

City of
Rockville
Get Into It



To the Residents of the City of Rockville

Dear Rockville Resident,

It is my privilege to present to you the City's fifth Popular Annual Financial Report (PAFR) for Fiscal Year 2011 (FY11) (July 1, 2010 – June 30, 2011). The PAFR is designed to increase public confidence in the City government through user-friendly financial reporting.

The FY11 budget was one of the tightest budget years for the City in more than a decade. The FY11 budget contained a reduction of 15.3 Full-Time Equivalent (FTE) positions and significant reductions in contract services, equipment, program supplies, training and travel. Even with these reductions the FY11 General Fund budget was balanced using approximately \$1 million of excess reserve funds.

Although the City began the fiscal year under these constrained circumstances, the measures to reduce spending worked and we ended FY11 in a positive financial position. Revenues came in \$3.3 million higher than adopted and expenditures were less than adopted across all operating funds. Our net assets continued to grow, demonstrating our firm financial position. The City's General Fund, our main operating fund, ended FY11 with a fund balance of \$14.8 million, which represents a 22 percent reserve (our target is 15 percent).

The City's financial management policies and the Mayor and Council's fiscally conservative leadership have enabled us to continue to provide a high level of services to our residents. Based on the FY11 results the City continues to outperform national averages and remains on firm financial footing. From this report we hope you gain a better understanding of the City's overall financial position and how the City's main fund, the General Fund, and the City's enterprise funds performed in FY11.

With my impending retirement this will be my final financial report. I am grateful for the opportunity to work with an outstanding team of public service professionals in serving successfully the residents of Rockville. During FY12 the Mayor and Council will be recruiting a new City Manager who will continue to implement the Mayor and Council's policies and provide day-to-day management of the City government.

Sincerely,

A handwritten signature in black ink that reads "Scott Ullery". The signature is written in a cursive, flowing style.

Scott Ullery,
Rockville City Manager



Rockville is considered one of the nation's leading small cities. Rockville reveres its roots, its commitment to citizen-centric public service, to the environment and to the connection of neighborhoods and residents. Rockville is frequently recognized as one of the best places to live in the nation.

ROCKVILLE'S MISSION STATEMENT:

The City of Rockville provides our residents and customers with premium quality, responsive, high value municipal services. We create and recreate our organization to anticipate and serve the current and future needs of our dynamic community.

ROCKVILLE FORM OF GOVERNMENT:

The City operates under the council-manager form of municipal government. The Mayor and City Council are responsible for establishing City policy and providing direction to the City Manager. The Mayor and Council are a five-member board that includes a mayor and four at-large council members. All are elected every two years.

PAFR DISCLAIMER:

The PAFR includes financial information presented in the City of Rockville's FY11 Comprehensive Annual Financial Report (CAFR) and future information as estimated in the City's FY12 adopted budget. All financial numbers in the PAFR are actual and not estimates unless otherwise noted. Since the PAFR is a summary, it does not comply with the Generally Accepted Accounting Principles (GAAP) requirements. Residents who prefer to review an independently audited GAAP compliant report should review the City's audited CAFR document. The PAFR, CAFR and adopted budget are all available on the City's website at www.rockvillemd.gov/budget. A resident can also call the Finance Department at 240-314-8400 to request a copy of these documents (subject to availability).

CURRENT MAYOR AND COUNCIL AS OF NOVEMBER 2011

(Elected November 2011 to November 2013)

Mayor: Phyllis Marcuccio

Councilmembers: John F. Hall, Jr., Tom Moore, Bridget Donnell Newton, Mark Pierzchala

PREVIOUS MAYOR AND COUNCIL

(Elected November 2009 to November 2011)

Mayor: Phyllis Marcuccio

Councilmembers: John B. Britton, Piotr Gajewski, Bridget Donnell Newton, Mark Pierzchala



CITY PROFILE

The City of Rockville is approximately 13 square miles and is made up of neighborhoods rich in history and diversity. Rockville was incorporated on March 10, 1860. The City has grown considerably from a small community of farmers and shop owners into an urban community with a population upwards of 62,000. The City is located less than 15 miles northwest of Washington, D.C., and serves as the seat for the Montgomery County government.



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Rockville's Form of Government



Rockville Residents

Rockville residents elect a mayor and four at-large council members every two years.



Mayor and Council

The Mayor and Council appoint a City Clerk, City Attorney and City Manager.



Debra Yerg Daniel City Attorney

The City Attorney provides expert legal advice and support to the Mayor and Council and City Staff.



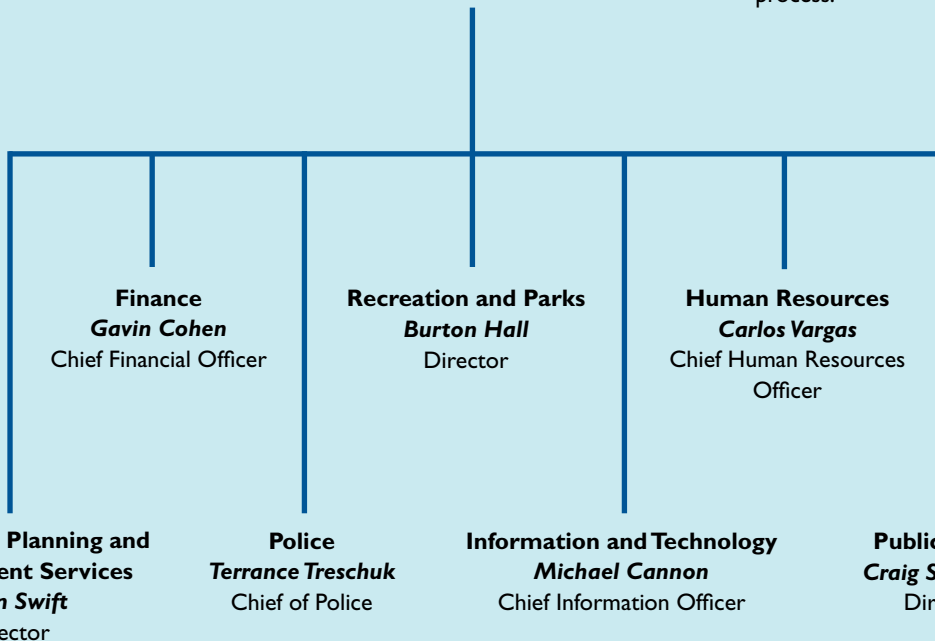
Vacant as of December 2011 City Manager

The City Manager oversees the day-to-day operations of City departments.



Vacant as of October 2011 City Clerk

The City Clerk provides administrative and clerical assistance to the Mayor and Council, and manages the election process.



FINANCIAL HISTORY

FINANCIAL MEASURES (in millions)	FY11	FY10
Net Assets	\$301.3	\$293.5
Total Revenue	\$96.6	\$94.6
Total Expenditures	\$89.0	\$84.9
General Obligation Bonds and Loans Outstanding	\$131.2	\$110.4
Bond Ratings	AAA/Aaa	AAA/Aaa
BUDGETARY MEASURES (in millions)	FY11	FY10
Adopted Budget	\$104.9	\$101.8
Amended Budget	\$116.0	\$99.2
Full Time Employees	539.8	555.1
TAX RATES (per \$100 of assessed value)	FY11	FY10
Real Property Tax Rate	\$0.292	\$0.292
Personal Property Tax Rate	\$0.805	\$0.805
SPECIAL TAXING DISTRICTS		
• Town Square Street and Area Lighting Tax District (residential and commercial)	\$0.116	\$0.105
• Town Square Commercial Tax District (commercial only)	\$1.32	\$1.20
• Town Center Parking District (commercial only)	\$0.33	\$0.30
CITY FACTS	2010 Census	2000 Census
Population	61,209	47,388
# of households	23,686	17,247
Median Age	38.7	37.8
Land Area	13.03 sq miles	13.03 sq miles

Every other year since 2001, households are randomly selected to participate in the Rockville Citizen Survey. The City uses this information to measure our performance over time and it is one of many tools used by the City to solicit feedback from residents. The results of the 2010 study were published during Spring 2011 and...

Eighty-five percent of residents believe the overall City services were "excellent" or "good," fifteen percent said they were "fair" and only one percent said they were "poor."

Ninety-three percent of residents surveyed say the quality of life in Rockville is "good" or "excellent."

In 42 of 57 categories, residents surveyed rated Rockville above the national norm, including the overall quality of life, quality of services and quality of neighborhoods.

Sixty-nine percent of those surveyed indicated that the "Rockville government welcomes citizen involvement," which is much above the national norm.

Eight-seven percent of residents reported feeling safe "in [their] neighborhood during the day."

Eighty-three percent of residents reported feeling safe "in business areas in Rockville during the day."

For additional information on the survey visit: www.rockvillemd.gov/government/citymanager/citizensurvey.htm.

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Broke ground on a **NEW POLICE STATION** on March 28, 2011. The City Police Department was recognized for the 6th time as a **NATIONALLY ACCREDITED LAW ENFORCEMENT AGENCY**.



Received the **ENVIRONMENTAL PROTECTION AGENCY'S 2010 DRINKING WATER STATE REVOLVING FUND (DSWRF) AWARD** for "innovative projects that further the goal of clean and safe water through exceptional planning, management and finance" for the City's Water Treatment Plant.



Finished construction and re-opened the **LAKEWOOD PEDESTRIAN BRIDGE** in August 2010.

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A lot happened in Rockville in 2011. The City was named among the Top 100 Places to Live by Money Magazine and the City...

- > Joined the U.S. Environmental Protection Agency's Green Power Community and launched a **CITYWIDE CHALLENGE TO USE GREEN POWER**.
- > Received a **PRESERVATION AWARD** for the Fallsgrove and College Garden parks for the City's "ongoing commitment to neighborhood beautification, environmentally sensitive design and civic involvement."
- > Was honored during the 22nd annual **ROCKVILLE PUBLIC SAFETY AWARDS** for the excellent work of 14 members of Rockville's Police Department and one member of the Department of Public Works.
- > Was recognized by the Governor's Office of Crime Prevention and Control for overall **CRIME PREVENTION PROGRAMS**.
- > Broke ground on a new **MOTOR VEHICLE MAINTENANCE BUILDING** at the Public Works yard.
- > Broke ground on the **SENIOR CENTER FITNESS ROOM** expansion.
- > Completed major renovation to the **EAST ROCKVILLE PUMPHOUSE**, which is used as a Neighborhood Community Center.
- > Received **THREE MAJOR AWARDS** from the National Association of Telecommunications Officers and Advisors for the Rockville Cable channel's programming.

CITY SERVICE RELATED FACTS

- > Amount of water produced and distributed: **1.31 billion gallons**
- > Sewer lines inspected using closed circuit television camera: **12.8 miles**
- > City street lights maintained: **3,069**
- > Recreation registrations: **Over 28,000**
- > F. Scott Fitzgerald Theatre performances: **144 with over 36,000 attendees**
- > Number of families served through the City's annual Holiday Drive: **600**
- > Amount of single-stream recycling collected: **5,614 tons**
- > Refuse collected: **11,440 tons**
- > Restaurants inspected as part of the Fats, Oils and Grease (FOG) program: **197**
- > Stormwater facilities inspected: **118 private & 164 public**
- > Intersections improved: **63**
- > Residential properties inspected: **More than 3,300**
- > Building permits issued: **3,634**
- > Building construction inspections: **11,125**
- > Development Review applications: **125**
- > Historic District applications: **32**
- > Moderately Priced Dwelling Units (MPDU) certificates reviewed or issued: **473**

GOVERNMENTAL FUNDS



General Fund – Purpose: to support the City’s general or non-enterprise activities. Major FY11 Revenue: property taxes.

Capital Projects Fund – Purpose: to support the Capital Improvements Program (CIP). Major FY11 Revenue: transfer from General Fund and grants and other governmental revenue.

Debt Service Fund – Purpose: to make principal and interest payments on bonds supporting the Capital Projects Fund. Major FY11 Revenue: transfer from General Fund.



Speed Camera Fund – Purpose: to support speed camera operations and pedestrian safety initiatives. Major FY11 Revenue: speed camera violations.

Special Activities Fund – Purpose: to support specific programs as defined by the legal restrictions on the revenue. Major FY11 Revenue: fundraising, community activities and payment-in-lieu programs.

Community Development Block Grant (CDBG) Fund – Purpose: to support non-profit public service providers, repair and renovate housing for low-to-moderate income residents. Major FY11 Revenue: federal grant.

Town Center Management District (TCMD) Fund (This fund will close in FY12) – Purpose: to maintain the Town Center Management District. Major FY11 Revenue: two special district property taxes.

ENTERPRISE FUNDS

Water Fund – Purpose: to support the operating and CIP projects needed to provide safe potable water. Major FY11 Revenue: water usage charges.

Sewer Fund – Purpose: to support the operating and CIP projects needed to collect and transport raw sewage. Major FY11 Revenue: sewer usage charges.



Refuse Fund – Purpose: to support the operating and CIP projects needed to collect recycling and refuse. Major FY11 Revenue: annual recycling and refuse fee.

Stormwater Management (SWM) Fund – Purpose: to support the operating and CIP projects needed to transport rain water. Major FY11 Revenue: annual SWM fee.

Parking Fund (In FY12 the management of the garages will be leased to a private company) – Purpose: to support the operations of the City’s Parking Garages and citywide Parking meter program. Major FY11 Revenue: parking charges and violations.

RedGate Golf Fund (Starting January 2012 the management of the golf course will be leased to a private company) – Purpose: to support the operations of the City’s Golf Course. Major FY11 Revenue: golf fees.

The City of Rockville’s budget is divided into two types: the operating budget and the capital budget.

The operating budget is an annual budget that accounts for the day-to-day costs to provide City services to residents and includes items such as personnel costs, maintenance of City facilities and infrastructure. In FY11 the operating budget was supported by 12 funds: General Fund, Debt Service Fund, Speed Camera Fund, Special Activities Fund, Community Development Block Grant Fund, Town Center Management District (TCMD) Fund, Water Fund, Sewer Fund, Refuse Fund, Stormwater Management (SWM) Fund, Parking Fund and RedGate Golf (Golf) Fund.

The capital budget, the Capital Improvements Program (CIP), is a five year investment plan that maps out how the City will replace, repair or create new infrastructure. This investment can include new buildings or facilities, major on-going maintenance and improvements to current facilities. In FY11 the CIP was supported by 9 funds: Capital Projects Fund, Speed Camera Fund, Special Activities Fund, Water Fund, Sewer Fund, Refuse Fund, SWM Fund, Parking Fund and Golf Fund.

COMPLETED CIP PROJECTS

- Annual Milling and Resurfacing – More than 60 streets were repaved.
- Sidewalk Improvements – 1,730 feet of new sidewalks were installed.
- Water Treatment Plant Rehabilitation – This project, partially funded with a \$1.7 million American Reinvestment and Recovery Act (ARRA) grant, improved energy conservation and rehabilitated aging components of the Water Treatment Plant.
- Water Pipe Replacement – 7,430 linear feet of water main were replaced.
- Sanitary Sewer Repair – 5,850 linear feet of sewer mains were re-lined.
- Woodley Gardens Park Stream Valley Repair – This project was partially funded with a \$998,100 American Reinvestment and Recovery Act (ARRA) loan and included stormwater management improvements to the watershed and supported mandatory compliance with federal regulations.



Every three years the State of Maryland assesses the value of real estate property. The next assessment cycle will begin in January 2012. With over 2 million properties to assess the State divides the region into groups. The City has two groups of properties, group 1 and group 3. Group 1 properties will be reassessed as of January 1, 2013 and group 3 properties will be reassessed as of January 1, 2012.



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The City of Rockville charges residents a real property tax, and charges businesses a real and personal property tax. More than half of all General Fund revenues are derived from property taxes. The amounts charged are based on the City's tax rates and the value of the properties.

Over the past several years the rate of new private development has slowed and most property assessments have decreased. Between FY10 and FY11 the actual assessed real property value decreased by less than one percent to \$11.5 billion. The City estimates that real property assessed values will remain relatively flat between FY11 and FY12.

In FY11 the City's real property tax rate was 29.2 cents per \$100 of real property assessed value. This tax rate has remained the same since FY09 and continues at the same rate for FY12. Prior to FY09, the Mayor and Council reduced the real property tax rate by one cent for three consecutive years (FY07, FY08 and FY09).



CITY OF ROCKVILLE SAMPLE TAX BILL

Rockville residents pay a State, County and City Tax.

DOE, JAYNE 101 PLEASANT DRIVE ROCKVILLE, MD 20850-0001					BILL DATE	
					08/16/2010	
					PROPERTY DESCRIPTION	
					COLLEGE GARDENS	
LOT	BLOCK	DISTRICT	SUB	TAX CLASS	BILL #	ACCOUNT #
5	2	00	000	R050	00000001	00001111
MORTGAGE INFORMATION			PROPERTY ADDRESS		REFUSE AREA	REFUSE UNITS
UNKNOWN			101 PLEASANT DRIVE		R40	1
TAX DESCRIPTION		ASSESSMENT	RATE	TAX/CHARGE	*PER \$100 OF ASSESSMENT	
STATE PROPERTY TAX		253,850	0.112*	284.31		
COUNTY PROPERTY TAX		253,850	0.834*	2,117.10		
ROCKVILLE PROPERTY TAX		253,850	0.292*	741.24	CURRENT YEAR FULL CASH VALUE TAXABLE ASSESSMENT	
SOLID WASTE CHARGE			41.43	41.43	253,850	
ROCKVILLE STORMWATER MGMT FEE				49.20		
TOTAL				3,233.28		
CREDIT DESCRIPTION		ASSESSMENT	RATE	AMOUNT	CONSTANT YIELD RATE INFORMATION	
STATE HOMEOWNER'S CREDIT				-563.22	COUNTY RATE OF 0.699 IS MORE THAN THE CONSTANT YIELD OF 0.6811 BY 0.0179	
STATE HOMESTEAD CREDIT		-53,148	0.112*	-59.53		
COUNTY HOMEOWNER'S CREDIT				-567.02		
COUNTY HOMESTEAD CREDIT		-53,148	0.834*	-443.24		
COUNTY PROPERTY TAX CREDIT				-692.00		
MUNICIPAL HOMEOWNER'S CREDIT				-345.24		
MUNICIPAL HOMESTEAD CREDIT		-53,148	0.292*	-155.19		
ROCKVILLE PROPERTY TAX CREDIT				-100.00		
TOTAL CREDITS				-2,925.44		
Total Annual Amount Due:				307.84		

REAL PROPERTY TAX RELIEF

In FY11 the City provided three forms of real property tax relief to residents: the Homeowner's Tax Credit (Municipal Homeowner's Credit), the Homestead Credit (Municipal Homestead Credit) and the \$100 Income Tax Offset Property Tax Credit (Rockville Property Tax Credit).

TAX CREDIT TITLE ON TAX BILL	AMOUNT	REQUIREMENT/QUALIFICATIONS
Municipal Homeowner's Credit	varies	This program provides tax credits for homeowners based on their household income. Households with gross incomes up to \$85,000 per year and a household net worth of less than \$200,000 (excluding the value of the home and qualified retirement savings) can qualify for tax relief on the first \$400,000 of their homes assessed value. The Senior Property Tax Credit is included in the homeowner's credit and offers an additional 25 percent credit for seniors 70 years or older who are primary homeowners. To receive this credit residents must apply for the Homeowner's Credit and eligibility will automatically be calculated by the Maryland State Department of Assessments and Taxation.
Municipal Homestead Credit	varies	This tax credit assists homeowners who are affected by large property assessment increases, by limiting the assessment increase that can be taxed to 10 percent a year by the State, County and City. The Homestead Tax Credit is not applicable the first year following the purchase of a home. In this new economic environment where property taxes are not increasing as rapidly, this tax credit is significantly decreasing or completely disappearing.
Rockville Property Tax Credit	\$100	This is a one-time \$100 credit given to every owner-occupied household through the State's Income Tax Offset Program. This program was not instituted in FY12.

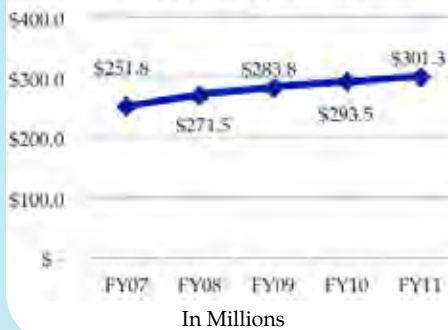


A good measure of the City's overall financial health is the change in net assets. This indicates if the government has sufficient financial capacity to cover unforeseen events. Net assets are the difference between what the City owns (assets) and what the City owes (liabilities) and is similar to a net worth calculation for individuals.

Across all funds the City's net assets increased by \$7.8 million to \$301.3 million, a 2.7 percent increase over FY10. This means that the City's varied revenues across all funds were more than sufficient to cover expenses and the City's net worth increased. Even during this recession net assets have been increasing steadily since FY07.

The City's total assets increased by \$28 million between FY10 (\$418.7 million) and FY11 (\$446.7 million). Total cash and cash equivalents increased by \$13.7 million mainly due to the issuance of new debt. Capital assets increased by \$16.1 million indicating that the City is completing projects and adding to City owned infrastructure.

NET ASSETS HISTORY



CITY OF ROCKVILLE STATEMENT OF NET ASSETS

(as of June 30, 2011 and 2010)

(IN MILLIONS)	GOVERNMENTAL FUNDS		ENTERPRISE FUNDS		TOTAL	
	FY11	FY10	FY11	FY10	FY11	FY10
ASSETS						
Current and other assets	\$51.6	\$39.4	\$14.9	\$15.2	\$66.5	\$54.6
Capital assets	\$247.0	\$238.0	\$133.2	\$126.1	\$380.2	\$364.1
Total assets	\$298.6	\$277.3	\$148.1	\$141.4	\$446.7	\$418.7
LIABILITIES						
Current & other liabilities	(\$2.7)	(\$2.2)	\$12.1	\$12.1	\$9.4	\$10.0
Long-term liabilities	\$55.2	\$41.0	\$80.7	\$74.2	\$136.0	\$115.2
Total liabilities	\$52.6	\$38.8	\$92.8	\$86.3	\$145.4	\$125.2
NET ASSETS						
Invested in capital assets (net of related debt)	\$203.9	\$201.2	\$54.1	\$52.3	\$258.1	\$253.5
Restricted	\$38.8	\$-	\$-	\$-	\$38.8	\$-
Unrestricted	\$3.2	\$37.2	\$1.2	\$2.8	\$4.4	\$40.0
TOTAL NET ASSETS	\$246.0	\$238.5	\$55.3	\$55.1	\$301.3	\$293.5

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The City issues general obligation bonds to raise cash in order to build and improve services and infrastructure. Unlike debt issued to an individual, which can be secured by an asset such as a house, the City's bonds are secured by our ability to raise taxes as needed. The City's financial management policies ensure that we use debt responsibly and sets affordability guidelines. Among other things the policy mandates that we cannot use debt to pay operating or routine maintenance costs, such as employee salaries.

General tax revenues pay for bonds used to support projects funded through the Capital Projects fund, such as a new police station. Bonds issued to support enterprise fund activities are paid by each individual enterprise fund through utility rates and charges.

In FY11 the City issued new long term debt for Capital, Water and Sewer projects. Total bonded debt increased by \$20.8 million or 18.9 percent between FY11 and FY10.

In FY11, the City maintained the highest bond rating from both Standard and Poor's (AAA) and Moody's (Aaa). The City's triple-A rating shows outside investors that the rating agencies are confident in the City's ability to repay our debt, and are comfortable with the stability of our tax base and our future prospects as a community. The triple-A bond rating also saves the City money because we are able to borrow money at a low interest rate.

GENERAL OBLIGATION BONDS AND LOANS OUTSTANDING BY FUND

GOVERNMENTAL ACTIVITIES	FY11	FY10
Capital Projects Fund	\$51.0	\$36.7
ENTERPRISE FUNDS	FY11	FY10
Water Fund	\$23.4	\$20.6
Sewer Fund	\$20.3	\$16.2
Refuse Fund	\$2.2	\$2.6
Parking Fund	\$32.2	\$32.9
Golf Fund	\$0.3	\$0.3
Stormwater Management Fund	\$1.9	\$1.1
TOTAL GO BONDS & LOANS OUTSTANDING	\$131.2	\$110.4

In Millions



At every bond sale the City is evaluated by two nationally recognized credit rating agencies: Moody's Investor Services and Standard and Poor's. The credit rating agencies evaluate Rockville based on four categories: debt burden, management, financial performance and the City's economic base and prospects.

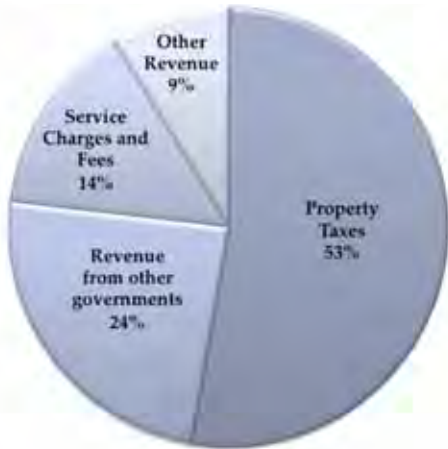




City of Rockville

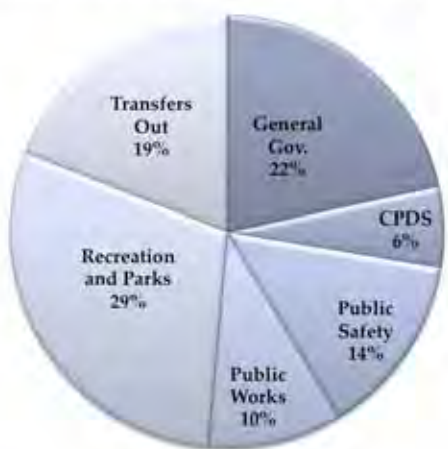
CITY GENERAL FUND

WHERE THE MONEY CAME FROM



In FY11, 77 percent of all General Fund revenue was from property taxes and other governments. Normal City operations accounted for 81 percent of all General Fund expenditures. Transfers from the General Fund to other City funds accounted for 19 percent of all expenditures and included transfers to Debt Service (\$5.2 million), Capital Projects (\$3.9 million), Refuse (\$41,200), Parking (\$1 million) and RedGate Golf (\$2.4 million).

HOW THE MONEY WAS SPENT



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Due to implemented reductions in spending measures the General Fund continued to perform strongly during FY11. At the beginning of FY11 the City planned to use approximately \$1 million in excess reserve funds to close the budget gap created by decreased revenues and increased expenditures. At the end of FY11 the City only needed to use approximately \$560,000 of excess reserves, which was due to higher revenues and lower expenditures than planned.

In FY11 the General Fund spent \$65.8 million to provide City services, including transfers from the General Fund to other City funds. The General Fund received \$65.3 million in revenues. Many revenues came in higher than the adopted budget, including income taxes (\$1.7 million), licenses and building permits (\$744,000) and other revenue (\$434,000). The real property taxes received by the City were \$1 million less than budgeted, due to property tax refunds to residents who appealed their assessments and were owed refunds for several years worth of taxes.

GENERAL FUND FUND BALANCE HISTORY



REVENUES VS. EXPENDITURES



In Millions

The City's enterprise funds support the City's four main utility functions and two competitive services. These funds are generally self-supporting and do not rely on taxes. Services supported by the City's enterprise funds are designed to operate like "small businesses." This means that revenues for these funds are generated by directly charging customers for the services.

In FY11 the City's four utility funds continued to have mixed results. Total revenues equaled or exceeded total expenses for the Refuse fund while the City's Water, Sewer and Stormwater Management (SWM) funds did not generate enough revenues to cover all expenses in FY11.

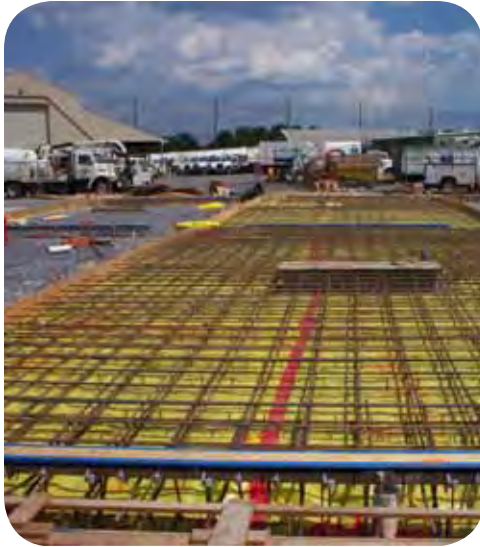
The SWM Fund expenses were planned to exceed revenues as we spend down the working capital balance in the fund. For the Water and Sewer funds the City is planning additional water and sewer rate increases to support the large projects needed to repair the City's water and sewer system infrastructure.

ENTERPRISE FUND TOTAL REVENUES VS. EXPENSES

	FY11	FY10	FY09	FY08	FY07
Water Fund Revenue	\$9.9	\$7.1	\$5.8	\$5.3	\$5.4
Water Fund Expenses	\$10.4	\$7.4	\$7.0	\$6.2	\$5.7
Income (Loss)	(\$0.5)	(\$0.3)	(\$1.2)	(\$0.9)	(\$0.3)
Sewer Fund Revenue	\$7.1	\$6.4	\$6.3	\$6.0	\$6.4
Sewer Fund Expenses	\$7.7	\$6.4	\$6.0	\$6.0	\$5.4
Income (Loss)	(\$0.6)	\$0.0	\$0.3	\$0.0	\$1.0
Refuse Fund Revenue	\$6.0	\$5.5	\$5.6	\$5.5	\$5.2
Refuse Fund Expenses	\$5.6	\$5.0	\$5.1	\$4.9	\$4.7
Income (Loss)	\$0.4	\$0.5	\$0.5	\$0.6	\$0.5
Parking Fund Revenue	\$2.7	\$2.2	\$2.2	\$2.6	\$2.4
Parking Fund Expenses	\$4.0	\$3.4	\$3.4	\$3.8	\$1.8
Income (Loss)	(\$1.3)	(\$1.2)	(\$1.2)	(\$1.2)	\$0.6
SWM Fund Revenue	\$2.7	\$1.9	\$0.8	\$0.9	\$1.2
SWM Fund Expenses	\$3.0	\$2.5	\$1.9	\$1.2	\$2.7
Income (Loss)	(\$0.3)	(\$0.6)	(\$1.1)	(\$0.3)	(\$1.5)
RedGate Golf Fund Revenue	\$0.9	\$1.0	\$1.1	\$1.2	\$1.1
RedGate Golf Fund Expenses	\$1.6	\$1.5	\$1.5	\$1.4	\$1.3
Income (Loss)	(\$0.7)	(\$0.5)	(\$0.4)	(\$0.2)	(\$0.2)



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As stated in the City's financial policies an enterprise fund must meet two main goals:

GOAL #1: Expenses vs. Revenues

The enterprise funds total revenue should equal or exceed total expenses. The exception in the financial management policies is for enterprise funds where the City is not the sole provider, which include the City's Parking and RedGate Golf funds. Under these circumstances fees and rates must cover operating costs.

GOAL #2: Required Reserve Levels

Each enterprise fund must maintain working capital balances of 90 days of operating expenses as reserves. The City's Refuse Fund is an exception and it must maintain as reserves a working capital balance of 30 days. Although the Parking and RedGate Golf Funds do not have a reserve requirement formally stated in the financial management policies, in practice staff aims to maintain a 30-day working capital balance in these two funds.

It is acceptable in any one year for expenses to exceed revenues as long as there are sufficient reserves in place.

The City's two competitive enterprise funds, Parking and RedGate Golf, also struggled to generate sufficient revenues to cover total annual expenses.

The Parking Fund's operating revenues exceeded operating expenses; however, revenues did not cover the total expenses for the year. In FY12, our current fiscal year, the City entered into a long-term lease of the Town Center parking garages with Street Retail, Inc. which is owned by Federal Realty Investment Trust (FRIT). Street Retail will be responsible for setting parking fees, capital improvements and operations of the garages. The lease agreement will relieve some of the City's financial responsibility of the garages, while still allowing the City to have complete control over other parking related activities.

The RedGate Golf Fund's operating revenues did not exceed operating expenses in FY11. The City entered into a 10-year operating lease of the RedGate Municipal Golf Course with Billy Casper Golf, which will start no later than Jan. 1, 2012. Billy Casper Golf will be responsible for operating and performing capital improvements to the golf course.

REPORT CARD

	FY11	FY10	FY09	FY08	FY07
GOAL #1 EXPENSES VS. REVENUES					
Water Fund	✗	✗	✗	✗	✗
Sewer Fund	✗	✓	✓	✓	✓
Refuse Fund	✓	✓	✓	✓	✓
Parking Fund	✓	✓	✓	✓	✓
SWM Fund	✗	✗	✗	✗	✗
RedGate Golf Fund	✗	✗	✗	✗	✗
GOAL #2 REQUIRED RESERVE LEVELS					
Water Fund	✗	✗	✓	✗	✗
Sewer Fund	✗	✗	✗	✓	✓
Refuse Fund	✓	✓	✓	✓	✓
Parking Fund	✓	✓	✓	✓	✓
SWM Fund	✓	✓	✓	✓	✓
RedGate Golf Fund	✗	✗	✗	✗	✗



The Government Finance Officers Association of the United States and Canada (GFOA) has given an



award for Outstanding Achievement in Popular Annual Financial Reporting to the City Of Rockville for its Popular Annual Financial Report for the fiscal year ended June 30, 2010. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



In order to receive an award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.



We believe our current report continues to conform to Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



POPULAR ANNUAL FINANCIAL REPORT > FY 2011




Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Rockville Maryland

for the Fiscal Year Ended

June 30, 2010



Linda C. Davison
President

Jeffrey L. Esser
Executive Director

2011

Popular Annual Financial Report



City of
Rockville
Get Into It

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