

Third Quarter FY 2025 Financial Report

Category	Current Year (in thousands)				Prior Yr. (in thousands)		
	FY25 Adp.	FY25 Amd.	Actual 3/31/25	% Amd.	Actual 6/30/24	Actual 3/31/24	% Act.
Revenue							
Property Taxes	49,060	49,060	48,181	98%	46,786	45,908	98%
From Other Gov't.	35,415	37,209	24,581	66%	34,764	22,494	65%
Fines/Forfeitures	2,010	2,722	2,407	88%	3,505	2,725	78%
Use of Money/Property	1,679	2,179	2,531	116%	3,414	2,307	68%
Charges for Services	7,988	8,055	6,969	87%	9,122	6,556	72%
Licenses/Permits	4,790	4,790	3,317	69%	4,021	2,334	58%
Other Revenue	8,140	8,140	4,777	59%	9,755	6,228	64%
Total Revenue (\$)	109,082	112,156	92,764	83%	111,367	88,551	80%
Expenditures							
Personnel	65,008	66,032	50,062	76%	60,483	45,300	75%
Operating	20,387	23,847	14,267	60%	17,099	11,480	67%
Capital Outlay	3,536	6,522	1,963	30%	4,829	1,412	29%
Other	5,228	5,228	3,005	57%	4,684	2,638	56%
CIP Transfer	9,300	12,974	9,730	75%	12,790	9,142	71%
Transfers Out	5,553	6,381	4,785	75%	5,680	4,290	76%
Total Expenditures (\$)	109,012	120,983	83,812	69%	105,563	74,263	70%

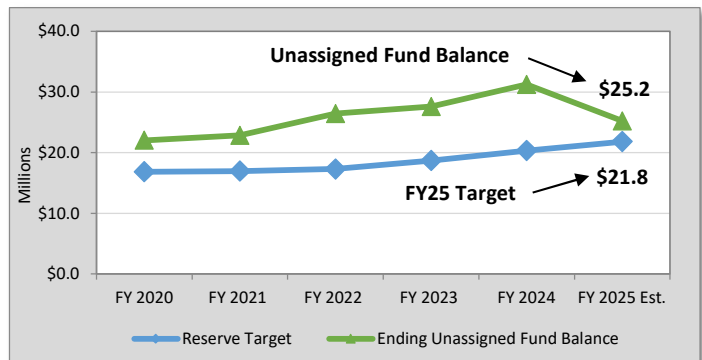
General Fund Summary

The FY25 amended budget in this report reflects adjustments included on the August, October, and February budget amendments. June budget amendment adjustments will be shown on the 4Q report but are discussed as applicable throughout the report.

General Fund revenues are ahead of estimates, with investment earnings (**Use of Money/Property**) and recreation program fees (**Charges for Services**) both exceeding end of year estimates as of the end of 3Q. General Fund expenditures are in line with estimates and prior year spending patterns.

General Fund Unassigned Fund Balance

The FY25 estimated ending unassigned fund balance equals \$25.2 million, which is \$3.4 million above the FY25 target. This amount factors in the funds committed on the FY26 adopted budget ordinance totaling just over \$2 million for a subsidy to the Housing Opportunities Fund sub-account (\$750,000), a Green Space Management Plan (\$280,000), a contribution to the Rockville Volunteer Fire Department for the purchase of a new vehicle (\$250,000), and a transfer to the Capital Projects Fund for the construction of the Senior Center Entrance (TA24) CIP project (\$800,000). This funding will be appropriated on the first budget amendment of FY26.



General Fund Contingency Status

Per the city's Financial Management Policies, contingency funds are available for unanticipated, unbudgeted expenditures of a non-recurring nature and/or unexpected cost increases.

General Fund Contingency Usage through 3Q	Amount
Adopted FY25 General Fund Contingency	350,000
Replacement of postage meter	(25,700)
Supplemental funding for gun buyback	(2,000)
Lobbying contract increase	(8,000)
Furniture for City Manager's Office	(22,210)
Time to Care Act MML Collaborative	(10,000)
Executive recruitment	(40,000)
Election review consultant	(60,000)
Outside legal services	(543,417)
SBITA savings	361,327
FY25 Contingency Remaining (\$) *	-

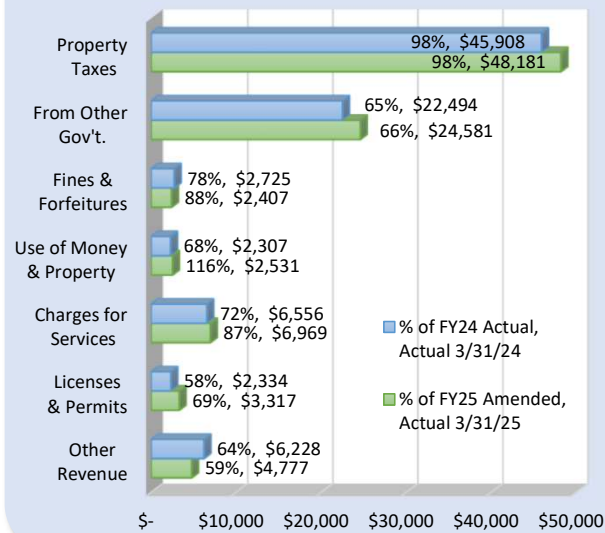
*Spending for outside legal services exceeded available contingency by \$361,327, supported by SBITA savings.

Unspent Personnel Funds

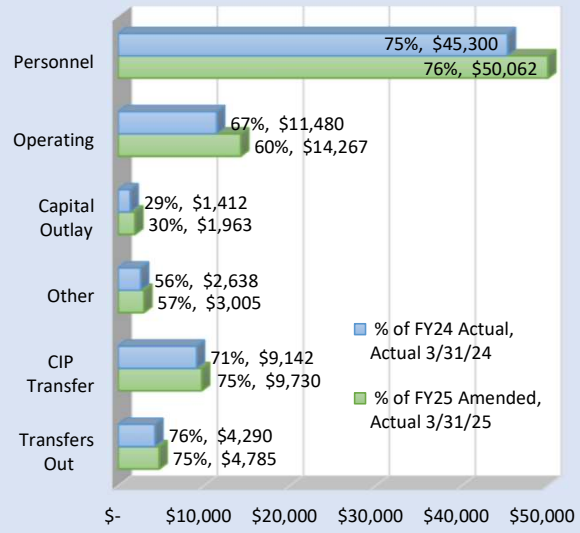
Unspent funds related to vacant General Fund positions are tracked and reported quarterly, along with any uses of these funds outside of routine personnel adjustments. Historically, in addition to vacancy-related costs, these funds have been used for weather-related needs such as snow removal.

Unspent Personnel Funds	3Q Only	YTD FY25
Gross unspent funds from vacancies	529,308	1,937,927
Vacancy-related (costs)/savings	(432,627)	(1,325,501)
Net Unspent Funds	96,681	612,426
<i>Uses of Net Unspent Funds</i>		
Sworn police pay increase	-	(231,035)
Holiday employee gift cards	-	(56,673)
Snow and ice removal	(84,712)	(84,712)
Net Unspent Funds Remaining (\$)	11,969	240,006

General Fund Revenues (in thousands)



General Fund Expenditures (in thousands)



General Fund Revenues by Category

Property Taxes totaled \$48.2 million, or 98% of the amended budget. The majority of property tax revenue is received in 2Q.

Revenue **From Other Governments** totaled \$24.6 million, or 66% of the amended budget. Income tax revenue is included in this category and totaled \$12 million through 3Q, approximately \$136,000 higher than 3Q FY24.

Revenue from **Fines & Forfeitures** totaled \$2.4 million for 3Q, or 88% of the amended budget. The main revenue source in this category is redlight camera citations. This revenue source was adjusted on the February budget amendment due to higher than budgeted citations and resulting citation revenue.

Use of Money & Property revenue totaled \$2.5 million, or 116% of the amended budget due to investment earnings, which have exceeded amended estimates by over \$600,000 as of 3Q. While it is not necessary to amend the budget to recognize this increase, this overage will contribute to an increase in unassigned General Fund balance at the close of FY25.

Charges for Services revenue totaled \$7 million, or 87% of the amended budget. Recreation revenues make up the majority of this category and have exceeded estimates. The June budget amendment recommends an adjustment to Swim and Fitness Center program fees to recognize increased program participation and fund additional supporting temporary employee spending. Additional revenue beyond the amended budget will contribute to an increase in unassigned General Fund balance at the close of FY25.

Licenses & Permits revenue totaled \$3.3 million, or 69% of the amended budget. The majority of revenue in this category comes from rental licenses and building permits. Rental license revenue has increased significantly compared to 3Q FY24, while building permit revenue remained relatively flat.

Other Revenue totaled \$4.8 million, or 59% of the amended budget. The majority of the revenue in this category comes from administrative charges to other funds for overhead costs. These charges are recorded quarterly. Revenue in this category was higher in FY24 due to a one-time return of workers compensation collateral.

General Fund Expenditures by Category

Personnel spending totaled \$50.1 million, or 76% of the total amended personnel budget. Overtime spending increased by 21% compared to FY24, with the majority of the increase coming from the Police Department. The June budget amendment includes an overfill authorization for two additional police officer positions, funded from personnel savings. As the Police Department returns to full staffing levels overtime spending should decrease.

Operating expenditures totaled \$14.3 million, or 60% of the amended operating budget. This category includes services and commodities, including utilities. Spending varies throughout the year based on payment timing and need.

Capital Outlay expenditures totaled \$2 million, or 30% of the amended budget. This funding covers one-time equipment purchases including vehicle replacements, and varies from year to year based on needs and replacement schedules.

Other expenditures totaled \$3 million, or 57% of the amended budget. This category includes the city's outside agency grants and contribution to REDI, as well as lease agreements.

The **CIP Transfer** totaled \$9.7 million for 3Q. The transfer to the CIP is expended quarterly based on the amended budget.

The **Transfers Out** category totaled \$4.8 million for 3Q. This category includes transfers to the Parking, Debt Service, Refuse (for RHE refuse bills), and Special Activities funds. These transfers are expended quarterly based on the amended budget.

WATER FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY25	FY25	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/25	Amd.	6/30/24	3/31/24	Act.
Total Revenue (\$)	14,453	14,453	8,460	59%	13,841	8,441	61%
<i>Expenses</i>							
Personnel	4,622	4,689	3,594	77%	4,487	3,438	77%
Operating ¹	3,729	3,890	2,310	59%	3,340	2,396	72%
Capital Outlay ¹	752	1,054	490	47%	416	112	27%
Admin/Other/Interest	6,724	6,724	1,749	26%	6,225	1,568	25%
Total Expenses (\$)	15,828	16,357	8,143	50%	14,468	7,514	52%

Water Fund revenue through 3Q was roughly equal to 3Q FY24.

The June budget amendment includes an adjustment for an arbitrage liability payment due to slower than planned spending of bond proceeds. A large portion of Water Fund spending occurs in the multi-year CIP.

SEWER FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY25	FY25	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/25	Amd.	6/30/24	3/31/24	Act.
Total Revenue (\$)	15,547	15,573	8,868	57%	15,830	9,463	60%
<i>Expenses</i>							
Personnel	2,327	2,363	1,632	69%	2,154	1,613	75%
Operating ¹	4,736	5,598	3,842	69%	4,654	3,521	76%
Capital Outlay ¹	414	758	496	65%	558	277	50%
Admin/Other/Interest	7,698	7,698	1,211	16%	7,614	1,202	16%
Total Expenses (\$)	15,175	16,417	7,182	44%	14,979	6,612	44%

Sewer Fund revenue through 3Q is less than 3Q FY24, with the biggest difference in utility fees.

The June budget amendment includes an adjustment for an arbitrage liability payment due to slower than planned spending of bond proceeds, as well as an increase to Blue Plains operating costs and an adjustment to depreciation. A large portion of Sewer Fund spending occurs in the CIP and goes toward the city's capital contribution to the Blue Plains Wastewater Treatment Facility.

REFUSE FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY25	FY25	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/25	Amd.	6/30/24	3/31/24	Act.
Total Revenue (\$)	7,626	7,626	7,718	101%	7,553	7,372	98%
<i>Expenses</i>							
Personnel	3,790	3,847	2,625	68%	3,375	2,517	75%
Operating ¹	2,424	2,424	1,348	56%	2,176	1,445	66%
Capital Outlay ¹	846	991	2	0%	1,118	822	73%
Admin/Other/Interest	1,843	1,843	1,030	56%	1,765	976	55%
Total Expenses (\$)	8,903	9,105	5,005	55%	8,434	5,760	68%

The majority of refuse revenue is received during 2Q, as it is collected through property tax bills.

Operating costs through 3Q are lower compared to FY24 mainly due to lower than budgeted dump fees as well as less spending on refuse fleet repairs. The capital outlay budget includes funds for replacement vehicles which are on order but have not yet been received.

¹Capital outlay purchases and operating leases with useful lives of more than five years are capitalized and depreciated or amortized in accordance with Generally Accepted Accounting Principles (GAAP). The City's financial statements reflect this adjustment, whereas this report shows the actual expense. As a result, the prior year actuals shown on this report in enterprise funds will differ from the financial statements in the amount of the cost of any capitalized assets or leases.

SWM FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY25	FY25	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/25	Amd.	6/30/24	3/31/24	Act.
Total Revenue (\$)	7,319	7,319	6,076	83%	6,912	6,331	92%
<i>Expenses</i>							
Personnel	3,127	3,173	2,300	72%	2,762	2,082	75%
Operating ¹	1,243	1,283	547	43%	1,233	494	40%
Capital Outlay ¹	128	150	2	1%	109	88	81%
Admin/Other/Interest	2,561	2,665	832	31%	2,437	886	36%
Total Expenses (\$)	7,058	7,272	3,682	51%	6,542	3,550	54%

The majority of the city's SWM fee revenue is received during 2Q, as it is collected through property tax bills. Total SWM Fund revenue is lower compared to FY25 due to a decrease in waiver fees due to delays in development projects.

The capital outlay budget includes funds for a vehicle and major equipment which are on order but have not yet been received. A large portion of SWM Fund spending occurs in the multi-year CIP.

PARKING FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY25	FY25	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/25	Amd.	6/30/24	3/31/24	Act.
Total Revenue (\$)	2,792	2,792	1,720	62%	2,689	1,752	65%
<i>Expenses</i>							
Personnel	329	334	221	66%	302	235	78%
Operating ¹	144	144	77	53%	108	74	68%
Capital Outlay ¹	0	0	0	0%	0	0	0%
Admin/Other/Int.	1,624	1,624	350	22%	1,576	359	23%
Total Expenses (\$)	2,097	2,102	648	31%	1,987	668	34%

The General Fund transfer to the Parking Fund totaled \$750,000 for 3Q, compared to \$885,000 in FY24. Parking Fund revenue in total is lower compared to FY24 due to several vacancies earlier in FY25 that resulted in a temporary decrease in issued citations and resulting revenue from fines and violations.

Personnel spending is under budget due to Parking Enforcement Officer vacancies earlier in FY25. These

vacancies contributed to the drop in revenue discussed above, as well as a decrease in operating costs which are tied to the number of issued citations.

Capital Improvements Program (CIP) Transfers, All Funds

The City's Financial Management Policies allow the City Manager to approve transfers of unspent project appropriations between capital projects within the same fund. These transfers will always net to zero, as any change in total appropriation by fund must be approved by the Mayor and Council through an appropriations ordinance. Any transfers between projects during the reporting period are shown below.

3Q CIP Transfers	Amount (\$)	Fund	Reason for Transfer
Pedestrian Bridge Replacement: Horizon Hill (RB22)	52,000	Capital Projects Fund	Additional funds needed to award design
King Farm Farmstead Fire Suppression (RB21)	(27,000)		Projects are substantially complete and have savings available
Promenade Park Elevator Replacement (RD21)	(25,000)		

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