita is estimated at \$501 in 2024, or still lower than that 2018 median for similarly sized cities.

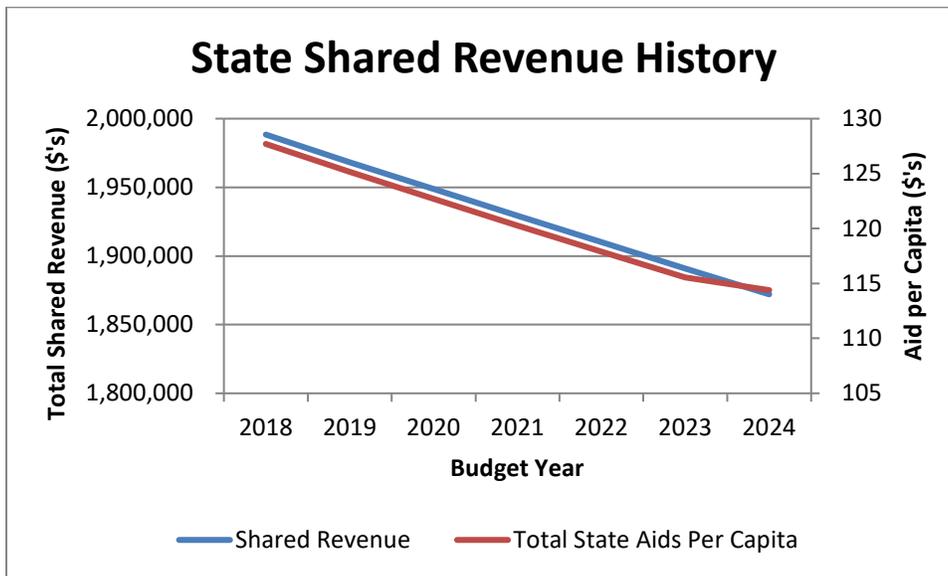
Intergovernmental Revenues

For the 2019-20 budget, approximately 12 percent of the City revenues are received from other governments, including the State of Wisconsin, Pierce and St. Croix counties, area towns, and other municipalities. This amount is not expected to increase in future years.

Most of the the City’s intergovernmental revenue for the General fund is from the State of Wisconsin. State shared revenue has been declining since its peak in 2002, with program cuts of approximately \$200,000 made in 2012. The fiscal plan includes a planned continuation of these reductions, with a one percent reduction in shared revenues each year. This reduction will decrease shared revenue from 19 percent in 2018 to 15 percent of total revenues by 2024. Reducing the City’s reliance on external revenue sources will provide additional stability, should additional major reductions to shared revenues occur in future years.

The 2019-2021 Wisconsin State budget included additional funding for transportation. This legislation is expected to provide \$60,000 in aid for local street maintenance and other transportation projects. This amount has not yet been included in the fiscal plan.

The River Falls Public Library receives funding under the Act 150 program, which requires counties to pay a minimum of 70 percent funding of operating costs for local libraries. St. Croix County has increased their contribution to 100 percent of operating costs, Pierce County pays 80%, for a total anticipated annual aid of \$359,000.



Discussion of Expenditure Results

This section presents forecasted expenditure results and identifies significant cost changes expected to occur in the General Fund over the forecasted period. The results summary is presented, followed by more detailed information for major expenditure categories.

The 2019-2020 budget provides sufficient revenues to fund projected expenditures, resulting in a balanced budget. This model has been continued for the projected five-year period from 2021 through 2024.

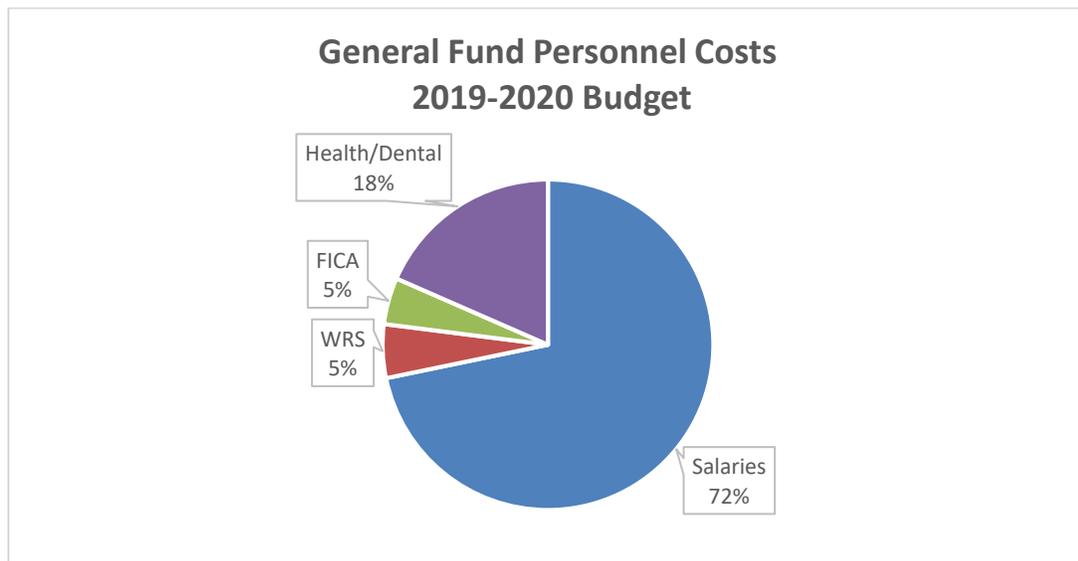
Expenditure Classifications

Expenditures have been broken down into five major classifications: personal services, supplies/other operating costs, street maintenance, debt service and transfers to other funds. Additional discussion of selected expenditure category projections and changes expected to occur over the forecast period are provided in this section.

Personal Services

Personnel costs are by far the largest expenditure classification within the General Fund, representing 64 percent of the 2019-2020 budget. Most of these costs are for regular full and part time personnel, with the remainder being election workers, seasonal recreation and elected and appointed board members. All employee benefits, including required Social Security, Medicare, retirement contributions, and employee benefits such as health, life and dental insurance, etc., are included in Personal Services. The City provides a fully insured medical plan for eligible employees. An annual escalator of five percent has been included in the plan projections for future year premium costs, as well as two percent per year for wage increases.

Employees share in the cost of Wisconsin Retirement System (WRS) contributions, with general employees paying 50 percent of the required contribution, and public safety employees matching the general employee contribution. No specific increase in the WRS contribution has been included in the projections.



Other Operating Expenditures

Included in Operating costs are departmental supplies, utility costs, professional services, training and travel and other support costs associated with General fund operations. For fiscal planning, the assumption is made that operating expenditures will increase minimally, or 0.5% annually.

Street Maintenance

The street maintenance budget for 2019-2020 is projected at \$1,030,461 and is funded primarily by state transportation aids. Street maintenance projects include mill and overlay projects, curb and gutter repair, contracted patching and pavement marking, as well as supplies for general street maintenance. The plan assumes an increase in the street maintenance spending of one percent per year.

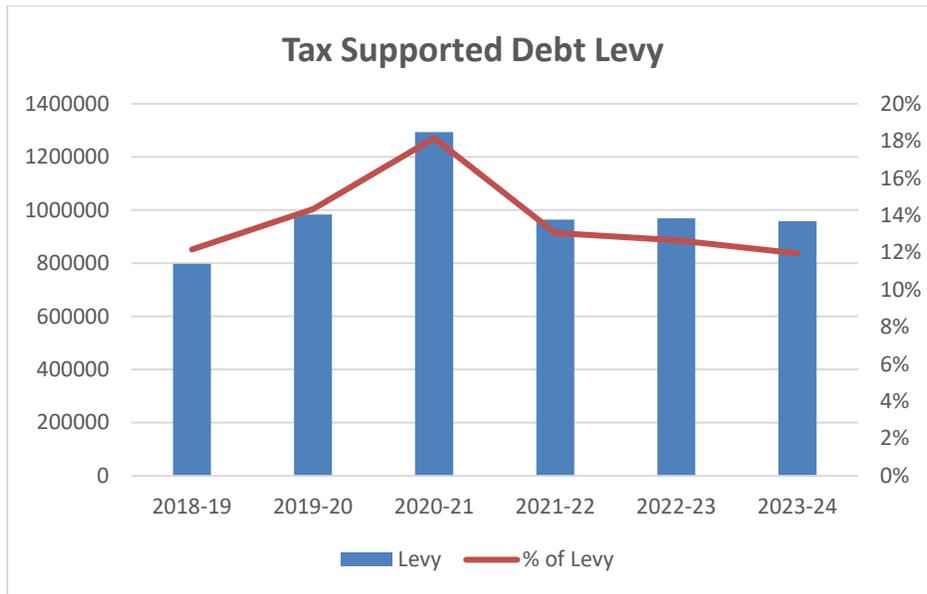
Debt Service

The City currently holds a rating of Aa2 from Moody's Investors Service for general obligation debt issued by the City. Water and sewer revenue debt is rated Aa3, and electric revenue debt is rated A1. The ability to maintain and protect the City's ratings is of primary importance and will be aided by the fiscal plan.

Debt service costs include principal and interest payments for tax supported debt both existing and planned. Debt payments made from non-tax revenues, such as the utility and storm water funds, are not included in the fiscal plan projections. Several capital projects are planned to be funded with debt within the next five years, including the following:

Year	Project	Amount	Description
2019	PW Equipment	\$250,000	Toro Mower and Quad Axle Truck
2019	Sterling Ponds-Phase 3	\$350,000	Construction of Balmoral
2019	Glen Park Pool Rehab	\$55,000	Filter and liner
2019-2020	Hwy 35/Division Street	\$350,000	Jug Handle Ramp
2020	Fire Engine/Equipment	\$675,000	Replacement Engine and Loose Equipment
2021	PW Equipment	\$250,000	Tandem Axle Hook Truck
2020	Police Station Renovation	\$3,000,000	Net of building purchase
2023	PW Equipment	\$225,000	Replacement Street Sweeper
2022-2023	Main Street Division to Locust	\$108,000	Preliminary Design-Main Street Corridor
2022-2023	West Cedar Watermain (Street Overlay)	\$38,000	Overlay on W. Cedar to Winter Along with Watermain Replacement

As the projects progress through research and analysis, some might be delayed or reduced in scope. Most of the City's general obligation debt is repaid within ten years, and equipment is generally paid within five years. These projects will not increase the percentage of levy allocated to debt service above the target of 20%.



Transfers to Other Funds

The General fund makes annual transfers to other funds for various purposes. These transfers are adjusted through the budget process and may vary significantly from year to year. For purposes of this plan, transfers are held at current levels through 2024. The following transfers are included in the fiscal plan:

Transfer to Taxi Fund - Annual transfer for local share of shared-ride taxi service. Other funding from Federal and State grants, fare revenues and Pierce and St. Croix Counties provides the revenue necessary to service the 33,000 annual trips. Plan includes approximate amount of \$20,000 per year as a transfer from the General Fund.

Transfer to Ambulance Fund – Annual transfer of per capita costs to the Ambulance fund were discontinued in 2017. No transfers to support EMS have been included in the fiscal plan.

Transfer to City Hall Fund – Budgeted transfer based on the allocation of costs for General fund operations. Plan includes proposed transfer of approximately \$141,000 per year.

Transfer to Facility Maintenance Fund – Annual transfer for facilities maintenance staff costs related to General fund operations, such as City Hall, public works, police and fire. The fiscal plan includes a transfer of approximately \$141,000 each year to fund these costs.

Transfer to Technology Fund – Annual transfer to allocate hardware, software and office equipment and other technology costs to the end users. The fiscal plan includes a transfer of approximately \$280,000 each year to fund these costs.

Transfer to Motor Pool Fund – The City has a lease agreement for motor pool vehicles with Enterprise. An annual transfer is made for usage of the motor pool vehicles from the General fund and is generally based on actual usage. A transfer for approximately \$20,000 is made each year.

Discussion of General Fund Advances – Tax Increment

The City of River Falls currently has nine tax increment districts that encompass residential, commercial and industrial areas of the City. The estimated 2019 increment value is \$59 million, or 5% of the City’s market value. The districts are a major economic driver for the community, through the creation of jobs and diversification and increased tax base. As such, the City has invested significantly in the creation of these districts.

In general, any upfront costs required to create a district and provide infrastructure for a proposed development has been funded through the issuance of debt or with an advance from other funds, usually the General fund. Until such time as the district can generate tax increment revenue and is self-supporting, the advances are used as interim financing. The timing for a district to become self-supporting can be 10+ years, as the cost for infrastructure (streets, water, sewer, electric) is sizable.

Once a district is able to pay for current costs of debt service, a schedule is prepared for the repayment of advances. In addition to the advance, the district also repays lost interest revenue to the General fund.

At the end of 2018 the following advances have been made from funds to provide this interim financing:

Receivable Fund	Payable Fund	Total 12-31-2018
General Fund	TIF District #5	\$ 164,465
General Fund	TIF District #6	917,045
General Fund	TIF District #8	118,157
General Fund	TIF District #9	378,894
General Fund	TIF District #10	2,622,711
General Fund	TIF District #11	22,159
General Fund	TIF District #12	663,726
General Fund	TIF District #13	8,500
General Fund	TIF District #14	10,500
General Capital Projects Fund	TIF District #10	500,000
Environmental Fee	TIF District #10	500,000
Environmental Fee	Tourism and Economic Development	1,000,000
Total		\$6,906,157

The TIF District #5 is currently paying back the General fund the advance and interest. It is expected that TIF District #10 will start repayment of the advance in 2020, and TIF District #8 in 2022.

The repayment of advances would be considered for property tax relief through the budget process.

Budget Calendar

With the adoption of a two-year budget, the year of budget development consists of both updating the capital improvement plan (CIP) as well as the creation of the two-year budget document. As Wisconsin doesn't yet allow for adoption of a two-year levy, the Council must still approve the budget ordinance for each year. However, the second year is a reaffirmation of the original budget document.

Calendar Year 2020

- April**.....Update personnel budgets (Finance and HR Departments)
- May** Distribute departmental worksheets, update financial plan (Finance Department)
- Mid-June**..... Submit proposed budgets (Department Heads)
- June**.....Council workshop for updated five-year CIP (Administrator, Department Heads, Finance Director)
- June-July** Draft budget prepared for internal review (Finance Department)
- August**..... Meet with Rural Fire budget committee (Fire budget members)
- August**..... Finalize proposed budget, prepare debt service schedules (Finance Department)
- September**..... Council workshops on budget (Council, Administrator, Finance Director)
- October**..... Set public hearing date and publish notice
- November**..... Public hearing and final budget approval
- November-December**..... Update financial plan with final budget numbers (Finance Department)

Calendar Year 2021

- August**..... Meet with Rural Fire budget committee (Fire budget members)
- August**..... Update 2020-2021 budget information, prepare Supplemental Budget (Finance Department)
- September**.....Council budget workshop (Council, Administrator, Finance Director)

October..... Set public hearing date and publish notice

November..... Public hearing on 2021 budget and levy

Financial Goals and Policies

The City of River Falls' financial policies set forth the framework for the fiscal management of the City. These policies assist with decision making processes and provide guidelines for evaluating current activities and future projects.

General Financial Policies and Procedures

1. The City will comply with generally accepted accounting principles in its accounting and financial reporting, as contained in the following publications:
 - a) Codification of Governmental Accounting and Financial Reporting Standards, issued by the Government Advisory Standards Board (GASB)
 - b) Governmental Accounting, Auditing the Financial Reporting (GAAFR), issued by the Government Finance Officers Association (GFOA) of the United States and Canada.
 - c) Uniform Chart of Accounts for Wisconsin Municipalities
2. Up to date financial data will be made available electronically to all City department heads and managers allowing them to review financial activity and compare actual revenues and expenditures with budgeted amounts.
3. A comprehensive financial audit, including an audit of federal grants if necessary, according to the U.S. Office of Management and Budget Circular A-133 will be performed annually by an independent public accounting firm. The independent public accounting firm will express an opinion on the City's financial statements.
4. A system of internal accounting controls will be maintained to adequately safeguard assets and provide reasonable assurance of property recording of financial transactions of the City. Internal controls will be reviewed at least annually.

Operating Budget Policies and Procedures

1. The City will prepare a biennial budget for all operating funds.
2. The City will maintain a budgetary control system to ensure adherence to the budget, including periodic reports.
3. The City will integrate performance standards into the operating budget.
4. A contingency account will be maintained in the annual operating budget to provide for unanticipated expenditures of a non-recurring nature. Transfers from the contingency account will require City Council approval.
5. Operating budgets are established at the function and fund level. Transfers within functions in the same fund may be approved by the City Administrator; transfers between functions or between funds require City Council approval. Budget adjustment between function or fund require a Class 1 Notice within 10 days of approval per WI Stats. 65.90(5)(a).

Operating Budget Financial Goals and Guidelines

The City Council has approved financial goals and guidelines in preparing the annual operating budgets. The following measurements will be used as a guide in the preparation of the annual budget.

Mill Rate/Tax Level Policy Statement

Individual property taxes are determined by several factors, including mill rate, property valuation, total city valuation, taxing jurisdiction levies, and spending levels. While goals can be set for each factor, the City Council is limited to control or influence over a portion of the property tax, approximately 29 percent. It is therefore, the City's policy to set targets for the City mill rate and estimated taxes on a median valued home.

Implementation

The City's gross mill rate for the upcoming budget year will be segregated into general operations, library operations, debt service and capital outlay segments. The debt service portion of the mill rate will be based on actual levy requirements as needed. The general operation, library operation and capital outlay portions of the levy will be related as closely as possible to the five-year fiscal plan.

General Fund Revenues from Own Sources Policy Statement

The City wishes to minimize its dependence on revenues not controlled by the City; therefore, a long-term goal is to increase General Fund revenues from City controlled sources.

Implementation

The State of Wisconsin currently provides 27 percent of the budgeted annual revenues to the City's General Fund. Federal, county, towns and the school district contribute four percent. By increasing City non-tax revenues, such as user fees and reimbursements, the City's dependence on State and Federal dollars will be minimized.

General Fund Sources from Other Funds Policy Statement

The City will not rely on transfers from other funds to finance the general operations of the General Fund, although fees for financial and general administration will be charged to the appropriate funds. Total transfers from other funds excluding payment in lieu of taxes and repayments of advances, will not exceed 25 percent of General Fund revenues.

Implementation

An administration fee will be charged to funds to reimburse the General Fund for administration, human resources, maintenance and financial services. Engineering services used by the Capital Projects funds will pay an annual percentage of 12 percent to the General Fund on the estimated project costs.

Capital Budget Policies and Procedures

The City will develop a five-year capital improvement plan, which will be reviewed and updated at least biannually.

Property tax levies and debt service requirement associated with capital projects will be included in the City's proposed budget and financial projections.

Operating Expenditures as a Percentage of Total Expenditures Policy Statement

The City wishes to maintain its infrastructure by balancing its capital costs with its operating costs. The City will set a goal of five percent of its levy toward capital improvements.

Implementation

The City will estimate its annual budget for operating expenditures, including proposed increases, and recommend that the property tax levy for capital outlay be equal to at least five percent of the total levy. This ratio will be computed using a three-year rolling average of the prior year actual expenditures, a current year budgeted and the future year as projected.

Reserve Policies and Procedures

The City will establish a contingency expenditure appropriation in the General fund operating budget to provide for unanticipated expenditures of a non-recurring nature. This contingency will be equal to 1/2 percent of the General Fund budget. This appropriation, if unused, will be considered part of the City's unreserved, undesignated fund balance.

The City will maintain a working capital reserve of 50 percent of the General Fund operating budget to provide funds for reasonable cash flow needs. This reserve will also be used when the City encounters unforeseen emergencies such as storms, floods, severe unexpected increases in service costs or decrease in revenue, or other situations that are determined to be an emergency by the City Council.

Debt service reserves will be established as required by bond ordinances.

Reserves in other funds will be maintained at levels to cover annual operating costs, or to provide for future capital costs. Deficit balances due to unforeseen circumstances will be addressed during the budget process.

Unreserved General Fund Balance

The City Council has established a General fund unassigned fund balance goal of 50 percent of total annual General fund expenditures. Any projected surplus over 50 percent will be available for use by the City as determined in the budget process, generally for one-time projects or debt reduction.

Implementation

At the end of December 2018, General fund unassigned fund balances were \$5.1 million, or 51 percent of the 2019 budget. The City also has advanced \$4.9 million to other funds, which, when repaid, will be available.

Total General Fund Cash and Investments/Liabilities

The goal of the City is to keep sufficient cash and short-term investments available to meet short-term liabilities. The ratio of 2 to 1 is preferred.

Implementation

This ratio will fluctuate during the year; however, it is the goal of the City to maintain a 2 to 1 ratio as an average. This will be measured by the average as of December 31 of each year. Cash and liquid investments, including those available within 30 days, will be used, as well as the liabilities payable less deferred revenues within 30 days of the end of the year.

Debt Policies and Procedures

The City of River Falls will maintain a high credit rating in the financial community to assure the community that the government is well-managed and financially sound and to obtain reduced borrowing costs.

1. The City will consider available financing tools for funding projects including inter-fund borrowing, use of fund reserves, State of Wisconsin Trust Fund loan program, external financing and lease-purchasing.
2. The City will use “pay as you go” financing to fund general capital projects whenever feasible.
3. When bonds or promissory notes are the desired financing vehicle, the issue will be bid competitively.
4. Annual debt service expenditures for all tax supported debt as a percentage of annual governmental fund revenues will be capped at ten percent.
5. Total tax supported debt will not exceed two percent of the equalized value of the City.
6. Debt service reserves will be funded to adequately meet debt service requirements as required.
7. The term of the financing will not exceed the useful life of the capital project, facility or equipment financed.
8. The City shall comply with all U.S. Internal Revenue Service arbitrage rebate requirements for debt issues, and with all Securities and Exchange Commission requirements for continuing disclosure.

Direct Long-Term General Obligation Debt Per Capita

The goal of the City Council is to maintain a per capita general obligation debt ratio in the range of \$500 to \$700 per person. Sustaining this ratio will insure that adequate resources are available to repay outstanding long-term debt.

Implementation

This ratio is measured by total outstanding general obligation long-term debt as of December 31 of each year, compared to the most recent population estimate for River Falls. In planning capital projects and proposed financing, the effect on this ratio should be considered. General obligation debt supported by funds other than general obligation property tax revenues will not be included in this ratio. The debt per capita was \$759 at the end of 2018.

Debt Service/Total Revenues

The goal of the City is to not exceed a maximum ten percent ratio of property tax supported debt service costs to total governmental fund revenues. This will ensure that the City maintains its ability to repay outstanding debts.

Implementation

This ratio will be measured by annual property tax supported debt service cost in relation to annual revenues for all governmental funds. A maximum ratio of ten percent is desired, and future borrowing will be structured to maintain this ratio. General obligation debt supported by funds other than general property tax revenues will be not be included in this ratio. The ratio for the 2019-2020 budget is 4.9%.

Debt Service Levy/Total Levy

The City wishes to maintain its flexibility in annual budgeting by limiting its annual debt service costs to 20 percent of total property tax levy.

Implementation

Currently, the City maintains approximately 14 percent of the annual levy for debt service. It is anticipated though that this ratio will remain under the goal of 20 percent through the 2020-2024 fiscal plan.

Legal Debt Capacity

The State of Wisconsin places a legal debt limit on cities of no more than five percent of the equalized value within the City. The City wishes to maintain a ratio of not more than

Implementation

Outstanding general obligation debt for the City at the end of 2018 was 38 percent of the legal debt limit.

Industrial Development Revenue Bonds

Industrial development revenue bonds (IDRB) are securities issued by the City of River Falls, providing long-term, below-market rate financing of capital requirements for new and expanding industrial and commercial facilities. Minimum bond amount is \$3 million, and maximum bond is \$10 million per borrower. The borrower is solely responsible for principal and interest repayment.

Because the interest on IDRB's is exempt from federal tax, the interest rate on this type of financing is generally lower than conventional debt financing. Proceeds from the IDRB may be used to finance fixed assets and qualified costs associated with the bond-financed projects.

The City has one outstanding IDRB issue with a balance of \$235,000 as of December 31, 2018.

Any questions regarding the long-range fiscal plan can be directed to Sarah Karlsson, Finance Director by either email skarlsson@rfcity.org, or by phone (715) 426-3449.