

# Five-Year Forecast

## Overview

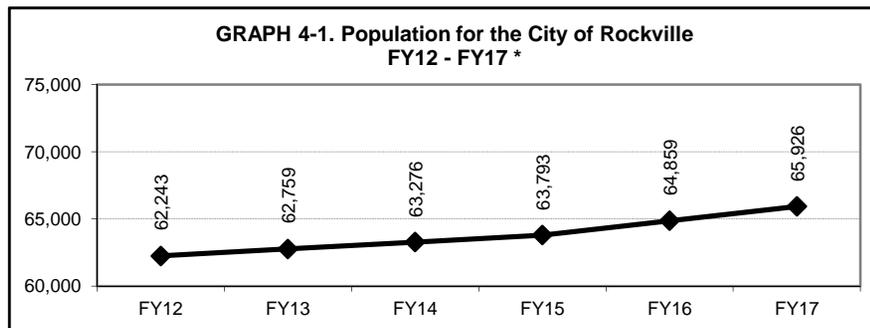
The purpose of the Five-Year Forecast is to facilitate the City in establishing priorities and allocating resources appropriately. The Forecast is a tool that assists the City in focusing its efforts on long-term initiatives, including necessary funding for infrastructure, maintenance, and capital needs. The Forecast is intended to inform management of the long-term impact that may result from short-term resource allocation decisions. If annual surpluses or deficits are predicted in the Forecast, management actions should be taken early on in order to maintain the overall financial health of all funds.

The Forecast presents an overview of the revenues, expenditures, and changes in financial position for the City's General Fund, six enterprise funds, and Speed Camera Fund. In addition to forecasting out to FY 2017, this section includes four years of history along with the current budget. In terms of budgeting and long-term financial planning, this section is essential for determining and establishing the overall spending level of the City. Understanding past revenue and expenditure trends, and forecasting future revenue and expenditure trends, are keys in the prudent financial management of the government.

The revenue and expenditure figures presented throughout the Forecast are estimates that will change when new information becomes available. Large fluctuations in estimated revenues and expenditures can be caused by unanticipated changes in the economy, rate changes, demand changes, and/or policy or programmatic decisions. This section is not intended to be used as a proposed budget for future years because of the certainty of future adjustments.

The Five-Year Forecast is based on assumptions regarding what will happen in the economy over the next few years, and on known revenue and expenditure drivers. Due to current economic conditions and the uncertainty surrounding the future of some the City's major revenue sources, this Forecast reflects conservative projections of both revenues and expenditures.

The Forecast assumes an average annual increase of approximately 1.2 percent in the population of Rockville from FY 2012 to FY 2017. This estimate is consistent with the latest projections from the Department of Community Planning and Development Services.



\* Source: Department of Community Planning and Development Services, February 2012.

## Financial Position

Budgets for governmental and enterprise funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Accordingly, all governmental fund budgets are presented on the modified accrual basis of accounting. Under this method, revenue and other governmental fund resources are recognized in the accounting period in which they become both "measurable and available" to finance current operating expenditures. All enterprise fund budgets are presented on the full accrual basis of accounting. Under this method, changes are recognized as soon as they occur, regardless of the timing of the related cash flow.

There are two governmental funds in this section, the General Fund and Speed Camera Fund. As mentioned above, governmental funds are designed to focus on near-term liquidity. Consequently, governmental funds present only the subset of assets and liabilities considered to be relevant for assessing near-term liquidity. For governmental funds the term **fund balance** is used to describe financial position or the difference between assets and liabilities, and reflects the availability of short-term resources.

The remaining funds in this section are enterprise funds. For enterprise funds financial position is defined in this section as **cash balance**, which represents all cash or cash equivalents in each fund. Cash, as opposed to net assets, is similar to fund balance because it focuses on near-term liquidity.

## Enterprise Fund Rate Setting

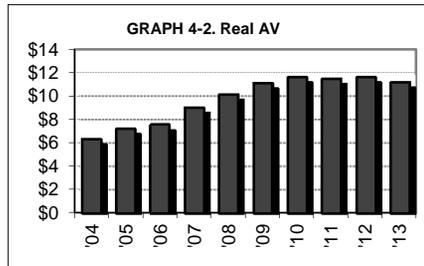
An important component of financial position for an enterprise fund is cash. Cash is generally the largest component of current assets. For the City's utility funds, rates are set based on cash flow models that target a specific cash level after a certain period (5 years for Refuse and Stormwater Management and 10 years for Sewer and Water). A cash flow model differs from a budget forecast model because it includes actual cash outlays, whereas the budget forecast is consistent with GAAP.

The minimum policy reserve levels are consistent with the City's Financial Management Policies, and reflect the relative financial health of each fund. In addition to analyzing the cash balance compliance with the minimum reserve in any one year, it is also important to analyze the trend. Some funds are below the minimum reserve, but have financial plans in place to meet or exceed the reserve in future years.

# General Fund Revenue Assumptions

Several forecasting techniques or methods were used to project General Fund revenues. The rationale for using one method over another depends on the type of revenue. For revenue sources with a large amount of uncertainty, like grants and miscellaneous revenues, conservative estimates that most closely match current trends are assumed. For revenue sources that are linked to more specific events or quantities, such as property tax and income tax, trend analysis and forecasting based on current economic conditions to determine future collections are used. Regardless of the technique, projections are conservative throughout the Forecast, ensuring prudent management of the City's General Fund resources.

**Property Tax** - This revenue source makes up 54 percent of the FY13 adopted General Fund budget. The total real taxable assessed value (AV) from FY12 to FY13 is estimated to decrease by 4 percent. This is due to the most recent assessment of Group 3 City properties. Group 1 properties will be reassessed January 2013, and staff currently anticipates another decrease. In order to be conservative, the projections in this section reflect another decrease of 4 percent in assessments in FY14.



A 2 cent property tax rate increase is assumed in FY14 to mitigate the decrease in assessed values and to help maintain the 15 percent reserve requirement. In FY15 there is no State reassessment, but assessed values will increase due to new properties being added during the year including the new commercial buildings in downtown Rockville. In FY16 and FY17 a modest 2 percent increase in assessed values is assumed. Due to increased expenditure obligations over the projection period, FY15 includes another half cent property tax rate increase. The projected revenues assume a personal property tax rate of \$0.805 for FY13 through FY17, and are estimated to increase by 3 percent a year from FY14 through FY17, consistent with historical trends.

**From Other Governments** - This category consists of revenue that the City receives from Montgomery County and the State of Maryland. The major revenue sources in this category include income tax, tax duplication, highway user, admission and amusement tax, and cable franchise fees. Each of these revenue sources are described here.

**Income Tax** (included in "From Other Gov'ts") - Income tax revenue in the City of Rockville has remained relatively strong despite the recent recession. The modified FY12 budget includes income tax revenues of approximately \$10.5 million. In FY13 income tax revenues are budgeted at \$11.0 million. Starting in FY14, income tax is estimated to increase by a modest 2.5 percent each year throughout the projection period. This is consistent with the average annual increase for income tax revenue over the last several years modified to reflect current economic conditions.

**Tax Duplication** (included in "From Other Gov'ts") - This revenue is received from Montgomery County as a partial reimbursement for tax duplication. The FY13 budget assumes \$2.1 million, consistent with County direction. Starting in FY14, tax duplication is projected to decrease by 15 percent, and will remain at that level over the projection period.

**Tax Duplication, continued** - This reduced level of \$1.8 million is more consistent with the recommendations from the Tax Duplication Task Force; however, this revenue source is difficult to predict because it is based on Montgomery County's actual annual spending.

**Highway User Revenue** (included in "From Other Gov'ts") - This revenue represents a portion of the City's share of gasoline tax and vehicle registrations collected by the State. This revenue source peaked in FY07 at \$3.3 million. Rockville's share for FY13 equals \$480,530, which is lower than FY12. The forecast assumes a flat \$480,530 in FY14, and 25 percent of full funding (\$816,000) in FY15 through FY17.

**Admissions and Amusement Tax** (included in "From Other Gov'ts") - This is a local tax imposed on the gross receipts from admissions, the use or rental of recreational or sports equipment and the sale of merchandise, refreshments or services at a place where entertainment is provided. Rockville receives that largest amount of admissions and amusement tax revenue from motion pictures, athletic facilities, and skating. This revenue source has averaged approximately \$1.0 million each year over the last 5 years and is estimated to increase by a modest 2 percent each year starting in FY14.

**Cable Franchise Fees** (included in "From Other Gov'ts") - Cable franchise fees include franchise fees paid to the City by Comcast and Verizon. The average annual increase for cable franchise fee revenue over the last several years was approximately 7 percent. Based on past trends the forecast assumes a 5 percent increase each year.

**Fines and Forfeitures** - This revenue source, which is mainly from redlight cameras, is estimated to increase by 3 percent over the projection period.

**Use of Money and Property** - Interest income, the largest revenue source in this category, is estimated at 0.1 percent of the fund balance for FY13 and FY14, 0.5 percent for FY15, and 1 percent in FY16 and FY17. The change in interest income revenue relates directly to the change in short-term fixed income investment rates.

**Charges for Services** - This revenue is from charges to users who individually benefit from a particular City service. This revenue source is estimated to increase by 5 percent per year over the projection period. These revenues were increased in FY12 due to the increase in rates as a result of the Comprehensive User Fee Study completed in FY11. The 5 percent projected increases are a result of projected increases in population, programs, and increases in fees to improve or maintain cost recovery.

**Licenses and Permits** - Building permits, the largest source of revenue in this category, are estimated to remain flat in FY13. Starting in FY14 the forecast assumes a modest increase in total licenses and permits of 2 percent each year over the projection period.

**Other Revenues** - A majority of the revenues in this category are from administrative charges to enterprise and special revenue funds for centrally budgeted administrative or "overhead" costs. Each fund pays for its share of the costs through a transfer to the General Fund. The administrative charges are scheduled to increase by 1.25 percent each year from FY14 through FY17 consistent with the cost of living adjustment for employees.

**Hotel Tax** (included in "Other Revenues") - This revenue source consists of the City's share of a 2 percent tax levied on a person who pays for a room or space at a hotel. For FY13, the City anticipates approximately \$950,000 in hotel tax revenue, with 4 percent increases each year throughout the projection period. These projections include increases in hotel rates and usage, but do not include projected revenue for a new hotel that will occupy downtown Rockville during this projection period.

# General Fund Expenditure Assumptions

Similar to the General Fund revenues, several forecasting techniques or methods were used to project General Fund expenditures. The rationale for using one method over another depends on the type of expenditure. For expenditures that fluctuate, like capital outlay, conservative estimates that most closely match current trends are assumed. For expenditures that are linked to more specific activities or quantities, such as personnel and debt service, trend analysis or known schedules to determine future expenditures are used.

**Personnel** - Includes salary, benefits, and overtime. Salaries are estimated to increase by 1.25 percent each year from FY14 through FY17. Benefits are estimated to increase by 5 percent in FY14 and FY15, 7 percent in FY16, and 10 percent in FY17. The future increases in salary are consistent with the current AFSCME contract and the increases in benefits are consistent with the estimated contributions to employee retirement, as well as the future projection of healthcare costs. For this analysis overtime remains flat throughout the projection period. These increases assume General Fund staffing levels will remain relatively flat over the projection period.

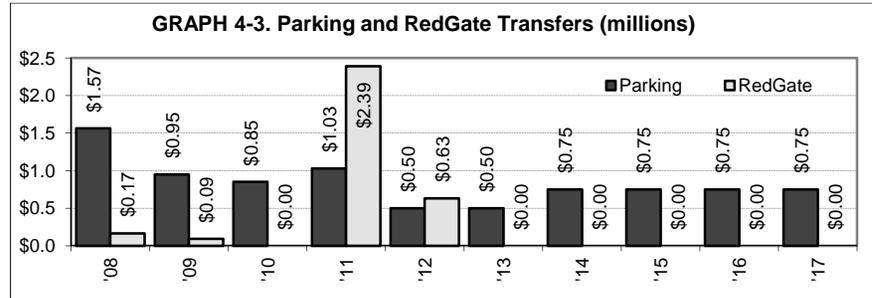
**Contractual Services and Commodities** - There is an estimated increase of 1 percent for contractual services and 3 percent for commodities over the projection period. The 1 percent increase in contractual services reflects the continued reduced levels of employee travel and training, position reclassifications, and contract services. These items were first reduced when the City's intergovernmental revenues were significantly decreased starting in mid-FY10. The 3 percent increase in commodities is mostly due to projected utility increases at City facilities.

**Capital Outlay** - This expenditure category usually fluctuates from year to year because it is comprised of many one-time expenditures. Given the City's current financial condition, only high priority items will be purchased. Because spending in this category is more discretionary, capital outlay is estimated to remain flat throughout the projection period.

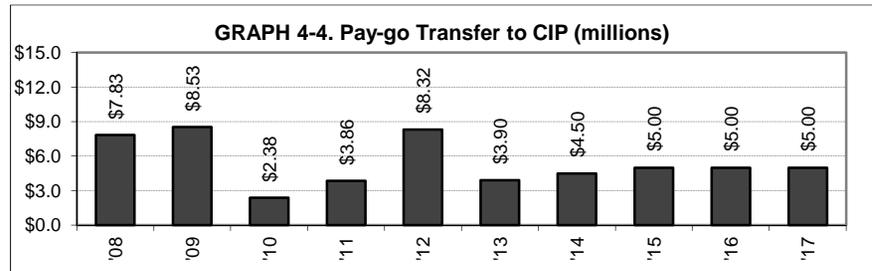
**Other / Transfers** - This category is primarily comprised of transfers to the Parking Fund and RedGate Golf Fund and grants for Outside and Caregiver Agencies. The transfers are described here along with graphs that provide a history of the transfers. Outside and Caregiver Agency grants are estimated to increase by 1.25 percent each year from FY14 through FY17.

**Transfer to Parking** (included in "Other / Transfer") - The FY13 budget includes a \$500,000 transfer from the General Fund to support the parking enterprise. Because of the approximate \$2 million in additional legal expenses recently incurred for the garage litigation, the General Fund transfer will increase to \$750,000 per year from FY14 to FY17. 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 parking garage debt.

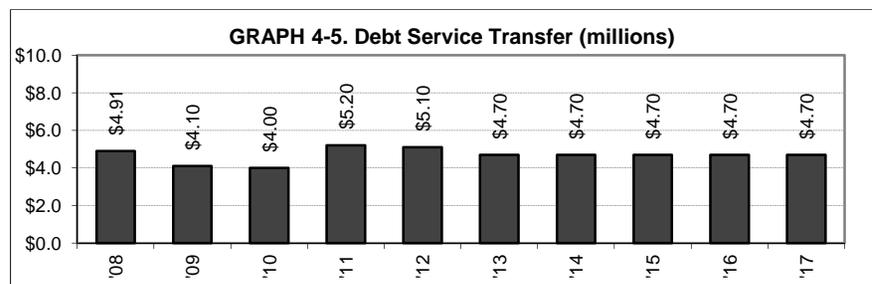
**Transfer to RedGate Golf** (included in "Other / Transfer") - For FY13, there is no budgeted transfer and the forecast assumes no transfers in the future.



**Transfer to the CIP** - The CIP program is mainly funded from four components: cash, debt, government grants, and developer contributions. The transfer from the General Fund is the cash or "pay-go" contribution. The pay-go contribution is critical in controlling the City's overall debt and maintaining the City's credit rating. In past years the City transferred one-time savings (General Fund balance in excess of the 15 percent reserve requirement) in addition to the annual budgeted transfer amount in an effort to reduce borrowing (see graph below). The FY13 budget includes a transfer of \$3.9 million, FY14 will assume \$4.5 million, and FY15 through FY17 will assume \$5.0 million. The transfer amounts are based on the Capital Projects Fund cash flow, which is presented in the CIP budget book, and is balanced over a five-year period. This transfer is estimated to increase due to the exclusion of debt and a backlog in infrastructure investment.



**Debt Service** - This represents the annual transfer to the Debt Service Fund to support the City's annual debt payments. The transfer amounts are based on the Debt Service Fund cash flow, which is presented in the CIP budget book, and is balanced over a five-year period. The forecast assumes no future taxpayer supported debt.



# General Fund Five-Year Forecast

**TABLE 4-1. General Fund Revenues / Sources**

	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Property Taxes	32,205,812	34,526,050	35,454,838	34,412,039	35,914,670	35,090,580	36,168,300	37,174,100	38,160,300	39,120,800
From Other Gov'ts	17,981,956	17,801,482	15,399,421	15,751,436	15,734,395	16,060,490	16,090,300	16,803,830	17,193,130	17,594,050
Fines and Forfeitures	634,907	648,477	687,732	766,882	645,000	654,500	674,140	694,360	715,190	736,650
Use of Money / Property	2,168,327	330,784	186,255	236,720	393,040	239,600	250,850	303,170	369,100	386,350
Charges for Service	4,859,899	5,473,186	5,766,550	5,932,617	6,012,930	6,104,240	6,409,450	6,729,920	7,066,420	7,419,740
Licenses and Permits	1,797,039	1,606,198	1,737,186	2,404,046	2,348,440	2,386,000	2,433,720	2,482,390	2,532,040	2,582,680
Other Revenues	1,714,813	2,451,549	2,735,759	5,766,946	4,936,595	4,770,290	4,866,260	4,964,990	5,066,570	5,171,120
<b>Total Revenues / Sources</b>	<b>61,362,753</b>	<b>62,837,727</b>	<b>61,967,741</b>	<b>65,270,686</b>	<b>65,985,070</b>	<b>65,305,700</b>	<b>66,893,020</b>	<b>69,152,760</b>	<b>71,102,750</b>	<b>73,011,390</b>
<b>Percent Increase</b>	<b>2.0%</b>	<b>2.4%</b>	<b>-1.4%</b>	<b>5.3%</b>	<b>1.1%</b>	<b>-1.0%</b>	<b>2.4%</b>	<b>3.4%</b>	<b>2.8%</b>	<b>2.7%</b>

**TABLE 4-2. General Fund Expenditures**

Expenditures	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	33,507,220	36,941,746	38,873,774	39,737,343	40,588,536	42,189,890	43,133,980	44,111,190	45,373,820	47,105,250
Contract Services	7,746,084	7,373,957	7,286,501	6,686,427	7,795,322	6,759,520	6,827,120	6,895,390	6,964,340	7,033,980
Commodities	4,457,595	4,517,281	4,858,076	4,660,465	5,024,133	5,133,820	5,287,830	5,446,460	5,609,850	5,778,150
Capital Outlay	749,700	644,462	718,022	720,667	772,539	517,500	517,500	517,500	517,500	517,500
Other / Transfers	2,780,090	2,173,247	2,221,461	4,967,393	2,534,099	2,104,970	2,375,030	2,395,350	2,415,910	2,436,740
Subtotal	49,240,689	51,650,692	53,957,834	56,772,295	56,714,629	56,705,700	58,141,460	59,365,890	60,881,420	62,871,620
Transfer to CIP	7,831,500	8,533,695	2,378,000	3,856,000	8,315,055	3,900,000	4,500,000	5,000,000	5,000,000	5,000,000
Debt Service	4,905,892	4,099,629	4,000,000	5,200,000	5,100,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
<b>Total Operating Expenditures</b>	<b>61,978,081</b>	<b>64,284,016</b>	<b>60,335,834</b>	<b>65,828,295</b>	<b>70,129,684</b>	<b>65,305,700</b>	<b>67,341,460</b>	<b>69,065,890</b>	<b>70,581,420</b>	<b>72,571,620</b>
<b>Percent Increase</b>	<b>0.9%</b>	<b>3.7%</b>	<b>-6.1%</b>	<b>9.1%</b>	<b>6.5%</b>	<b>-6.9%</b>	<b>3.1%</b>	<b>2.6%</b>	<b>2.2%</b>	<b>2.8%</b>

**TABLE 4-3. General Fund Balance and Target Reserve**

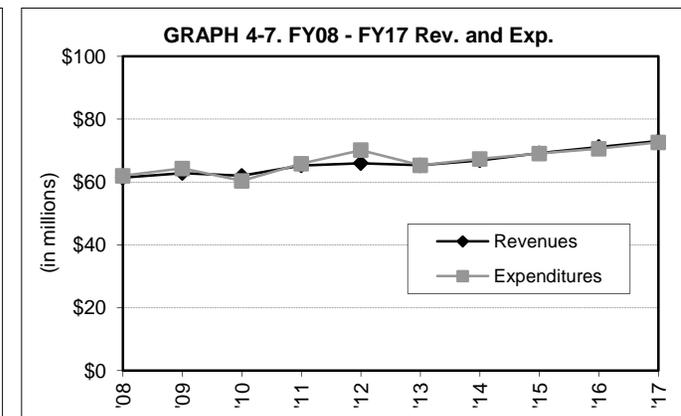
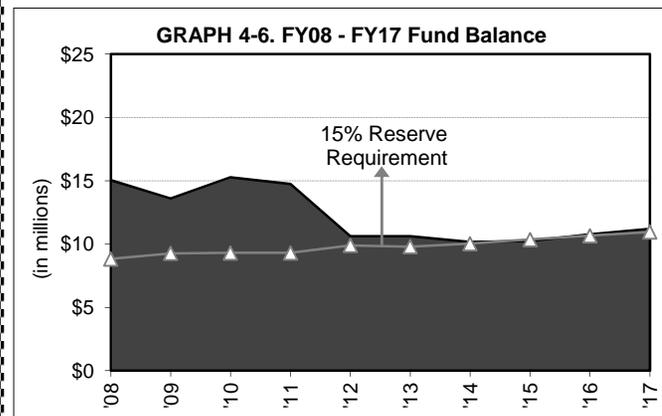
Fund Balance, Beginning *	15,666,993	15,051,665	13,656,942	15,318,075	14,760,466	10,615,852	10,615,852	10,167,412	10,254,282	10,775,612
Net Change	(615,328)	(1,446,289)	1,631,907	(557,609)	(4,144,614)	-	(448,440)	86,870	521,330	439,770
<b>Fund Balance, Ending</b>	<b>15,051,665</b>	<b>13,605,376</b>	<b>15,288,849</b>	<b>14,760,466</b>	<b>10,615,852</b>	<b>10,615,852</b>	<b>10,167,412</b>	<b>10,254,282</b>	<b>10,775,612</b>	<b>11,215,382</b>
Actual Reserve Percent	25.6%	22.0%	24.6%	23.8%	16.1%	16.3%	15.2%	14.8%	15.2%	15.4%
<b>Target Reserve Level</b>	<b>8,836,036</b>	<b>9,275,456</b>	<b>9,312,388</b>	<b>9,315,400</b>	<b>9,906,432</b>	<b>9,795,855</b>	<b>10,033,953</b>	<b>10,372,914</b>	<b>10,665,413</b>	<b>10,951,709</b>

\* FY10 Actual Fund Balance, Beginning was adjusted up by \$51,566 and FY11 Actual Fund Balance, Beginning was adjusted up by \$29,226 consistent with the City's FY10 and FY11 audited financial reports.

One of the City's financial management policies is to maintain a fund balance in the General Fund at or above 15 percent of adopted annual revenue. For FY 2013, the General Fund budget is \$819,997 over the 15 percent reserve requirement of \$9.8 million.

Over the five-year projection period, revenues and expenditures are estimated to increase by an average of just under 3 percent per year.

A real property tax rate increase of 2.0 cents is assumed in FY 2014 and 0.5 cents in FY 2015.



# Water Fund Five-Year Forecast

**TABLE 4-4. Water Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Utility Charges	A	4,550,391	5,183,077	6,123,692	7,784,926	9,433,000	10,306,100	11,154,680	12,048,610	13,021,590	14,081,970
Penalties		47,626	48,477	72,100	73,848	60,000	60,000	60,000	60,000	60,000	60,000
Connection Charges		98,400	14,700	98,800	59,792	100,000	20,000	20,000	20,000	20,000	20,000
Interest Income		62,960	43,931	4,048	1,377	-	2,000	-	-	-	-
Transfers In / Other	B	520,788	511,233	536,173	541,541	508,470	508,490	515,770	523,180	530,700	538,350
<b>Total Revenues / Sources</b>		<b>5,280,165</b>	<b>5,801,418</b>	<b>6,834,813</b>	<b>8,461,484</b>	<b>10,101,470</b>	<b>10,896,590</b>	<b>11,750,450</b>	<b>12,651,790</b>	<b>13,632,290</b>	<b>14,700,320</b>
<b>Percent Increase</b>		<b>-2.2%</b>	<b>9.9%</b>	<b>17.8%</b>	<b>23.8%</b>	<b>19.4%</b>	<b>7.9%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>7.7%</b>	<b>7.8%</b>

**TABLE 4-5. Water Fund Expenses**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	C	2,412,085	2,735,025	3,188,833	3,332,604	3,455,990	3,406,430	3,481,140	3,558,470	3,658,430	3,795,570
Contract Services	D	334,163	368,410	426,712	2,290,399	762,327	504,000	554,400	609,840	670,820	737,900
Commodities		1,221,560	1,325,683	1,312,347	1,345,988	1,645,309	1,431,650	1,574,820	1,732,300	1,905,530	2,096,080
Capital Outlay		182,585	149,031	142,560	83,963	89,409	66,940	73,630	80,990	89,090	98,000
Admin. Charge	E	418,000	431,000	444,000	1,000,110	1,010,110	1,020,210	1,032,960	1,045,870	1,058,940	1,072,180
Debt Service (Interest)	F	394,485	744,147	800,750	832,692	971,120	847,880	942,520	946,350	1,066,480	1,030,880
Other	G	1,220,337	1,211,708	1,078,699	1,540,246	2,129,400	2,224,800	2,291,540	2,360,290	2,431,100	2,504,030
<b>Total Operating Expenses</b>		<b>6,183,215</b>	<b>6,965,004</b>	<b>7,393,901</b>	<b>10,426,002</b>	<b>10,063,665</b>	<b>9,501,910</b>	<b>9,951,010</b>	<b>10,334,110</b>	<b>10,880,390</b>	<b>11,334,640</b>
<b>Percent Increase</b>		<b>7.6%</b>	<b>12.6%</b>	<b>6.2%</b>	<b>41.0%</b>	<b>-3.5%</b>	<b>-5.6%</b>	<b>4.7%</b>	<b>3.8%</b>	<b>5.3%</b>	<b>4.2%</b>

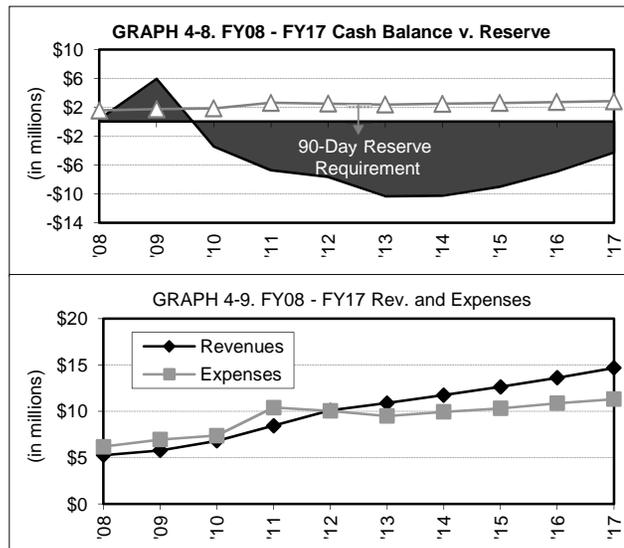
**TABLE 4-6. Water Fund Cash Balance and Reserve Requirement**

<b>Cash Balance, Ending</b>	<b>358,267</b>	<b>5,943,276</b>	<b>(3,432,866)</b>	<b>(6,726,175)</b>	<b>(7,670,746)</b>	<b>(10,332,284)</b>	<b>(10,283,777)</b>	<b>(9,029,985)</b>	<b>(6,925,096)</b>	<b>(4,290,259)</b>
<b>90-Day Reserve Requirement</b>	<b>1,545,804</b>	<b>1,741,251</b>	<b>1,848,475</b>	<b>2,606,501</b>	<b>2,515,916</b>	<b>2,375,478</b>	<b>2,487,753</b>	<b>2,583,528</b>	<b>2,720,098</b>	<b>2,833,660</b>

*The Water Fund is used to account for all financial activity associated with the treatment, transmission and distribution of potable water.*

*In order to fund the capital and operating expenses necessary to support the City's water system, water rates will increase by 8 percent each year from FY 2013 through the end of the projection period.*

*Water rates are currently established over a ten-year period, but only the first five years are reflected above. Reductions in future capital investments and increased rates will help restore the fund to a positive cash balance over the ten-year period.*



**NOTES:**

- A.** Both the tiered usage fee and the ready-to-serve fee are included in the Utility Charges. The tiered water usage fee is estimated to increase by 8% each year from FY13 through the end of the projection period. The ready-to-serve fee is estimated to increase by 20% each year from FY13 through the end of the projection period.
- B.** Includes transfers in from the Sewer and Refuse funds, which will increase by 1.25% each year from FY14 through FY17.
- C.** Personnel is estimated to increase by an average annual 2.9% over the projection period. This includes a 1.25% cost of living adjustment each year from FY14 through FY17 and increases in benefits.
- D.** Operating, Commodity, and Capital Outlay expenses are estimated to increase by approximately 10% each year in order to address the concerns identified in the two water studies.
- E.** Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- F.** Debt Service amounts represent interest payments based on current and future debt schedules. This fund is projected to issue \$12 million in new debt between FY13 and FY17.
- G.** Includes depreciation which is estimated to increase by 3% each year due to the number of current Water Fund capital projects.

# Sewer Fund Five-Year Forecast

**TABLE 4-7. Sewer Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Utility Charges	A	5,562,962	5,888,428	6,192,627	6,982,877	7,874,000	8,717,300	9,564,850	10,168,680	10,810,820	11,505,270
Penalties		62,938	55,768	70,914	64,585	60,000	60,000	60,000	60,000	60,000	60,000
Connection Charges		139,700	21,200	134,505	63,700	150,000	20,000	20,000	20,000	20,000	20,000
Interest Income		250,557	49,566	2,002	-	-	2,000	-	-	-	-
Transfers In / Other		6,819	260,659	6,815	14,962	3,000	15,000	15,000	15,000	15,000	15,000
<b>Total Revenues / Sources</b>		<b>6,022,976</b>	<b>6,275,621</b>	<b>6,406,863</b>	<b>7,126,124</b>	<b>8,087,000</b>	<b>8,814,300</b>	<b>9,659,850</b>	<b>10,263,680</b>	<b>10,905,820</b>	<b>11,600,270</b>
<b>Percent Increase</b>		<b>-6.0%</b>	<b>4.2%</b>	<b>2.1%</b>	<b>11.2%</b>	<b>13.5%</b>	<b>9.0%</b>	<b>9.6%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.4%</b>

**TABLE 4-8. Sewer Fund Expenses**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	B	1,291,489	1,219,851	1,344,898	1,439,450	1,474,224	1,525,410	1,558,660	1,593,090	1,637,660	1,698,910
Contract Services	C	2,487,670	2,538,835	2,714,806	2,524,617	3,273,141	3,330,110	3,486,640	3,650,890	3,823,260	4,004,150
Commodities	D	128,727	118,286	129,324	141,231	152,546	226,830	233,630	240,640	247,860	255,300
Capital Outlay		-	18,877	4,152	7,443	121,098	50,000	50,000	50,000	50,000	50,000
Admin. Charge	E	233,800	241,000	248,200	541,650	547,070	552,540	559,450	566,440	573,520	580,690
Debt Service (Interest)	F	718,638	734,352	686,137	725,658	1,141,280	878,180	1,114,030	1,280,990	1,337,630	1,413,460
Other	G	1,119,358	1,145,783	1,255,678	2,311,461	2,524,490	2,540,450	2,655,270	2,775,680	2,901,960	3,034,400
<b>Total Operating Expenses</b>		<b>5,979,682</b>	<b>6,016,986</b>	<b>6,383,194</b>	<b>7,691,510</b>	<b>9,233,849</b>	<b>9,103,520</b>	<b>9,657,680</b>	<b>10,157,730</b>	<b>10,571,890</b>	<b>11,036,910</b>
<b>Percent Increase</b>		<b>9.9%</b>	<b>0.6%</b>	<b>6.1%</b>	<b>20.5%</b>	<b>20.1%</b>	<b>-1.4%</b>	<b>6.1%</b>	<b>5.2%</b>	<b>4.1%</b>	<b>4.4%</b>

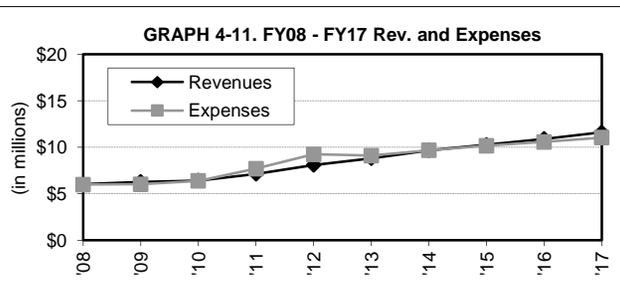
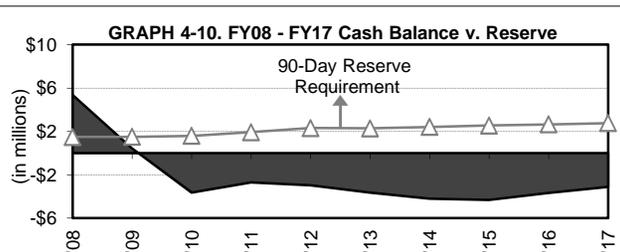
**TABLE 4-9. Sewer Fund Cash Balance and Reserve Requirement**

Cash Balance, Ending	5,376,782	429,143	(3,628,966)	(2,703,423)	(2,969,729)	(3,644,610)	(4,196,406)	(4,300,065)	(3,676,972)	(3,121,510)
90-Day Reserve Requirement	1,494,921	1,504,246	1,595,799	1,922,878	2,308,462	2,275,880	2,414,420	2,539,433	2,642,973	2,759,228

*The Sewer Fund accounts for the financial activity associated with the collection of sewage and sewage delivery to the Blue Plains Wastewater Treatment facility.*

*The Sewer Fund budget for FY 2013 is based on a sewer charge of \$5.73 per 1,000 gallons, a 9 percent increase over the FY 2012 rate. Sewer rates are estimated to increase by another 9 percent in FY 2014 and then by 6 percent for the rest of the projection period.*

*Sewer rates are established over a ten-year period, but only the first five years are reflected above.*



**NOTES:**

- A.** Both the usage fee and the ready-to-serve fee are included in the Utility Charges. The usage fee is estimated to increase by 9% in FY13 and FY14 and by 6% each year for the rest of the projection period. The ready-to-serve fee is estimated to increase by 20% each year from FY13 through the end of the projection period.
- B.** Personnel is estimated to increase by an average annual 2.8% over the projection period. This includes a 1.25% cost of living adjustment each year from FY14 through FY17 and increases in benefits.
- C.** Contractual Services includes the operating payment to Blue Plains. In order to be conservative, the forecast assumes a 5% increase each year for Blue Plains, while all other Contractual Services are estimated to increase by 1% each year.
- D.** Commodity expenses are estimated to increase by approximately 3% each year, while Capital Outlay remains flat.
- E.** Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- F.** Debt Service amounts represent interest payments based on current and future debt schedules. This fund is projected to issue \$21.6 million in new debt between FY13 and FY17.
- G.** Includes depreciation and transfer to the Water Fund. Depreciation is estimated to increase by 5% each year, while the Water Fund transfer is estimated to increase by 1.25% each year from FY14 through FY17.

# Refuse Fund Five-Year Forecast

**TABLE 4-10. Refuse Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Customer Charges	A	5,229,359	5,352,476	5,435,420	5,406,543	5,450,000	5,100,120	5,360,670	5,558,040	5,764,130	6,059,130
Penalties		65,576	64,578	69,930	71,424	60,000	63,600	65,510	65,500	65,500	65,500
Interest Income	B	122,411	36,194	1,823	2,843	25,000	2,300	1,680	6,020	7,990	5,300
Sales of Materials	C	105,110	115,784	24,996	474,270	293,100	408,900	408,900	408,900	408,900	408,900
Transfers In / Other	D	33,026	33,026	33,026	44,226	41,200	39,060	40,510	41,960	43,470	44,920
<b>Total Revenues / Sources</b>		<b>5,555,482</b>	<b>5,602,058</b>	<b>5,565,195</b>	<b>5,999,306</b>	<b>5,869,300</b>	<b>5,613,980</b>	<b>5,877,270</b>	<b>6,080,420</b>	<b>6,289,990</b>	<b>6,583,750</b>
<b>Percent Increase</b>		<b>7.2%</b>	<b>0.8%</b>	<b>-0.7%</b>	<b>7.8%</b>	<b>-2.2%</b>	<b>-4.4%</b>	<b>4.7%</b>	<b>3.5%</b>	<b>3.4%</b>	<b>4.7%</b>

**TABLE 4-11. Refuse Fund Expenses**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	E	2,467,527	2,553,113	2,371,685	2,285,429	2,640,250	2,607,960	2,666,130	2,726,380	2,804,700	2,912,690
Contract Services	F	1,294,331	1,223,325	1,388,898	1,490,317	1,569,219	1,566,760	1,582,430	1,598,250	1,614,230	1,630,370
Commodities		288,875	311,950	262,274	260,059	441,420	396,510	408,410	420,660	433,280	446,280
Capital Outlay		-	51,885	-	19,444	16,201	29,810	15,000	15,000	15,000	15,000
Admin. Charge	G	441,800	456,000	469,700	977,470	987,250	997,120	1,009,580	1,022,200	1,034,980	1,047,920
Debt Service (Interest)	H	115,584	130,708	115,315	100,415	86,800	71,900	56,900	41,900	27,400	13,600
Other	I	244,800	402,849	429,905	437,533	491,480	480,080	482,590	484,370	486,180	488,010
<b>Total Operating Expenses</b>		<b>4,852,917</b>	<b>5,129,830</b>	<b>5,037,777</b>	<b>5,570,667</b>	<b>6,232,620</b>	<b>6,150,140</b>	<b>6,221,040</b>	<b>6,308,760</b>	<b>6,415,770</b>	<b>6,553,870</b>
<b>Percent Increase</b>		<b>3.8%</b>	<b>5.7%</b>	<b>-1.8%</b>	<b>10.6%</b>	<b>11.9%</b>	<b>-1.3%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>2.2%</b>

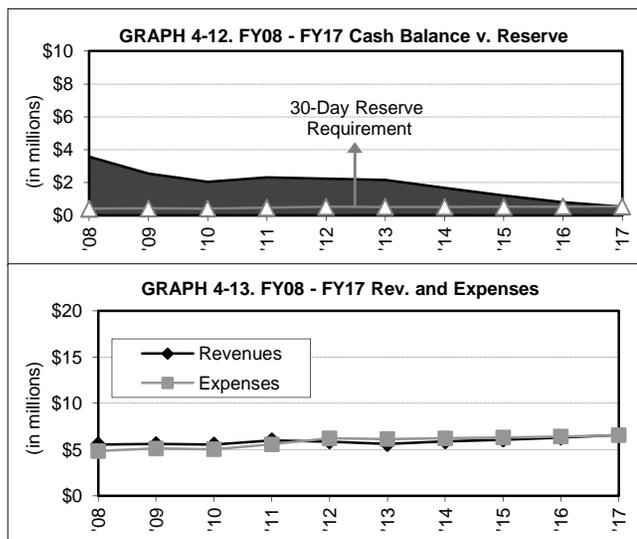
**TABLE 4-12. Refuse Fund Cash Balance and Reserve Requirement**

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Cash Balance, Ending	3,574,549	2,539,759	2,041,452	2,312,634	2,231,364	2,163,899	1,675,249	1,203,647	798,524	529,970
30-Day Reserve Requirement	404,410	427,486	419,815	464,222	519,385	512,512	518,420	525,730	534,648	546,156

The Refuse Fund is used to account for the financial activity associated with the collection and disposal of residential recycling, refuse, and yardwaste.

The FY 2013 refuse budget is based on a semi-automated once per week recycling and refuse collection program. This system provides reduced operating expenses, which has allowed the rate to decrease by 5.2 percent to \$372 per year for FY 2013. For FY 2014 through the end of the projection period, rates are estimated to increase by an average of 3.6 percent per year.

Refuse rates are established over a five-year period.



**NOTES:**

- A. The refuse rate per household per year equals \$372 for FY13, and will increase on average by 3.6% each year from FY14 to FY17.
- B. Interest Income is approximately 0.1% of the estimated cash balance for FY13 and FY14, 0.5% in FY15, and 1% for FY16 and FY17.
- C. Refers to the sale of recyclable materials and auctioned vehicles.
- D. Refers to the transfer from the General Fund to the Refuse Fund to support Rockville Housing Enterprises (RHE) refuse pick-ups. This transfer is estimated to increase consistent with the rate increases over the projection period.
- E. Personnel is estimated to increase by an average annual 2.9% over the projection period. This includes a 1.25% cost of living adjustment each year from FY14 through FY17 and increases in benefits.
- F. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively.
- G. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- H. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- I. Includes depreciation and transfer to the Water Fund. Depreciation is estimated to remain flat. The Water Fund transfer is estimated to increase by 1.25% each year from FY14 through FY17.

# Parking Fund Five-Year Forecast

**TABLE 4-13. Parking Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Real Property Tax	A	127,298	209,005	140,388	160,703	163,000	161,300	154,800	154,800	154,800	161,140
From Other Government	B	310,000	310,000	153,870	294,681	295,000	295,000	295,000	295,000	295,000	297,350
Parking Meters	C	485,636	982,403	1,128,916	1,302,221	550,000	400,000	450,000	459,000	468,180	477,540
Parking Violations		776,800	685,934	800,086	983,460	700,000	650,000	700,000	714,000	728,280	742,850
Interest Income	D	251,440	41,093	2,752	6,424	15,000	1,800	240	860	1,490	1,730
Transfers In / Other	E	2,212,830	952,553	852,599	1,030,000	500,000	500,000	750,000	750,000	750,000	750,000
<b>Total Revenues / Sources</b>		<b>4,164,003</b>	<b>3,180,989</b>	<b>3,078,611</b>	<b>3,777,489</b>	<b>2,223,000</b>	<b>2,008,100</b>	<b>2,350,040</b>	<b>2,373,660</b>	<b>2,397,750</b>	<b>2,430,610</b>
<b>Percent Increase</b>		<b>16.3%</b>	<b>-23.6%</b>	<b>-3.2%</b>	<b>22.7%</b>	<b>-41.2%</b>	<b>-9.7%</b>	<b>17.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.4%</b>

**TABLE 4-14. Parking Fund Expenses**

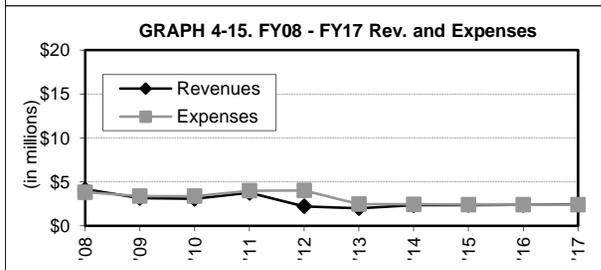
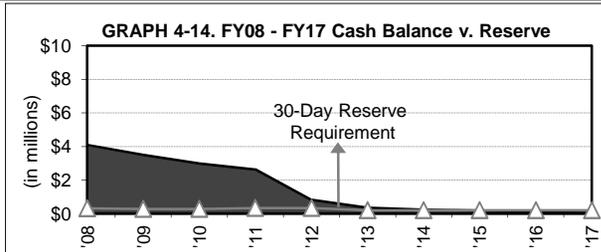
	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	F	265,963	349,161	326,907	338,789	243,880	262,700	268,800	275,120	283,360	294,760
Contract Services	G	606,293	608,644	732,084	751,330	1,377,053	140,790	142,200	143,620	145,060	146,510
Commodities		129,256	107,868	126,023	120,394	38,758	44,560	45,900	47,280	48,700	50,160
Capital Outlay		-	-	-	-	6,000	-	-	-	-	-
Admin. Charge	H	82,400	85,000	87,600	656,980	132,710	134,040	135,720	137,420	139,140	140,880
Debt Service (Interest)	I	1,465,859	1,441,711	1,409,821	1,384,156	1,603,824	1,424,990	1,393,590	1,360,790	1,332,040	1,302,080
Other	J	1,286,744	805,800	710,965	752,295	638,918	472,710	472,710	472,710	472,710	472,710
<b>Total Operating Expenses</b>		<b>3,836,515</b>	<b>3,398,183</b>	<b>3,393,400</b>	<b>4,003,944</b>	<b>4,041,143</b>	<b>2,479,790</b>	<b>2,458,920</b>	<b>2,436,940</b>	<b>2,421,010</b>	<b>2,407,100</b>
<b>Percent Increase</b>		<b>-63.2%</b>	<b>-11.4%</b>	<b>-0.1%</b>	<b>18.0%</b>	<b>0.9%</b>	<b>-38.6%</b>	<b>-0.8%</b>	<b>-0.9%</b>	<b>-0.7%</b>	<b>-0.6%</b>

**TABLE 4-15. Parking Fund Cash Balance and Reserve Requirement**

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
<b>Cash Balance, Ending</b>	<b>4,095,254</b>	<b>3,504,235</b>	<b>2,978,349</b>	<b>2,634,400</b>	<b>816,257</b>	<b>344,567</b>	<b>235,687</b>	<b>172,407</b>	<b>149,147</b>	<b>172,657</b>
<b>30-Day Reserve Requirement</b>	<b>319,710</b>	<b>283,182</b>	<b>282,783</b>	<b>333,662</b>	<b>336,762</b>	<b>206,649</b>	<b>204,910</b>	<b>203,078</b>	<b>201,751</b>	<b>200,592</b>

The Parking Fund accounts for the revenue and expenses related to parking activities, including the issuance of parking tickets and the City's parking meter program.

The FY 2013 budget incorporates the leasing of the Town Square garage operations to Federal Realty Investment Trust (FRIT). The City entered into a long-term lease where FRIT will manage, operate and re-equip the garages. As a result of the lease the FY 2013 budget represents only operational costs for on-street meters along with the payment of debt service on the garages.



**NOTES:**

- A. The Parking District Tax rate for FY13 equals \$0.33 per \$100 of assessed valuation. For FY14 through FY17, the tax rate will remain flat, but assessments are estimated to decrease by 4% in FY14, remain flat in FY15 through FY16 and increase by 2% in FY17.
- B. Includes \$115,000 PILOT payment and \$180,000 in capital contributions from Montgomery County. Assessments related to PILOT are estimated to remain flat between FY14 and FY16 and increase by 1% in FY17.
- C. Revenues are projected to increase by a total of \$100,000 in FY14 consistent with current trends, and then by 2% each year after that due to overall improvements in the economy.
- D. Interest Income is approximately 0.1% of the estimated cash balance for FY13 and FY14, 0.5% in FY15 and 1% for FY16.
- E. Refers to the annual transfer from the General Fund.
- F. Personnel is estimated to increase by an average annual 3.1% over the projection period. This includes a 1.25% cost of living adjustment each year from FY14 through FY17 and increases in benefits.
- G. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively.
- H. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- I. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- J. Represents depreciation, bond amortization, amortization of deferred loss on lease (\$209,010), and bad debts which are all estimated to remain flat.

# Stormwater Management Fund Five-Year Forecast

**TABLE 4-16. Stormwater Management Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Utility Fee	A	-	-	1,581,145	2,056,377	2,257,500	3,105,500	3,939,740	4,451,200	4,844,290	5,105,700
SWM Permits	B	300,690	37,875	33,911	128,859	250,000	250,000	280,000	300,000	300,000	350,000
SWM Part. Fees		261,040	111,380	84,359	432,473	130,000	130,000	150,000	200,000	200,000	200,000
Interest / Other	C	326,547	627,058	19,943	31,265	3,700	11,000	-	-	120	8,130
<b>Total Revenues / Sources</b>		<b>888,277</b>	<b>776,314</b>	<b>1,719,358</b>	<b>2,648,974</b>	<b>2,641,200</b>	<b>3,496,500</b>	<b>4,369,740</b>	<b>4,951,200</b>	<b>5,344,410</b>	<b>5,663,830</b>
<b>Percent Increase</b>		<b>-24.5%</b>	<b>-12.6%</b>	<b>121.5%</b>	<b>54.1%</b>	<b>-0.3%</b>	<b>32.4%</b>	<b>25.0%</b>	<b>13.3%</b>	<b>7.9%</b>	<b>6.0%</b>

**TABLE 4-17. Stormwater Management Fund Expenses**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	D	506,775	1,197,202	1,651,228	1,686,478	1,811,970	1,883,810	1,925,450	1,968,520	2,023,770	2,099,020
Contract Services	E	246,177	282,737	374,477	409,990	588,331	659,760	450,740	495,810	545,390	599,930
Commodities		782	49,687	68,141	62,288	125,914	133,390	146,730	161,400	177,540	195,290
Capital Outlay		-	22,108	15,180	3,990	664	-	-	-	-	-
Admin. Charge	F	149,300	154,000	158,600	604,940	610,990	617,100	624,810	632,620	640,530	648,540
Debt Service (Interest)	G	-	-	170	7,480	10,370	10,370	99,920	94,940	224,500	212,790
Other	H	282,242	166,105	199,580	203,172	258,148	304,970	334,470	366,910	402,610	441,870
<b>Total Operating Expenses</b>		<b>1,185,276</b>	<b>1,871,840</b>	<b>2,467,376</b>	<b>2,978,338</b>	<b>3,406,387</b>	<b>3,609,400</b>	<b>3,582,120</b>	<b>3,720,200</b>	<b>4,014,340</b>	<b>4,197,440</b>
<b>Percent Increase</b>		<b>-55.7%</b>	<b>57.9%</b>	<b>31.8%</b>	<b>20.7%</b>	<b>14.4%</b>	<b>6.0%</b>	<b>-0.8%</b>	<b>3.9%</b>	<b>7.9%</b>	<b>4.6%</b>

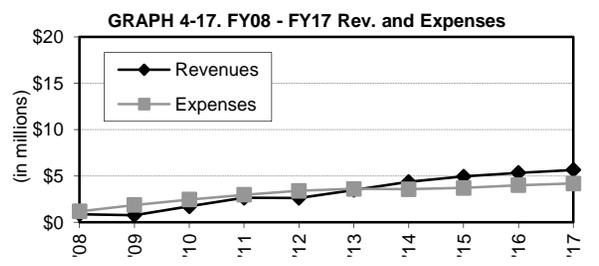
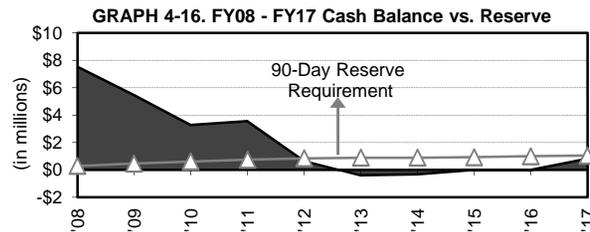
**TABLE 4-18. Stormwater Management Fund Cash Balance and Reserve Requirement**

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
<b>Cash Balance, Ending</b>	<b>7,523,945</b>	<b>5,471,118</b>	<b>3,278,264</b>	<b>3,560,267</b>	<b>643,714</b>	<b>(400,541)</b>	<b>(316,709)</b>	<b>10,269</b>	<b>11,780</b>	<b>812,942</b>
<b>90-Day Reserve Requirement</b>	<b>296,319</b>	<b>467,960</b>	<b>616,844</b>	<b>744,585</b>	<b>851,597</b>	<b>902,350</b>	<b>895,530</b>	<b>930,050</b>	<b>1,003,585</b>	<b>1,049,360</b>

The Stormwater Management (SWM) Fund accounts for the financial activity associated with maintaining existing and constructing new SWM facilities.

For FY 2013 the SWM fee equals \$78.90 per each equivalent residential unit (ERU). Each residential property will pay \$78.90 per year, and each commercial property will pay \$78.90 multiplied by the number of ERUs measured on their property. The rate will increase by approximately 26% in FY 2014, 12.5% in FY 2015, 8.4% in FY 2016 and 5% in FY 2017.

Stormwater utility rates are established over a five-year period. The SWM Fund and the SWM fee will be re-evaluated due to recent legislation that may exempt government entities from paying the fee.



**NOTES:**

- A. The City began charging the stormwater utility fee in FY10. The FY13 fee equals \$78.90 per ERU. The rate will increase by approximately 26% in FY14, 12.5% in FY15, 8.4% in FY16 and 5% in FY17.
- B. These revenues are related to new development.
- C. Interest Income is approximately 1% of the estimated cash balance for FY16 and FY17.
- D. Personnel is estimated to increase by an average annual 2.9% over the projection period. This includes a 1.25% cost of living adjustment each year from FY14 through FY17 and increases in benefits.
- E. Ongoing Contract Services and Commodity expenses are estimated to increase by approximately 10% each year in order to fully implement the new stormwater management program.
- F. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- G. Debt Service amounts represent interest payments based on current and future debt schedules. This fund is projected to issue \$6.9 million in new debt between FY13 and FY17.
- H. Includes depreciation and the Rainscapes Rebates Program. Depreciation is estimated to increase by 10% each year and rainscapes rebates (\$10,000) are estimated to remain flat.

# RedGate Golf Fund Five-Year Forecast

**TABLE 4-19. RedGate Golf Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Golf Course Fees		887,553	827,324	738,180	679,936	350,235	-	-	-	-	-
Cart Rentals		265,553	230,766	206,248	182,243	84,440	-	-	-	-	-
Driving Range Fee		1,635	1,651	1,982	3,211	1,125	-	-	-	-	-
Concessions / Other	A	11,664	12,159	12,251	11,624	14,230	71,670	87,180	92,430	93,010	100,320
Pro Shop Rental		4,250	4,250	2,750	2,750	1,400	-	-	-	-	-
Transfers In	B	165,000	93,000	-	2,390,645	630,000	-	-	-	-	-
Course Rental	C	-	-	-	-	-	12,000	12,000	12,000	12,000	24,000
<b>Total Revenues / Sources</b>		<b>1,335,655</b>	<b>1,169,150</b>	<b>961,411</b>	<b>3,270,409</b>	<b>1,081,430</b>	<b>83,670</b>	<b>99,180</b>	<b>104,430</b>	<b>105,010</b>	<b>124,320</b>
<b>Percent Increase</b>		<b>5.8%</b>	<b>-12.5%</b>	<b>-17.8%</b>	<b>240.2%</b>	<b>-66.9%</b>	<b>-92.3%</b>	<b>18.5%</b>	<b>5.3%</b>	<b>0.6%</b>	<b>18.4%</b>

**TABLE 4-20. RedGate Golf Fund Expenses**

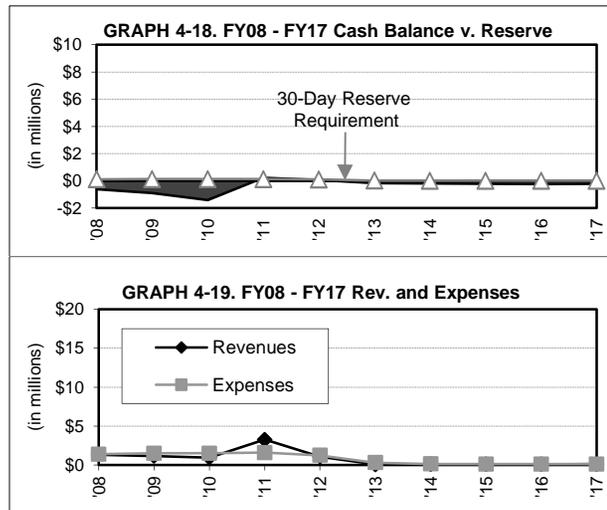
	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	D	732,933	805,091	835,559	799,176	727,932	155,830	-	-	-	-
Contract Services		136,022	138,743	130,339	156,881	131,155	-	-	-	-	-
Commodities		240,513	261,032	244,494	272,396	135,099	-	-	-	-	-
Capital Outlay		42,404	86,239	68,936	62,673	19,565	-	-	-	-	-
Admin. Charge		92,200	95,000	97,900	165,750	98,700	-	-	-	-	-
Debt Service (Interest)	E	12,208	11,944	11,335	10,663	10,200	9,420	8,670	7,930	7,160	6,350
Other	F	125,791	110,139	119,177	129,670	125,100	132,790	124,570	120,570	112,300	109,580
<b>Total Operating Expenses</b>		<b>1,382,071</b>	<b>1,508,188</b>	<b>1,507,740</b>	<b>1,597,209</b>	<b>1,247,751</b>	<b>298,040</b>	<b>133,240</b>	<b>128,500</b>	<b>119,460</b>	<b>115,930</b>
<b>Percent Increase</b>		<b>6.9%</b>	<b>9.1%</b>	<b>0.0%</b>	<b>5.9%</b>	<b>-21.9%</b>	<b>-76.1%</b>	<b>-55.3%</b>	<b>-3.6%</b>	<b>-7.0%</b>	<b>-3.0%</b>

**TABLE 4-21. RedGate Golf Fund Cash Balance and Reserve Requirement**

	(605,901)	(890,291)	(1,409,509)	217,707	51,386	(162,984)	(197,044)	(221,114)	(235,564)	(227,174)
<b>Cash Balance, Ending</b>										
<b>30-Day Reserve Requirement</b>	115,173	125,682	125,645	133,101	103,979	24,837	11,103	10,708	9,955	9,661

The RedGate Golf Fund is used to account for the financial activity associated with the City's public golf course.

In October 2011 the City entered into a 10 year lease with Billy Casper Golf to begin January 1, 2012. As part of the lease agreement Billy Casper Golf will pay for all operating expenses and capital improvements to the RedGate Golf Course. The City will receive fixed rental revenues, performance revenues and annual reimbursements for the outstanding golf course debt as outlined in the agreement and projected in this section.



**NOTES:**

- A. For FY13 through the end of the projection period, Concessions/Other represents performance-based revenues based on the lease agreement with Billy Casper Golf, and reimbursements for the RedGate Golf Fund's outstanding principal and interest payments.
- B. Refers to transfers from the General Fund.
- C. Course Rental represents the fixed annual payments from Billy Casper Golf for rental of the RedGate Golf Course from the City.
- D. FY13 Personnel represents severance payments to employees.
- E. Debt Service amounts include interest payments on current debt.
- F. Includes depreciation and amortization of current assets.

# Speed Camera Fund Five-Year Forecast

**TABLE 4-22. Speed Camera Fund Revenues / Sources**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Speed Camera Citations	A	4,036,564	2,756,463	1,961,035	2,451,623	1,902,400	2,076,000	2,076,000	2,076,000	2,076,000	2,076,000
Interest Income / Other	B	24,470	20,984	2,040	3,010	1,300	900	490	1,400	1,150	500
<b>Total Revenues / Sources</b>		<b>4,061,034</b>	<b>2,777,447</b>	<b>1,963,075</b>	<b>2,454,633</b>	<b>1,903,700</b>	<b>2,076,900</b>	<b>2,076,490</b>	<b>2,077,400</b>	<b>2,077,150</b>	<b>2,076,500</b>
<b>Percent Increase</b>		<b>4,853.0%</b>	<b>-31.6%</b>	<b>-29.3%</b>	<b>25.0%</b>	<b>-22.4%</b>	<b>9.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**TABLE 4-23. Speed Camera Fund Expenditures**

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Adopted FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	C	158,322	343,530	443,024	300,581	392,520	407,920	416,690	425,760	437,420	453,320
Contract Services	D	1,336,167	959,476	612,462	982,037	803,480	969,700	969,740	969,780	969,820	969,860
Commodities		4,258	22,470	32,890	11,915	32,700	30,590	31,510	32,460	33,430	34,430
Capital Outlay		-	-	2,337	-	21,500	-	-	-	-	-
Admin. Charge	E	-	-	-	222,320	224,540	226,790	229,620	232,490	235,400	238,340
Other	F	-	61,549	-	138,568	130,000	120,000	120,000	120,000	120,000	120,000
<b>Total Operating Expenditures</b>		<b>1,498,747</b>	<b>1,387,025</b>	<b>1,090,713</b>	<b>1,655,421</b>	<b>1,604,740</b>	<b>1,755,000</b>	<b>1,767,560</b>	<b>1,780,490</b>	<b>1,796,070</b>	<b>1,815,950</b>
<b>Percent Increase</b>		<b>1,289.3%</b>	<b>-7.5%</b>	<b>-21.4%</b>	<b>51.8%</b>	<b>-3.1%</b>	<b>9.4%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.9%</b>	<b>1.1%</b>

**TABLE 4-24. Speed Camera Fund Balance and Reserve Requirement**

<b>Fund Balance, Ending *</b>	2,536,398	3,926,820	3,536,455	2,848,085	1,247,045	588,945	387,875	184,785	45,865	56,415
<b>Reserve Requirement **</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

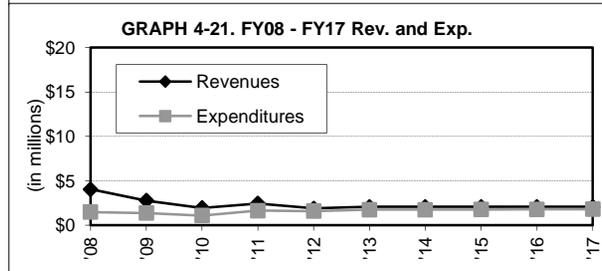
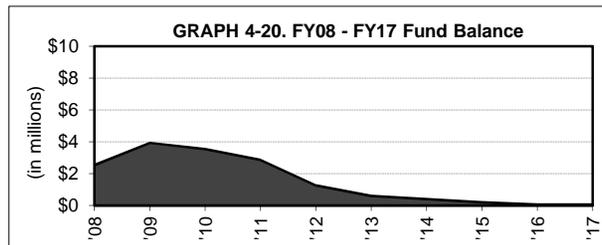
\* Actual FY10 Fund Balance, Ending was adjusted down by \$1.2 million and Actual FY11 Fund Balance, Ending was adjusted down by \$1.5 million due to capital expenditures that took place during FY10 and FY11. For FY12 through FY17, Fund Balance, Ending is adjusted down to account for capital expenditures currently programmed in the CIP.

\*\* The City does not have a policy about maintaining a reserve in this fund because it is used to account for proceeds from a specific revenue source that is restricted by legal provisions.

*The Speed Camera Fund tracks the financial transactions associated with the City's Safe Speed Program.*

*The Safe Speed Program has been very effective in lowering the average speed of vehicles, and reducing the number of vehicles speeding on City roadways. Even though the City has increased the number of enforcement sites since the Program's inception in 2007, the total number of citations issued has decreased due to a great number of motorists modifying their driving behavior to comply with the posted speed limits.*

*FY 2013 through FY 2017 assumes 4,875 citations per month; however, that number could decrease if the Program remains effective in changing driving behavior.*



**NOTES:**

- A.** The projection assumes approximately 4,875 citations per month. Revenues are based on a \$40 citation fee which reflects gross revenue to be received less late fees.
- B.** Interest Income is approximately 0.1% of the estimated fund balance for FY13 and FY14, 0.5% for FY15 and 1% for FY16 through FY17.
- C.** Personnel is estimated to increase by an average annual 2.8% over the projection period. This includes a 1.25% cost of living adjustment each year from FY14 through FY17 and increases in benefits.
- D.** Contract Services includes payment to the speed camera vendor. The vendor receives \$16.50 from each paid citation. Vendor payments are estimated to remain flat over the projection period, while Contract Services and Commodity expenditures are estimated to increase each year by approximately 1% and 3% respectively.
- E.** Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- F.** Other includes bad debt associated with uncollected tickets and is estimated to remain flat from FY13 through FY17.



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