

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. If 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.

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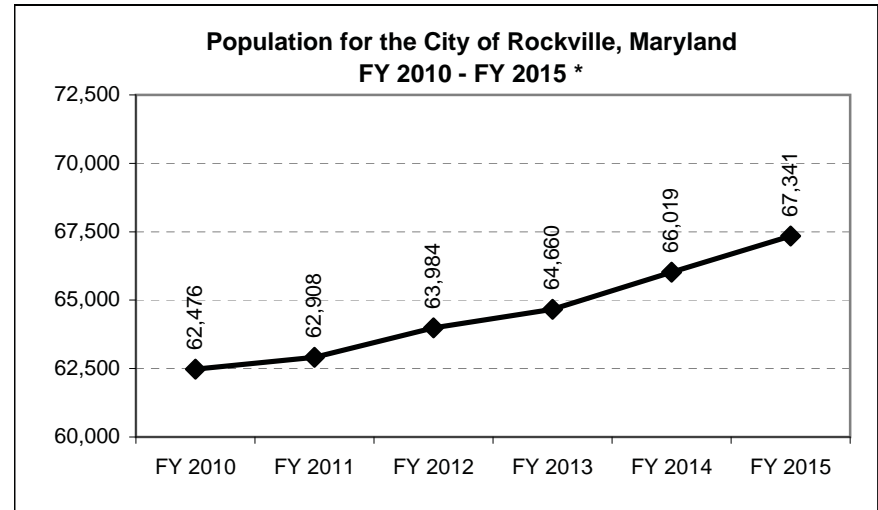
The Forecast presents an overview of the revenues, expenditures, and changes in financial position for the City's General Fund, six enterprise funds, and Speed Camera Fund. For the City's General Fund and Speed Camera Fund, financial position is defined as fund balance, and for the enterprise funds it is defined as working capital, which is current assets less current liabilities. Though these funds use a different basis of accounting, they represent similar concepts; i.e. resources available at the beginning of the year to fund operations, debt service, and capital improvements.

In addition to forecasting out to FY 2015, we included four years of history along with the current budget in this section. In terms of budgeting and long-term financial planning, this section is essential for determining and establishing the overall spending level of the City. In short, understanding past revenue and expenditure trends, and forecasting future revenue and expenditure trends, are key in the overall 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 the City's major revenue sources, this Forecast reflects conservative projections of the City's major revenue sources.

The Forecast assumes an average annual increase of approximately 1.6% in the population of Rockville from FY 2010 to FY 2015. This estimate is consistent with the latest projections from the Department of Community Planning and Development Services.



* Source: City of Rockville, Department of Community Planning and Development Services, February 2010.

The Five-Year Forecast section contains the following information: historic and projected revenues and expenditures, actual and projected fund balance or working capital, and assumptions for major revenue and expenditure categories. Also available is a Total Revenue and Expenditure Summary of all Funds, which can be found on the next page.

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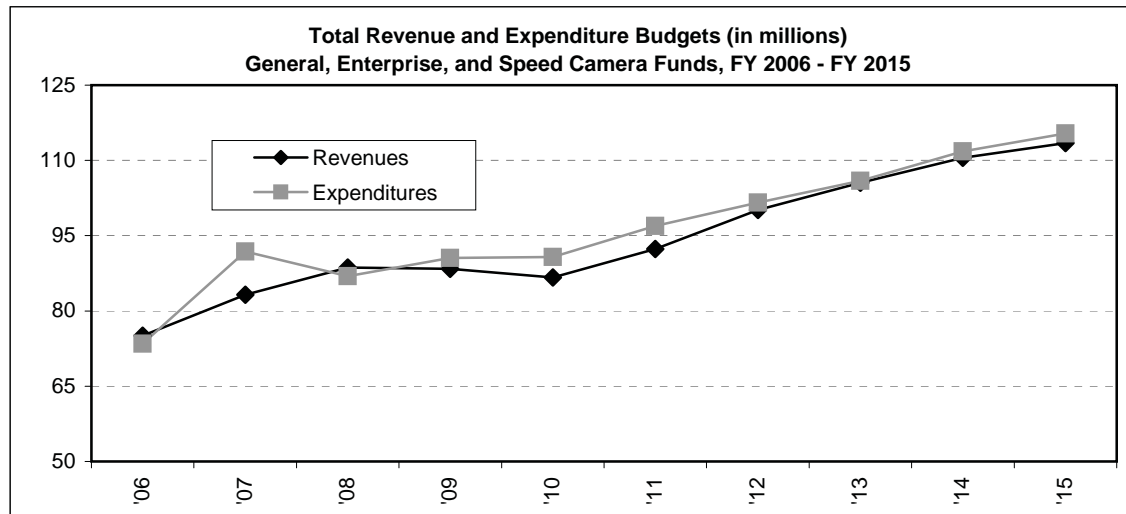
Total Revenue and Expenditure Summary by Fund

| Revenues by Fund | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| General (110) | 56,109,943 | 60,155,929 | 61,362,753 | 62,837,728 | 59,744,024 | 62,102,668 | 65,225,068 | 68,093,807 | 70,281,733 | 71,414,694 |
| Water (210) | 4,094,445 | 5,399,636 | 5,280,165 | 5,801,418 | 7,597,800 | 9,149,050 | 11,405,268 | 12,191,258 | 13,078,462 | 13,914,568 |
| Sewer (220) | 5,649,186 | 6,406,730 | 6,022,976 | 6,275,621 | 6,659,000 | 7,824,000 | 9,049,000 | 9,586,000 | 10,278,100 | 10,823,600 |
| Refuse (230) | 4,902,570 | 5,182,941 | 5,555,482 | 5,602,058 | 5,475,800 | 5,553,550 | 5,786,130 | 6,048,666 | 6,270,962 | 6,502,830 |
| Parking (320) | 1,440,882 | 3,580,074 | 4,164,003 | 3,180,989 | 3,052,000 | 3,262,000 | 3,513,289 | 3,596,927 | 3,652,574 | 3,732,943 |
| Stormwater Mgmt (330) | 1,755,167 | 1,176,508 | 888,277 | 776,314 | 1,827,000 | 2,111,500 | 2,705,100 | 3,486,500 | 4,424,600 | 4,539,500 |
| RedGate Golf Course (340) | 1,083,059 | 1,262,148 | 1,335,655 | 1,169,150 | 1,019,173 | 1,017,710 | 1,068,456 | 1,100,426 | 1,133,355 | 1,167,272 |
| Speed Camera (380) | - | 81,991 | 4,061,034 | 2,777,447 | 1,322,390 | 1,349,000 | 1,381,300 | 1,420,900 | 1,385,300 | 1,368,100 |
| Total Revenues / Sources * | 75,035,252 | 83,245,957 | 88,670,346 | 88,420,725 | 86,697,187 | 92,369,478 | 100,133,610 | 105,524,484 | 110,505,087 | 113,463,506 |
| Percent Increase | 10.6% | 10.9% | 6.5% | -0.3% | -1.9% | 6.5% | 8.4% | 5.4% | 4.7% | 2.7% |

| Expenditures by Fund | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| General (110) | 54,017,217 | 61,439,495 | 61,978,081 | 64,284,016 | 61,487,195 | 63,122,293 | 65,158,110 | 67,895,212 | 70,875,040 | 74,258,882 |
| Water (210) | 5,640,322 | 5,747,544 | 6,183,215 | 6,965,004 | 7,794,307 | 9,184,310 | 9,570,384 | 10,011,417 | 11,064,308 | 11,590,464 |
| Sewer (220) | 5,376,974 | 5,443,124 | 5,979,682 | 6,016,986 | 7,013,165 | 8,175,290 | 8,556,306 | 8,954,810 | 10,356,859 | 10,817,868 |
| Refuse (230) | 4,732,291 | 4,675,342 | 4,852,917 | 5,129,830 | 5,327,728 | 5,873,390 | 6,015,927 | 6,174,925 | 6,360,005 | 6,566,813 |
| Parking (320) | 427,243 | 10,437,380 | 3,836,515 | 3,398,183 | 3,696,349 | 4,418,715 | 4,432,013 | 4,446,911 | 4,462,907 | 4,480,748 |
| Stormwater Mgmt (330) | 2,093,436 | 2,673,487 | 1,185,276 | 1,871,840 | 2,758,759 | 3,250,650 | 3,416,460 | 3,882,983 | 4,067,525 | 4,273,443 |
| RedGate Golf Course (340) | 1,192,750 | 1,292,306 | 1,382,071 | 1,508,188 | 1,602,000 | 1,691,700 | 1,906,632 | 1,960,667 | 2,022,739 | 2,091,190 |
| Speed Camera (380) | - | 107,879 | 1,498,747 | 1,387,025 | 1,075,824 | 1,204,870 | 2,556,223 | 2,577,736 | 2,602,984 | 1,299,088 |
| Total Operating Exp. * | 73,480,233 | 91,816,557 | 86,896,504 | 90,561,072 | 90,755,327 | 96,921,218 | 101,612,055 | 105,904,661 | 111,812,366 | 115,378,497 |
| Percent Increase | 15.3% | 25.0% | -5.4% | 4.2% | 0.2% | 6.8% | 4.8% | 4.2% | 5.6% | 3.2% |

* Does not include revenues or expenditures from the Special Activities, CDBG, Town Center Management District, or Debt Service funds.

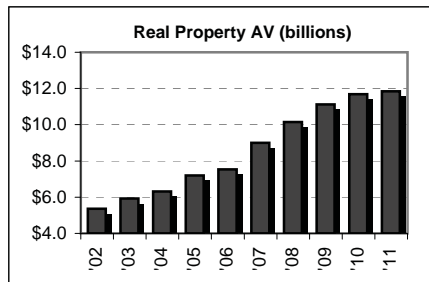
The funds represented in the forecast include the City's General Fund, six enterprise funds, and the Speed Camera Fund. The General Fund is the primary operating fund of the City and is used to account for the City's general or non-enterprise activities. Many of the City's administrative functions are supported through this Fund. The 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 primarily through user charges. The Speed Camera Fund is a special revenue fund that is used to account for the proceeds of speed camera citations. The revenues from this Fund are legally restricted to fund public safety activities.



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, staff assumed conservative estimates that most closely matched current trends. For revenue sources that are linked to more specific events or quantities, such as property tax and income tax, staff used trend analysis and forecasting based on current economic conditions to determine future collections. Regardless of the technique, staff's projections are conservative throughout the Forecast, ensuring prudent management of the City's General Fund.

Property Tax - This revenue source makes up 56 percent of the FY 2011 adopted General Fund budget. The total taxable assessed value ("AV") 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 (see graph). 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. This slowdown in assessed values will likely continue, and is assumed in the FY 2012 through FY 2015 projections. The FY 2012 through FY 2015 projections reflect relatively flat assessments with only 3 percent increases in assessments estimated for FY 2013 and FY 2014, and with limited new properties added each fiscal year. The projected revenues assume a rate of \$0.292 for real property and \$0.805 for personal property, and the continuation of the Homeowners' Tax Credit Program.

Licenses and Permits - Building permits, the largest revenue source in this category, are not increasing due to low development activity. Building permits are estimated to remain flat throughout the projection period, while other revenues in this category are estimated to increase by 3 percent.

Income Tax (included in "From Other Gov'ts") - The recent economic downturn, resulting in higher unemployment and reductions in capital gains, has decreased income tax revenues from the \$10 million levels generated in FY 2008 and FY 2009, to approximately \$9.3 million in FY 2010 and FY 2011. Starting in FY 2012, income tax is estimated to increase to \$9.8 million, with modest 3 percent increases assumed each year from FY 2013 through FY 2015.

Tax Duplication (included in "From Other Gov'ts") - 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). Until more information becomes available, this projection assumes tax duplication revenue will remain flat at \$1.9 million from FY 2012 through FY 2015.

Highway User (included in "From Other Gov'ts") - During FY 2010, Maryland's Board of Public Works voted to decrease the municipal share of highway user by over 90 percent. The projection assumes this reduction will continue, with total revenues equaling \$113,000 each year for FY 2011 and FY 2012. For FY 2013 through FY 2015, the projection assumes \$372,000. FY 2011 through FY 2013 estimates were provided by the Maryland Municipal League.

Charges for Services - This revenue is from charges to users who individually benefit from a particular service offered by the City. This revenue source is estimated to grow by approximately 5 percent each year as a result of increases in population, available programs, and in program fees to improve the City's overall cost recovery.

Fines and Forfeitures - This revenue source is estimated to increase by 3 percent over the projection period. Revenues received from redlight camera infractions make up most of this category.

Use of Money and Property - Interest income, the largest revenue source in this category, is estimated to remain flat at approximately \$30,000 for FY 2011. Starting in FY 2012, staff projects interest income will begin to increase to approximately 1 percent of the estimated fund balance during the year for FY 2012 and 3 percent for FY 2013 through FY 2015. Interest income relates directly to short-term fixed income rates.

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 increased for FY 2011 per the updated Cost Allocation Plan, with 1 percent increases each year for FY 2012 and FY 2013, and 1.25 percent increases in FY 2014 and FY 2015, based on the current Mayor and Council Financial Management Policy.

Hotel Tax (included in "Other Revenues") - FY 2009 was the first year the City charged the 2 percent tax (started in October 2008). The FY 2011 budget includes revenues of \$850,000 from ten hotels, and the projection assumes an increase of 4 percent each year from FY 2012 through FY 2015 due to new hotels and an increase in the average hotel room rates.

General Fund Expenditure Assumptions

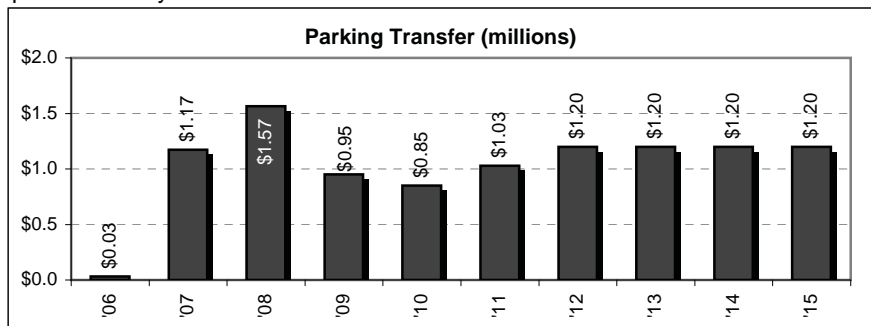
Similar to the General Fund revenues, several forecasting techniques or methods were used to project General Fund expenditures. The rationale for using one method over another depends on the type of expenditure. For expenditures that fluctuate, like capital outlay, staff assumed conservative estimates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

Personnel - Includes salary, benefits, and overtime. Personnel is estimated to increase by an average annual 5.4 percent over the projection period, mainly due to an average annual increase of 15 percent in benefits. These increases assume General Fund staffing levels will remain relatively flat over the projection period.

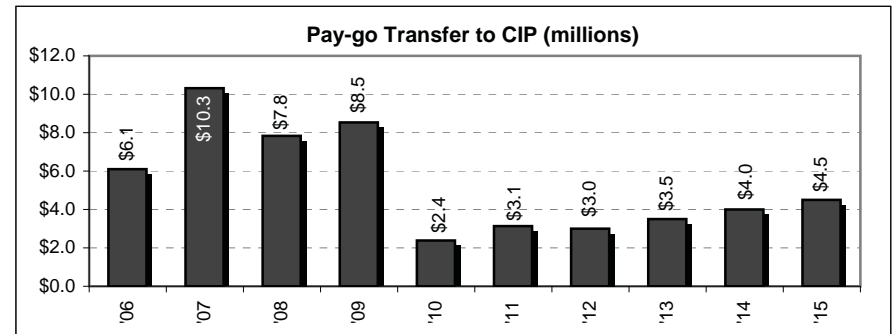
Contractual Services and Commodities - There is an estimated increase of 1 percent for contractual services and 3 percent for commodities from FY 2011 through FY 2015. These increases take into account the recent "belt tightening" of the City's General Fund expenditures. In order to keep costs down given the economic environment the following areas have been reduced or will remain flat: employee travel and training, position reclassifications, contract services, program supplies and equipment.

Capital Outlay - This expenditure category usually fluctuates from year to year since it is comprised of many one-time expenditures. Staff could not use historic trends to determine future increases or decreases because of the fluctuation. To be conservative, capital outlay is estimated to remain flat from FY 2011 through the end of the projection period.

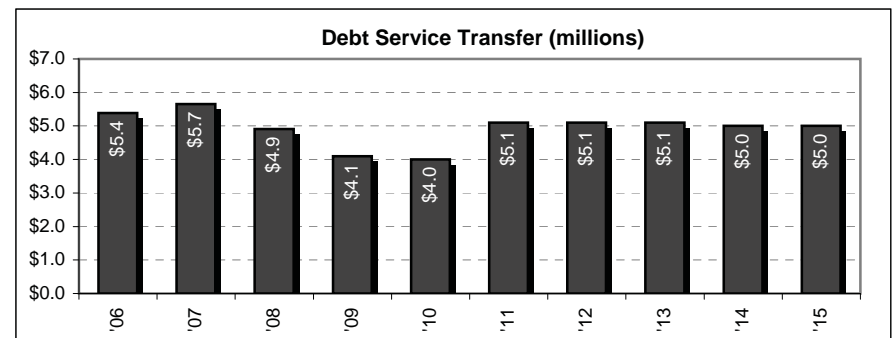
Other / Transfers - This category is primarily comprised of the transfer to the Parking Fund, and Outside Agency and Caregiver grants. The transfer to the Parking Fund is budgeted at \$1,030,000 in FY 2011, and will increase to \$1.2 million in FY 2012 through FY 2015. Outside Agency and Caregiver grants are expected to increase by 1 percent each year in FY 2012 and FY 2013, and 1.25 percent each year in FY 2014 and FY 2015.



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. Historically, the City has transferred one-time savings (General Fund reserve in excess of the 15 percent reserve requirement) in addition to the annual budgeted transfer in an effort to reduce borrowing (see graph below). The FY 2011 adopted budget includes a transfer of \$3,141,000, FY 2012 includes a transfer of \$3.0 million, FY 2013 will assume \$3.5 million, and FY 2014 and FY 2015 will assume \$4.0 million and \$4.5 million respectively. The reduced transfer amounts reflect the recent and projected reductions in General Fund revenues.



Transfer to Debt Service - This represents the annual transfer to the Debt Service Fund to support the City's annual debt payments. The projected debt payments cover old and new General Fund debt, including \$13 million that is planned for FY 2011 for the Police Station, Gude Drive Maintenance Facility, and Senior Center, and \$6.5 million that is planned for FY 2013 for asphalt and concrete maintenance and repair.



General Fund Five-Year Forecast

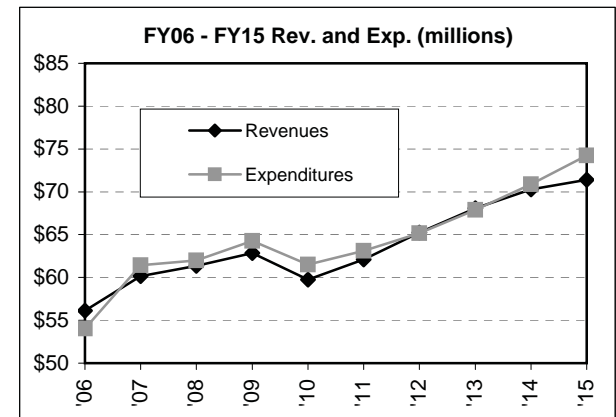
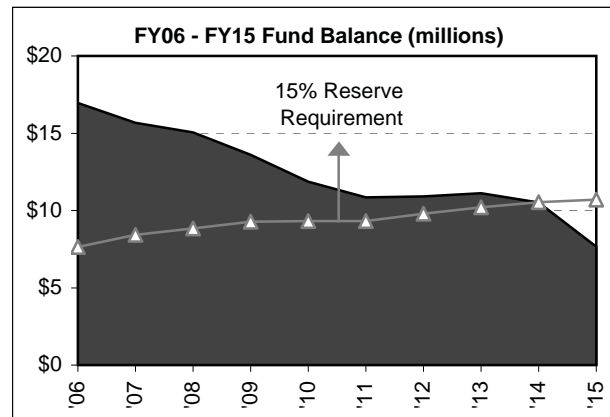
| Revenues / Sources | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Taxes | 28,513,927 | 31,192,975 | 32,205,812 | 34,526,050 | 34,748,056 | 34,762,000 | 36,533,612 | 37,780,640 | 39,065,078 | 39,304,700 |
| Licenses and Permits | 1,778,686 | 2,114,909 | 1,797,039 | 1,606,198 | 1,535,342 | 1,660,000 | 1,685,800 | 1,712,374 | 1,739,745 | 1,767,938 |
| From Other Gov'ts | 16,583,739 | 17,673,744 | 17,981,956 | 17,801,482 | 14,368,025 | 13,527,213 | 14,118,084 | 14,983,498 | 15,405,103 | 15,841,359 |
| Charges for Service | 4,586,595 | 4,652,890 | 4,859,899 | 5,473,186 | 5,678,786 | 5,853,405 | 6,146,075 | 6,453,379 | 6,776,048 | 7,114,850 |
| Fines and Forfeitures | 799,486 | 877,137 | 634,907 | 648,477 | 649,150 | 645,000 | 664,350 | 684,281 | 704,809 | 725,953 |
| Use of Money / Property | 2,106,781 | 1,883,744 | 2,168,327 | 330,784 | 177,855 | 322,080 | 409,642 | 640,168 | 643,464 | 601,539 |
| Other Revenues | 1,740,729 | 1,760,530 | 1,714,813 | 2,451,549 | 2,586,810 | 5,332,970 | 5,667,505 | 5,839,468 | 5,947,487 | 6,058,354 |
| Total Revenues / Sources | 56,109,943 | 60,155,929 | 61,362,753 | 62,837,728 | 59,744,024 | 62,102,668 | 65,225,068 | 68,093,807 | 70,281,733 | 71,414,694 |
| Percent Increase | 12.6% | 7.2% | 2.0% | 2.4% | -4.9% | 3.9% | 5.0% | 4.4% | 3.2% | 1.6% |

| Expenditures | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Personnel | 31,079,840 | 32,226,031 | 33,507,220 | 36,941,746 | 39,162,420 | 40,349,040 | 42,125,796 | 44,127,540 | 46,463,249 | 49,097,308 |
| Contract Services | 5,979,042 | 6,308,899 | 7,746,084 | 7,373,957 | 7,440,313 | 6,725,625 | 6,792,881 | 6,860,810 | 6,929,418 | 6,998,712 |
| Commodities | 3,777,052 | 4,153,091 | 4,457,595 | 4,517,281 | 5,469,139 | 4,992,238 | 5,142,005 | 5,296,265 | 5,455,153 | 5,618,808 |
| Capital Outlay | 620,675 | 540,260 | 749,700 | 644,462 | 721,312 | 480,620 | 480,620 | 480,620 | 480,620 | 480,620 |
| Other / Transfers | 1,070,210 | 2,247,590 | 2,780,090 | 2,173,247 | 2,316,011 | 2,333,770 | 2,516,808 | 2,529,976 | 2,546,600 | 2,563,433 |
| Subtotal | 42,526,819 | 45,475,871 | 49,240,689 | 51,650,692 | 55,109,195 | 54,881,293 | 57,058,110 | 59,295,212 | 61,875,040 | 64,758,882 |
| Transfer to CIP | 6,107,286 | 10,312,824 | 7,831,500 | 8,533,695 | 2,378,000 | 3,141,000 | 3,000,000 | 3,500,000 | 4,000,000 | 4,500,000 |
| Debt Service | 5,383,112 | 5,650,800 | 4,905,892 | 4,099,629 | 4,000,000 | 5,100,000 | 5,100,000 | 5,100,000 | 5,000,000 | 5,000,000 |
| Total Operating Expenditures | 54,017,217 | 61,439,495 | 61,978,081 | 64,284,016 | 61,487,195 | 63,122,293 | 65,158,110 | 67,895,212 | 70,875,040 | 74,258,882 |
| Percent Increase | 16.0% | 13.7% | 0.9% | 3.7% | -4.4% | 2.7% | 3.2% | 4.2% | 4.4% | 4.8% |

| | | | | | | | | | | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Fund Balance, Beginning | 14,857,833 | 16,950,559 | 15,666,993 | 15,051,665 | 13,605,376 | 11,862,205 | 10,842,580 | 10,909,538 | 11,108,133 | 10,514,826 |
| Net Change | 2,092,726 | (1,283,566) | (615,328) | (1,446,289) | (1,743,171) | (1,019,625) | 66,958 | 198,595 | (593,307) | (2,844,188) |
| Fund Balance, Ending | 16,950,559 | 15,666,993 | 15,051,665 | 13,605,376 | 11,862,205 | 10,842,580 | 10,909,538 | 11,108,133 | 10,514,826 | 7,670,638 |
| Projected Reserve Level | | | | | | 17.5% | 16.7% | 16.3% | 15.0% | 10.7% |

One of the City's financial management policies is to maintain a fund balance in the General Fund at or above 15% of adopted annual revenue. For FY 2011, the adopted General Fund budget utilizes \$1,019,625 in excess of the 15% reserve requirement.

Over the projection period, revenues are estimated to increase by an average of 3.7% per year and expenditures are estimated to increase by an average of 4.4% per year.



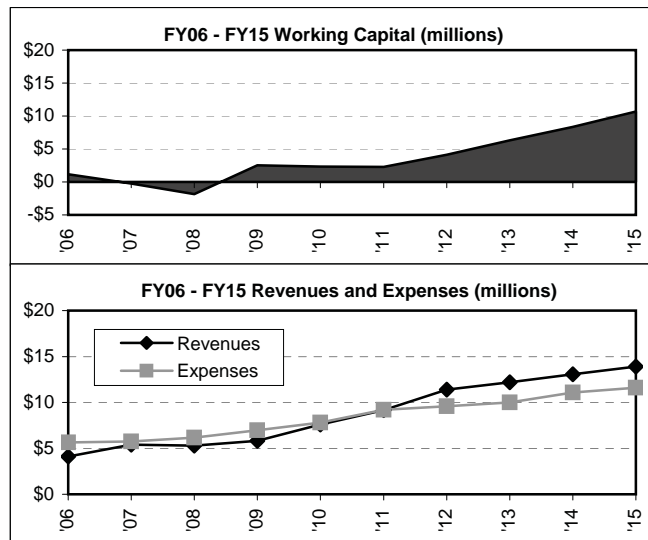
Water Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Utility Charges | A | 3,329,221 | 3,848,321 | 4,550,391 | 5,183,077 | 7,000,000 | 8,600,000 | 10,824,000 | 11,475,000 | 12,286,000 | 13,062,000 |
| Penalties | | 27,639 | 34,334 | 47,626 | 48,477 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Connection Charges | | 117,200 | 624,626 | 98,400 | 14,700 | 10,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Interest Income | B | 138,615 | 213,862 | 62,960 | 43,931 | 10,000 | 5,800 | 32,600 | 162,100 | 231,600 | 284,900 |
| Transfers In / Other | C | 481,770 | 678,493 | 520,788 | 511,233 | 527,800 | 478,250 | 483,668 | 489,158 | 495,862 | 502,668 |
| Total Revenues / Sources | | 4,094,445 | 5,399,636 | 5,280,165 | 5,801,418 | 7,597,800 | 9,149,050 | 11,405,268 | 12,191,258 | 13,078,462 | 13,914,568 |
| Percent Increase | | 5.6% | 31.9% | -2.2% | 9.9% | 31.0% | 20.4% | 24.7% | 6.9% | 7.3% | 6.4% |

| Expenses | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Personnel | D | 2,187,994 | 2,304,174 | 2,412,085 | 2,735,025 | 3,103,432 | 3,322,420 | 3,468,460 | 3,633,086 | 3,825,100 | 4,041,758 |
| Contract Services | E | 565,822 | 305,246 | 334,163 | 368,410 | 488,112 | 469,360 | 516,296 | 567,926 | 624,718 | 687,190 |
| Commodities | | 785,392 | 1,013,630 | 1,221,560 | 1,325,683 | 1,431,184 | 1,614,550 | 1,776,005 | 1,953,606 | 2,148,966 | 2,363,863 |
| Capital Outlay | | 338,415 | 226,892 | 182,585 | 149,031 | 214,179 | 91,700 | 100,870 | 110,957 | 122,053 | 134,258 |
| Admin. Charge | F | 394,099 | 406,000 | 418,000 | 431,000 | 444,000 | 1,000,110 | 1,010,111 | 1,020,212 | 1,032,965 | 1,045,877 |
| Debt Service | G | 356,621 | 353,805 | 394,485 | 744,147 | 808,400 | 980,170 | 907,342 | 844,766 | 1,335,599 | 1,243,865 |
| Other | H | 1,011,979 | 1,137,797 | 1,220,337 | 1,211,708 | 1,305,000 | 1,706,000 | 1,791,300 | 1,880,865 | 1,974,908 | 2,073,654 |
| Total Operating Expenses | | 5,640,322 | 5,747,544 | 6,183,215 | 6,965,004 | 7,794,307 | 9,184,310 | 9,570,384 | 10,011,417 | 11,064,308 | 11,590,464 |
| Percent Increase | | 19.6% | 1.9% | 7.6% | 12.6% | 11.9% | 17.8% | 4.2% | 4.6% | 10.5% | 4.8% |

| | | | | | | | | | | | |
|--------------------------------|--|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Working Capital, Beginning | | | | | | 2,536,426 | 2,339,919 | 2,304,659 | 4,139,543 | 6,319,384 | 8,333,538 |
| Net Change | | | | | | (196,507) | (35,260) | 1,834,884 | 2,179,841 | 2,014,154 | 2,324,103 |
| Working Capital, Ending | | 1,156,370 | (240,476) | (1,838,775) | 2,536,426 | 2,339,919 | 2,304,659 | 4,139,543 | 6,319,384 | 8,333,538 | 10,657,641 |

In FY 2008, the Department of Public Works presented two studies that evaluated the City's overall water program related to the Water Treatment Plant and the Water Distribution System. As a result of the studies, there are significant operating and capital expenses in FY 2011 through FY 2015. In order to support the increased expenses, water usage rates will increase over the five-year projection period. Water rates are established over a 18-year period.



NOTES:

- A. Charges for services are estimated to increase by 25.0% for FY 2011, 24.5% for FY 2012, and between 5.0 and 5.2% from FY 2012 through FY 2015. Both the tiered usage fee and the ready-to-serve fee (estimated to increase by 3% each year) are included in the Utility Charges.
- B. Interest Income is approximately 1% of the estimated working capital balance during the year for FY 2012 and 3% for FY 2013 through FY 2015.
- C. Includes transfers in from the Sewer and Refuse funds, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.
- D. Personnel is estimated to increase by an average annual 5.4% over the projection period, mainly due to increases in benefits.
- E. 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.
- F. Refers to the transfer to the General Fund, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.
- G. Debt Service amounts represent interest payments based on current and future debt schedules. Future debt equals \$16.9 million.
- H. Includes depreciation which is estimated to increase by 5% each year due to the number of current Water Fund capital projects.

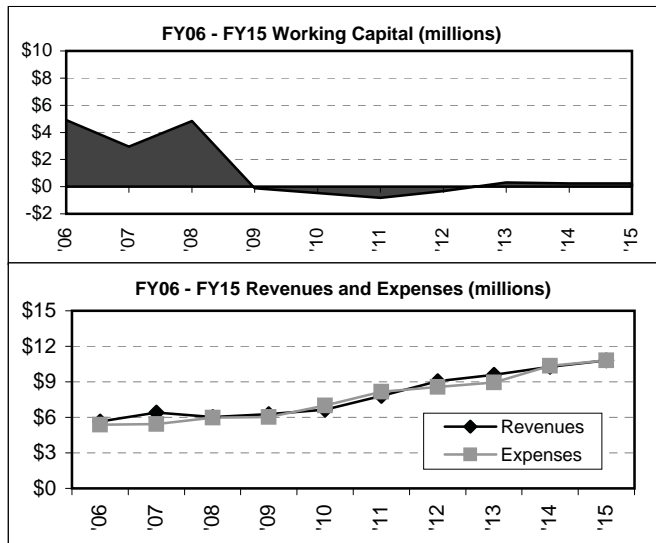
Sewer Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Utility Charges | A | 5,292,750 | 5,530,884 | 5,562,962 | 5,888,428 | 6,580,000 | 7,755,000 | 8,982,000 | 9,519,000 | 10,203,000 | 10,749,600 |
| Penalties | | 38,852 | 50,186 | 62,938 | 55,768 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Connection Charges | | 137,550 | 617,731 | 139,700 | 21,200 | 10,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Interest Income | B | 175,872 | 201,815 | 250,557 | 49,566 | 4,000 | 2,000 | - | - | 8,100 | 7,000 |
| Transfers In / Other | | 4,162 | 6,114 | 6,819 | 260,659 | 15,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Total Revenues / Sources | | 5,649,186 | 6,406,730 | 6,022,976 | 6,275,621 | 6,659,000 | 7,824,000 | 9,049,000 | 9,586,000 | 10,278,100 | 10,823,600 |
| Percent Increase | | 2.9% | 13.4% | -6.0% | 4.2% | 6.1% | 17.5% | 15.7% | 5.9% | 7.2% | 5.3% |

| Expenses | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Personnel | C | 1,051,680 | 1,153,589 | 1,291,489 | 1,219,851 | 1,350,378 | 1,481,150 | 1,545,620 | 1,618,314 | 1,703,085 | 1,798,762 |
| Contract Services | D | 2,270,390 | 2,326,920 | 2,487,670 | 2,538,835 | 3,221,627 | 3,227,720 | 3,558,067 | 3,924,506 | 4,331,003 | 4,781,962 |
| Commodities | E | 102,656 | 111,645 | 128,727 | 118,286 | 195,287 | 195,590 | 201,458 | 207,501 | 213,726 | 220,138 |
| Capital Outlay | | - | - | - | 18,877 | 48,673 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 |
| Admin. Charge | F | 532,258 | 227,000 | 233,800 | 241,000 | 248,200 | 541,650 | 547,067 | 552,537 | 559,444 | 566,437 |
| Debt Service | G | 551,837 | 571,416 | 718,638 | 734,352 | 693,800 | 874,780 | 846,611 | 791,354 | 1,685,069 | 1,582,056 |
| Other | H | 868,153 | 1,052,554 | 1,119,358 | 1,145,783 | 1,255,200 | 1,813,400 | 1,816,484 | 1,819,599 | 1,823,531 | 1,827,513 |
| Total Operating Expenses | | 5,376,974 | 5,443,124 | 5,979,682 | 6,016,986 | 7,013,165 | 8,175,290 | 8,556,306 | 8,954,810 | 10,356,859 | 10,817,868 |
| Percent Increase | | 21.4% | 1.2% | 9.9% | 0.6% | 16.6% | 16.6% | 4.7% | 4.7% | 15.7% | 4.5% |

| | | | | | | | | | | | |
|--------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|
| Working Capital, Beginning | | | | | | (109,671) | (463,836) | (815,126) | (322,432) | 308,758 | 229,999 |
| Net Change | | | | | | (354,165) | (351,290) | 492,694 | 631,190 | (78,759) | 5,732 |
| Working Capital, Ending | | 4,919,378 | 2,939,900 | 4,828,566 | (109,671) | (463,836) | (815,126) | (322,432) | 308,758 | 229,999 | 235,731 |

Revenue projections for the Sewer Fund are based on the City's growth forecast regarding future development. The increase in Sewer revenues is consistent with the increase in Sewer expenses, including an estimated annual 11% increase in the City's payment to the Blue Plains Wastewater Treatment Facility. Sewer rates will increase by approximately 13.0% each year in FY 2011 and FY 2012, and 5.1% from FY 2012 through FY 2015. Sewer rates are established over a five-year period.



NOTES:

A. Charges for services are estimated to increase by 13.0% each year in FY 2011 and FY 2012, and 5.1% from FY 2012 through FY 2015. Both the usage fee and the ready-to-serve fee (estimated to increase by 3% each year) are included in the Utility Charges.

B. Interest Income is approximately 3% of the estimated working capital balance for FY 2014 and FY 2015.

C. Personnel is estimated to increase by an average annual 5.4% over the projection period, mainly due to increases in benefits.

D. Contractual Services includes the operating payment to Blue Plains, which is estimated to increase by 11% each year. All other Contractual Services are estimated to increase by 1% each year.

E. Commodity expenses are estimated to increase by approximately 3% each year, while Capital Outlay remains flat.

F. Refers to the transfer to the General Fund, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.

G. Debt Service amounts represent interest payments based on current and future debt schedules. Future debt equals \$26.4 million.

H. Includes depreciation and a transfer to the Water Fund. For this analysis, depreciation is estimated to remain flat and the Water Fund transfer increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.

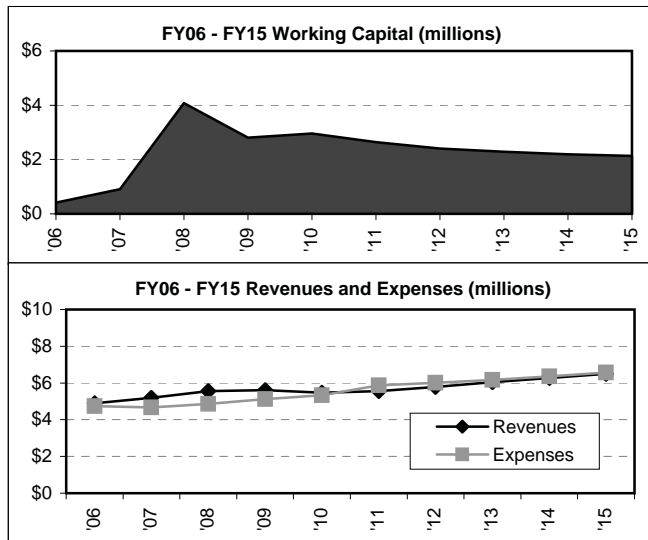
Refuse Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Customer Charges | A | 4,783,401 | 5,067,895 | 5,229,359 | 5,352,476 | 5,374,900 | 5,450,000 | 5,657,100 | 5,872,070 | 6,095,208 | 6,326,826 |
| Penalties | | 42,643 | 58,890 | 65,576 | 64,578 | 60,000 | 60,000 | 62,280 | 64,647 | 67,103 | 69,653 |
| Interest Income | B | 18,101 | 24,772 | 122,411 | 36,194 | 2,500 | 2,000 | 25,200 | 70,400 | 67,100 | 64,800 |
| Sales of Recyclables | | - | 1,331 | 105,110 | 115,784 | 1,900 | 350 | 350 | 350 | 350 | 350 |
| Transfers In / Other | C | 58,425 | 30,053 | 33,026 | 33,026 | 36,500 | 41,200 | 41,200 | 41,200 | 41,200 | 41,200 |
| Total Revenues / Sources | | 4,902,570 | 5,182,941 | 5,555,482 | 5,602,058 | 5,475,800 | 5,553,550 | 5,786,130 | 6,048,666 | 6,270,962 | 6,502,830 |
| Percent Increase | | 7.6% | 5.7% | 7.2% | 0.8% | -2.3% | 1.4% | 4.2% | 4.5% | 3.7% | 3.7% |

| Expenses | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel | D | 2,504,411 | 2,439,465 | 2,467,527 | 2,553,113 | 2,515,950 | 2,583,760 | 2,706,355 | 2,844,869 | 3,006,165 | 3,188,560 |
| Contract Services | E | 1,077,524 | 1,194,302 | 1,294,331 | 1,223,325 | 1,558,257 | 1,396,240 | 1,410,202 | 1,424,304 | 1,438,547 | 1,452,933 |
| Commodities | | 331,032 | 271,488 | 288,875 | 311,950 | 355,121 | 324,120 | 333,844 | 343,859 | 354,175 | 364,800 |
| Capital Outlay | | 20,956 | 4,725 | - | 51,885 | 11,000 | - | - | - | - | - |
| Admin. Charge | F | 416,729 | 429,000 | 441,800 | 456,000 | 469,700 | 977,470 | 987,245 | 997,117 | 1,009,581 | 1,022,201 |
| Debt Service | G | 23,545 | 18,034 | 115,584 | 130,708 | 116,600 | 101,700 | 86,800 | 71,900 | 56,900 | 41,900 |
| Other | H | 358,094 | 318,328 | 244,800 | 402,849 | 301,100 | 490,100 | 491,481 | 492,876 | 494,637 | 496,420 |
| Total Operating Expenses | | 4,732,291 | 4,675,342 | 4,852,917 | 5,129,830 | 5,327,728 | 5,873,390 | 6,015,927 | 6,174,925 | 6,360,005 | 6,566,813 |
| Percent Increase | | 2.3% | -1.2% | 3.8% | 5.7% | 3.9% | 10.2% | 2.4% | 2.6% | 3.0% | 3.3% |

| | | | | | | | | | | | |
|--------------------------------|--|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Working Capital, Beginning | | | | | | 2,810,158 | 2,958,230 | 2,638,390 | 2,408,593 | 2,282,335 | 2,193,292 |
| Net Change | | | | | | 148,072 | (319,840) | (229,797) | (126,258) | (89,043) | (63,984) |
| Working Capital, Ending | | 416,694 | 903,618 | 4,075,514 | 2,810,158 | 2,958,230 | 2,638,390 | 2,408,593 | 2,282,335 | 2,193,292 | 2,129,308 |

The FY 2011 refuse budget is based on a semi-automated once per week recycling and refuse program. The refuse rate will remain flat at \$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. Refuse rates are established over a five-year period.



NOTES:

- A. The refuse rate per household per year will remain flat at \$392.40 through FY 2011. After FY 2011, 3.8% rate increases are anticipated.
- B. Interest Income is approximately 1% of the estimated working capital balance during the year for FY 2012 and 3% for FY 2013 through FY 2015.
- C. Refers to the transfer from the General Fund to the Refuse Fund to support Rockville Housing Enterprises (RHE) refuse pick-ups.
- D. Personnel is estimated to increase by an average annual 5.9% over the projection period, mainly due to increases in benefits.
- E. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively.
- F. Refers to the transfer to the General Fund, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.
- G. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- H. Includes depreciation and a transfer to the Water Fund. For this analysis, depreciation is estimated to remain flat and the Water Fund transfer was increased for FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.

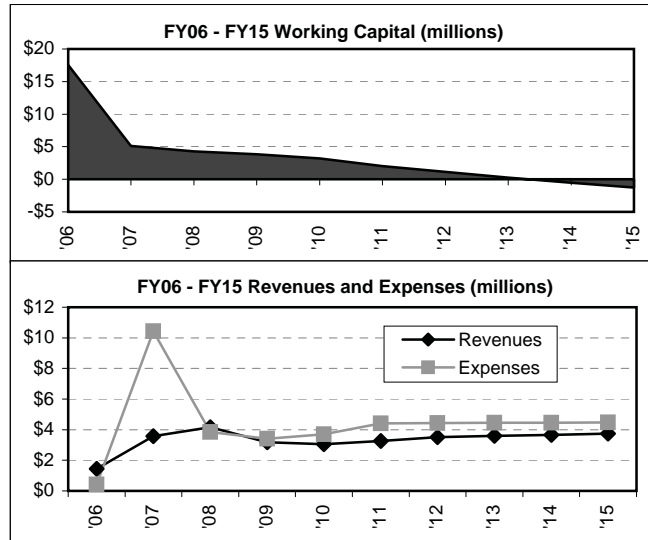
Parking Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Real Property Tax | A | - | 90,000 | 127,298 | 209,005 | 140,388 | 163,000 | 179,289 | 203,134 | 223,447 | 245,792 |
| From Other Government | B | - | 310,000 | 310,000 | 310,000 | 310,000 | 295,000 | 295,000 | 295,000 | 295,000 | 295,000 |
| Parking Meters | C | 189,527 | 211,566 | 485,636 | 982,403 | 1,213,612 | 1,110,000 | 1,143,300 | 1,177,599 | 1,212,927 | 1,249,315 |
| Parking Violations | | 384,171 | 480,555 | 776,800 | 685,934 | 533,000 | 660,000 | 679,800 | 700,194 | 721,200 | 742,836 |
| Interest Income | D | 733,665 | 866,945 | 251,440 | 41,093 | 5,000 | 4,000 | 15,900 | 21,000 | - | - |
| Transfers In / Other | E | 133,519 | 1,621,008 | 2,212,830 | 952,553 | 850,000 | 1,030,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Total Revenues / Sources | | 1,440,882 | 3,580,074 | 4,164,003 | 3,180,989 | 3,052,000 | 3,262,000 | 3,513,289 | 3,596,927 | 3,652,574 | 3,732,943 |
| Percent Increase | | -15.7% | 148.5% | 16.3% | -23.6% | -4.1% | 6.9% | 7.7% | 2.4% | 1.5% | 2.2% |

| Expenses | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|----------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel | F | 116,713 | 186,779 | 265,963 | 349,161 | 350,683 | 357,265 | 373,814 | 392,490 | 414,255 | 438,840 |
| Contract Services | G | 2,512 | 133,969 | 606,293 | 608,644 | 887,975 | 954,270 | 963,813 | 973,451 | 983,185 | 993,017 |
| Commodities | | 16,908 | 27,550 | 129,256 | 107,868 | 246,991 | 236,190 | 243,276 | 250,574 | 258,091 | 265,834 |
| Capital Outlay | | - | - | - | - | 3,500 | - | - | - | - | - |
| Admin. Charge | H | (67,351) | 80,000 | 82,400 | 85,000 | 87,600 | 656,980 | 663,550 | 670,185 | 678,563 | 687,045 |
| Debt Service | I | 347,149 | 1,499,601 | 1,465,859 | 1,441,711 | 1,413,100 | 1,387,510 | 1,361,061 | 1,333,711 | 1,302,312 | 1,269,512 |
| Other | J | 11,312 | 8,509,481 | 1,286,744 | 805,800 | 706,500 | 826,500 | 826,500 | 826,500 | 826,500 | 826,500 |
| Total Operating Expenses | | 427,243 | 10,437,380 | 3,836,515 | 3,398,183 | 3,696,349 | 4,418,715 | 4,432,013 | 4,446,911 | 4,462,907 | 4,480,748 |
| Percent Increase | | 10.1% | 2,343.0% | -63.2% | -11.4% | 8.8% | 19.5% | 0.3% | 0.3% | 0.4% | 0.4% |

| | | | | | | | | | | | |
|--------------------------------|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|------------------|--------------------|
| Working Capital, Beginning | | | | | | 3,846,375 | 3,202,026 | 2,045,311 | 1,126,586 | 276,602 | (533,730) |
| Net Change | | | | | | (644,349) | (1,156,715) | (918,725) | (849,984) | (810,332) | (747,805) |
| Working Capital, Ending | | 17,555,678 | 5,121,279 | 4,280,189 | 3,846,375 | 3,202,026 | 2,045,311 | 1,126,586 | 276,602 | (533,730) | (1,281,535) |

The City began charging for parking in mid-FY 2008. The current rate in the 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. As the forecast indicates, there will not be sufficient Parking Fund revenues generated from parking operations to service all estimated expenses. As a result, the annual transfer from the City's General Fund will continue through future years.



NOTES:

- A. The Parking District Tax rate for FY 2011 was adopted at \$0.33 per \$100 of assessed valuation. For FY 2012 through FY 2015, the tax rate will increase by 10% each year. FY 2013 assumes an increase in property assessments of 3%.
- B. Includes \$115,000 PILOT payment and \$180,000 in capital contributions from Montgomery County.
- C. Revenues are projected to increase by 3% each year starting in FY 2012 due to overall improvements in the economy.
- D. Interest Income is approximately 1% of the estimated working capital balance during the year for FY 2012 and 3% for FY 2013.
- E. Refers to the annual subsidy from the General Fund.
- F. Personnel is estimated to increase by an average annual 5.7% over the projection period, mainly due to increases in benefits.
- G. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively.
- H. Refers to the transfer to the General Fund, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.
- I. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- J. Includes depreciation which will remain flat.

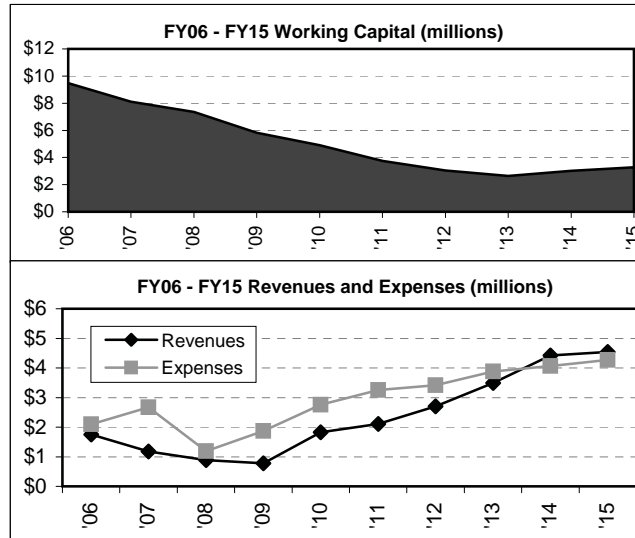
Stormwater Management Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Utility Fee | A | - | - | - | - | 1,620,000 | 1,985,000 | 2,551,000 | 3,280,200 | 4,217,800 | 4,321,800 |
| SWM Permits | B | 319,446 | 257,266 | 300,690 | 37,875 | 80,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| SWM Part. Fees | | 1,037,984 | 485,581 | 261,040 | 111,380 | 120,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| Interest Income | C | 397,737 | 433,661 | 326,547 | 627,058 | 7,000 | 6,500 | 34,100 | 86,300 | 86,800 | 97,700 |
| Total Revenues / Sources | | 1,755,167 | 1,176,508 | 888,277 | 776,314 | 1,827,000 | 2,111,500 | 2,705,100 | 3,486,500 | 4,424,600 | 4,539,500 |
| Percent Increase | | 37.3% | -33.0% | -24.5% | -12.6% | 135.3% | 15.6% | 28.1% | 28.9% | 26.9% | 2.6% |

| Expenses | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel | D | 397,376 | 378,654 | 506,775 | 1,197,202 | 1,646,149 | 1,760,380 | 1,838,954 | 1,927,470 | 2,030,760 | 2,147,236 |
| Contract Services | E | 309,416 | 235,097 | 246,177 | 282,737 | 622,533 | 482,780 | 531,058 | 584,164 | 642,580 | 706,838 |
| Commodities | | 2,542 | 3,486 | 782 | 49,687 | 94,875 | 123,950 | 136,345 | 149,980 | 164,977 | 181,475 |
| Capital Outlay | | - | - | - | 22,108 | 16,602 | - | - | - | - | - |
| Admin. Charge | F | 141,160 | 145,000 | 149,300 | 154,000 | 158,600 | 604,940 | 610,989 | 617,099 | 624,813 | 632,623 |
| Debt Service | G | - | - | - | - | - | 3,600 | 10,364 | 301,083 | 286,047 | 271,007 |
| Other | H | 1,242,942 | 1,911,250 | 282,242 | 166,105 | 220,000 | 275,000 | 288,750 | 303,188 | 318,347 | 334,264 |
| Total Operating Expenses | | 2,093,436 | 2,673,487 | 1,185,276 | 1,871,840 | 2,758,759 | 3,250,650 | 3,416,460 | 3,882,983 | 4,067,525 | 4,273,443 |
| Percent Increase | | 19.0% | 27.7% | -55.7% | 57.9% | 47.4% | 17.8% | 5.1% | 13.7% | 4.8% | 5.1% |

| | | | | | | | | | | | |
|--------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Working Capital, Beginning | | | | | | 5,830,946 | 4,899,187 | 3,760,037 | 3,048,677 | 2,652,194 | 3,009,269 |
| Net Change | | | | | | (931,759) | (1,139,150) | (711,360) | (396,483) | 357,075 | 266,057 |
| Working Capital, Ending | | 9,474,271 | 8,102,590 | 7,360,683 | 5,830,946 | 4,899,187 | 3,760,037 | 3,048,677 | 2,652,194 | 3,009,269 | 3,275,326 |

In FY 2008 the Mayor and Council approved an ordinance to amend the City Code to include a new Stormwater Management Utility Fee. For FY 2011 the utility fee will increase to \$49.20, up from \$40.00 in FY 2010. Each residential property will pay \$49.20 or one equivalent residential unit (ERU) per year, and each commercial property will pay \$49.20 multiplied by the number of ERUs measured on their property. Stormwater utility rates are established over a ten-year period.



NOTES:

- A. The FY 2011 adopted fee is \$49.20 per ERU. The rate will increase by approximately 27% each year from FY 2012 to FY 2014, and then by 1.2% from FY 2014 to FY 2015.
- B. These revenues are directly related to new development. With development in the City slowing, these revenues are estimated to remain flat throughout the projection period.
- C. Interest Income is approximately 1% of the estimated working capital balance during the year for FY 2012 and 3% for FY 2013 through FY 2015.
- D. Personnel is estimated to increase by an average annual 5.5% over the projection period, mainly due to increases in benefits.
- E. 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. Refers to the transfer to the General Fund, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015.
- G. Debt Service amounts represent interest payments based on current and future debt schedules. Future debt equals \$6.5 million.
- H. Includes depreciation which is estimated to increase by 5% each year due to the number of current Stormwater Management Fund capital projects.

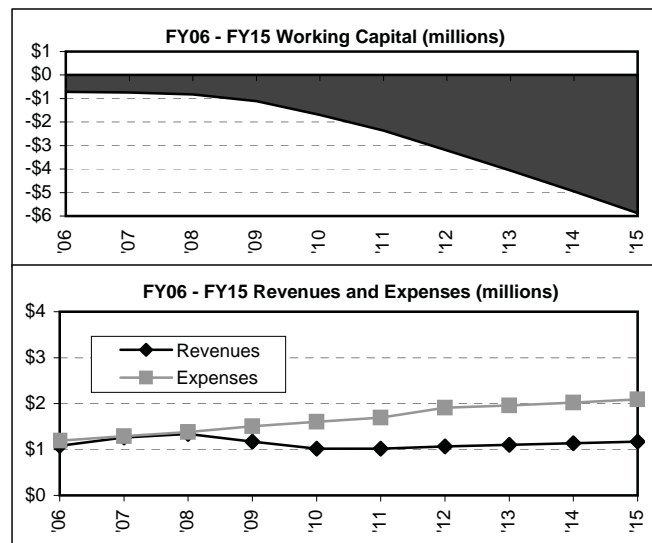
RedGate Golf Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Golf Course Fees | A | 846,338 | 869,521 | 887,553 | 827,324 | 779,576 | 779,580 | 818,559 | 843,116 | 868,409 | 894,462 |
| Cart Rentals | | 217,988 | 252,324 | 265,553 | 230,766 | 219,832 | 219,830 | 230,822 | 237,746 | 244,879 | 252,225 |
| Driving Range Fee | | 1,327 | 1,480 | 1,635 | 1,651 | 1,605 | 1,600 | 1,680 | 1,730 | 1,782 | 1,836 |
| Concessions / Other | | 13,156 | 20,073 | 11,664 | 12,159 | 13,910 | 13,910 | 14,606 | 15,044 | 15,495 | 15,960 |
| Pro Shop Rental | | 4,250 | 4,250 | 4,250 | 4,250 | 4,250 | 2,790 | 2,790 | 2,790 | 2,790 | 2,790 |
| Transfers In | B | - | 114,500 | 165,000 | 93,000 | - | - | - | - | - | - |
| Total Revenues / Sources | | 1,083,059 | 1,262,148 | 1,335,655 | 1,169,150 | 1,019,173 | 1,017,710 | 1,068,456 | 1,100,426 | 1,133,355 | 1,167,272 |
| Percent Increase | | -1.7% | 16.5% | 5.8% | -12.5% | -12.8% | -0.1% | 5.0% | 3.0% | 3.0% | 3.0% |

| Expenses | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel | C | 639,884 | 664,098 | 732,933 | 805,091 | 818,092 | 873,200 | 909,577 | 950,505 | 998,307 | 1,052,146 |
| Contract Services | D | 85,628 | 127,751 | 136,022 | 138,743 | 163,223 | 157,690 | 159,267 | 160,860 | 162,468 | 164,093 |
| Commodities | | 190,500 | 226,227 | 240,513 | 261,032 | 281,785 | 288,360 | 297,011 | 305,921 | 315,099 | 324,552 |
| Capital Outlay | | 22,015 | 33,210 | 42,404 | 86,239 | 109,300 | 95,700 | 95,700 | 95,700 | 95,700 | 95,700 |
| Admin. Charge | E | 173,380 | 89,500 | 92,200 | 95,000 | 97,900 | 165,750 | 334,815 | 338,163 | 342,390 | 346,670 |
| Debt Service | F | 10,106 | 12,330 | 12,208 | 11,944 | 11,600 | 10,900 | 10,162 | 9,418 | 8,674 | 7,930 |
| Other | G | 71,237 | 139,190 | 125,791 | 110,139 | 120,100 | 100,100 | 100,100 | 100,100 | 100,100 | 100,100 |
| Total Operating Expenses | | 1,192,750 | 1,292,306 | 1,382,071 | 1,508,188 | 1,602,000 | 1,691,700 | 1,906,632 | 1,960,667 | 2,022,739 | 2,091,190 |
| Percent Increase | | -4.0% | 8.3% | 6.9% | 9.1% | 6.2% | 5.6% | 12.7% | 2.8% | 3.2% | 3.4% |

| | | | | | | | | | | | |
|--------------------------------|--|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Working Capital, Beginning | | | | | | (1,108,828) | (1,691,655) | (2,365,645) | (3,203,821) | (4,064,062) | (4,953,445) |
| Net Change | | | | | | (582,827) | (673,990) | (838,176) | (860,241) | (889,384) | (923,918) |
| Working Capital, Ending | | (713,432) | (749,503) | (827,807) | (1,108,828) | (1,691,655) | (2,365,645) | (3,203,821) | (4,064,062) | (4,953,445) | (5,877,364) |

In 2006, the Mayor and Council adopted a five-year business plan intended to help RedGate achieve sufficient revenues in order to pay for course operations, capital outlay, and infrastructure improvements. Recognizing that the financial situation of the Fund is not improving, the Mayor and Council directed staff to research alternative management options. Pending completion of that research, FY 2011 will continue with the business plan, which allows for the administrative charge to be reduced by half.



NOTES:

- A. Revenues are projected to increase by 5% in FY 2012 due to the new point of sale system, and 3% each year starting in FY 2013 due to overall improvements in the economy.
- B. Refers to the transfer from the General Fund to support capital improvements to the course. The General Fund transferred \$372,500 over a three year period in accordance with the business plan.
- C. Personnel is estimated to increase by an average annual 5.1% over the projection period, mainly due to increases in benefits.
- D. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively, while Capital Outlay remains flat over the projection period.
- E. Refers to the transfer to the General Fund, which increased in FY 2011 per the updated Cost Allocation Plan, with 1% increases each year for FY 2012 and FY 2013, and 1.25% increases in FY 2014 and FY 2015. (*Note: as part of the five-year business plan this charge was reduced by half from FY 2007 through FY 2011 for a total RedGate savings of \$540,350. Starting in FY 2012, the full amount will be charged).
- F. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- G. Includes depreciation which is estimated to remain flat.

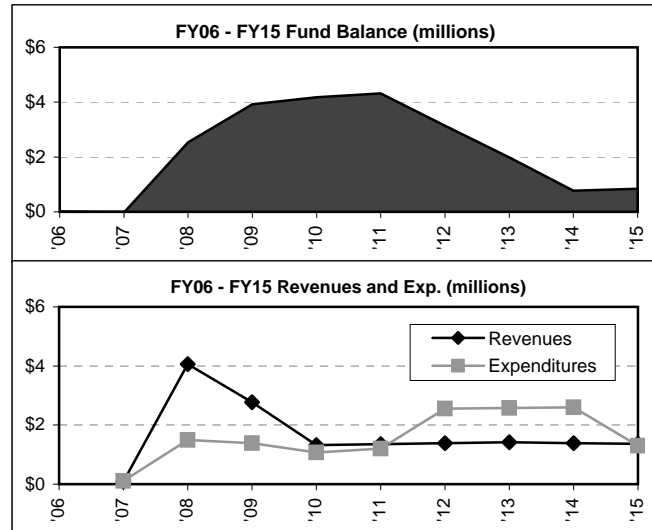
Speed Camera Fund Five-Year Forecast

| Revenues / Sources | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|---------------------------------|------|-------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Speed Camera Citations | A | - | 81,991 | 4,036,564 | 2,756,463 | 1,319,890 | 1,344,000 | 1,344,000 | 1,344,000 | 1,344,000 | 1,344,000 |
| Interest Income / Other | B | - | - | 24,470 | 20,984 | 2,500 | 5,000 | 37,300 | 76,900 | 41,300 | 24,100 |
| Total Revenues / Sources | | - | 81,991 | 4,061,034 | 2,777,447 | 1,322,390 | 1,349,000 | 1,381,300 | 1,420,900 | 1,385,300 | 1,368,100 |
| Percent Increase | | N/A | N/A | 4,853.0% | -31.6% | -52.4% | 2.0% | 2.4% | 2.9% | -2.5% | -1.2% |

| Expenditures | Note | Actual FY06 | Actual FY07 | Actual FY08 | Actual FY09 | Modified FY10 | Adopted FY11 | Estimated FY12 | Estimated FY13 | Estimated FY14 | Estimated FY15 |
|-------------------------------------|------|-------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel | C | - | 48,760 | 158,322 | 343,530 | 433,483 | 395,990 | 412,601 | 431,300 | 453,131 | 477,733 |
| Contract Services | D | - | 38,149 | 1,336,167 | 959,476 | 607,300 | 574,840 | 575,044 | 575,251 | 575,459 | 575,670 |
| Commodities | | - | 2,115 | 4,258 | 22,470 | 32,841 | 11,720 | 12,072 | 12,434 | 12,807 | 13,191 |
| Capital Outlay | | - | 18,855 | - | - | 2,200 | - | - | - | - | - |
| Admin. Charge | E | - | - | - | - | - | 222,320 | 224,543 | 226,789 | 229,623 | 232,494 |
| Other | F | - | - | - | 61,549 | - | - | 1,331,963 | 1,331,963 | 1,331,963 | - |
| Total Operating Expenditures | | - | 107,879 | 1,498,747 | 1,387,025 | 1,075,824 | 1,204,870 | 2,556,223 | 2,577,736 | 2,602,984 | 1,299,088 |
| Percent Increase | | N/A | N/A | 1,289.3% | -7.5% | -22.4% | 12.0% | 112.2% | 0.8% | 1.0% | -50.1% |

| | | | | | | | | | | |
|-----------------------------|---|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|
| Fund Balance, Beginning | - | - | (25,888) | 2,536,398 | 3,926,820 | 4,173,386 | 4,317,516 | 3,142,594 | 1,985,757 | 768,074 |
| Net Change | - | (25,888) | 2,562,287 | 1,390,422 | 246,566 | 144,130 | (1,174,923) | (1,156,836) | (1,217,684) | 69,012 |
| Fund Balance, Ending | - | (25,888) | 2,536,398 | 3,926,820 | 4,173,386 | 4,317,516 | 3,142,594 | 1,985,757 | 768,074 | 837,086 |

The Speed Camera Fund, created in FY 2007, tracks the financial transactions associated with the City's speed camera program. In October 2009, the State passed a law that changes the threshold speed limit from 11 miles per hour to 12 miles per hour, and limits the use of speed cameras in school zones to Monday through Friday from 6:00 am to 8:00 pm. This new law drastically decreased the total number of citations the City issues, thereby decreasing overall program revenues in FY 2011 and future years. This Fund supports 5.5 FTEs (including 2 Police Officers) and several CIP projects dedicated to improving pedestrian and traffic safety.



NOTES:

- A. The projection assumes 2,800 citations paid per month. Revenues are based on a \$40 citation fee which reflects gross revenue to be received.
- B. Interest Income is approximately 1% of the estimated fund balance during the year for FY 2012 and 3% for FY 2013 through FY 2015.
- C. Personnel is estimated to increase by an average annual 5.2% over the projection period, mainly due to 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. Administrative Charges were added to the budget starting in FY 2011 consistent with the results of the updated Cost Allocation Plan. The projection assumes a 1% increase each year for FY 2012 and FY 2013, and 1.25% increase in FY 2014 and FY 2015.
- F. Refers to funding programmed for capital improvements that promote public safety (pedestrian safety, sidewalks, street lighting, etc.).