

## Third Quarter FY 2026 Financial Report

Category	Current Year (in thousands)				Prior Yr. (in thousands)		
	FY26 Adp.	FY26 Amd.	Actual 3/31/26	% Amd.	Actual 6/30/25	Actual 3/31/25	% Act.
<b>Revenue</b>							
Property Taxes	51,610	51,610	50,438	98%	48,671	48,181	99%
From Other Gov't.	37,755	38,081	26,407	69%	39,461	24,581	62%
Fines/Forfeitures	2,234	2,234	2,045	92%	3,528	2,407	68%
Use of Money/Property	2,131	2,131	1,673	79%	3,744	2,531	68%
Charges for Services	8,967	9,187	7,653	83%	9,421	6,969	74%
Licenses/Permits	5,069	5,069	3,130	62%	4,011	3,317	83%
Other Revenue	9,322	9,342	5,266	56%	15,095	4,777	32%
<b>Total Revenue (\$)</b>	<b>117,088</b>	<b>117,653</b>	<b>96,613</b>	<b>82%</b>	<b>123,931</b>	<b>92,764</b>	<b>75%</b>
<b>Expenditures</b>							
Personnel	70,298	70,518	53,308	76%	65,572	50,062	76%
Operating	18,405	20,202	11,609	57%	21,442	14,267	67%
Capital Outlay	4,546	6,368	1,993	31%	12,021	1,963	16%
Other	7,827	8,460	5,491	65%	5,533	3,005	54%
CIP Transfer	9,800	10,600	8,150	77%	12,974	9,730	75%
Transfers Out	5,063	5,913	4,273	72%	6,461	4,785	74%
<b>Total Expenditures (\$)</b>	<b>115,940</b>	<b>122,061</b>	<b>84,823</b>	<b>69%</b>	<b>124,002</b>	<b>83,812</b>	<b>68%</b>

GENERAL FUND

### General Fund Summary

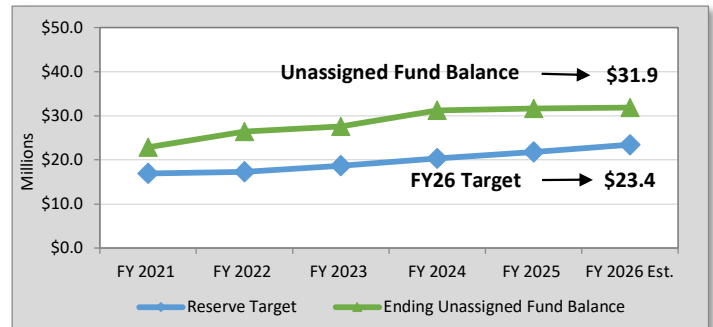
The FY26 amended budget in this report reflects adjustments included on the August, November and March budget amendments. June budget amendment adjustments will be shown on the 4Q report. Staff is recommending this amendment utilize \$4 million of General Fund unassigned fund balance to increase the transfer to the CIP to support the FY27-FY31 adopted CIP budget.

Staff addressed a significant snow and ice event in 3Q through the use of unspent personnel funds, creating a negative balance for 3Q. Staff anticipate 4Q savings will offset this amount.

### General Fund Unassigned Fund Balance

The FY26 estimated ending unassigned fund balance equals \$31.9 million, which is \$8.4 million above the FY26 target. The June amendment utilizes \$4 million of this balance to increase the General Fund transfer to the CIP in support of the FY27-FY31 adopted Capital Improvements Program budget.

In accordance with the city's Financial Management Policies, the Mayor and Council may appropriate unassigned reserves in excess of the reserve target for one-time projects and capital needs.



### 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.

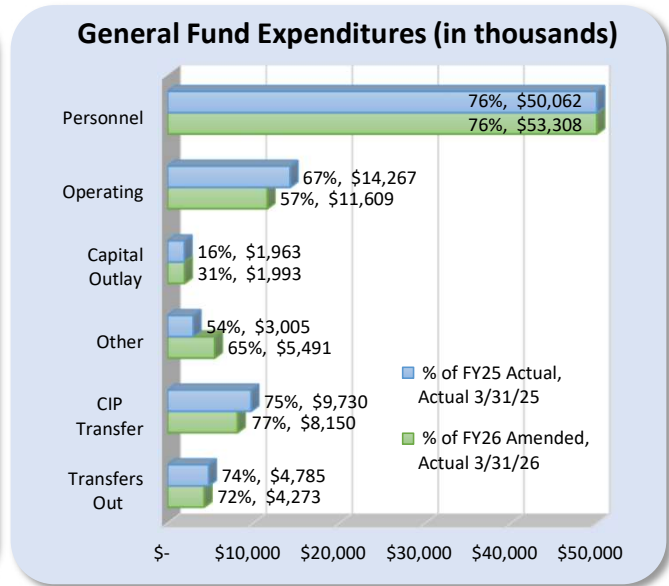
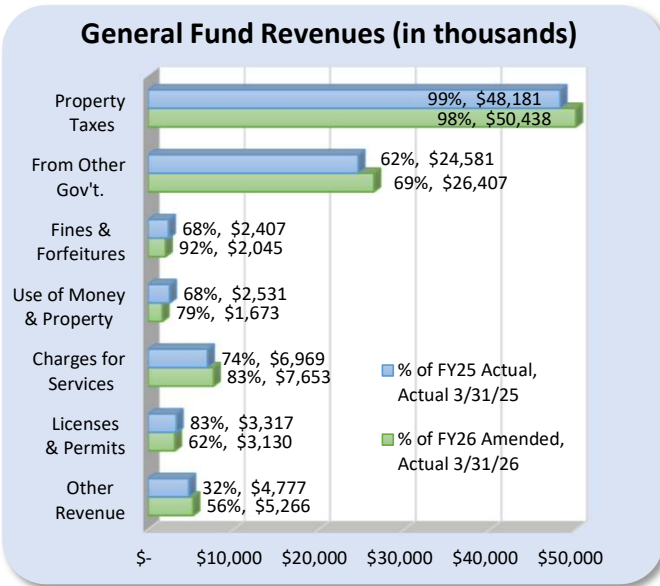
General Fund Contingency Usage through 3Q	Amount
Adopted FY26 General Fund Contingency	350,000
Badging system at Fleet Services Building	(31,800)
Additional funds for Housing Needs Assessment	(15,000)
Economic Development Strategic Plan	(80,000)
Furniture for relocated CPDS staff	(15,500)
<b>FY26 Contingency Remaining (\$)*</b>	<b>207,700</b>

\*In addition to the uses listed above, as of 5/18/26, \$14,375 has been utilized for an Economic Development Strategic Plan, \$1,872 for legal fees associated with executive separation, and \$17,200 for the JEDI Strategic Plan, bringing the remaining contingency balance to \$174,253.

### 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 FY26
Gross unspent funds from vacancies	777,318	1,983,146
Vacancy-related (costs)/savings	(180,521)	(1,059,913)
<b>Net Unspent Funds</b>	<b>596,797</b>	<b>923,233</b>
<i>Uses of Net Unspent Funds</i>		
Holiday Bonus	-	(44,325)
Procurement Temp Employee	(34,000)	(34,000)
Snow & Ice Removal	(982,286)	(982,286)
<b>Net Unspent Funds Remaining (\$)</b>	<b>(419,489)</b>	<b>(137,378)</b>



### General Fund Revenues by Category

**Property Taxes** totaled \$50.4 million, or 98% of budget. The majority of property tax revenue is received in 2Q.

Revenue **From Other Governments** totaled \$26.4 million, an increase over FY25. The largest revenue source in this category is income tax, which totaled \$13.8 million compared to \$12.0 million for FY25. Staff estimates that this revenue source will end the year at approximately \$22.8 million, or \$1.6 million over the original \$21.2 million estimate.

Revenue from **Fines & Forfeitures** totaled \$2 million, lower than 3Q FY25, but still higher than budgeted estimates. The main revenue source in this category is redlight camera citations. The June amendment includes an increase for this revenue source due to higher than budgeted citations and resulting revenue.

**Use of Money & Property** revenue totaled \$1.7 million, lower than 3Q FY25 mainly due to a decrease in investment earnings and a one-time cable revenue adjustment that was received in early FY25.

**Charges for Services** revenue totaled \$7.7 million, ahead of 3Q FY25, due to recreation program and membership revenues, admissions fees at the newly renovated outdoor recreation pool at the Rockville Swim and Fitness Center, and police community support revenue for the hire of off-duty officers by the recently opened Wegmans, with related overtime expenditures.

**Licenses & Permits** revenue totaled \$3.1 million, about \$0.2 million lower than 3Q FY25, primarily due to lower than expected rental license revenues.

**Other Revenue** totaled \$5.3 million. The majority of revenue in this category comes from administrative transfers from other funds. The June amendment includes an administrative adjustment to account for year-end SBITA and lease estimates.

### General Fund Expenditures by Category

**Personnel** spending totaled \$53.5 million, or 76% of the total personnel budget. Spending to date includes the city's annual pension contribution payment.

**Operating** expenditures totaled \$11.6 million, or 57% of budget. Software subscriptions, which were included in this category in FY25, were moved to the Other category for FY26, resulting in a decrease in this category and an increase in the Other category for 3Q FY26. The June budget amendment includes an increase to the redlight camera program to support the higher than budgeted volume of citations and associated costs.

**Capital Outlay** expenditures totaled \$2 million, or 31% of 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 \$5.5 million, or 65% of budget. This category includes the city's community services and enrichment grants and contribution to REDI, lease agreements, and, in FY26, software subscriptions. Software subscriptions moved to this category from the Operating category for FY26, resulting in an increase in Other and decrease in Operating. The June amendment includes a revenue-supported administrative adjustment to account for year-end SBITA and lease estimates.

The **CIP Transfer** totaled \$8.2 million for 3Q. This transfer is expended quarterly based on the amended budget. The June budget amendment includes an additional \$4 million transfer to the CIP to support the adopted FY27-FY31 CIP budget.

The **Transfers Out** category totaled \$4.3 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)		
	FY26	FY26	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/26	Amd.	6/30/25	3/31/25	Act.
<b>Total Revenue (\$)</b>	<b>15,711</b>	<b>15,711</b>	<b>9,730</b>	<b>62%</b>	<b>14,906</b>	<b>8,460</b>	<b>57%</b>
<i>Expenses</i>							
Personnel	4,874	4,982	3,981	80%	4,601	3,594	78%
Operating <sup>1</sup>	3,635	4,603	2,398	52%	3,390	2,310	68%
Capital Outlay <sup>1</sup>	854	1,404	569	41%	479	490	102%
Admin/Other/Interest	6,952	6,953	2,040	29%	6,904	1,749	25%
<b>Total Expenses (\$)</b>	<b>16,315</b>	<b>17,942</b>	<b>8,989</b>	<b>50%</b>	<b>15,375</b>	<b>8,143</b>	<b>53%</b>

The majority of Water Fund revenue comes from user charges collected throughout the year. 3Q FY26 revenues are ahead of 3Q FY25 primarily due to increased revenue from user charges.

Operating spending is higher than 3Q FY25 but appears under budget due to payment timing for major repair work and water purchases related to water main breaks.

The capital outlay budget includes funding to address a water meter backlog and planned Water Treatment Plant equipment replacement. The timing of spending in this category varies from year to year based on lead times.

A large portion of Water Fund spending occurs in the multi-year CIP.

**SEWER FUND**

	Current Year (in thousands)				Prior Year (in thousands)		
	FY26	FY26	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/26	Amd.	6/30/25	3/31/25	Act.
<b>Total Revenue (\$)</b>	<b>15,982</b>	<b>15,982</b>	<b>9,968</b>	<b>62%</b>	<b>16,269</b>	<b>8,868</b>	<b>55%</b>
<i>Expenses</i>							
Personnel	2,352	2,352	1,635	70%	2,080	1,632	78%
Operating <sup>1</sup>	5,258	5,398	3,854	71%	5,525	3,842	70%
Capital Outlay <sup>1</sup>	56	225	169	75%	614	496	81%
Admin/Other/Interest	7,871	7,872	1,266	16%	7,935	1,211	15%
<b>Total Expenses (\$)</b>	<b>15,536</b>	<b>15,846</b>	<b>6,924</b>	<b>44%</b>	<b>16,154</b>	<b>7,182</b>	<b>44%</b>

The majority of Sewer Fund revenue comes from user charges collected throughout the year. 3Q FY26 revenues are ahead of 3Q FY25, primarily due to utility fees.

The June budget amendment includes additional funding needed for Blue Plains operating costs.

Capital outlay costs are lower compared to 3Q FY25 due to the vehicle replacement schedule and lower spending on equipment.

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)		
	FY26	FY26	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/26	Amd.	6/30/25	3/31/25	Act.
<b>Total Revenue (\$)</b>	<b>8,131</b>	<b>8,131</b>	<b>8,140</b>	<b>100%</b>	<b>7,903</b>	<b>7,718</b>	<b>98%</b>
<i>Expenses</i>							
Personnel	3,990	3,990	2,799	70%	3,309	2,625	79%
Operating <sup>1</sup>	2,275	2,275	1,425	63%	2,081	1,348	65%
Capital Outlay <sup>1</sup>	460	1,485	1,204	81%	2	2	100%
Admin/Other/Interest	2,034	2,034	1,165	57%	1,945	1,030	53%
<b>Total Expenses (\$)</b>	<b>8,759</b>	<b>9,783</b>	<b>6,592</b>	<b>67%</b>	<b>7,337</b>	<b>5,005</b>	<b>68%</b>

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

Capital outlay costs are significantly higher compared to FY25 due to the vehicles that were ordered in FY25 but were not received until FY26. The funding for these vehicles is included in the FY26 amended budget.

<sup>1</sup>Capital 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)		
	FY26	FY26	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/26	Amd.	6/30/25	3/31/25	Act.
<b>Total Revenue (\$)</b>	<b>7,296</b>	<b>7,296</b>	<b>6,672</b>	<b>91%</b>	<b>7,119</b>	<b>6,076</b>	<b>85%</b>
<i>Expenses</i>							
Personnel	3,383	3,383	2,369	70%	2,984	2,300	77%
Operating <sup>1</sup>	1,269	1,287	439	34%	1,068	547	51%
Capital Outlay <sup>1</sup>	309	477	122	26%	16	2	13%
Admin/Other/Interest	2,664	2,881	893	31%	2,567	832	32%
<b>Total Expenses (\$)</b>	<b>7,626</b>	<b>8,028</b>	<b>3,823</b>	<b>48%</b>	<b>6,635</b>	<b>3,682</b>	<b>55%</b>

The majority of the city's SWM fee revenue is received during 2Q, as it is collected through property tax bills. Revenue from permitting activity increased compared to 3Q FY25 based on the timing and size of development projects.

Operating costs appear low compared to FY25 due to the timing of projects and payments while capital outlay appears high due to timing of vehicle replacement. A large portion of SWM Fund spending occurs in the multi-year CIP.

PARKING FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY26	FY26	Actual	%	Actual	Actual	%
	Adp.	Amd.	3/31/26	Amd.	6/30/25	3/31/25	Act.
<b>Total Revenue (\$)</b>	<b>2,927</b>	<b>2,927</b>	<b>1,809</b>	<b>62%</b>	<b>2,928</b>	<b>1,720</b>	<b>59%</b>
<i>Expenses</i>							
Personnel	350	350	278	79%	303	221	73%
Operating <sup>1</sup>	98	129	67	52%	124	77	62%
Capital Outlay <sup>1</sup>	0	0	0	0%	0	0	0%
Admin/Other/Int.	1,646	1,646	376	23%	1,671	350	21%
<b>Total Expenses (\$)</b>	<b>2,094</b>	<b>2,125</b>	<b>721</b>	<b>34%</b>	<b>2,098</b>	<b>648</b>	<b>31%</b>

The General Fund transfer to the Parking Fund totaled \$956,250 for 3Q, compared to \$885,000 in FY25.

Revenue from parking meter violations and other fines increased by \$346,388 compared to 3Q FY25 due to low parking enforcement staffing levels in early FY25. Meanwhile, County grant revenue was not received by 3Q, causing revenue to appear relatively flat.

Personnel spending appears high compared to FY25 due to the lower staffing levels in FY25, while operating costs appear low compared to FY25 due to the shifting of software costs from operating to other costs.

### 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
King Farm Farmstead Electric Infrastructure (RB23)	(150,000)	Capital Projects Fund	Project near completion with leftover contingency funds
David Scull Park Improvement (RA19)	150,000		Additional funding needed for updated scope including pavilion with restroom connected to city water

<sup>1</sup>Capital 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.