

All Funds Summary - Operating

FY 2011 Resources

	General (110)	Water (210)	Sewer (220)	Refuse (230)	Parking (320)	SWM (330)	RedGate (340)	Spec. Act. (350)	CDBG (360)	TCMD (370)	Speed Camera (380)	Debt Serv. (550)	Total for All Funds
Revenue													
Property Taxes	34,762,000	-	-	-	163,000	-	-	-	-	930,000	-	-	35,855,000
Licenses & Permits	1,660,000	-	-	-	-	40,000	-	-	-	-	-	-	1,700,000
From Other Gov't.	13,527,213	-	-	-	295,000	-	-	-	614,348	-	-	-	14,436,561
Charges for Serv.	5,853,405	8,665,000	7,820,000	5,510,000	1,110,000	2,065,000	1,017,710	20,000	-	-	-	-	32,061,115
Fines & Forfeitures	645,000	-	-	-	660,000	-	-	-	-	-	1,344,000	-	2,649,000
Use of Money & Prop.	322,080	10,800	2,000	2,000	4,000	6,500	-	699,200	-	-	5,000	200,000	1,251,580
Other Revenue	5,332,970	26,750	2,000	350	-	-	-	-	-	-	-	-	5,362,070
Total Revenue	62,102,668	8,702,550	7,824,000	5,512,350	2,232,000	2,111,500	1,017,710	719,200	614,348	930,000	1,349,000	200,000	93,315,326
Transfers In	-	446,500	-	41,200	1,030,000	-	-	8,530	-	-	-	5,100,000	6,626,230
Total Resources	62,102,668	9,149,050	7,824,000	5,553,550	3,262,000	2,111,500	1,017,710	727,730	614,348	930,000	1,349,000	5,300,000	99,941,556
Appr. Fund Bal/Net Assets	1,019,625	35,260	351,290	319,840	1,156,715	1,139,150	673,990	296,510	-	-	-	-	4,992,380
TOTAL	63,122,293	9,184,310	8,175,290	5,873,390	4,418,715	3,250,650	1,691,700	1,024,240	614,348	930,000	1,349,000	5,300,000	104,933,936

FY 2011 Use of Funds

	General (110)	Water (210)	Sewer (220)	Refuse (230)	Parking (320)	SWM (330)	RedGate (340)	Spec. Act. (350)	CDBG (360)	TCMD (370)	Speed Camera (380)	Debt Serv. (550)	Total for All Funds
Operating Exp.													
Personnel	40,349,040	3,322,420	1,481,150	2,583,760	357,265	1,760,380	873,200	25,580	120,000	41,845	395,990	-	51,310,630
Operating	11,717,863	2,083,910	3,423,310	1,720,360	1,190,460	606,730	446,050	418,960	494,348	706,750	586,560	-	23,395,301
Capital Outlay	480,620	91,700	41,000	-	-	-	95,700	469,800	-	-	-	-	1,178,820
Administrative	-	1,000,110	541,650	977,470	656,980	604,940	165,750	-	-	78,090	222,320	-	4,247,310
Other	1,254,040	1,706,000	1,505,000	352,000	826,500	275,000	100,100	109,900	-	-	-	65,000	6,193,540
Total Operating Exp.	53,801,563	8,204,140	6,992,110	5,633,590	3,031,205	3,247,050	1,680,800	1,024,240	614,348	826,685	1,204,870	65,000	86,325,601
Other Uses of Funds													
Principal	-	-	-	-	-	-	-	-	-	-	-	3,332,298	3,332,298
Interest	-	980,170	874,780	101,700	1,387,510	3,600	10,900	-	-	-	-	1,743,786	5,102,446
Capital Improvements	3,141,000	-	-	-	-	-	-	-	-	-	-	-	3,141,000
Transfers Out	6,179,730	-	308,400	138,100	-	-	-	-	-	-	-	-	6,626,230
Total Other Uses	9,320,730	980,170	1,183,180	239,800	1,387,510	3,600	10,900	-	-	-	-	5,076,084	18,201,974
Total Use of Funds	63,122,293	9,184,310	8,175,290	5,873,390	4,418,715	3,250,650	1,691,700	1,024,240	614,348	826,685	1,204,870	5,141,084	104,527,575
Add. Fund Bal/Net Assets	-	-	-	-	-	-	-	-	-	103,315	144,130	158,916	406,361
TOTAL	63,122,293	9,184,310	8,175,290	5,873,390	4,418,715	3,250,650	1,691,700	1,024,240	614,348	930,000	1,349,000	5,300,000	104,933,936

All Funds Summary - Capital Improvements Program (CIP)

The Capital Improvements Program (CIP) is the City's capital investment plan for the next five years. The CIP is a fiscal and planning device that allows the City to inventory and monitor capital project costs, funding sources, departmental responsibilities, and timing schedules. Each year the CIP is reviewed in the context of ongoing City, County, State, and Federal planning programs and policies as well as the City's Master Plan. Items included within the CIP are usually defined within one of the following six categories:

1. The acquisition of land for a public purpose.
2. The construction of a significant facility, i.e., a building or a road, or the addition to or extension of an existing facility.
3. Nonrecurring rehabilitation or major repair to all or part of a facility provided the total cost per fiscal year is more than \$100,000.
4. Any specific design work related to an individual project falling within the above three categories.
5. Any long-term project funded through a grant where the establishment of a CIP project is a condition of the grant.
6. A significant one-time investment in tangible goods of any nature, the benefit of which will accrue over a multi-year period over \$100,000.

The CIP is divided into five program areas for FY 2011 as shown below.

FY 2011 New Appropriations

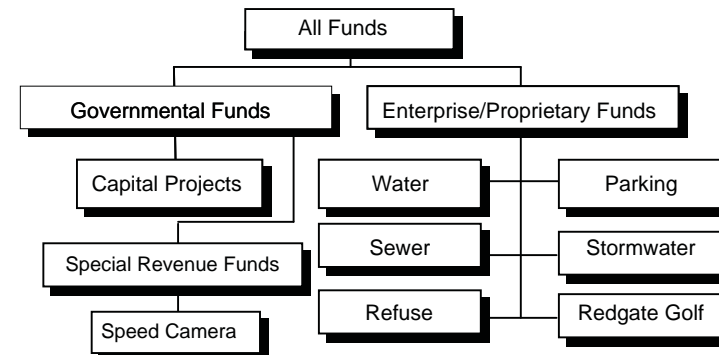
Program Area	New Approps.
Recreation and Parks	1,012,000
Transportation	7,283,310
Stormwater Management	880,000
Utilities	11,461,000
General Government	1,323,800
Total	21,960,110

FY 2011 - FY 2015 Operating Cost Impacts by Fund

Most capital projects impact future operating budgets due to an increase or decrease in maintenance costs or by providing capacity for new programs to be offered. Such impacts vary widely by project and are evaluated individually while assessing the project's feasibility. Figures are listed on the project sheets in the CIP budget (separate book), to demonstrate the operating cost impact of a project. The following chart lists the total operating cost impacts, by fund and fiscal year, that will be added to the City's operating budget.

Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
General	90,500	290,250	86,225	(230,515)	175
Water	16,490	15,400	-	1,000	2,000
Spec Act	80,000	-	-	-	-
SWM	6,360	51,500	5,000	44,100	29,400
Total	193,350	357,150	91,225	(185,415)	31,575

FY 2011 - FY 2015 CIP Fund Accounts



FY 2011 Sources of Funds

Source of Funds	Cap. Proj. (420)	Water (210)	Sewer (220)	Refuse (230)	Parking (320)	SWM (330)	RedGate (340)	Spd. Cam. (380)	Total for All Funds
Pay-go	6,672,340	1,684,460	7,800	56,200	-	945,000	-	1,678,000	11,043,800
Bond Proceeds	-	4,541,000	5,330,500	-	-	-	-	-	9,871,500
Developer Contributions	13,000	-	-	-	-	-	-	-	13,000
State and Federal Grants	1,031,810	-	-	-	-	-	-	-	1,031,810
Other	-	-	-	-	-	-	-	-	-
TOTAL New CIP Funds	7,717,150	6,225,460	5,338,300	56,200	-	945,000	-	1,678,000	21,960,110

All Funds Summary - Operating

The tables below offer a history of revenues and expenditures for all of the City's operating funds.

All Funds Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Taxes	35,755,766	35,201,740	35,855,000	1.9%
Licenses & Permits	1,644,074	2,154,500	1,700,000	-21.1%
Other Governments	18,766,892	17,155,724	14,436,561	-15.8%
Charges for Services	24,295,963	29,379,631	32,061,115	9.1%
Fines and Forfeitures	4,090,875	5,232,000	2,649,000	-49.4%
Use of Money & Prop.	1,411,174	1,826,773	1,251,580	-31.5%
Other / Transfers In	9,557,091	8,329,490	11,988,300	43.9%
Appropriated Fund Balance / Net Assets	-	2,554,077	4,992,380	95.5%
Total	95,521,834	101,833,935	104,933,936	3.0%

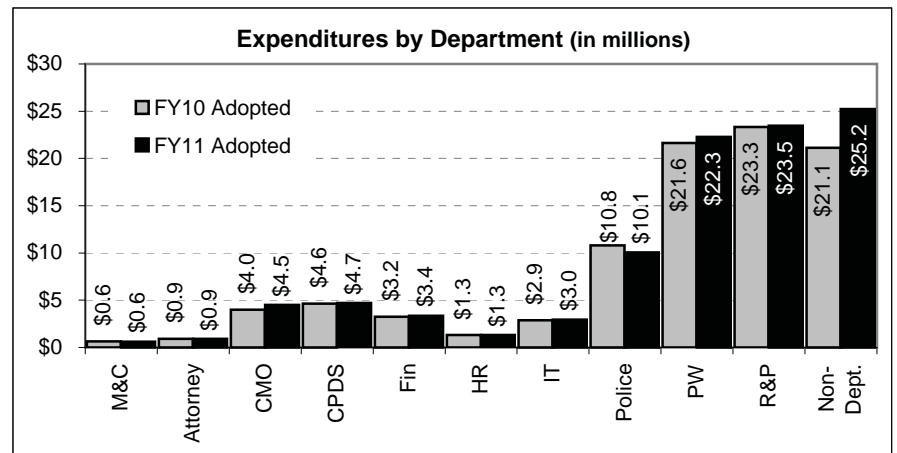
All Funds Expenditures	Actual FY09	Adopted FY10	Adopted FY11	% Change
Personnel	46,166,411	49,264,972	51,310,630	4.2%
Operating	21,497,351	24,758,380	23,395,301	-5.5%
Capital Outlay	1,218,849	1,306,550	1,178,820	-9.8%
Administrative	1,462,000	1,506,000	4,247,310	182.0%
Other / Transfers Out	10,172,762	10,554,025	12,754,770	20.9%
Transfer to CIP	8,533,695	4,100,000	3,141,000	-23.4%
Debt Service	3,062,862	3,043,500	3,358,660	10.4%
Subtotal	92,113,930	94,533,427	99,386,491	5.1%
Debt Service Fund *	5,167,978	5,098,008	5,300,000	4.0%
Addition to Fund Balance / Net Asset	-	2,202,500	247,445	-88.8%
Total	97,281,908	101,833,935	104,933,936	3.0%

* The Debt Service Fund receives transfers from other funds to pay off general obligation bonds. Since these transfers are already listed as Debt Service expenditures within originating funds, there is a double-counting effect when the Debt Service Fund records the same expenditures. For this reason, the Debt Service Fund is isolated.

The table below summarizes expenditures by department, for all funds combined.

Expenditures by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Mayor and Council	1,578,461	644,400	598,250	-7.2%
City Attorney	N/A	908,500	929,350	2.3%
City Manager	3,173,928	4,002,900	4,487,330	12.1%
CPDS	4,871,129	4,629,100	4,718,113	1.9%
Finance	2,814,295	3,248,700	3,361,300	3.5%
Human Resources	1,214,399	1,319,400	1,322,190	0.2%
Info. and Tech.	2,971,126	2,877,100	2,958,220	2.8%
Police	9,604,745	10,814,400	10,050,950	-7.1%
Public Works	19,295,924	21,627,210	22,281,060	3.0%
Recreation & Parks	20,790,988	23,336,215	23,453,828	0.5%
Non-Departmental	25,798,935	21,125,502	25,225,900	19.4%
Subtotal	92,113,930	94,533,427	99,386,491	5.1%
Debt Service Fund *	5,167,978	5,098,008	5,300,000	4.0%
Addition to Fund Balance / Net Asset	-	2,202,500	247,445	-88.8%
Total	97,281,908	101,833,935	104,933,936	3.0%

* The Debt Service Fund receives transfers from other funds to pay off general obligation bonds. Since these transfers are already listed as Debt Service expenditures within originating funds, there is a double-counting effect when the Debt Service Fund records the same expenditures. For this reason, the Debt Service Fund is isolated.



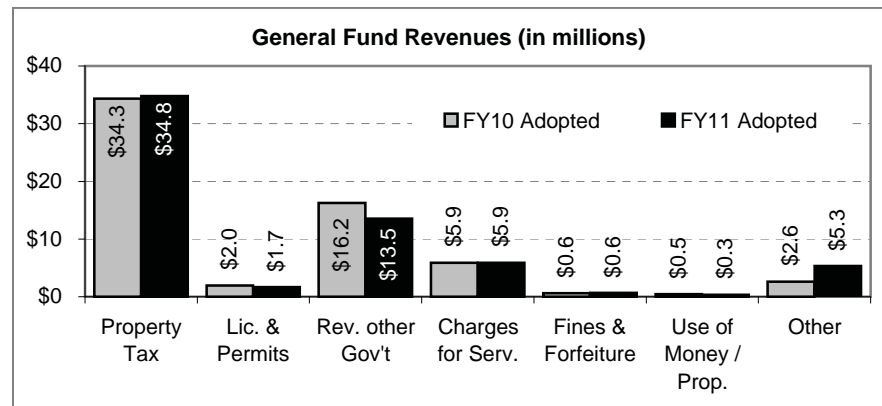
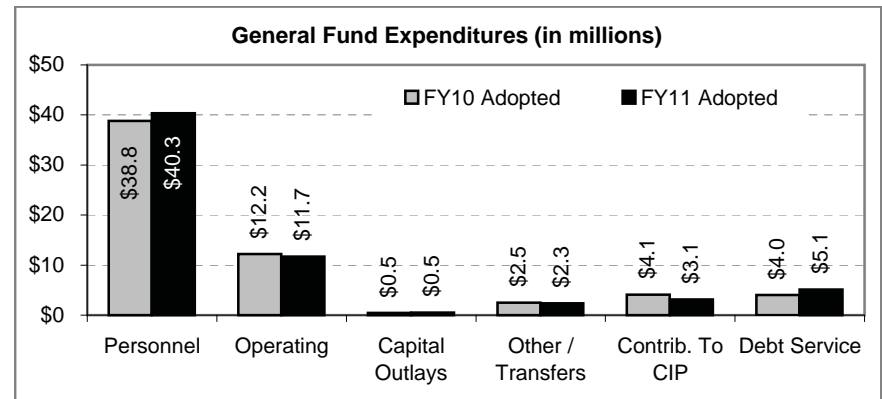
Governmental Funds - General Fund Summary

The General Fund is the primary operating fund of the City and is used to account for the City's general or non-enterprise activities. Many of the City administrative functions are supported through this fund. The major revenue sources for the General Fund are property tax, income tax, hotel tax, tax duplication payments from Montgomery County, and charges or user fees for services.

Expenditures by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Mayor and Council	1,575,987	644,400	598,250	-7.2%
City Attorney	N/A	908,500	929,350	2.3%
City Manager	3,120,120	3,501,000	4,078,530	16.5%
CPDS	3,819,377	4,021,100	4,103,765	2.1%
Finance	2,080,816	2,423,400	2,525,230	4.2%
Human Resources	1,214,399	1,319,400	1,322,190	0.2%
Information and Tech.	2,971,126	2,877,100	2,958,220	2.8%
Police	8,105,771	8,445,800	8,733,330	3.4%
Public Works	6,068,011	6,380,350	6,366,470	-0.2%
Recreation & Parks	18,532,833	19,551,635	19,861,928	1.6%
Non-Departmental	16,795,576	12,009,902	11,645,030	-3.0%
Total	64,284,016	62,082,587	63,122,293	1.7%

Expenditures by Type	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	27,288,095	30,086,950	29,661,020	-1.4%
Benefits	8,741,926	7,924,102	9,867,640	24.5%
Overtime	911,725	787,200	820,380	4.2%
Personnel Subtotal	36,941,746	38,798,252	40,349,040	4.0%
Contractual Services	7,373,957	7,100,580	6,725,625	-5.3%
Commodities	4,517,281	5,108,630	4,992,238	-2.3%
Operating Subtotal	11,891,238	12,209,210	11,717,863	-4.0%
Capital Outlay	644,462	457,000	480,620	5.2%
Other / Transfer	2,173,247	2,518,125	2,333,770	-7.3%
Contribution to CIP	8,533,695	4,100,000	3,141,000	-23.4%
Debt Service Transfer	4,099,629	4,000,000	5,100,000	27.5%
Total	64,284,016	62,082,587	63,122,293	1.7%

General Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Property Taxes	34,526,050	34,345,140	34,762,000	1.2%
Licenses and Permits	1,606,198	1,954,500	1,660,000	-15.1%
Rev. from Other Gov't.	17,801,482	16,237,724	13,527,213	-16.7%
Charges for Services	5,473,186	5,873,558	5,853,405	-0.3%
Fines and Forfeitures	648,477	619,000	645,000	4.2%
Use of Money / Property	330,784	466,375	322,080	-30.9%
Other Revenue	2,451,549	2,586,290	5,332,970	106.2%
Subtotal	62,837,728	62,082,587	62,102,668	0.0%
Appr. Fund Balance	-	-	1,019,625	N/A
Total	62,837,728	62,082,587	63,122,293	1.7%



General Fund Revenues, Detail of Major Revenue Sources

Property Taxes - General

This category of revenue consists of taxes on the assessed value of real estate (including land and structures on the land) and taxes on the assessed value of personal property (inventory, furniture, and fixtures of business establishments). The tax rate is the amount levied per \$100 of assessed value, as determined by the State of Maryland Department of Assessments and Taxation. The Mayor and Council establish the tax rate each year in order to finance General Fund activities. In FY 2011, total property taxes are budgeted to constitute approximately 56 percent of the City's General Fund budget less appropriated fund balance.

Real Property Tax

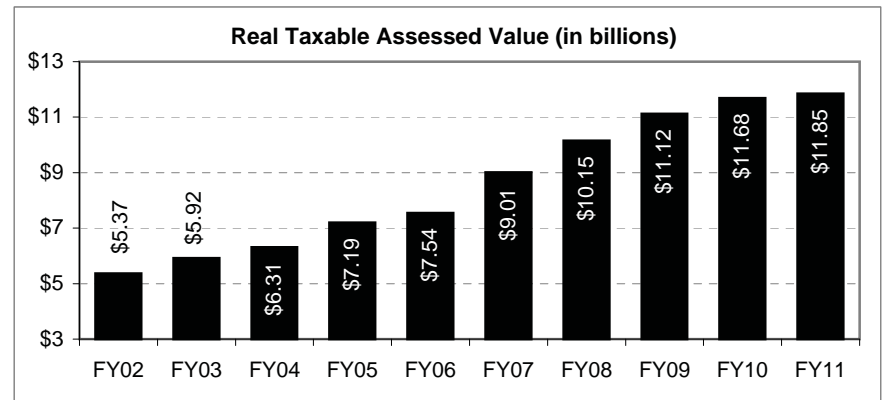
The City of Rockville's adopted real property tax rate for FY 2011 totals \$0.292 for every \$100 of assessed value. The State Department of Assessments and Taxation (SDAT) reassesses real property every three years, and tax bills are based on those assessments. For homeowners, any increase to assessed value is phased in equally over a three-year period, and the resulting increase in the property tax bill is capped at 10 percent.

For several years both new development and property values increased significantly, providing needed revenue to meet the demand for basic municipal services and maintenance of public facilities. The rate of new private development has slowed considerably, and most property assessments are decreasing due to current economic conditions. The total taxable assessed value from FY 2010 to FY 2011 is estimated to increase by only 1.4 percent. This shows a major slowing in assessed values compared to previous fiscal years. All properties in the City were reassessed in January 2009 and January 2010, and many properties experienced significant decreases in their overall assessed values since 2006 and 2007.

History of Taxable Assessed Value of Real Property

Fiscal Year	Assessed Value	% Change
FY02 Actual	5,365,409,658	9.9%
FY03 Actual	5,921,959,542	10.4%
FY04 Actual	6,312,353,479	6.6%
FY05 Actual	7,193,741,551	14.0%
FY06 Actual	7,539,816,746	4.8%
FY07 Actual	9,008,163,075	19.5%
FY08 Actual	10,148,794,995	12.7%
FY09 Actual	11,117,285,215	9.5%
FY10 Estimate *	11,682,940,000	5.1%
FY11 Estimate *	11,846,829,600	1.4%

* Estimates are based on assessed value as billed, which is limited by exemptions and the three-year phase-in.



Constant Yield Tax Rate

In accordance with Maryland law, the constant yield tax rate is defined as the property tax rate that would yield the same tax revenue as the previous year, not including new construction. When assessments increase and the tax rate remains unchanged, property tax revenue increases. The constant yield rate is the rate that would offset the increase in tax revenue that results from the increase in assessed value. For FY 2011, the constant yield rate was calculated to be \$0.292 per \$100 of assessed value, or identical to the adopted property tax rate. In accordance with Maryland law, since the constant yield tax rate is equal to the City's tax rate, the City is not required to advertise the constant yield tax rate or hold a special public hearing.

Assumptions for Real Property Tax:

The FY 2011 budget for taxes on real property is based on the following information sources and assumptions:

- The calculation of the assessed value begins with an estimate prepared by SDAT of the assessed value of all real property that will be on the tax rolls as of the beginning of FY 2011, based on assessments conducted as of January 1, 2010.
- The City adds its estimate of the value of residential and commercial development that would be completed and assessed during the remainder of FY 2010 and throughout FY 2011.
- The revenue estimate is based on multiplying the assessed value by the tax rate, taking into consideration when new property is levied, the impact of appeals and late payments, and the possibility of less than anticipated growth.

General Fund Revenues, Detail of Major Revenue Sources

Personal Property Tax

The City of Rockville's FY 2011 personal property tax rate remains unchanged at \$0.805 cents per \$100 of assessed value. In accordance with Maryland law, the personal property tax only applies to businesses. The City has enacted the following exemptions from personal property tax: (1) 82 percent of the value of commercial inventory; (2) 82 percent of the value of manufacturing or research and development inventory; and (3) 100 percent of the value of manufacturing or research and development machinery.

Over the past few years the total taxable assessed value of personal property in the City of Rockville has remained relatively flat. This new average assessed value is lower than in FY 2002 and FY 2003 mainly due to the number of businesses that focus on technology. Computers and other types of high tech equipment depreciate more rapidly leading to decreases in the overall assessed value for personal property. The FY 2011 budget assumes the taxable assessed value will increase by approximately 1 percent from the FY 2010 estimate.

History of Assessed Value of Personal Property

Fiscal Year	Assessed Value	% Change
FY02 Actual	475,731,730	10.3%
FY03 Actual	471,400,091	-0.9%
FY04 Actual	405,552,350	-14.0%
FY05 Actual	401,877,050	-0.9%
FY06 Actual	401,458,510	-0.1%
FY07 Actual	388,343,729	-3.3%
FY08 Actual	394,410,209	1.6%
FY09 Actual	398,207,920	1.0%
FY10 Estimate *	381,700,000	-4.1%
FY11 Estimate *	385,500,000	1.0%

* The FY10 and FY11 estimates are based on assessments from SDAT. The impact of appeals, late payments, and the collection rate is taken into consideration in the estimates.

Real Property Tax Credit

The combined property tax receipts for FY 2011 are expected to amount to \$34.8 million, which is a 1.2 percent increase from the FY 2010 adopted budget. The real property tax revenue of \$31.7 million includes the City's Homeowners' Tax Credit Program and a \$100 income tax offset credit for residential properties. The Homeowners' Tax Credit Program is a State administered program that provides real property tax credits to low- to moderate-income residents for property taxes due on their principal residence. Under the City's FY 2011 Program, households with gross incomes up to \$85,000 per year and a household net worth of less than \$200,000 (not including the value of the home or qualified retirement savings) could qualify for tax relief on the first \$400,000 of their home's assessed value. For low-income households, the credit could be several hundred dollars with the maximum credit totaling the City tax due on the first \$400,000 of assessed value.

Property Tax Revenue Summary

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Real Property Tax - Revenues from taxes on assessed value of real estate including land, structures, and improvements	31,299,533	31,390,140	31,717,000	1.0%
Personal Property Corporations - Revenue from taxes on assessed valuation of inventory, furnishings, and fixtures of incorporated businesses	3,015,904	2,820,000	2,900,000	2.8%
Personal Property Unincorporated Businesses - Revenue from taxes on assessed valuation of inventory, furnishings, and fixtures of unincorporated businesses	46,717	35,000	45,000	28.6%
Interest on Taxes - Interest on delinquent taxes	163,896	100,000	100,000	0.0%
Total	34,526,050	34,345,140	34,762,000	1.2%

General Fund Revenues, Detail of Major Revenue Sources

Revenue From Other Governments

Income Tax

Income tax revenue is the second largest source of revenue to the General Fund. Income tax revenue consists of the City's share of income taxes received by the State of Maryland for returns filed from Rockville. Maryland counties are able to impose an income tax that is separate from the State income tax. In accordance with Maryland law, municipalities receive 17 percent of collected county income taxes. Montgomery County's income tax rate is currently 3.2 percent.

There has been growth in income tax receipts in the past few years due to the City's population growth. However, due to the recent economic downturn, income tax revenue will likely remain flat. The estimated actual FY 2010 and adopted FY 2011 income tax revenues total approximately \$9.3 million.

History of Income Tax Revenue

Fiscal Year	Income Tax Revenue	% Change
FY05 Actual	7,874,409	12.2%
FY06 Actual	9,035,343	14.7%
FY07 Actual	9,816,933	8.7%
FY08 Actual	10,622,311	8.2%
FY09 Actual	10,438,811	-1.7%
FY10 Estimate	9,300,000	-10.9%
FY11 Estimate	9,300,000	0.0%

Highway User

Highway user revenue represents the City's share of gasoline tax and vehicle registrations collected by the State of Maryland. During FY 2010, the State of Maryland's Board of Public Works voted to decrease the municipal share of highway user by over 90 percent. This reduction was part of a larger package aimed at addressing the State's projected budget shortfall of more than \$700 million for FY 2010. In mid-FY 2010 the State reported that the reduction in highway user will continue into FY 2011 and FY 2012, resulting in an annual revenue budget of \$113,000.

Tax Duplication

This revenue is received from Montgomery County as a partial reimbursement for tax duplication. Several factors, such as number of streetlights, the number of street miles maintained by the City, and what the County spends each year, determine what the City receives each year. In FY 2011, Montgomery County elected to reduce the City's share of tax duplication by 15 percent due to budget constraints. In addition to the potential for future reductions due to the County's

projected budget deficits, the County is working on a new formula to determine the amount of tax duplication that municipalities will receive in future years (which may be less favorable to the City).

Revenue from Other Governments Summary

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Income Tax	10,438,811	9,300,000	9,300,000	0.0%
Highway User	2,666,415	2,400,000	113,000	-95.3%
Tax Duplication	2,228,449	2,228,449	1,893,800	-15.0%
Police Protection Grant - Federal funds designated for police protection	615,763	620,000	403,000	-35.0%
County Grant - Linkages to Learning	183,359	179,575	167,005	-7.0%
Youth and Family Services Grant - County and State payments for youth services	123,195	105,402	100,328	-4.8%
Recreation Grants	49,671	37,000	20,000	-45.9%
Admissions and Amusements Receipts - Taxes on admissions are returned to municipalities by the State	993,354	850,000	950,000	11.8%
Traffic Signal Maintenance Reimbursement - from the State for maintenance	9,900	6,600	6,600	0.0%
Cable Franchise Fees - City's share of Montgomery County's cable franchise fee and cable operating grant	436,469	495,798	514,630	3.8%
Payment in Lieu of Taxes - Revenue from Montgomery County in lieu of financial corporation taxes	13,266	13,300	13,300	0.0%
Miscellaneous Grants	42,830	1,600	45,550	2,746.9%
Total	17,801,482	16,237,724	13,527,213	-16.7%

General Fund Revenues, Detail of Major Revenue Sources

Licenses and Permits

The largest revenue source in this category, building permits, is estimated to decrease by approximately 27 percent due to the overall decline in development activities.

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Traders Licenses - Fees collected from local businesses by the State and returned to the City	139,236	90,000	90,000	0.0%
Building Permits - Revenue from permits issued for building construction, electrical work, plumbing, sewer, water, and gas	833,994	1,100,000	800,000	-27.3%
Rental Licenses - Licensing fee for the inspection of single- and multi-family dwellings and hotels	464,260	630,000	630,000	0.0%
Animal Licenses - Revenue from the sale of dog / cat licenses to owners within the City	31,076	22,500	28,000	24.4%
Other Non-Business Licenses - Revenue from the issuance of other local licenses / permits	137,632	112,000	112,000	0.0%
Total	1,606,198	1,954,500	1,660,000	-15.1%

Charges for Services

Revenues in this category come from charges to users who individually benefit from a particular service offered by the City. Recreation program fees, the largest revenue source in this category, are estimated to increase by 3.6 percent from the FY 2010 adopted budget.

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Recreation Program Fees	2,567,493	2,657,799	2,753,405	3.6%
Zoning Fees	61,361	50,000	50,000	0.0%
Community Support Police - charges for community requests for police at community events	77,695	90,000	104,000	15.6%
Sale of Materials - revenues from City publications	17,177	20,000	20,000	0.0%
Fire Safety Fees - Revenue from fire inspection / permits	147,730	200,000	150,000	-25.0%

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Fire Review Fees - Revenue from fire codes plans review	57,367	100,000	75,000	-25.0%
Public Works Permits - Fees paid by contractors for design review / inspection services for work within rights-of-way	301,937	160,000	100,000	-37.5%
Swim Team Dues - Fees paid for the RMSC swim team	306,749	340,000	315,000	-7.4%
Rec. Membership Fees - Fees paid for memberships to recreation and swim centers	538,305	702,440	690,500	-1.7%
Recreation and Parks Concessions - Revenue received from concessions at City facilities	5,617	17,500	17,500	0.0%
Facility Rental Fees - Revenue received from the rental of City facilities	686,387	747,125	771,700	3.3%
Social Services Fees - Social services fees at the Senior Center	18,712	18,800	18,800	0.0%
Special Events Fees - Corporate sponsorship of City events	25,100	20,000	40,000	100.0%
Rec. Theme Park Tickets - Revenue from sale of tickets to area theme parks through MD Rec. and Parks Assoc.	104,592	120,000	120,000	0.0%
F. Scott Fitzgerald Theatre Tickets - Revenue received from theater ticket sales	290,223	313,000	313,000	0.0%
Internal City Use of Facilities - Revenue received from the use of City facilities by City programs and events	31,503	24,394	17,000	-30.3%
Pool Merchandise Sales - Revenue received from merchandise sold at Swim Ctr	2,263	2,500	2,500	0.0%
Pool Admission Charges - Revenue received from admissions to the Swim Ctr	232,975	290,000	295,000	1.7%
Total	5,473,186	5,873,558	5,853,405	-0.3%

General Fund Revenues, Detail of Major Revenue Sources

Fines and Forfeitures

Revenues received from red light camera infractions make up most of this category. The revenues from the red light camera citations cover the total cost to operate the program. Revenue from red light cameras is estimated to increase by 5 percent from adopted FY 2010 to adopted FY 2011.

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Municipal Infractions - Revenues received from fines for municipal infractions	9,038	10,000	10,000	0.0%
Red Light Camera Revenue - Revenue received from fines for red light infractions	633,452	600,000	630,000	5.0%
Confiscated Funds - Items seized by City Police during commission of a crime	5,988	9,000	5,000	-44.4%
Total	648,477	619,000	645,000	4.2%

Use of Money and Property

Interest earnings is projected to decrease by 90 percent from adopted FY 2010 to adopted FY 2011 due to the current short-term interest rate environment. Land rental, now the largest revenue source in this category, is estimated to double due to the installation of new monopolies on City property.

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Interest Earnings - Interest received from the investment of City funds	187,830	300,000	30,000	-90.0%
Returned Check Fee	621	520	600	15.4%
Land Rental - Revenue from telecommunications companies for monopolies on City-owned property	109,815	120,000	247,330	106.1%
Building Rental - Revenue from the rental of City-owned buildings	32,518	45,855	44,150	-3.7%
Total	330,784	466,375	322,080	-30.9%

Other Revenue / Administrative Charges

The largest revenue source in this category is administrative charges. These charges represent centrally budgeted administrative or "overhead" costs. Each fund pays for its share of the costs through a transfer to the General Fund. In FY 2009, the Mayor and Council approved funding for an update to the City's Cost Allocation Plan (CAP) to determine if the administrative charges were consistent with actual operations. The CAP was finalized in FY 2010 and the results showed that the administrative charges should be increased across all existing funds, and should be added to the Town Center Management District and Speed Camera funds. For FY 2011, each fund will support its full administrative charge with the exception of Town Center Management District (3-year phase in) and RedGate Golf Course (per the business plan).

	Actual FY09	Adopted FY10	Adopted FY11	% Change
Hotel Tax	624,486	800,000	850,000	6.3%
Sale of Vehicles - Proceeds from the vehicle auction	20,730	36,800	14,800	-59.8%
Misc. Revenues - Revenues not categorized elsewhere	201,022	152,000	110,500	-27.3%
Community Contribution - Contributions from individuals and groups to sponsor specific programs	107,815	70,490	89,860	27.5%
Other Grant Revenue - Mid-year anticipated grant revenue (undesignated)	35,057	20,000	20,000	0.0%
Recreation Fees (Swim)	440	1,000	500	-50.0%
Water Admin. Charge	431,000	444,000	1,000,110	125.3%
Sewer Admin. Charge	241,000	248,200	541,650	118.2%
Refuse Admin. Charge	456,000	469,700	977,470	108.1%
Parking Admin. Charge	85,000	87,600	656,980	650.0%
Stormwater Management Admin. Charge	154,000	158,600	604,940	281.4%
RedGate Admin. Charge *	95,000	97,900	165,750	69.3%
Town Center Management District Admin. Charge	-	-	78,090	N/A
Speed Camera Admin. Charge	-	-	222,320	N/A
Total	2,451,549	2,586,290	5,332,970	106.2%

* A study that analyzed the financial situation of the golf course was presented to the Mayor and Council in March 2006. To address the deficit in the Fund, the administrative charge was reduced by 50 percent for five years, which started in FY07.

Enterprise Funds - Water Fund

Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the cost of expenses, including both operations and capital, are financed or recovered from the users of the services rather than general taxpayers. The City of Rockville, through the Financial Management Policies, has designated the following operations as enterprise funds: Water, Sewer, Refuse, Stormwater Management, Parking and RedGate Golf Course.

The goals in setting the City's utility rates are low rates over time, while covering all operating and capital expenses and maintaining required reserves. The City establishes rates on a multi-year basis to maintain consistency and reduce volatility. In order to set the rates the City uses cash flow models that take into account factors such as future changes in operating expenses, debt obligations, and changes in revenues. For setting rates and fees for Parking and RedGate, additional factors such as comparative pricing and user demand are considered.

Water Fund

The Water Fund is used to account for all financial activity associated with the treatment and distribution of potable water. The City provides water service to 70 percent of the City, or approximately 13,000 accounts. In FY 2008, the Department of Public Works presented two comprehensive studies that evaluated the City's overall water program related to the Water Treatment Plant and the Water Distribution System. As a result of these two studies, there are significant operating and capital expenses throughout the FY 2011 budget. In FY 2009, the City started a major water line replacement program, which is estimated to replace over 34 miles of water lines over a 20-year period. The Water Main Rehabilitation project, totaling over \$76 million, can be found on page 109 of the City's FY 2011 CIP budget.

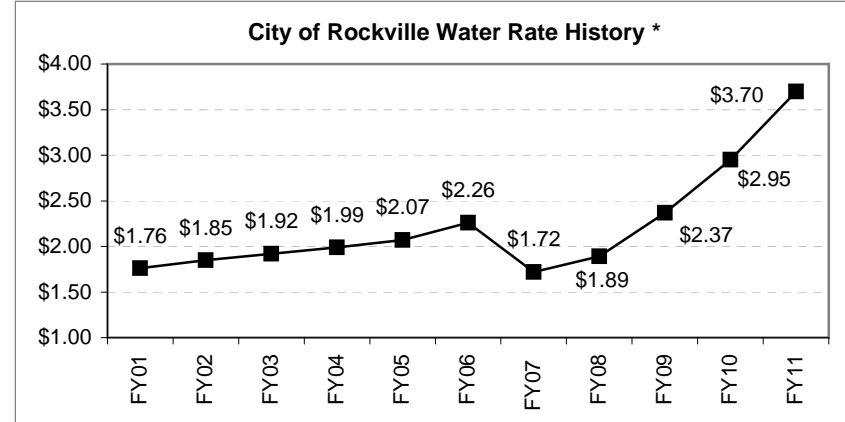
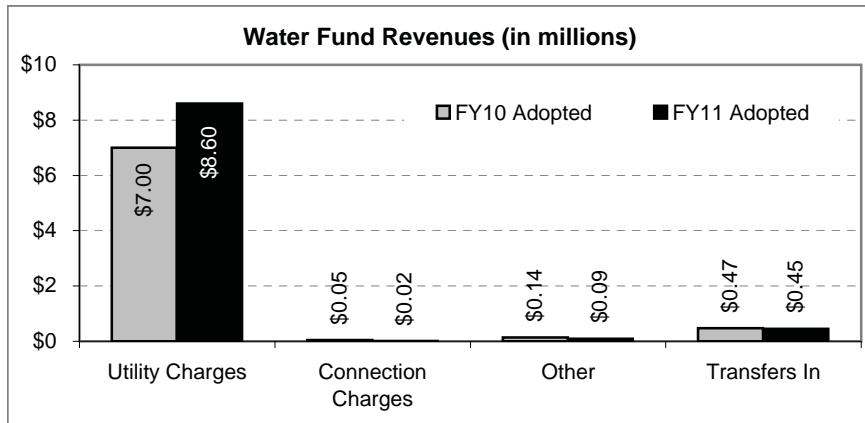
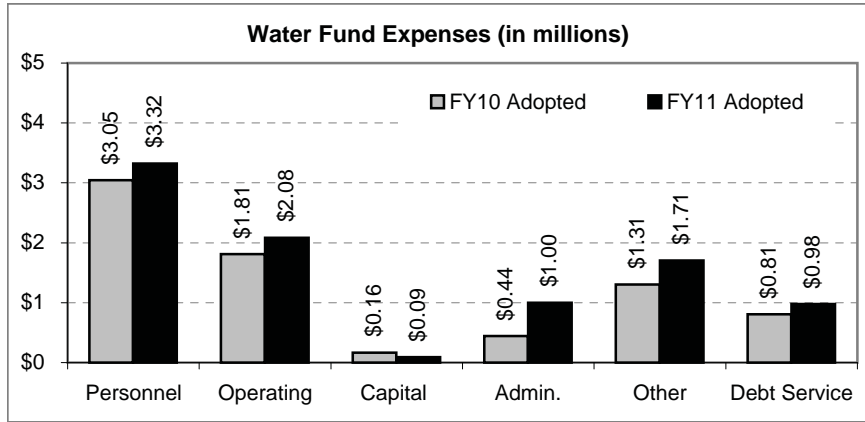
In order to fund the significant capital and operating expenses necessary to support the City's water system, the Mayor and Council approved a five-year financial plan. Based on the approved financial plan, water usage rates will increase by 25 percent each year through FY 2012. FY 2011 is the third year of the five-year plan and the rates are as follows: \$3.48 per 1,000 gallons for the first 12,000 gallons used in the quarter, \$5.01 per 1,000 gallons for the next 12,000 gallons used in the quarter, and \$5.37 per 1,000 gallons for usage beyond 24,000 gallons. In addition to the usage rates, the FY 2011 budget will continue with a ready-to-serve charge that is split between the Water and Sewer funds. The amount of the charge is based on the size of the water meter and ranges from \$6.56 to \$787.20 per quarter, an increase of 3 percent over the FY 2010 adopted budget (see charges on page 3-11).

Water Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Sales of Materials	4,140	25,000	5,000	-80.0%
Utility Charges	5,183,077	7,000,000	8,600,000	22.9%
Penalties	48,477	50,000	50,000	0.0%
Transfer From Sewer	340,000	350,200	308,400	-11.9%
Transfer From Refuse	121,000	124,600	138,100	10.8%
Misc. Revenue	46,092	28,000	26,750	-4.5%
Connection Charges	14,700	50,000	15,000	-70.0%
Interest Income	43,931	40,000	5,800	-85.5%
Subtotal	5,801,418	7,667,800	9,149,050	19.3%
Appr. Net Assets	-	-	35,260	N/A
Total	5,801,418	7,667,800	9,184,310	19.8%

Water Fund Expenses	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	1,870,702	2,298,000	2,371,490	3.2%
Benefits	677,731	614,000	815,500	32.8%
Overtime	186,592	135,100	135,430	0.2%
Personnel Subtotal	2,735,025	3,047,100	3,322,420	9.0%
Contractual Services	368,410	401,940	469,360	16.8%
Commodities	1,325,683	1,409,350	1,614,550	14.6%
Operating Subtotal	1,694,093	1,811,290	2,083,910	15.1%
Capital Outlay	149,031	163,300	91,700	-43.8%
Administrative Charge	431,000	444,000	1,000,110	125.3%
Other Charges	1,211,708	1,305,000	1,706,000	30.7%
Debt Service	744,147	808,400	980,170	21.2%
Subtotal	6,965,004	7,579,090	9,184,310	21.2%
Add. to Net Assets	-	88,710	-	-100.0%
Total	6,965,004	7,667,800	9,184,310	19.8%

Water Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Finance	733,479	825,300	836,070	1.3%
Public Works	3,715,626	4,016,590	4,470,960	11.3%
Non-Departmental	2,515,899	2,737,200	3,877,280	41.7%
Total	6,965,004	7,579,090	9,184,310	21.2%

Enterprise Funds - Water Fund



* The rates shown above represent the usage charge per 1,000 gallons, assuming an average usage of 14,000 gallons per quarter. For FY 2011, Rockville will also charge a flat fee of \$9.84 per quarter for households with a 3/4 inch meter (see table below). Approximately 30 percent of Rockville residents do not receive water service from the City, but are serviced by the Washington Suburban Sanitary Commission's (WSSC) water system. WSSC's adopted rate for FY 2011 increased by 8.5 percent.

The table below reflects the fixed quarterly charge that is based on meter size. The charge is split evenly between Water and Sewer funds.

Meter Size	FY10	FY11	Increase
5/8"	6.37	6.56	3%
3/4"	9.56	9.84	3%
1"	15.93	16.40	3%
1 1/2"	31.85	32.80	3%
2"	50.96	52.48	3%
3"	101.92	104.96	3%
4"	159.25	164.00	3%
6"	318.50	328.00	3%
8"	509.60	524.80	3%
10"	764.40	787.20	3%

Enterprise Funds - Sewer Fund

Sewer Fund

The Sewer Fund accounts for the financial activity associated with the collection of sewage. Charges are based on water consumption. Nearly all of the capital costs in the Sewer Fund, and a substantial portion of the operating costs, are payments for the operation of and capital improvements to the District of Columbia Water and Sewer Authority's (DCWASA) Blue Plains Advanced Wastewater Treatment Plant. The City's share of Blue Plains' capital improvements is proportionate to the City's allocation of treatment capacity. The Blue Plains Wastewater Treatment CIP project contains additional information regarding the City's capital costs for sewer treatment.

The Sewer Fund budget for FY 2011 is based on a sewer charge of \$4.66 per 1,000 gallons. This is an increase of \$0.54 or 13 percent over the FY 2010 adopted rate of \$4.12 per 1,000 gallons. This increase is greater than the original plan adopted by the Mayor and Council in FY 2008 because the City's contribution to the Blue Plains Advanced Wastewater Treatment Plant increased significantly in FY 2010, and will continue to increase in FY 2011 and future years (including an additional \$15 million that is needed in the CIP for FY 2011 through FY 2015). In addition to the sewer charge, users pay a ready-to-serve charge that is split equally between the Water and Sewer funds. The amount of the charge is based on the size of the water meter and ranges from \$6.56 to \$787.20 per quarter, an increase of 3 percent over the FY 2010 adopted budget (see charges on page 3-13).

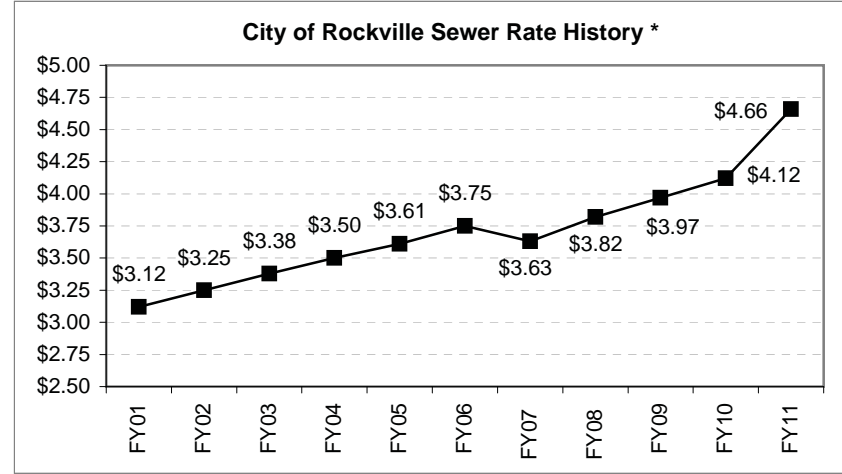
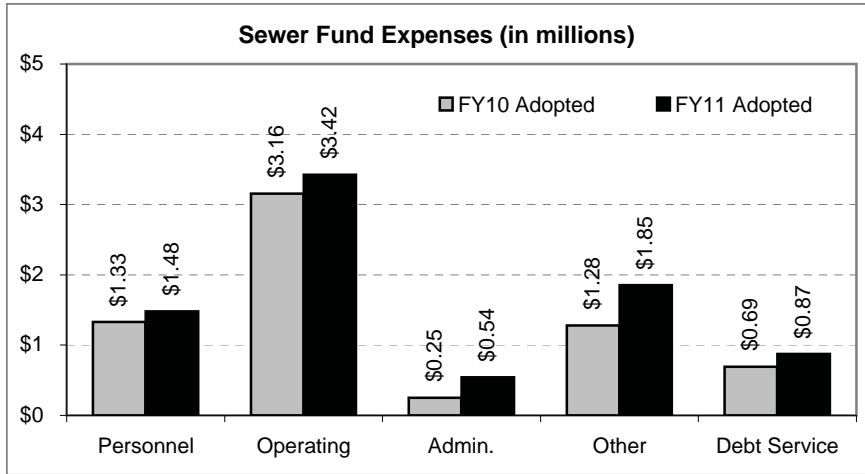
Revenue projections for the fund are based upon the City's growth forecast regarding development planned for future years. The number of planned and current sewer accounts is then multiplied by the estimated rates for the fund. Sewer Fund revenues, utility charges, connections, and penalties, are projected to total \$7.8 million for FY 2011.

Sewer Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Utility Charges	5,888,428	6,580,000	7,755,000	17.9%
Penalties	55,768	65,000	50,000	-23.1%
Connection Charges	21,200	50,000	15,000	-70.0%
Interest Income	49,566	50,000	2,000	-96.0%
Premium on Bonds Sold	6,815	-	-	N/A
Other	253,844	2,000	2,000	0.0%
Subtotal	6,275,621	6,747,000	7,824,000	16.0%
Appr. Net Assets	-	-	351,290	N/A
Total	6,275,621	6,747,000	8,175,290	21.2%

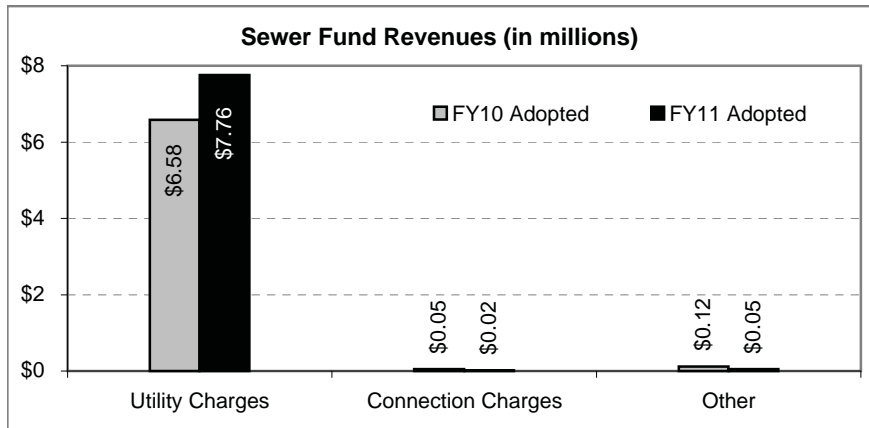
Sewer Fund Expenses	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	815,101	972,900	1,032,700	6.1%
Benefits	314,575	267,500	360,950	34.9%
Overtime	90,175	87,490	87,500	0.0%
Personnel Subtotal	1,219,851	1,327,890	1,481,150	11.5%
Contractual Services	2,538,835	2,961,300	3,227,720	9.0%
Commodities	118,286	194,990	195,590	0.3%
Operating Subtotal	2,657,122	3,156,290	3,423,310	8.5%
Capital Outlays	18,877	24,800	41,000	65.3%
Administrative Charge	241,000	248,200	541,650	118.2%
Other / Transfers	1,145,783	1,255,200	1,813,400	44.5%
Debt Service	734,352	693,800	874,780	26.1%
Subtotal	6,016,986	6,706,180	8,175,290	21.9%
Addition to Net Assets	-	40,820	-	-100.0%
Total	6,016,986	6,747,000	8,175,290	21.2%

Sewer Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Public Works	3,898,343	4,386,280	4,815,460	9.8%
Non-Departmental	2,118,643	2,319,900	3,359,830	44.8%
Total	6,016,986	6,706,180	8,175,290	21.9%

Enterprise Funds - Sewer Fund



* The rates shown above represent the usage charge per 1,000 gallons. Rockville also charges a flat fee that is \$9.84 per quarter for households with a 3/4 inch meter (see table below). Approximately 30 percent of Rockville residents do not receive sewer service from the City, but are serviced by the Washington Suburban Sanitary Commission's (WSSC) sewer system. WSSC's adopted rate for FY 2011 increased by 8.5 percent.



The table below reflects the fixed quarterly charge that is based on meter size. The charge is split evenly between Water and Sewer funds.

Meter Size	FY10	FY11	Increase
5/8"	6.37	6.56	3%
3/4"	9.56	9.84	3%
1"	15.93	16.40	3%
1 1/2"	31.85	32.80	3%
2"	50.96	52.48	3%
3"	101.92	104.96	3%
4"	159.25	164.00	3%
6"	318.50	328.00	3%
8"	509.60	524.80	3%
10"	764.40	787.20	3%

Enterprise Funds - Refuse Fund

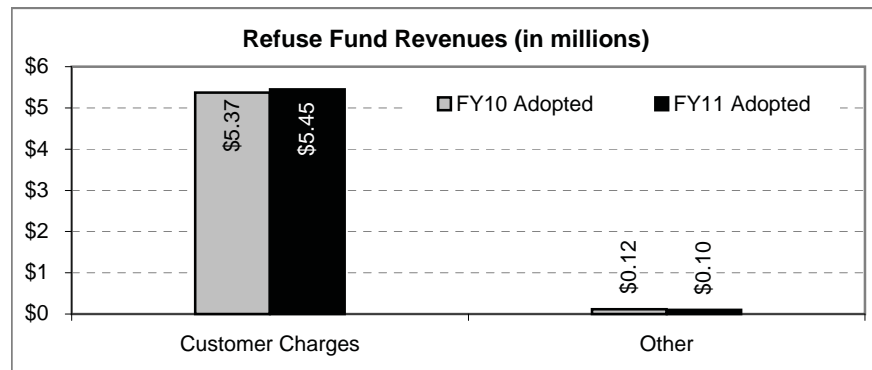
Refuse Fund

The Refuse Fund is used to account for the financial activity associated with the collection and disposal of recycling, refuse, and yardwaste. The FY 2011 refuse budget is based on a semi-automated once per week recycling and refuse program. The refuse rate for the FY 2011 budget will remain the same as the adopted FY 2010 rate of \$392.40 per year. The semi-automated once per week system provides reduced operating expenses because less personnel, contractual services, commodities, and vehicles and equipment are needed. Because of these reduced operating expenses, the rate has remained the same since FY 2008.

Revenue projections for the fund are based upon the City's growth forecast regarding development planned for future years. The number of planned and current refuse accounts is multiplied by the estimated rates for the fund. Refuse Fund revenue is projected to be \$5.5 million for FY 2011, net of interest income and transfer from the General Fund.

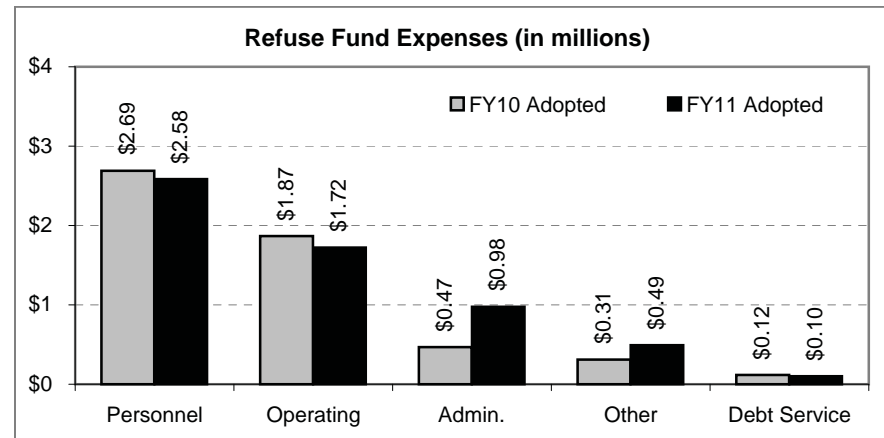
Refuse Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Customer Charges	5,352,476	5,374,900	5,450,000	1.4%
Penalties	64,578	60,000	60,000	0.0%
Interest Income	36,194	20,000	2,000	-90.0%
Transfer General Fund *	30,000	30,000	41,200	37.3%
Premium on Bonds Sold	3,026	-	-	N/A
Sale of Materials / Other	115,784	8,400	350	-95.8%
Subtotal	5,602,058	5,493,300	5,553,550	1.1%
Appr. Net Assets	-	-	319,840	N/A
Total	5,602,058	5,493,300	5,873,390	6.9%

* Supports refuse pickup for Rockville Housing Enterprises (RHE) housing units.



Refuse Fund Expenses	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	1,699,783	1,993,400	1,765,230	-11.4%
Benefits	684,116	576,300	699,620	21.4%
Overtime	169,214	119,000	118,910	-0.1%
Personnel Subtotal	2,553,113	2,688,700	2,583,760	-3.9%
Contractual Services	1,223,325	1,504,850	1,396,240	-7.2%
Commodities	311,950	361,065	324,120	-10.2%
Operating Subtotal	1,535,275	1,865,915	1,720,360	-7.8%
Capital Outlays	51,885	11,000	-	-100.0%
Administrative Charge	456,000	469,700	977,470	108.1%
Other / Transfers	402,849	301,100	490,100	62.8%
Debt Service	130,708	116,600	101,700	-12.8%
Subtotal	5,129,830	5,453,015	5,873,390	7.7%
Addition to Net Assets	-	40,285	-	-100.0%
Total	5,129,830	5,493,300	5,873,390	6.9%

Refuse Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Public Works	3,933,956	4,404,115	4,127,020	-6.3%
Non-Departmental	1,195,875	1,048,900	1,746,370	66.5%
Total	5,129,830	5,453,015	5,873,390	7.7%



Enterprise Funds - Stormwater Management Fund

Stormwater Management Fund

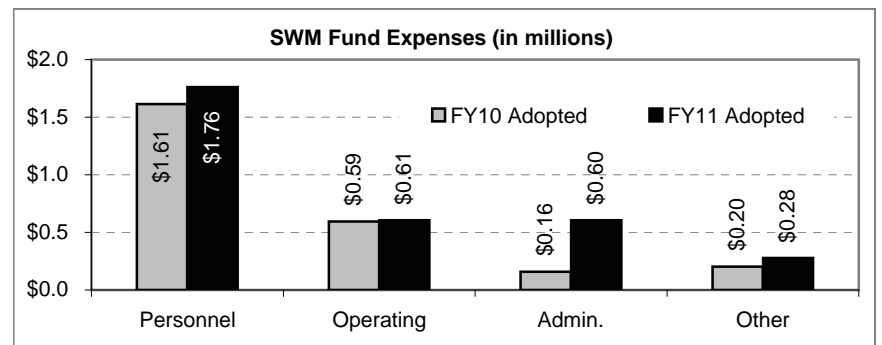
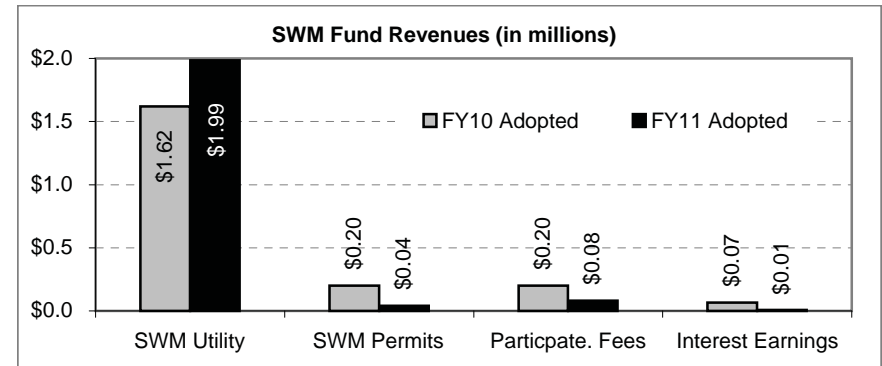
The Stormwater Management (SWM) Fund accounts for the financial activity associated with maintaining existing SWM facilities and constructing new facilities. In FY 2008, Public Works staff recommended that a stormwater utility fee would be needed to fund Rockville's existing and expanded stormwater, storm drainage and water quality programs. Historically, new development has funded much of Rockville's stormwater management with fees imposed on developers. With few opportunities for new development, new funding sources were needed to cover new programs and the maintenance of the public stormwater infrastructure.

In FY 2008 the Mayor and Council approved an ordinance to amend the City Code to include a new Stormwater Management Utility Fee. This ordinance enables the City to charge an annual fee per Equivalent Residential Unit ("ERU"). Although the Mayor and Council adopted the ordinance that enabled the fee, no fee was adopted in FY 2009. The expenses for the new program in FY 2009 were funded from the Stormwater Management Fund's reserve. For the FY 2010 budget, a fixed fee of \$40.00 per ERU was implemented, which is estimated to generate \$1.6 million in fee revenue. For FY 2011 the utility fee will increase to \$49.20, as approved by the Mayor and Council in April 2009. Each residential property will pay \$49.20 or one ERU per year, and each commercial property will pay \$49.20 multiplied by the number of ERUs measured on their property.

SWM Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
SWM Utility Fee	-	1,620,000	1,985,000	22.5%
SWM Permits	37,875	200,000	40,000	-80.0%
Regional SWM Participation Fees	111,380	200,000	80,000	-60.0%
Other / Interest Earnings	627,058	65,000	6,500	-90.0%
Subtotal	776,314	2,085,000	2,111,500	1.3%
Approp. Net Assets	-	484,680	1,139,150	135.0%
Total	776,314	2,569,680	3,250,650	26.5%

SWM Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Mayor and Council	2,474	-	-	N/A
Public Works	1,489,329	2,189,180	2,306,910	5.4%
Non-Departmental	380,037	380,500	943,740	148.0%
Total	1,871,840	2,569,680	3,250,650	26.5%

SWM Fund Expenses	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	902,153	1,272,900	1,316,300	3.4%
Benefits	285,492	336,800	436,070	29.5%
Overtime	9,558	4,930	8,010	62.5%
Personnel Subtotal	1,197,202	1,614,630	1,760,380	9.0%
Contractual Services	282,737	501,335	482,780	-3.7%
Commodities	49,687	92,665	123,950	33.8%
Operating Subtotal	332,425	594,000	606,730	2.1%
Capital Outlays	22,108	2,450	-	-100.0%
Administrative Charge	154,000	158,600	604,940	281.4%
Other / Transfers	166,105	200,000	275,000	37.5%
Debt Service	-	-	3,600	N/A
Total	1,871,840	2,569,680	3,250,650	26.5%



Enterprise Funds - Parking Fund

Parking Fund

The Parking Fund was created to account for the revenue and expenses from parking related activities, including the issuance of parking tickets, the parking meter program, and costs associated with the operation of the three public parking garages in the City's Town Center.

In order to manage the operational costs and debt service of the three public garages within Town Center, the Town Center Parking District was formed. The Parking District is a special taxing district that levies a real property tax against the commercial properties within the Town Square boundaries. The Parking District Tax rate for FY 2011 will increase by 10 percent to \$0.33 per \$100 of assessed value in addition to the \$0.292 rate on all real property within the City. This tax will provide a contribution of approximately \$163,000 towards funding the District. Additional revenue includes a \$115,000 PILOT payment and a \$180,000 capital contribution payment from Montgomery County.

The current parking rate in the Town Center garages is \$1.00 per hour Monday through Friday, 7:00 am to 6:00 pm, a \$1.00 flat fee from Monday through Friday, 6:00 pm to 10:00 pm, and \$1.00 flat fee for all day Saturdays. Under the current assumptions, the FY 2011 Parking Fund will support 5.9 full-time positions (a decrease of 1.0 FTE Parking Enforcement Officer), the operating cost and management of the garages, and annual debt service.

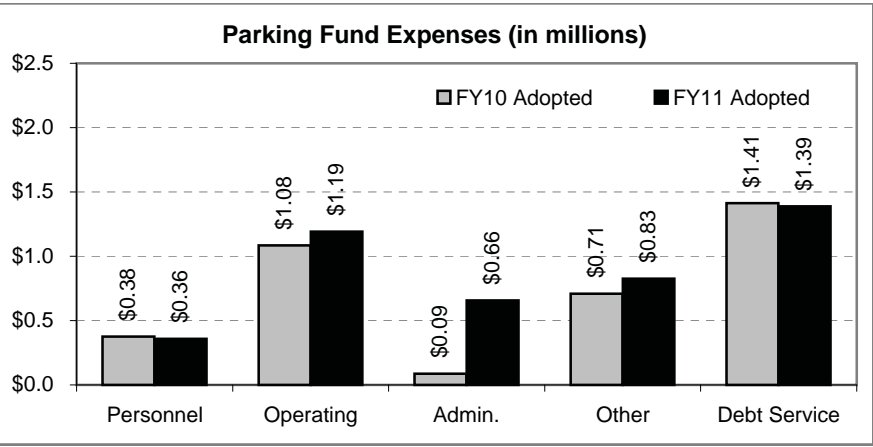
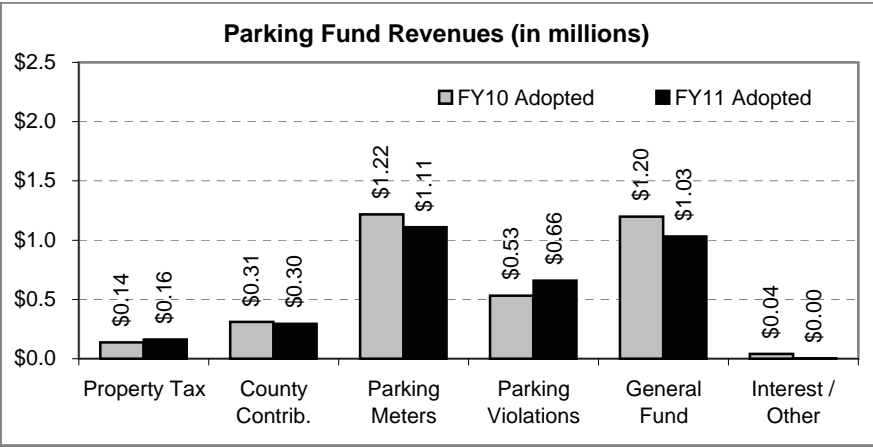
In addition to the revenues raised by the Parking Fund, the FY 2011 budget includes a \$1.03 million transfer from the General Fund (which includes the City's capital contribution of \$53,000 and the City's PILOT of \$37,000) to support the parking enterprise. Staff recommends continuing with a General Fund transfer until parking revenues offset more Parking Fund expenses, which includes the debt service on \$36 million of bonds issued to support the construction of the Town Center parking garages.

Parking Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Real Property Tax	209,005	137,000	163,000	19.0%
County Contribution	310,000	310,000	295,000	-4.8%
Parking Meters	982,403	1,217,000	1,110,000	-8.8%
Parking Violations	685,934	533,000	660,000	23.8%
From General Fund	950,000	1,200,000	1,030,000	-14.2%
Interest Earnings	41,093	40,000	4,000	-90.0%
Other	2,553	-	-	N/A
Subtotal	3,180,989	3,437,000	3,262,000	-5.1%
Appr. Net Assets	-	232,540	1,156,715	397.4%
Total	3,180,989	3,669,540	4,418,715	20.4%

Parking Fund Expenses	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	257,176	296,100	254,290	-14.1%
Benefits	87,404	71,900	93,375	29.9%
Overtime	4,581	8,500	9,600	12.9%
Personnel Subtotal	349,161	376,500	357,265	-5.1%
Contractual Services	608,644	807,230	954,270	18.2%
Commodities	107,868	277,310	236,190	-14.8%
Operating Subtotal	716,511	1,084,540	1,190,460	9.8%
Capital Outlays	-	1,300	-	-100.0%
Administrative Charge	85,000	87,600	656,980	650.0%
Other / Transfers	805,800	706,500	826,500	17.0%
Debt Service	1,441,711	1,413,100	1,387,510	-1.8%
Total	3,398,183	3,669,540	4,418,715	20.4%

Parking Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Police	255,538	322,800	353,230	9.4%
Public Works	4,650	4,540	4,520	-0.4%
Recreation and Parks	764,132	1,036,900	1,090,375	5.2%
Non-Departmental	2,373,863	2,305,300	2,970,590	28.9%
Total	3,398,183	3,669,540	4,418,715	20.4%

Enterprise Funds - Parking Fund



Enterprise Funds - RedGate Golf Course Fund

RedGate Golf Course

The RedGate Golf Fund is used to account for the financial activity associated with the City's public golf course. After covering all of its operating, overhead and capital costs for nearly thirty years, RedGate began operating in the red in FY 2000. In response to financial losses over several years, in May 2006 staff presented a business plan to the Mayor and Council that analyzed the financial situation of the golf course. The business plan focused on achieving the objective of generating sufficient revenues through fees and charges in order to pay for the costs of operations, capital outlay, and infrastructure improvements. FY 2011 will be the fifth year of the five-year business plan.

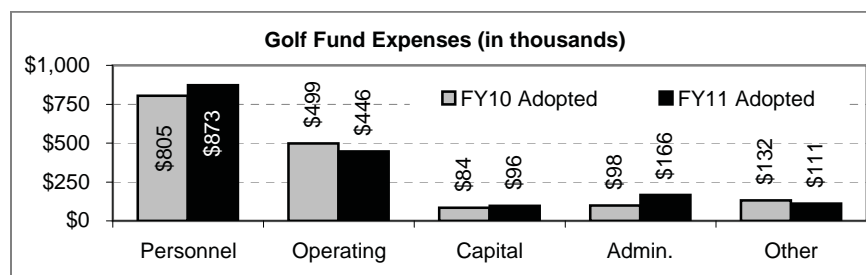
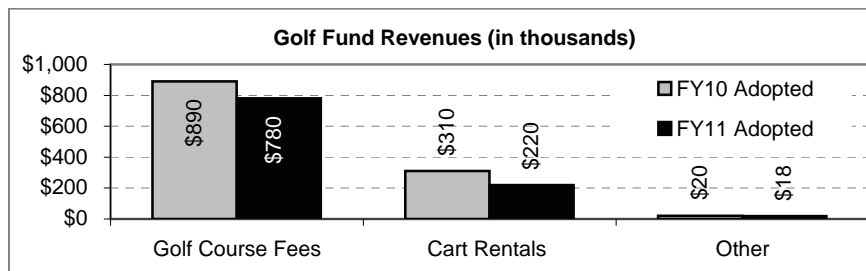
Although there have been several changes made since the business plan was adopted, the Fund continues to have a growing deficit estimated at \$1.6 million by the end of FY 2010. Some of the changes recommended by the business plan that the City made over the last three years include: transferring \$372,500 from the General Fund to the RedGate Golf Fund to support capital improvements to the course, reducing the administrative charge to the General Fund by half (\$540,350 in total), and intensifying overall marketing efforts. In addition to the changes recommended by the business plan, and in an attempt to increase revenues, the Mayor and Council increased green fees in 2009.

Recognizing that the financial situation of the Fund is not improving, the Mayor and Council directed staff to research alternative management options available to RedGate. Pending completion of that research and further direction by the Mayor and Council, FY 2011 will continue with the business plan, which allows for RedGate's administrative charge to be reduced by half.

Golf Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Golf Course Fees	827,324	889,576	779,580	-12.4%
Cart Rentals	230,766	309,832	219,830	-29.0%
Pro Shop Rental	4,250	4,250	2,790	-34.4%
Driving Range Fee	1,651	1,605	1,600	-0.3%
Concessions / Other	12,159	13,910	13,910	0.0%
Trans. from General Fund	93,000	-	-	N/A
Subtotal	1,169,150	1,219,173	1,017,710	-16.5%
Approp. Net Assets	-	398,167	673,990	69.3%
Total	1,169,150	1,617,340	1,691,700	4.6%

Golf Fund Expenses	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	614,863	622,300	647,020	4.0%
Benefits	168,170	156,000	199,380	27.8%
Overtime	22,058	26,800	26,800	0.0%
Personnel Subtotal	805,091	805,100	873,200	8.5%
Contractual Services	138,743	165,755	157,690	-4.9%
Commodities	261,032	333,185	288,360	-13.5%
Operating Subtotal	399,775	498,940	446,050	-10.6%
Capital Outlays	86,239	83,700	95,700	14.3%
Administrative Charge	95,000	97,900	165,750	69.3%
Other / Transfers	110,139	120,100	100,100	-16.7%
Debt Service	11,944	11,600	10,900	-6.0%
Total	1,508,188	1,617,340	1,691,700	4.6%

Golf Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Public Works	14,717	18,240	15,610	-14.4%
Recreation and Parks	1,144,675	1,310,600	1,321,540	0.8%
Non-Departmental	348,795	288,500	354,550	22.9%
Total	1,508,188	1,617,340	1,691,700	4.6%



Governmental Funds - Special Activities Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by legal, regulatory, and policy provisions to finance specific activities. Included in the special revenue funds are the Special Activities, Community Development Block Grant, Town Center Management District, and Speed Camera funds.

Special Activities Fund

The Special Activities Fund receives revenues from fundraising and community activities, payment-in-lieu programs, as well as from a variety of corporations and community service organizations. These revenues are deposited into separate accounts and then used for specific purposes related to those accounts. The amount that is appropriated each year is directly related to the overall revenues received in the past years, and projected revenues for the next year (these accounts are not funded by general tax revenues). There are currently 14 active accounts in the FY 2010 budget that will continue in FY 2011.

Special Activities Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Mansion Rentals	20,000	20,000	20,000	0.0%
Community Contributions	136,921	124,900	123,500	-1.1%
Developer Contributions	296,120	161,700	161,700	0.0%
Cable Capital Grants	362,909	272,332	408,800	50.1%
Other / Money & Prop.	9,761	149,466	5,200	-96.5%
Trans. from General Fund	-	-	8,530	N/A
Subtotal	825,711	728,398	727,730	-0.1%
Approp. Net Assets	-	702,682	296,510	-57.8%
Total	825,711	1,431,080	1,024,240	-28.4%

Special Activities Fund Expenditures	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	7,993	22,800	23,760	4.2%
Benefits	2,462	400	1,820	355.0%
Personnel Subtotal	10,455	23,200	25,580	10.3%
Contractual Services	-	128,000	127,600	-0.3%
Commodities	248,451	568,880	291,360	-48.8%
Operating Subtotal	248,451	696,880	418,960	-39.9%
Capital Outlays	184,698	563,000	469,800	-16.6%
Other / Transfers	57,502	148,000	109,900	-25.7%
Total	501,105	1,431,080	1,024,240	-28.4%

Special Activities Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
City Manager	54,433	501,900	408,800	-18.5%
Public Works	106,740	161,700	164,050	1.5%
Recreation and Parks	339,931	767,480	451,390	-41.2%
Total	501,105	1,431,080	1,024,240	-28.4%

Special Activities Fund by Program	Actual FY09	Adopted FY10	Adopted FY11	% Change
Art in Public Architecture*	115,555	100,000	15,500	-84.5%
Art in Public Places*	70,668	275,000	114,000	-58.5%
Bikeway Program	11,839	35,600	21,910	-38.5%
Cable TV Equipment*	53,808	501,900	408,800	-18.5%
Croydon Creek Nature Center	2,464	20,100	16,300	-18.9%
Forest and Tree Preservation	14,000	6,000	6,000	0.0%
Friends of the Arts	42,000	113,480	113,480	0.0%
Glenview Mansion	25,209	21,100	21,000	-0.5%
Holiday Drive	19,122	25,000	25,000	0.0%
Housing Opportunities **	-	-	-	N/A
Park Maintenance	1,320	51,200	42,600	-16.8%
Recreation	25,389	93,500	60,500	-35.3%
Rockville Emergency Assistance Program	7,425	19,400	8,000	-58.8%
Senior Assistance	5,565	7,100	7,100	0.0%
Transportation Demand Management ***	106,740	161,700	164,050	1.5%
Total	501,105	1,431,080	1,024,240	-28.4%

* These programs transferred from the Capital Improvements Program to the Special Activities Fund during FY 2009.

** The Housing Opportunities balance is approximately \$333,000. Until a major project is identified, the balance will not be appropriated in the budget.

*** The Transportation Demand Management balance is approximately \$1.9 million. Until a major project is identified, the full balance will not be appropriated in the budget.

Governmental Funds - CDBG and Town Center Management

Community Development Block Grant Fund

The Community Development Block Grant (CDBG) Fund is a special revenue fund supported by a sub-grant of federal funds via Montgomery County. The annual budget for this fund consists of unexpended prior years' grants as well as the next year's anticipated grant and is based on the latest information available from Montgomery County.

CDBG Fund Revenues *	Actual FY09	Adopted FY10	Adopted FY11	% Change
CDBG Block Grant	292,501	304,000	289,000	-4.9%
Prior Years' Approp.	-	304,000	325,348	7.0%
Total	292,501	608,000	614,348	1.0%

CDBG Fund Expenditures *	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	10,066	107,000	101,030	-5.6%
Benefits	1,170	9,500	18,970	99.7%
Overtime	-	-	-	N/A
Personnel Subtotal	11,236	116,500	120,000	3.0%
Contractual Services	281,265	491,500	494,348	0.6%
Commodities	-	-	-	N/A
Operating Subtotal	281,265	491,500	494,348	0.6%
Total	292,501	608,000	614,348	1.0%

CDBG Fund by Department *	Actual FY09	Adopted FY10	Adopted FY11	% Change
CPDS	292,501	608,000	614,348	1.0%
Total	292,501	608,000	614,348	1.0%

* Actual FY09 represents one fiscal year, while Adopted FY10 and Adopted FY11 represent the current fiscal year plus the prior years' appropriations or expenditures.

Town Center Management District Fund

The Town Square Street and Area Lighting District (residential and commercial) and the Town Square Commercial District (only commercial) were created in FY 2008 to support the maintenance and operational costs of the Town Center Management District. These two districts levy special property taxes on the properties within the Town Square boundaries to support the total annual expenditure budget for the Town Center Management District Fund.

The FY 2011 budget includes 10 percent increases to the Town Square Street and Area Lighting District and the Town Square Commercial District tax rates, which will generate a total of \$930,000 in Town Center Management District Fund tax revenues. The 10 percent increases are necessary in order to raise enough revenue to cover the increased annual operating expenditures, and to close the accumulated deficit in the Fund. The tax rate for the Street and Area Lighting District will increase from \$0.105 to \$0.116 per \$100 of assessed value, and the tax rate for the Commercial District will increase from \$1.20 to \$1.32 per \$100 of assessed value. Overall, the FY 2011 total expenditure budget is approximately 23.5 percent higher than the FY 2010 adopted budget.

TCMD Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Real Property Tax	1,020,711	719,600	930,000	29.2%
Other	1,694	-	-	N/A
Total	1,022,405	719,600	930,000	29.2%

TCMD Fund Expenditures	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	-	32,300	32,250	-0.2%
Benefits	-	6,000	9,595	59.9%
Personnel Subtotal	-	38,300	41,845	9.3%
Contractual Services	744,117	552,600	586,350	6.1%
Commodities	15,135	78,700	120,400	53.0%
Operating Subtotal	759,252	631,300	706,750	12.0%
Administrative Charge	-	-	78,090	N/A
Subtotal	759,252	669,600	826,685	23.5%
Addition to Fund Balance	-	50,000	103,315	106.6%
Total	759,252	719,600	930,000	29.2%

TCMD Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
CPDS	759,252	-	-	N/A
Recreation and Parks	-	669,600	728,595	8.8%
Non-Departmental	-	-	98,090	N/A
Total	759,252	669,600	826,685	23.5%

Governmental Funds - Speed Camera Fund

Speed Camera Fund

The Speed Camera Fund, created in FY 2007, is a special revenue fund used to track the financial transactions associated with the City's speed camera program. In October 2009, a new State of Maryland law took effect that changed the threshold speed limit from 11 miles per hour to 12 miles per hour, limits the use of speed cameras in school zones to Monday through Friday from 6:00 am to 8:00 pm, and restricts the annual amount of program revenue the City can retain to 10 percent of the City's total revenues. Based on current estimates, this new law decreased the total number of citations the City issues each month from approximately 4,900 to 2,800, or approximately 43 percent. This decrease impacts program revenues for FY 2011, and will dramatically impact the future of the City's program and Speed Camera funded CIP projects.

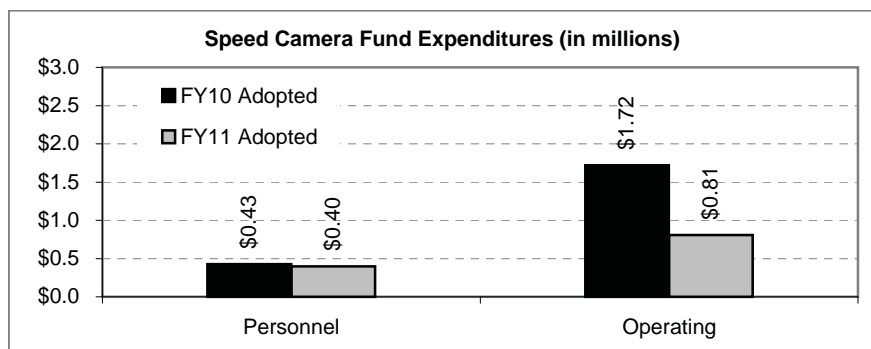
Under the current assumptions, the FY 2011 Speed Camera Fund will support 5.5 positions (a decrease of 1.5 FTEs), the operating costs of the program, as well as several CIP projects which focus on pedestrian and traffic safety in FY 2011. Although several CIP projects are funded with Speed Camera in FY 2011, the majority of Speed Camera funding was removed from future years. The following CIP projects will be impacted by this significant decrease in revenues: Accessible Pedestrian Signals, Illuminated Street Signs, Pedestrian Safety, Sidewalks, Street Lighting Improvements, and Traffic Controls. Some of these projects still contain some funding from the Speed Camera Fund in FY 2011 and/or the Capital Projects Fund in FY 2011 through future years.

In the last quarter of FY 2010, the Rockville City Police Department started adding "portable camera units" (PCU's) to the City's speed camera program. PCU's contain all the technology and the flash unit in one box that can be transported easily from one location to the next. These units do not require an employee to operate, and they can be deployed to locations where the fixed poles and the speed van are limited. The number of citations issued due to the new PCU's will equal approximately 1,400 of the 2,800 estimated per month.

Speed Camera Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Speed Camera Citations	2,756,463	4,080,000	1,344,000	-67.1%
Other / Money & Prop.	20,984	50,000	5,000	-90.0%
Subtotal	2,777,447	4,130,000	1,349,000	-67.3%
Appr. Fund Balance	-	-	-	N/A
Total	2,777,447	4,130,000	1,349,000	-67.3%

Speed Camera Fund Expenditures	Actual FY09	Adopted FY10	Adopted FY11	% Change
Salaries	256,325	333,400	287,500	-13.8%
Benefits	75,094	78,000	91,570	17.4%
Overtime	12,111	17,400	16,920	-2.8%
Personnel Subtotal	343,530	428,800	395,990	-7.7%
Contractual Services	959,476	1,705,500	574,840	-66.3%
Commodities	22,470	13,015	11,720	-10.0%
Operating Subtotal	981,946	1,718,515	586,560	-65.9%
Other / Capital	61,549	-	-	N/A
Administrative Charge	-	-	222,320	N/A
Subtotal	1,387,025	2,147,315	1,204,870	-43.9%
Addition to Fund Balance	-	1,982,685	144,130	-92.7%
Total	1,387,025	4,130,000	1,349,000	-67.3%

Speed Camera Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Police	1,243,436	2,045,800	964,390	-52.9%
Public Works	64,552	66,215	10,060	-84.8%
Recreation and Parks	8,792	-	-	N/A
Non-Departmental	70,245	35,300	230,420	552.7%
Total	1,387,025	2,147,315	1,204,870	-43.9%



Governmental Funds - Debt Service Fund

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The fund includes expenditures for the payment of principal and interest due and service charges on debt, other than that supported by enterprise fund revenue. Applicable charts within the budget document present the Debt Service Fund separately after a subtotal has been reached. This is due to the fact that the Debt Service Fund represents the budgeting of transfers from other funds so that there is essentially a double-budgeting effect when the Debt Service Fund records the same expenditure.

Debt Service Fund Revenues	Actual FY09	Adopted FY10	Adopted FY11	% Change
Interest Earnings	141,463	132,000	70,000	-47.0%
Assessments	335,102	230,000	130,000	-43.5%
Trans. from General Fund	4,099,629	4,000,000	5,100,000	27.5%
Other	384,300	-	-	N/A
Subtotal	4,960,493	4,362,000	5,300,000	21.5%
Approp. Fund Balance	-	736,008	-	-100.0%
Total	4,960,493	5,098,008	5,300,000	4.0%

Debt Service Fund Expenditures	Actual FY09	Adopted FY10	Adopted FY11	% Change
Principal	3,467,152	3,464,031	3,332,298	-3.8%
Interest	1,696,785	1,568,977	1,743,786	11.1%
Other Charges	4,041	65,000	65,000	0.0%
Subtotal	5,167,978	5,098,008	5,141,084	0.8%
Addition to Fund Balance	-	-	158,916	N/A
Total	5,167,978	5,098,008	5,300,000	4.0%

Debt Service Fund by Department	Actual FY09	Adopted FY10	Adopted FY11	% Change
Non-Departmental	5,167,978	5,098,008	5,141,084	0.8%
Total	5,167,978	5,098,008	5,141,084	0.8%

Long-Term Debt Summary

The following is a list of the notes / bonds that are included in the City's long-term debt. In addition to this list, the City will issue approximately \$13 million in bonds during FY 2011. This bond issue will fund the Police Station, the Gude Drive Maintenance Facility, and the Senior Center CIP projects.

General Long-Term Debt	Year	Outstanding Principal	Interest Rate Range	Final Maturity
General Improvements	1998	470,000	3.50 - 4.30%	2013
General Improvements	2002	1,477,979	4.00 - 4.65%	2021
General Improvements	2003	6,570,039	2.00 - 3.85%	2023
General Improv. Refunding	2003	809,286	2.00 - 3.00%	2013
General Improvements	2004	7,980,000	4.00 - 5.00%	2029
Loan Payable	2005	178,467	2.00%	2012
General Improvements	2005	10,405,000	3.50 - 6.00%	2025
General Improvements	2007	8,840,000	4.00 - 4.25%	2027
Total		36,730,771		

General Fund Long-Term Debt Detail

	Principal	Interest	Total
2011	3,007,298	1,451,286	4,458,584
2012	2,982,120	1,345,920	4,328,040
2013	2,742,536	1,239,826	3,982,362
2014	2,425,061	1,136,055	3,561,116
2015	2,425,061	1,043,706	3,468,767
2016	2,425,061	953,354	3,378,415
2017	2,425,061	856,311	3,281,372
2018	2,425,061	758,222	3,183,283
2019	2,425,061	660,729	3,085,790
2020	2,425,061	562,662	2,987,723
2021	2,425,140	463,455	2,888,595
2022	2,286,347	363,280	2,649,627
2023	2,281,903	268,875	2,550,778
2024	1,780,000	172,525	1,952,525
2025	1,210,000	94,113	1,304,113
2026	520,000	44,200	564,200
2027	520,000	22,100	542,100
Total	36,730,771	11,436,619	48,167,390

Enterprise Funds - Debt Service Schedules

Enterprise Funds Long-Term Debt *

	Year	Outstanding Principal	Interest Rate Range	Final Maturity
General Improv.	1999	1,476,098	3.21%	2019
General Improv.	2000	1,175,569	3.64%	2020
General Improv.	2002	2,421,658	1.90%	2023
General Improv.	2002	1,877,021	4.00 - 4.65%	2021
General Improv.	2003	2,134,961	2.00 - 3.88%	2023
General Improv.	2003	330,714	2.00 - 3.00%	2013
General Improv.	2004	6,155,000	4.00 - 5.00%	2029
General Improv.	2005	1,089,947	0.00%	2025
General Improv.	2005	36,685,000	3.50 - 6.00%	2036
General Improv.	2007	8,850,000	4.00 - 4.25%	2027
General Improv.	2008	11,490,000	3.00 - 4.50%	2028
Loan Payable	2010	998,100	1.00%	2031
Total		74,684,068		

* The City anticipates that all amounts required for payment on enterprise fund debt will be provided from the respective fund's revenues, which are secured by the full faith and credit and taxing power of the City.

Water Fund Long-Term Debt Detail

Year	Principal	Interest	Total
2011	1,671,866	755,168	2,427,034
2012	1,677,027	702,997	2,380,024
2013	1,652,561	650,638	2,303,199
2014	1,634,834	597,198	2,232,032
2015	1,642,289	543,406	2,185,695
2016	1,660,117	490,302	2,150,419
2017	1,673,332	423,239	2,096,571
2018	1,437,863	351,531	1,789,394
2019	1,170,964	299,628	1,470,592
2020	993,966	251,682	1,245,648
2021	860,350	212,462	1,072,812
2022	864,157	185,110	1,049,267
2023	863,058	157,741	1,020,799
2024	724,060	119,213	843,273
2025	655,000	91,594	746,594
2026	480,000	63,375	543,375
2027	480,000	42,375	522,375
2028	475,000	21,375	496,375
Total	20,616,444	5,959,034	26,575,478

Sewer Fund Long-Term Debt Detail

Year	Principal	Interest	Total
2011	1,183,565	649,780	1,833,345
2012	1,176,752	606,761	1,783,513
2013	1,142,687	563,496	1,706,183
2014	1,110,135	519,209	1,629,344
2015	1,105,136	475,688	1,580,824
2016	1,105,136	433,594	1,538,730
2017	1,105,136	388,356	1,493,492
2018	1,100,135	342,841	1,442,976
2019	1,100,136	298,055	1,398,191
2020	1,100,135	253,044	1,353,179
2021	1,100,370	207,673	1,308,043
2022	924,518	162,063	1,086,581
2023	923,478	124,417	1,047,895
2024	785,000	86,301	871,301
2025	650,000	52,737	702,737
2026	305,000	25,924	330,924
2027	305,000	12,962	317,962
Total	16,222,319	5,202,901	21,425,220

Enterprise Funds - Debt Service Schedules

Parking Fund Long-Term Debt Detail

Year	Principal	Interest	Total
2011	735,000	1,387,511	2,122,511
2012	760,000	1,361,061	2,121,061
2013	785,000	1,333,711	2,118,711
2014	820,000	1,302,312	2,122,312
2015	850,000	1,269,512	2,119,512
2016	885,000	1,238,699	2,123,699
2017	920,000	1,201,086	2,121,086
2018	960,000	1,161,894	2,121,894
2019	1,000,000	1,122,714	2,122,714
2020	1,040,000	1,081,894	2,121,894
2021	1,080,000	1,039,244	2,119,244
2022	1,125,000	994,669	2,119,669
2023	1,175,000	948,059	2,123,059
2024	1,220,000	898,609	2,118,609
2025	1,275,000	846,053	2,121,053
2026	1,330,000	791,140	2,121,140
2027	1,390,000	733,040	2,123,040
2028	1,450,000	672,300	2,122,300
2029	1,515,000	608,350	2,123,350
2030	1,580,000	541,525	2,121,525
2031	1,645,000	474,375	2,119,375
2032	1,715,000	404,463	2,119,463
2033	1,790,000	331,575	2,121,575
2034	1,865,000	255,500	2,120,500
2035	1,945,000	173,906	2,118,906
2036	2,030,000	88,813	2,118,813
Total	32,885,000	22,262,015	55,147,015

Refuse Fund Long-Term Debt Detail

Year	Principal	Interest	Total
2011	375,000	101,700	476,700
2012	375,000	86,800	461,800
2013	375,000	71,900	446,900
2014	375,000	56,900	431,900
2015	365,000	41,900	406,900
2016	345,000	27,400	372,400
2017	340,000	13,600	353,600
Total	2,550,000	400,200	2,950,200

RedGate Golf Fund Long-Term Debt Detail

Year	Principal	Interest	Total
2011	24,803	10,869	35,672
2012	24,803	10,162	34,965
2013	24,804	9,418	34,222
2014	24,803	8,674	33,477
2015	24,803	7,930	32,733
2016	24,804	7,156	31,960
2017	24,804	6,349	31,153
2018	24,803	5,505	30,308
2019	24,803	4,637	29,440
2020	24,803	3,744	28,547
2021	24,804	2,827	27,631
2022	24,803	1,896	26,699
2023	24,618	954	25,572
Total	322,258	80,121	402,379

SWM Fund Long-Term Debt Detail

Year	Principal	Interest	Total
2011	72,663	3,600	76,263
2012	117,992	10,364	128,356
2013	118,445	9,528	127,973
2014	118,903	9,070	127,973
2015	119,365	8,607	127,972
2016	119,832	8,140	127,972
2017	120,304	7,671	127,975
2018	120,780	7,192	127,972
2019	121,262	6,711	127,973
2020	121,748	6,225	127,973
2021	122,239	5,734	127,973
2022	122,734	5,239	127,973
2023	123,237	4,738	127,975
2024	123,743	4,232	127,975
2025	124,253	3,721	127,974
2026	52,104	3,205	55,309
2027	52,625	2,684	55,309
2028	53,153	2,158	55,311
2029	53,683	1,627	55,310
2030	54,220	1,090	55,310
2031	54,762	548	55,310
Total	2,088,047	112,085	2,200,132

Capital Project and Enterprise Funds - Debt Ratios

The debt ratios for the Capital Projects Fund and the Enterprise funds assist the City in monitoring the overall financial health of each fund. Neither Maryland State law nor the City Charter mandates a limit on municipal debt. In the Capital Projects Fund, the City strives to 1) maintain its net tax-supported debt at a level not to exceed 1.0 percent of the assessed valuation of taxable property within the City, 2) ensure that its net tax-supported debt per capita does not exceed \$700, 3) ensure that its net tax-supported debt per capita as a percentage of Federal adjusted gross income does not exceed 2.5 percent, and 4) maintain its annual net tax-supported debt service costs at a level less than 15 percent of the combined expenditure budgets for the General, Special Revenue, and Debt Service Funds.

For the Enterprise Funds, the City strives to set enterprise fund rates at levels needed to fully cover debt service requirements as well as operations, maintenance, administration and capital improvement costs. Debt service coverage ratios are calculated annually for all of the City's Enterprise Funds. A minimum of a 1.2 coverage ratio should be maintained for each of the Enterprise Funds. For more information please see page 2-10, Debt Management Policies.

CAPITAL PROJECTS FUND¹

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Debt per Assessed Value (1.0% target)	0.63%	0.59%	0.61%	0.57%	0.53%
Debt per Capita (\$700 target)	\$1,223	\$1,138	\$1,160	\$1,073	\$986
Debt per Capita as a % of per Capita Income (2.5% target)	2.60%	2.30%	2.30%	2.00%	1.80%
Debt Service as % of Operating Budget (15.0% target)	11.20%	11.70%	10.90%	10.90%	10.50%

WATER FUND

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Gross Revenue	9,149,050	11,405,268	12,191,258	13,078,462	13,914,568
Less: Operating Exp.	6,498,140	6,871,742	7,285,786	7,753,801	8,272,945
Net Available Revenue	2,650,910	4,533,526	4,905,472	5,324,661	5,641,623
Total Debt ²	2,427,034	2,811,419	2,724,377	3,904,583	3,729,304
Coverage (1.2 target)	1.09	1.61	1.80	1.36	1.51

SEWER FUND

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Gross Revenue	7,824,000	9,049,000	9,586,000	10,278,100	10,823,600
Less: Operating Exp.	5,795,510	6,204,695	6,658,456	7,166,790	7,730,812
Net Available Revenue	2,028,490	2,844,305	2,927,544	3,111,310	3,092,788
Total Debt ²	1,833,345	2,289,863	2,200,541	4,117,254	4,009,242
Coverage (1.2 target)	1.11	1.24	1.33	0.76	0.77

REFUSE FUND

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Gross Revenue	5,553,550	5,786,130	6,048,666	6,270,962	6,502,830
Less: Operating Exp.	5,281,590	5,437,646	5,610,149	5,808,468	6,028,493
Net Available Revenue	271,960	348,484	438,517	462,494	474,337
Total Debt ²	476,700	461,800	446,900	431,900	406,900
Coverage (1.2 target)	0.57	0.75	0.98	1.07	1.17

STORMWATER MANAGEMENT FUND

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Gross Revenue	2,111,500	2,705,100	3,486,500	4,424,600	4,539,500
Less: Operating Exp.	2,972,050	3,117,346	3,278,712	3,463,131	3,668,172
Net Available Revenue	(860,550)	(412,246)	207,788	961,469	871,328
Total Debt ²	76,263	128,356	743,478	728,900	714,322
Coverage (1.2 target)	(11.28)	(3.21)	0.28	1.32	1.22

GOLF FUND

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Gross Revenue	1,017,710	1,068,456	1,100,426	1,133,355	1,167,272
Less: Operating Exp.	1,580,700	1,796,370	1,851,149	1,913,965	1,983,160
Net Available Revenue	(562,990)	(727,914)	(750,723)	(780,610)	(815,888)
Total Debt ²	35,672	34,965	34,222	33,477	32,733
Coverage (1.2 target)	(15.78)	(20.82)	(21.94)	(23.32)	(24.93)

1. The Capital Projects Fund ratios include debt issued for the Town Center Parking Garages.

2. Includes principal and interest from current and planned debt.

Statement of Projected Unreserved Equity in City Funds

This schedule depicts the anticipated beginning and ending unreserved fund balance (or, in the case of an enterprise fund, working capital as defined as current assets less current liabilities) for each of the City's funds. Unreserved fund balance is the accumulated total of all prior years' actual revenues in excess of expenditures, commonly referred to as "surplus." These amounts are not invested in capital assets nor have they been committed or "reserved" for encumbrances, self-insurance, or other purposes.

It is important to maintain a fund balance to ensure that City operations are not negatively impacted by large, unexpected increases in expenditures or reductions in revenues. For the General Fund, the City's Financial Management Policy is to maintain an unreserved fund balance at a level not less than 15 percent of annual General Fund revenue. The purpose of this unreserved balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to residents. This is the minimum level necessary to maintain the City's credit worthiness and maintain adequate cash flows. According to the City's Financial Management Policies, use of funds below the 15 percent required level must be approved by specific action of the Mayor and Council.

Overall, the General Fund and the enterprise funds listed here remain above their reserve requirements with the exception of the Sewer Fund and the RedGate Golf Fund. The Sewer Fund's working capital balance is below the required reserve level due to higher than anticipated payments to the Blue Plains Advanced Wastewater Treatment Plant during FY 2009 and FY 2010. This negative working capital balance will be addressed through planned rate adjustments in FY 2011 and future years. The RedGate Golf Fund's working capital is also below the required reserve level due to annual financial losses over several years. Recognizing that the financial situation of the Fund is not improving, the Mayor and Council directed staff to research alternative management options available to RedGate. Pending completion of that research and further direction by the Mayor and Council, FY 2011 will continue with the business plan, which allows for the administrative charge to RedGate be reduced by half.

Fund	Proj. Fund Balance / Working Capital 6/30/10	Plus Proj. FY11 Revenue	Less Proj. FY11 Expenditure	Proj. Fund Balance / Working Capital 6/30/11
General	11,862,205	62,102,668	63,122,293	10,842,580
Water	2,339,919	9,149,050	9,184,310	2,304,659
Sewer	(463,836)	7,824,000	8,175,290	(815,126)
Refuse	2,958,230	5,553,550	5,873,390	2,638,390
Parking	3,202,026	3,262,000	4,418,715	2,045,311
SWM	4,899,187	2,111,500	3,250,650	3,760,037
RedGate Golf	(1,691,655)	1,017,710	1,691,700	(2,365,645)
Special Act. *	4,994,075	727,730	1,024,240	4,697,565
CDBG *	-	614,348	614,348	-
Town Center * **	(148,578)	930,000	826,685	(45,263)
Speed Camera * ***	4,173,386	1,349,000	1,204,870	4,317,516
Debt Service	2,278,780	5,300,000	5,141,084	2,437,696
Total	34,403,739	99,941,556	104,527,575	29,817,720

* These funds are designated as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by legal and regulatory provisions to finance specific activities. The City does not have a policy about maintaining a balance in these funds.

** The Town Center Fund does not have a reserve policy, however it is the City's practice to maintain a positive fund balance so that taxpayer funds do not support private maintenance costs. The current negative balance will be addressed through future tax rate increases in the Town Square Commercial District and the Town Square Street and Area Lighting District.

*** For the Speed Camera Fund, there is currently \$3.9 million appropriated in the CIP budget for projects related to pedestrian and traffic safety. This \$3.9 million is part of the projected fund balance.