



City of
Rockville
Get Into It

General Fund Forecast FY 2019 Budget Process

October 16, 2017



Overview

- This item provides a **preliminary overview** of the General Fund for FY 2019
- The City Manager will use this information to provide a **framework for the development** of his FY 2019 proposed budget
- Staff will return for a **second budget worksession on November 20th** that will focus on the Mayor and Council's top priorities
- This item is **should not be used as a proposed budget** because of the certainty of adjustments over the next several months

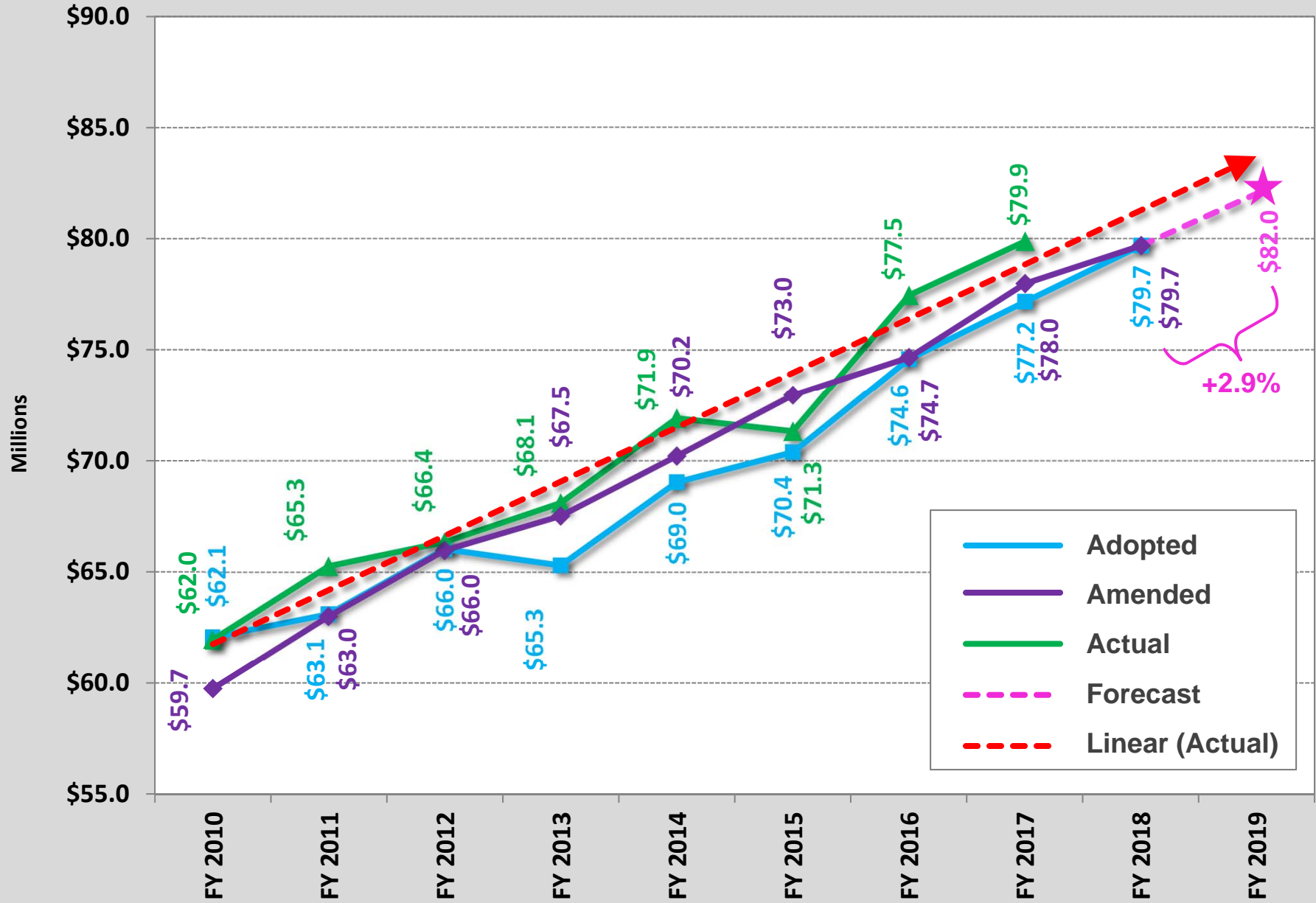


Overview

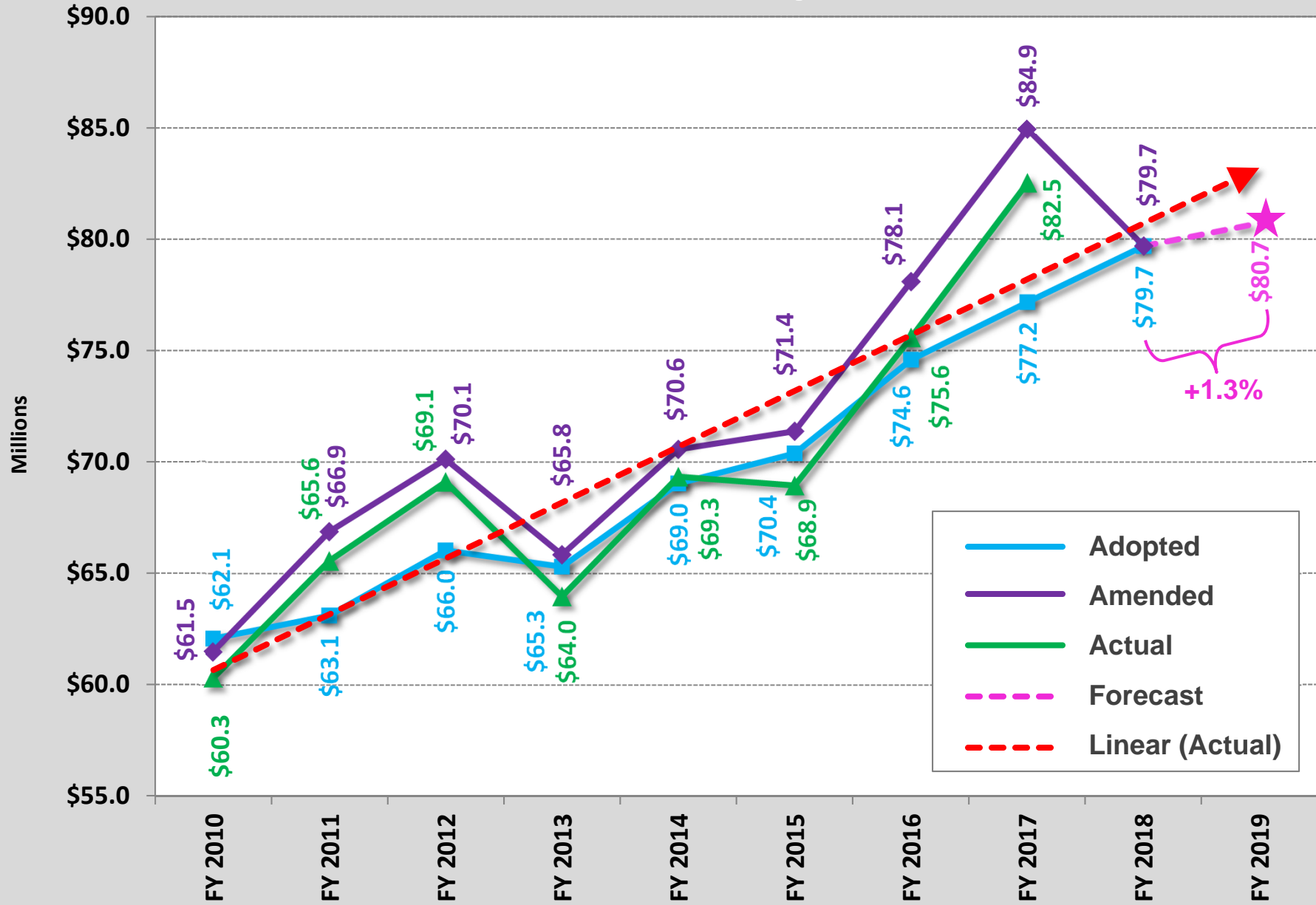
- Forecasting revenues and expenditures involves the following:
 - ✓ **Analysis of reliable indicators** (CPI, employment changes, housing market, etc.)
 - ✓ **Hybrid forecasting techniques** (known agreements, estimates from State and County, historic trends, etc.)
 - ✓ Understanding **recurring vs. nonrecurring**
 - ✓ **Sensitivity** to volatile revenues
- **Risk is inherent** in financial forecasting; the key to managing risk is **forecasting conservatively**
- **Revenue forecast assumptions** are on pages 66 through 69 of the FY 2018 Adopted Budget
- **Expenditure forecast assumptions** are on pages 72 and 73 of the FY 2018 Adopted Budget

Changes to the forecast assumptions are detailed in the agenda packet

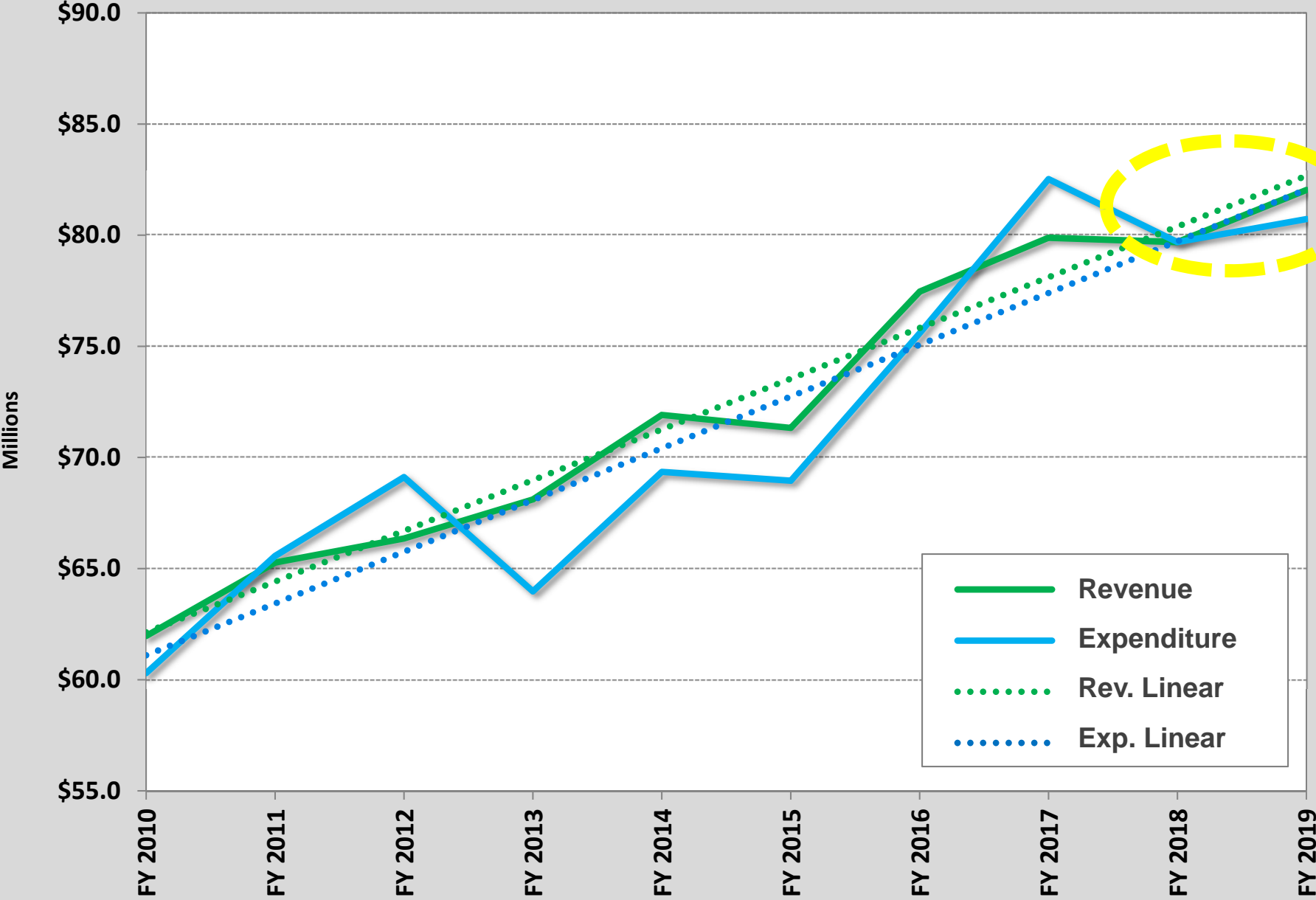
General Fund Revenues



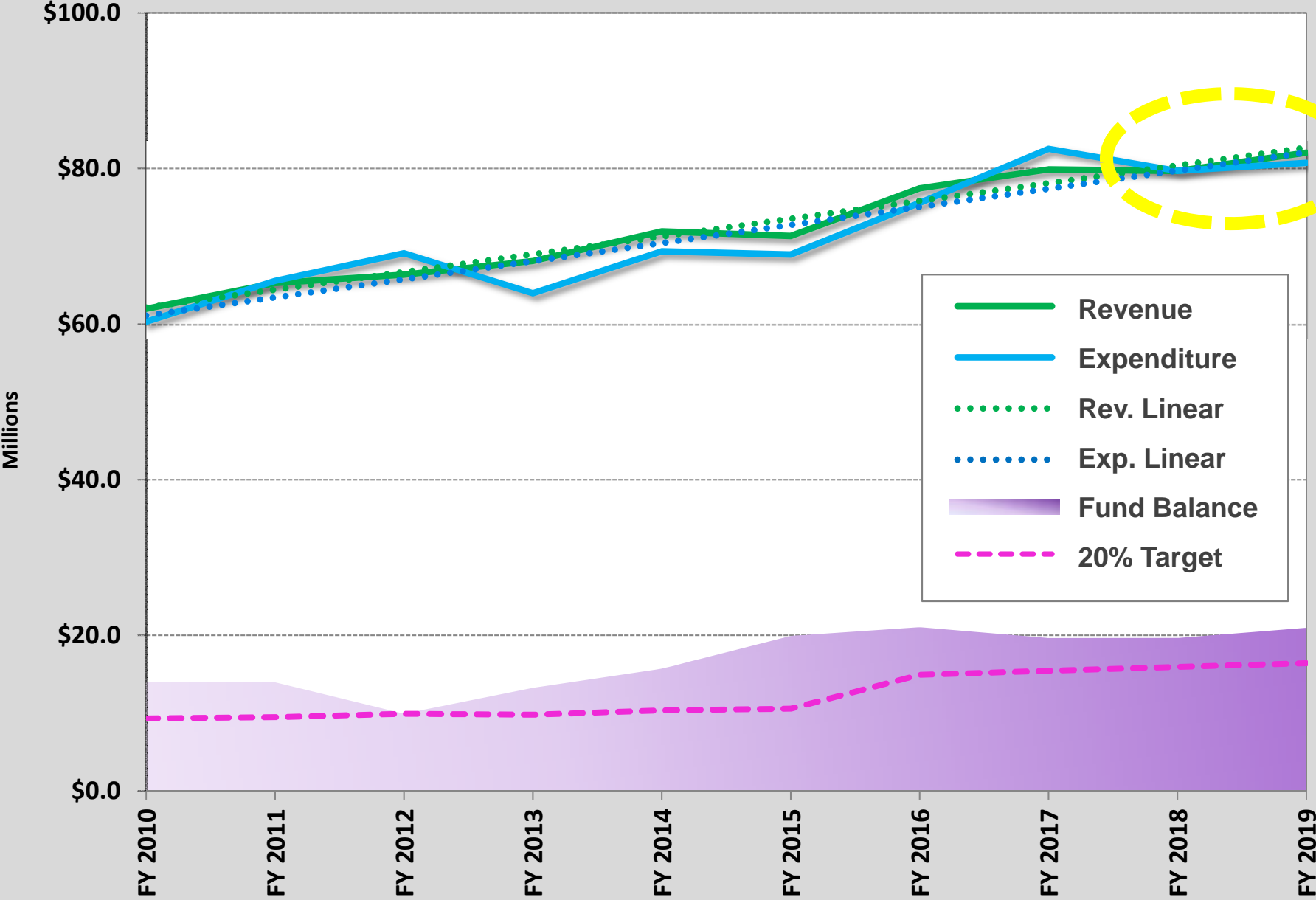
General Fund Expenditures



General Fund Comparison



General Fund Comparison





Summary

- The forecast shows a positive variance **that will change** as the Mayor and Council discuss new budget priorities, as staff move through the internal budget process, and as new information becomes available
- Some major expenditure items that are **not currently factored into the FY 2019 estimates** include:
 - ✓ Additional transfers to the CIP and/or the Debt Service Fund to support new or increased capital projects;
 - ✓ updated actuarial-determined contributions for the Pension Plan and Retiree Benefit Trust;
 - ✓ additional employee compensation; and
 - ✓ increases that may result from changing market conditions and/or inflationary pressures



Budget Surveys

- Attachment A is the **Mayor and Council Budget Priority Survey**
 - ✓ Survey was created based on Mayor and Council direction
 - ✓ Due to City Manager by November 3rd
 - ✓ Responses will be discussed at November 20th budget worksession
- Attachment B is the **Community Budget Survey**
 - ✓ Available starting October 17th
 - ✓ Available on the City's Budget webpage, www.rockvillemd.gov/budget
 - ✓ All survey responses will be included in the FY 2019 budget public record
 - ✓ Public comment period closes on April 13th



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Next Steps

Date	Action Item
November 13, 2017	Budget Public Hearing
November 20, 2017	Mayor and Council Budget Survey Results and Priorities
December 11, 2017	Water and Sewer Rate Presentation
January 8, 2018	Water and Sewer Rate Public Hearing
February 26, 2018	Presentation of FY 2019 Proposed Budget
March 5, 2018	Mayor and Council Budget Worksession
March 19, 2018	Budget Public Hearing
April 9, 2018	Budget Public Hearing
April 13, 2018	Budget Public Record Closes
April 23, 2018	Mayor and Council Budget Worksession
May 14, 2018	Adoption of the FY 2019 Budget