

TPB Enhanced Mobility Program Application: **TWO-YEAR CAPITAL or MOBILITY MGT BUDGET**

Project Name:

Organization Name: **City of Rockville**



<u>BUDGET LINE ITEMS</u>	Round down		Round up	NUMBER JUSTIFICATION Explain how you calculated the figures-- show the math used.	SOURCE OF MATCH Cash on Hand, general revenue, outside resources, other
	TOTAL BUDGET	FTA FUNDS Requested (80%)	RECIPIENT FUNDS (Match-20%)		
Design	100,000.00	80,000.00	20,000.00	Based on design of previous projects	General Revenue
Equipment	110,000.00	88,000.00	22,000.00	Based on existing and former contracts	General Revenue
Construction	285,000.00	228,000.00	57,000.00	Based on previous projects and existing contracts	General Revenue
TOTALS	495,000.00	396,000.00	99,000.00		



Enhanced Mobility Reporting Requirements

Frequency	Report	Due to COG
Initially	ADA Assurances	At award
	Authorizing Resolution	At award
	Cell Phone Policy	At contract
	Certs & Assurances	At award
	Certificate of Insurance	Prior to vehicle order
	DBE Documentation (Statement, Assurances, Program if applicable)	At award
	Drug Free Workplace Statement	At contract
	EEO Assurances	At award
	EEO Statement	At award
	Initial Rolling Stock Inventory Report	With first invoice
	Financials – A-133 or financial statements that adhere to generally accepted accounting principles	At application
	Matching funds	When invoiced by COG
	Project Assurances	At award
	Proof of Insurance & COG as additional insured	At contract
	Title VI (Program & Complaint Status)	At award
Monthly	Vehicle Maintenance Plan	At award
	Vehicle Useful Life & Disposition Policy	At award
	Match Certification	With each invoice
Quarterly	Preventive Maintenance Summary Sheet	With each invoice
	Milestone Progress Report (MPR)	15th day of the month following quarter end: 4/15, 7/15, 10/15, 1/15
	Taxi Data – last 10 trips per vehicle	15 th day of the month following quarter end: 4/15, 7/15, 10/15, 1/15
Annually	Complaint Status Report	With quarterly report
	Certs & Assurances	90 days from date published
	Financials – A-133 or financial statements that adhere to generally accepted accounting principles	Upon request
	Program Measures Report (Annual Performance Measures)	15 th day of the month following Federal 4 th quarter end (9/30): 10/15
	Annual Rolling Stock Inventory Report	30 th day of the month following 4 th quarter end: 1/30
Project End	Summary of Outreach Efforts (Title VI Requirement)	30 th day of the month following 4 th quarter end: 1/30
	Final Invoice	30 days from contract expiration
	Final Milestone Progress Report	30 days from contract expiration and before final payment is released
	Final Performance Measures & Final Narrative Report	30 days from contract expiration and before final payment is released
	Final Rolling Stock Inventory Report	30 days from contract expiration and before final payment is released
Triennially	DBE Documentation (Statement, Assurances, Program if applicable)	60 days from date of expiration
	Title VI (Program & Complaint Status)	60 days from date of expiration

Shaded = additional reporting for grantees with vehicles procured with Enhanced Mobility funds



Enhanced Mobility of Seniors and Individuals with Disabilities Program - Invoice Documentation Requirements

Expense Category	Types of Reimbursable	Documentation Required
Staff Time	Labor	<u>Invoice of Cost Details</u> 1. Employee name 2. Proof of Hours worked (timesheets) 3. Hourly rate 4. Total cost
	Fringe	<u>Invoice of Cost Details</u> 1. Documentation from recent audit or reports regarding rate calculations 2. Payroll reports for fringe
Consultants	Direct expenses for work performed by consultants as part of project	<u>Invoice of Cost Details</u> 1. Consultant name 2. Hours worked 3. Hourly rate 4. Total cost
Purchases	1. Vehicles/Capital Procurements 2. Supplies	1. Track procurement documents (Grantees provided with a separate Procurement Requirements Checklist) 2. Copy of receipts; description of need for supplies

Transportation	1. Parking (explanation required) 2. Mileage 3. Taxicab services (explanation required)	1. Copy of receipt(s) 2. Number of miles (traveled) and mileage rate (e.g., IRS rate, GSA rate, etc.) used 3. Copy of receipt(s)
Additional (if used)	1. Lodging (explanation required – e.g., travel to a training session or conference that relates to the project type) 2. Airfare (same as above)	1. Copy of hotel receipt, travel justification and internal approval 2. Copy of airline ticket, travel justification and internal approval

Cash Match

Expense Category	General Requirements	Questions/Clarifications	Documentation Requirements
Outside Resources	Track balances with each invoice submission		1. Letter of Commitment 2. Cash Match Certification
Subrecipient Funds	Track balances with each invoice submission		1. Cash Match Certification



National Capital Region
Transportation Planning Board

Enhanced Mobility of Seniors and Individuals with Disabilities Program
2-Year Work Plan

Agency: City of Rockville
Project Title: Rockville Bus Stop and Sidewalk Improvements

Goal #1: Potomac Valley Rd Sidewalk										
Objective/Major Activity:	Benchmarks (outputs)	Timeline								Estimated Completion Date (month end)
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Planning & Public Outreach	Finalized concept plan and approval from adjacent residents	X	X							
2. Survey & Design	100% design documents		X	X	X	X				
3. Procurement & Construction	Procure contractor and complete construction					X	X	X	X	November, 2019



National Capital Region
Transportation Planning Board

Enhanced Mobility of Seniors and Individuals with Disabilities Program
 2-Year Work Plan

Goal #2: Bus Stop Improvements										
Objective/Major Activity:	Benchmarks (outputs)	Timeline								Estimated Completion Date (month end)
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Equipment Procurement	Purchase of bus stop amenities: shelters, benches and trash cans.	X	X	X						
2. Contractor Procurement	Procurement of contractor through competitive bids			X	X	X	X			
3. Construction/Installation	Constructing all proposed improvements and amenities.						X	X	X	November, 2019

Rockville Bus Stop & Sidewalk Improvements

*Application for Projects Other than Vehicles -
2017 Enhanced Mobility Program*

City of Rockville

Emad Elshafei
111 Maryland Avenue
Rockville, MD 20850

O: 240-314-5000

Oleg Kotov

111 Maryland Ave
Rockville, MD 20850

okotov@rockvillemd.gov
O: 240-314-8527

Application Form

Opening Questions

DUNS Number

Please provide your unique nine digit D-U-N-S identification number.

If you do not have a DUNS number at this time you can leave this section blank. However, if your application is approved for funding you will need to have a DUNS number in order to receive FTA funds from MWCOG/TPB.

Authorizing Resolution*

As part of the application process your agency's governing body, such as a Board of Directors, is required to adopt a resolution authorizing your agency to apply for an FTA grant, approve the local match funding, and agree to comply with Federal requirements. If your organization does not have a governing body, the CEO or other official with the authority to enter into a contract with COG can provide a letter with these authorizations.

For an example of an authorizing resolution, please contact TPB staff listed under Technical Assistance.

If your Board is unable to adopt the resolution until after the application deadline, a draft resolution may be uploaded until your Board approves it. An authorizing resolution or letter will be required before a grant can be awarded.

2017 Enhanced Mobility Program_Authorizing Resolution.pdf

Project Name*

Name of Project

Rockville Bus Stop & Sidewalk Improvements

Type of Funding Requested*

You can choose more than one.

Capital (80/20)

Applicant Status*

State or Local Government Agency

Specific Area to be Served*

Project must end or begin in the Washington DC-VA-MD Urbanized Area.

Please be very clear on which areas your project will serve as this information is used for regional reporting purposes.

City of Rockville, MD

Project Total (Capital and Operating)*

Please copy project total figure from VI. Budget - Project Total (Capital and Operating).

The required grant application minimum is **\$150,000** (including the match) for a two-year period. Applications for less than \$150,000 will not be considered.

\$495,000.00

Alternative Formats and Accommodations

Alternative formats of the application and document templates are available upon request.

Please contact Sergio Ritacco at sritacco@mwkog.org or (202)962-3232 or (202) 962-3213.

Please allow seven working days for preparation of the material.

Technical Assistance

We are here to help! We encourage you to ask TPB staff any questions about the grant program and application, including eligibility of your agency and project idea.

- For questions about the grant program and eligibility, please contact Lynn Winchell-Mendy (lmendy@mwkog.org, 202.962.3253).
- For questions about the website and the application, please contact Sergio Ritacco (sritacco@mwkog.org, 202.962.3232)

Pre-application Conference

Pre-application conference session*

You must attend a pre-application conference in order to apply. Please select the pre-application conference session you attended (or plan to attend):

Tuesday, August 29, 2017 (Metropolitan Washington Council of Governments)

I. Project Information

Agency Purpose and Programs*

Please briefly describe your agency's purpose and programs. Approximately how many individuals does your agency currently provide service to? Include all services, not just transportation.

The City of Rockville Department of Public Works provides public works services to the city in the areas of water, sewer, stormwater, recycling and refuse, transportation, fleet services, environment and right-of-way management. The purpose of the Traffic and Transportation Division (within the Public Works Department) is to provide a safe and efficient transportation system throughout Rockville. The division plans and designs roadways, bridges, sidewalks, bus shelters, bike paths, traffic signals and street lights. The staff evaluates and resolves citizen issues and also reviews development proposals. The division reviews traffic impact studies submitted by developers, coordinates with other governments on traffic funding and planning, and provides staff to the Traffic and Transportation Commission. The Department of Public Work currently provides services to 66,000 residents of the City (total employment in Rockville was approximately 76,400 in 2010).

Demographic Profile:

What percent of your clientele has the following demographic characteristics?

Estimates are acceptable if data is not collected.

Black/African American (*percent*)*

10

Asian/Pacific Islander (*percent*)*

21

Native American (*percent*)*

1

Hispanic/Latino (*percent*)*

14

Caucasian (*percent*)*

60

Other (*percent*)*

8

What type of project is your agency proposing?*

Improve Access to Public Transportation

If Other, please describe:

Project Description*

Please provide a description of the project or program proposed under this grant. The description must accurately convey what the project intends to do and should include the following:

- Objectives/Major Activities;
- How the program or project will accomplish the Objectives/Major Activities;
- Community need and the focus of the grant; and
- Coordination with other agencies included in the grant proposal.

A later part of the application requires applicants to complete and upload a project Work Plan with timeline and milestones. This question and the Work Plan should cross-reference.

The objective of this project is to improve access to public transportation at various locations throughout the City of Rockville. To accomplish this objective, the project proposes improvements to sidewalks and Metro Bus as well as Ride-On bus stops. Project proposes construction of a missing sidewalk segments on the south side of Potomac Valley Road, adjacent to the Potomac Valley Nursing and Wellness Center as well as Julius West Middle School. The project also proposes improvements to 78 bus stops throughout Rockville. Bus stop improvements are to include replacement of non-ADA-compliant passenger shelter benches, construction of ADA-required wheelchair landing pads, installation of amenities such as missing shelter benches, freestanding benches/leaning rails, installation of larger shelters at high-activity stops and relocation of litter receptacles and other equipment to remove sidewalk and shelter obstructions. Bus stop improvements were selected with input from Metro Bus and Ride-On staff as well as a review of Montgomery County's bus stop data.

Targeted Population*

Who is your targeted population for the project? You can check more than one.

- Older Adults
- People with Disabilities
- Low-Income Older Adults or People with Disabilities

Targeted Population Detail*

Please provide more specific detail about the targeted population selected above. Include specific type(s) of disabilities, and/or mobility impairments and other demographics.

The goal of this project is to help improve access to public transit for people with disabilities and older adults

Impact*

Describe how the proposed grant will help improve the mobility of people with disabilities and older adults, such as what transportation options would not otherwise be available, increases in geographic coverage or service hours, or improvements to physical infrastructure. If this is a coordinated planning project, describe the potential lasting impacts and products that will document mobility needs.

The proposed sidewalk project on Potomac Valley Road will construct missing sidewalk segments adjacent to the Potomac Valley Nursing and Wellness Center and near Julius West Middle School. The missing sidewalk segments are currently rated as Medium-High Priority and Medium Priority by the City's Missing Sidewalk Prioritization Plan and will provide access to the existing Ride-On bus stops on Maryland Ave at Great Falls Rd. Improvements to physical infrastructure of 78 bus stops located throughout the City will improve existing accessible pathways and wheelchair landing pads, bring all of the City-owned passenger shelters up to ADA requirements and provide seating amenities and/or larger shelters at bus stops where they are currently missing or inadequate.

Additional Consumers*

If your application is approved, how many additional seniors and/or people with disabilities will receive services as a result of this grant?

0

Coordination with Existing Services*

How will this project be combined with or coordinated with existing services in region?

Public bus service in the City of Rockville is provided by Montgomery County through Ride On, and the Washington Metropolitan Area Transit Authority (WMATA) through Metro Bus. While the City does not maintain its own public transit system, it is responsible for construction and maintenance of bus stops and shelters. This project will complement the existing transit services by improving access to Ride-On and Metro Bus stops.

II. Prior Grant Performance

Prior Grant

If your agency has received a JARC, New Freedom, Enhanced Mobility or 5310 grant in the past, please describe the status of the most recent grant, milestones accomplished and expected completion date. Please also describe the success of the project (including quantitative measures such as number of trips provided, individuals served or products developed). Upload your most recent progress report or final performance measurement report submitted to TPB, MTA or DRPT.

If your agency has had challenges with implementation of a prior grant or has a significant grant balance remaining, please describe the challenges. Please note that the Selection Committee will consider past grant

performance. Applicants with significant balances on existing grants or a poor record of meeting compliance requirements will score lower than others who have implemented projects within their stated timeline.

III. Project Partners

Applicants are highly encouraged to include partners on the proposed projects to improve coordination between human service and transportation agencies. Project partners must have a specific, active role in the proposed project. For example, providing matching funds, operational support, staffing support, and/or sharing of services to clients.

Please upload signed letters from each project partner and complete the requisite form fields. A letter is required for each partner.

If a partner is providing matching funds a Letter of Commitment is also required. A Letter of Commitment must be submitted if matching funds come from any source other than the Applicant's own budget. Letters of Commitment must be signed by the authority providing matching funds, identify the amount and source of the matching funds, as well as the date the funds will be available. **Upload Letters of Commitment in the Budget Section V.**

Definition of Roles*

Please describe the roles and responsibilities between partner agencies on the project. If no project partners are included, please describe why no partners are involved in the project.

Prior to the development of this grant application, City staff reached out to Metro Bus (WMATA) and Ride-On staff to identify potential candidate bus stops for improvement. The City will not require partners for implementation of this grant, because bus stops in Rockville are maintained by the City, and proposed improvements will not require matching funds, operational support or staffing support from partners.

Partner #1

Please provide agency and name of contact person:

Partner #1

This partner will be providing the following support to the project:

If Other, please describe

Partner Letter #1

Letter must be on partner agency letterhead or identify partner name and contact information.

Partner #2

Please provide agency and name of contact person:

Partner #2

This partner will be providing the following support to the project:

If Other, please describe:**Partner Letter #2**

Letter must be on partner agency letterhead or identify partner name and contact information.

Partner #3

Please provide agency and name of contact person:

Partner #3

The partner will be providing the following support to the project:

If Other, please describe:**Partner Letter #3**

Letter must be on partner agency letterhead or identify partner name and contact information.

Additional Partners

If more than 3 partners are involved in the project, please upload a Word document with a description of what support will be provided and the required partner letter.

IV. For State and Local Governments

The Enhanced Mobility grant program is divided into two categories of funding, described below. If your agency is a state or local government, the application is eligible for the 45% category. However, under certain conditions state or local governments can also qualify for the 55% category if documentation is provided. In this section, you can provide that documentation so that the Selection Committee can consider the application for both categories.

The Two Categories of Enhanced Mobility Grant Funding

1. Capital Projects for Non-Profits or Qualifying Local Governments (55%):
 - Your application is in this category if it is for a capital or mobility management project AND your agency is a non-profit, or a State or Local government approved by the state to coordinate services or can certify that there are no non-profits readily available to provide the service.
2. Operating or Capital Projects for All Eligible Subrecipients (45%):
 - If your agency is a Non-Profit organization, a State or local government, a transit agency, or a private operator of public transportation and you are applying for an eligible Capital or Operating project, your application falls into this category.

Qualifying State or Local Government and State Certification

If your agency is a State or Local government entity applying for the 55 percent category of funds, please describe what State agency has given approval or a mandate to coordinate services, OR describe the lack of non-profits in the area to carry out the project proposal. In the case of the former, a letter from the state regarding your agency's role to coordinate services is required by the time of application.

V. Budget

Budget Uploads

Applicants can apply for any combination of operating, capital and mobility management funds. Budgets are for a two-year period, including requests for preventive maintenance and/or operating expenses for vehicles that are a part of the same application. COG has the discretion to extend contracts if the timing of vehicle delivery impacts the start of preventive maintenance and/or operating expenses.

- The required **application minimum is \$150,000** (which includes the Federal and match amounts over a two-year period). Applications for amounts less than \$150,000 will not be considered.
- **Use whole numbers. Round Federal down and Match up.**
- If only applying for one set of funds (e.g. Capital only) please still upload a blank budget for the funds NOT applying for (.e.g. operating). since both budget templates are a required field).

To ensure that prices are fair and reasonable, applicants must conduct an **independent cost estimate (ICE)** for any item in their Capital or Operating budget over \$3,500 (other than vehicles procured by COG), including preventive maintenance and contract services (e.g. marketing).

- Examples of applicable line items include software, dispatch or GPS systems, evaluation or marketing contractors, printing services. An ICE is not required for services provided in-house by agency staff and should be noted in the budget justification section to explain why an ICE is not included for that line item.
- **NOTE: The vendor chosen by the grantee to do the service CANNOT be the same as the vendor that provides the ICE.**

Sole source justifications are allowed under certain circumstances and require documentation on the lack of other vendors to do the work, how the preferred vendor is uniquely qualified and a Cost Analysis.

See COG's Procurement Procedures for more information.

Budget Acknowledgment*

I have reviewed the budget parameters and requirements and acknowledge understanding:

Yes

Capital Budget*

Please provide a completed version of the attached Capital/Mobility Management Budget Template.

Use whole dollars. Round Federal down and Match up.

2017CapitalMgtBudget.xlsx

ICE Form

Please upload 1 ICE form for each applicable line item. See page 3 of the Procurement Procedures attachment.

The vendor that is ultimately awarded cannot be the same as the vendor that provides the ICE.

ICE_2017.pdf

Operating Budget*

Please provide a completed version of the attached Operating Budget Template.

Use whole dollars. Round Federal down and Match up.

2017OperatingBudget.xlsx

ICE Form

Please upload 1 ICE form for each applicable line item. See page 3 of the Procurement Procedures attachment.

The vendor that is ultimately awarded cannot be the same as the vendor that provides the ICE.

Federal and Match Amounts From Budget Uploads

Operating Request

Use figures from the Operating Budget you uploaded to fill out the following questions. Enter zeros if no operating funds are requested.

Operating Project Total*

(Federal plus Match)

\$0.00

Federal Operating Amount (50% of total)*

\$0.00

Operating Match Amount (50% of total)*

\$0.00

Capital Request

Use figures from the Capital Budget you uploaded to fill out the following questions. Enter zeros if no capital funds are requested.

Capital Project Total*

Capital Total (Federal plus match)

\$495,000.00

Federal Capital Amount (80% of Total)*

Capital

\$396,000.00

Capital Match Amount (20% of Total)*

Capital

\$99,000.00

Project Total**Summation of the Operating Project Total and Capital Project Total***

Add figures

\$495,000.00

Grant Matching Funds

Federal rules require that Enhanced Mobility grants be matched at 20% for capital projects, and 50% for operating projects. At the time of application, your agency must have identified and secured the necessary matching funds for the project proposal.

What is the source of match funds?*

Sources of matching funds can include Agency funds (general funds, cash on hand), State or Local government funds or grants; Non-Transportation Federal funds; Private sources; State agency funds, transit agency funds, income from service contracts, business improvement district funds. Inkind contributions are not an allowable source of match.

City of Rockville budget

Certificate of Availability of Match Funds*

Please upload Certificate of Availability of Matching Funds

The certification shall attest to the availability of appropriate funds for the required match, and shall designate individuals within the organization who have the authority to execute a contract with the Metropolitan Washington Council of Governments. The resolution form must bear an original signature. The Certification is required for all applications.

COA.pdf

Letter of Commitment

For any matching funds **coming from a source other than the Applicant's own budget**, a Letter of Commitment must be submitted. The Letter must be signed by the individual(s) with authority to provide matching funds to the Applicant, and identify the amount and source of the matching funds to be provided, as well as the date the funds will be available.

Letter of Commitment #1

Letter of Commitment #2

Letter of Commitment #3

Additional Letters of Commitment

Please upload any additional Letters of Commitment here

VI. Project Scalability

Scalability*

The Selection Committee may need to consider scaling grant requests up or down depending on funding availability. Could the project be implemented on a more limited scope with less funding or with an expanded scope with more funding?

Yes

If Yes, please fill out the fields below and create different scaled up or down scenarios acceptable to your agency that the Selection Committee will consider depending on funding availability.

Option #1 - Project can be scaled up

Total Scaled Up Project Funding

\$550,000.00

Total Scaled Up Project Federal Funding

\$440,000.00

Total Scaled Up Project Match Funding

\$110,000.00

Source of Additional Matching Funds

If the project can be scaled up, please describe the source of the additional match funds.

Capital Improvement Program Budget

Describe change in grant proposal

Please clearly describe how the change in funds will impact how the program is delivered or service is provided. Refer to the Objectives and Benchmarks in your Work Plan. For example, how many more people can be served or how much more staff support will there be, etc.

Project can be scaled up to include ADA and accessibility improvements to approximately 20 to 30 additional bus stops.

Option #2 - Project can be scaled down**Total Scaled Down Project Funding**

\$225,000.00

Total Scaled Down Project Federal Funding

\$180,000.00

Total Scaled Down Project Match Funding

\$45,000.00

Describe change in grant proposal

Please clearly describe how the change in funds will impact how the program is delivered or service is provided. Refer to the Objectives and Benchmarks in your Work Plan. For example, how many less people can be served or how much less staff support will there be, etc.

Project can be scaled down to exclude the Potomac Valley Road sidewalk (estimated at \$271,000).

VII. Project Work Plan: Timeline and Milestones

Please use the Work Plan template to describe the goals of the proposed project, and the objectives (key tasks) and benchmarks (outcomes) that will measure progress. The Work Plan must outline the major steps that your agency and project partners will take to implement the project from start to finish. Benchmarks should include targets which can be included in quarterly progress reports; e.g., X number of trips/rides/vouchers provided, X number of individuals trained, etc.

The Work Plan should cross-reference with your Project Description under Section I of the application.

Please see Section XIII. Appendices for a sample Work Plan.

Work Plan Upload*

Work Plan template

2017WorkPlan.pdf

VIII. Project Responsiveness to Selection Criteria

List of Selection Criteria.

Coordination Among Agencies (25 points)

Describe how the project demonstrates coordination of services among local jurisdictions and other agencies. Coordination can include providing service to clients of multiple agencies, coordinated purchasing, joint project planning and operation, or developing a plan to coordinate services or provide mobility management services in the future.*

Public transit accessibility improvements will be implemented by the City of Rockville at bus stops where service is provided by Metro Bus and Ride-On bus services.

Responsiveness to TPB's Coordinated Human Service Transportation Plan (20 points)

This criterion has two parts: 1) "Priority Projects" will receive up to 12 points; and 2) Applications that address multiple strategies will score up to 8 points.

A) Responsiveness to Priority Projects in the Coordinated Plan (up to 12 points)*

Select which Priority Projects your application responds to:

Bus Stop and Sidewalk Improvements

Priority Project Narrative*

Describe how your application responds to one or more of the Priority Projects.

NOTE: IF your project does not respond to one or more of the Priority Projects it will still be considered, but will score less under the Responsiveness to TPB's Coordinated Human Service Transportation Plan criteria.

This projects consists entirely of bus stop and sidewalk improvements

B) Responsiveness to Strategies in the Coordinated Plan (up to 8 points)*

In addition to how well the application responds to the priority projects, points will be awarded based on how many strategies in the Coordinated Plan the project application addresses.

Select which Strategies for Improved Service and Coordination your application responds to:

Improve the accessibility and reliability of existing services

Strategies Narrative*

Describe how one or more of the Strategies for Improved Service and Coordination apply to your project.

NOTE: IF your project does not respond to one or more of the Strategies it will still be considered, but will score less under the Responsiveness to TPB's Coordinated Human Service Transportation Plan criteria.

This project improves the accessibility of existing bus services (Metro Bus and Ride-On) within the City of Rockville.

Institutional Capacity to Manage and Administer and FTA Grant (20 points)

This criterion considers the availability of sufficient management, staff and resources to administer a Federal Transit Administration grant, comply with Federal rules, such as those outlined in "Federal Requirements" section, and implement the grant in the Work Plan timeline. It also considers financial stability and if applicable, past grant performance.

A) Agency Capacity*

Describe your agency's ability to manage an FTA grant, including its financial and human resources, and its institutional capacity. Include in your response the staff available from your agency and project partners to support the implementation of the grant and what back-up staff would be available should there be staff turnover. Note that the applicants' past grant performance and current grant status (if applicable) will be considered by the Selection Committee.

If your agency is applying for vehicles, please describe your agency's technical capability to manage the operations and maintenance of the vehicles according to FTA requirements.

A full-time Transportation Planner will be available for implementation of this project. The City of Rockville also has a second Transportation Planner and two Transportation Engineers could be available as back-up staff should there be staff turnover. The City has received and su

B) Stability of Matching Funds*

How stable and reliable are the sources of matching funds you intend to use for this grant?

City budget funds

Project Feasibility (15 points)

This criteria considers if the applicant's objectives and timeframes are realistic and if the project as proposed is feasible to implement. **Describe in a few sentences the feasibility of your project.** You can refer to the objectives and timeframes in your Work Plan.*

Sidewalk project is located within the City Right-of-Way and bus stops are already maintained by the City

Regional Transportation Needs (10 points)

Projects that include service or programs in more than one County or City score higher than projects that serve a single jurisdiction.

Briefly describe how many jurisdictions will be served:*

The project will serve 1 jurisdiction, Rockville.

Comment: Received after application deadline. Added by LWM from email.

Customer Focus (10 points)

To what extent does the applicant's proposal demonstrate a strong awareness of the needs of the individuals for whom the project is intended?

A) Consumer Involvement*

Describe how the target audiences were involved in the project design or will be involved in the implementation or evaluation of the project. This criteria considers to what extent an applicant demonstrates awareness of the needs of the targeted population group and the involvement of customers in the development and implementation of the proposed activity.

The proposed bus stop improvements will be implemented at existing facilities already utilized by the general public, including seniors and disabled. The list of candidate stops was developed by analyzing ADA compliance (accessibility), average daily ridership volume, and proximity to Senior Living locations. Additionally, the selection process factored in all bus stop related comments collected during the 2016 City of Rockville Community Survey and requests submitted by riders through the City's online reporting system, Ride-On or Metrobus. The Potomac Valley Road sidewalk project was selected based on its Medium-High/Medium Priority ranking within the City's Missing Sidewalk Prioritization plan and proximity to a senior living facility.

Comment: Received after application deadline. Added by LWM from email.

B) Marketing/Program Outreach*

If the project provides service, describe how it will be promoted to Older Adults and/or People with Disabilities.

While this project does not provide a service, it will be promoted on the City's Public Works website and through Rockville Reports (the official monthly publication of the City of Rockville delivered to all homes and businesses within Rockville's city limits). The Rockville Reports publication is also available to individuals with disabilities in other forms. The Project Manager will also work with the City's ADA Coordinator, Rockville Senior Villages Facilitator and the City's Senior Services to do targeted promotions of improved transportation facilities.

Comment: Received after application deadline. Added by LWM from email.

IX. Federal Requirements

In order to receive an Enhanced Mobility grant, your agency must be able to meet and document compliance with numerous **federal requirements**. Some of the required documents must be provided at the time of application and others must be provided before receiving a grant award. As you develop your application, please consider resources available to meet the requirements, such as agency staff time needed to complete the plans and reports, and how this may impact the project timeline and budget.

FTA Certifications and Assurances*

The Federal Fiscal Year 2017 Certifications and Assurances for Federal Transit Administration Assistance Programs must be signed annually and affirmed by legal counsel.

If awarded, would your organization or legal counsel have any difficulty agreeing to the certifications and assurances required by FTA?

No

Procurement Requirements

The Metropolitan Council of Governments (COG) conducts centralized procurement for vehicles funded by the 5310 Enhanced Mobility Program. Procurement activities for items other than vehicles to be procured by COG are the responsibility of the subrecipient and are subject to Federal procurement requirements.

Any applicable item to be purchased over \$3,500 must have an Independent Cost Estimate (ICE) at the time of application; the ICE forms are provided in Section V: Budget.

Sole source justifications are allowed under certain circumstances and require documentation on the lack of other vendors to do the work, how the preferred vendor is uniquely qualified, and a Cost Analysis (because price competition is inadequate).

See COG's Procurement Procedures for more information.

Drug Free Workplace

Federal rules require that your agency document policies and procedures in place for employees regarding unlawful controlled substances at the workplace. The Drug Free Work Place Statement must include the items in this template. The statement is not required at the time of application, but must be provided before an applicant is awarded a grant.

Cell Phone Use Policy

Federal rules require that your agency has a policy in place for employees on the use of cell phones while driving. A template is provided here. This policy is not required at the time of application, but must be provided before an applicant is awarded a grant.

Please upload your agency's Cell Phone Use Policy

Title VI Nondiscrimination

Your agency would need to submit the following federally required items related to Title VI, ensuring nondiscrimination in all of your organization's programs and services. If awarded an Enhanced Mobility grant, your agency would be required to complete a Title VI Program and Complaint Status report (templates are provided).

Title VI (Nondiscrimination) Program

All subrecipients of FTA funds are required to have a Title VI Program to ensure nondiscrimination (updated every 3 years) during the duration of a project. In order to meet the FTA requirements if awarded, your organization must provide the following components:

- Title VI Policy Statement & Authorities
- Nondiscrimination Assurance to COG/TPB
- Title VI Complaint Form & Procedures (how your organization notifies the public of Title VI rights, instructions on how to file a complaint, and procedures for how a complaint is handled and reported).
- Title VI Investigations, Complaints, Lawsuits
- Public Outreach Activities
- Language Assistance Plan (how your organization will address the needs of limited English speakers, including but not limited to translation of pertinent information for accessing services).
- Representation on Planning/Advisory Board

COG has a [Title VI template](#) or you may provide your organization's existing Title VI Plan and any missing components.

Title VI Complaint Status Report

A list of transportation-related Title VI investigations, complaints, or lawsuits filed with the subrecipient. Sample Title VI Complaint Status Report.

Disadvantaged Business Enterprise (DBE) Program

All subrecipients must confirm to COG/TPB that they will comply with DBE requirements applicable to all DOT-assisted contract and their administration by executing DBE Assurances.

In addition, any subrecipient who receives FTA funds in excess of \$250,000 for planning, capital, or operating assistance (excluding transit vehicle purchases) within a Federal fiscal year (10/1 - 9/30), and will use those funds for awarding prime contracts, is required to have a Disadvantaged Business Enterprise (DBE) Program Plan in place to ensure nondiscrimination in the award and administration of purchase orders and contracts funded with FTA dollars. The DBE Program Statement will help determine applicability to your organization. If applicable, you must either adopt COG/TPB's DBE Program Policy or submit your organization's approved DBE Program Policy in order to meet the FTA's DBE requirements. More information on DBE requirements can be found [here](#).

Americans with Disabilities Act

Subrecipients must sign an assurance that they will meet ADA requirements. These include a written ADA policy that explains what the agency does to meet ADA requirements, how participants and staff as well as the general public are notified of their rights under ADA and how to file an ADA complaint. More information on ADA requirements can be found [here](#).

ADA Assurances

Equal Employment Opportunity

Subrecipients must sign an assurance that they will meet EEO requirements. These include a written EEO policy that explains what the agency does to meet EEO requirements, how participants and staff as well as the general public are notified of their rights under EEO and how to file an EEO complaint.

If certain thresholds are met, subrecipients must have a full EEO Program. More information about EEO requirements can be found [here](#).

EEO Assurances

EEO Statement

Other Required Reports and Plans:

- Annual and Final Performance Measurement Reporting
- Quarterly Progress Report
- Quarterly Taxi Data Report
- Vehicle Maintenance Plan
- Annual Rolling Stock Inventory

Federal Requirements Acknowledgement*

I have reviewed these Federal requirements and my agency is capable of complying and can provide the required documentation, plans and reports.

Yes

X. Financial Statements

Financial Statement*

The agency's latest A-133 Single Audit report or, if excluded from A-133 audit requirements, other consolidated and comprehensive financial statements must be uploaded with your application. Financial statements should adhere to generally accepted accounting principles. Subrecipients not subject to A-133 audit requirements may require additional monitoring to ensure compliance.

FY17 CAFR.pdf

XI. Letters of Support

Letters of Support

For letters communicating support for the project (different from Partner Letters and Letters of Commitment) please upload here as one document:

Letter of Support_Rockville Mayor.pdf

Comment: *Received after application deadline. Added by LWM from email.*

XII. Application Checklist

You are encouraged to submit your application a business day or two prior to the deadline so staff can review your application and alert you to missing information. Prior to the deadline, you can provide missing information or make corrections.

Incomplete applications, and those submitted after the deadline of November 3 at 2pm, will not be considered for funding.

Application Checklist*

Please use the checklist to ensure a complete application is being submitted.

The following items represent all of the information and attachments you will need to submit an application.

- Authorizing Resolution (final or draft)
- Completed application via this Foundant site (all applicable fields)
- Work Plan (timeline objectives and milestones)

XIII. Appendices

Appendix 1: Map of the TPB Planning Area and Washington, DC-VA-MD Urbanized Area

Appendix 2: Possible Non-DOT Federal Sources for Matching Funds

Appendix 3: Sample of Monthly Report Form and Invoice

- Sample Operating Invoice
- Sample Capital Vehicle Invoice
- Sample Other Capital/Mobility Management Invoice

Appendix 4: Work Plan Samples

Sample of Vehicle Work Plan

Sample of Mobility Management Work Plan

Alternative Formats and Accommodations

Alternative formats of the application and document templates are available upon request.

Please contact Sergio Ritacco at sritacco@mwkog.org or (202) 962-3232 or (202) 962-3213.

Please allow seven working days for preparation of the material.

Technical Assistance

If you have questions or need assistance contact:

Lynn Winchell-Mendy, COG Grants Manager: lmendy@mwkog.org, 202.962.3253

Sergio Ritacco, Website and Application Support: sritacco@mwkog.org, 202.962.3232

File Attachment Summary

Applicant File Uploads

- 2017 Enhanced Mobility Program_Authorizing Resolution.pdf
- 2017CapitalMgtBudget.xlsx
- ICE_2017.pdf
- 2017OperatingBudget.xlsx
- COA.pdf
- 2017WorkPlan.pdf
- FY17 CAFR.pdf
- Letter of Support_Rockville Mayor.pdf

Authorizing Resolution

Public Transportation Program Resolution

The Mayor and Council of Rockville, Maryland

WHEREAS, the Maryland Transit Administration is the designated recipient in Maryland for grants under the Federal Transit Act; and

WHEREAS, the Maryland Transit Administration will apply for a grant from the US Department of Transportation, Federal Transit Administration and receives funds from the Maryland General Assembly to provide assistance for public transportation projects; and

WHEREAS, the purpose of Section 5310 program is to improve mobility for seniors and Individuals with disabilities throughout the country, by removing barriers to transportation services and expanding the transportation mobility options available.

Toward this goal, FTA provides financial assistance for transportation services planned, Designed, and carried out to meet the special transportation needs of seniors and Individuals with disabilities in all area.

WHEREAS, the Maryland Transit Administration has been designated as the State Agency with principal authority and responsibility for administering the Section 5310 Program for small urbanized and rural areas; and

WHEREAS, the Mayor and Council of Rockville, Maryland hereby assures and certifies that it will comply with the Federal and State statues, regulations, executive orders, and all small administrative requirements related to the applications made to and grants received from the Federal Transit Administration, as well as the provisions of Section 1001 of Title 18, U.S.C.

NOW, THEREFORE, be it resolved that the Mayor and Council of Rockville, Maryland is hereby authorized to submit a grant for Federal and State funding, provide the required local match, make the necessary assurance and certifications and be empowered to enter into an agreement with the Maryland Transit Administration to provide public transportation services.

I Kathleen Conway, City Clerk and Director of Council Operations do hereby certify that the above is a true and correct copy of an excerpt from the minutes of a meeting of the Mayor and Council of Rockville duly held on the 20th day of November, 2017.

Signature of Certifying Official

Date

TPB Enhanced Mobility Program Application: **TWO-YEAR CAPITAL or MOBILITY MGT BUDGET**

Project Name:

Organization Name:



BUDGET LINE ITEMS	Round down		Round up	NUMBER JUSTIFICATION Explain how you calculated the figures-- show the math used.	SOURCE OF MATCH Cash on Hand, general revenue, outside resources, other
	TOTAL BUDGET	FTA FUNDS Requested (80%)	RECIPIENT FUNDS (Match-20%)		
Acquisition of Equipment other than vehicles (add line items below)		-	-		
Design	80,000.00	20,000.00		Based on design of previous projects	General Revenue
Equipment	88,000.00	22,000.00		Based on existing and former contracts	General Revenue
Construction	228,000.00	57,000.00		Based on previous projects and existing contracts	General Revenue
Computer Hardware and Software (describe)		-	-		
		-	-		
Mobility Management Activities (describe in line items below)		-	-		
		-	-		
		-	-		
		-	-		
		-	-		
		-	-		
		-	-		
TOTALS	-	396,000.00	99,000.00		

Independent Cost Estimate (ICE) Form

(Submitted at time of application as proof of cost research for applicable budgeted line items exceeding \$3,500. Used later to determine if bids are fair and reasonable).

Per FTA 4220.1F, it is required that before receiving bids or proposals for a procurement using Federal funds that an Independent Cost Estimate (ICE) be performed. COG requires this at time of application. An ICE can be completed using past purchase prices, quantities, physical inspection of the product, drawings, or analysis of similar work. For more complex projects, an ICE can be completed by independent architect or engineer that will provide estimated hours, direct and indirect labor costs, and estimated profit or fee for a particular project.

City of Rockville



Project Name: Rockville Sidewalk and Bus Stop Improvements

Project Description: Sidewalk and Bus Stop Improvements

Date of Estimate: 11/1/2017

Method of Obtaining Estimate (check appropriate section and attach supporting documentation)

☐ Published List Price:

☐ Past Pricing (date):

☐ Comparable Purchase by Other Agencies

☐ Engineering or Technical Estimate

☐ Independent Third Party Estimate

☒ **Other (specify):** *Pricing for bus stop improvements was obtained from an existing contract between the City and a bus shelter maintenance contractor. Pricing for sidewalk improvements was obtained from similar projects completed by the City in the past.*

Through the method(s) statement above, it has been determined that the estimate total cost of the goods/services is \$495,000**:**

Prepared by: Oleg Kotov

Phone: 240-314-8527

Email: okotov@rockvillemd.gov

Date Prepared: 11/1/2017

ON_STREET	AT_STREET	COMMENTS	COST ESTIMATE
Potomac Valley Road	(between Falls Rd/Maryland Ave and New Mark Esplanade)	- complete missing sidewalk segments on south side of the road.	\$271,000
Falls Rd.	Cold Spring Rd	Construct sidewalk/path connection to Kimblewick path. Construct curb along boarding area and knee wall around pad.	\$60,300
Jefferson St.	Ring House	Expand pad, replace existing 8'x4' shelter with a larger shelter with ADA compliant bench. Install bollards behind shelter. Install new trash can.	\$8,800
Taft St.	First St.	Replace with larger shelter. Expand pad for trash can. Install ADA-compliant curb ramp at SW and SE corners of Taft and First.	\$8,650
Rockville Pike	Congressional La	Expand pad, replace existing 8'x4' shelter with a larger shelter with ADA compliant bench. Replace trash can.	\$8,400
Veirs Mill Rd.	Twinbrook Pkwy.	Replace existing 8'x4' shelter with a larger shelter. Replace litter receptacle with larger, ground-mounted unit.	\$8,000
Veirs Mill Rd.	Atlantic Ave.	Expand pad, replace existing 8'x4' shelter with a larger shelter with ADA compliant bench. Install bollards behind shelter.	\$7,750
Veirs Mill Rd.	Atlantic Ave.	Replace existing 8'x4' shelter with a larger shelter with ADA compliant bench. Install bollard behind shelter.	\$7,250
Rockville Pike	Bouic Ave	Replace existing 8'x4' shelter with a larger shelter with ADA compliant bench.	\$6,850
Veirs Mill Rd.	Meadow Hall Dr.	Replace existing 8'x4' shelter with a larger shelter with ADA compliant bench.	\$6,850
Veirs Mill Rd.	Edmonston Dr.	Replace shelter bench. Construct concrete pad for large trash can. Relocate trash can. Install ADA compliant ramps at NE, NW, and SE corners of Edmonston and Veirs Mill service road.	\$4,550
Wootton Pkwy	Falls Rd	Construct pad with retaining wall behind trail. Install freestanding bench. Install small trash can.	\$4,400
Wootton Pkwy	Henslowe Dr.	Construct pad with retaining wall behind trail. Install freestanding bench.	\$4,400
Veirs Mill Rd.	Edmonston Dr	Replace shelter bench. Repair retaining wall along the pathway to bus stop.	\$3,000
Tower Oaks Blvd	#2600	Construct pad, install freestanding bench. Replace 2 curb ramps at Tower Oaks and Preserve Pkwy	\$2,950
Stonestreet Ave.	Frederick Ave.	Construct ADA pad, install freestanding bench. Replace 2 curb ramps at SE and SW corners of Stonestreet and Frederick.	\$2,850
Washington St.	Dawson Ave.	Replace shelter bench and large trash can. Construct path around pole in sidewalk (about 30 sq.ft.).	\$2,750
Jefferson St.	Rollins Ave.	Replace shelter bench and trash can. Expand shelter pad to create an accessible path and space for trash can.	\$2,750
Seven Locks Rd.	Twin Oaks Dr.	Construct ADA and freestanding bench pad, install freestanding bench.	\$2,550
Frederick Ave	Moore Dr	Construct ADA and freestanding bench pad, install freestanding bench.	\$2,550
Wootton Pkwy	Glen Mill Rd.	Install freestanding bench pad, install freestanding bench. Replace curb ramp going across Wootton.	\$2,550
Monroe St.	Argyle St.	Construct ADA pad, install lean rail behind sidewalk. Replace SE and SW ramps on Monroe at Argyle.	\$2,300
Jefferson St.	Rollins Ave.	Construct pad and install freestanding bench. Provide a trash can.	\$2,300
Washington St.	Martins La.	Install pad and freestanding bench.	\$1,950
Piccard Dr.	Gude Dr	Replace shelter bench. Replace litter receptacle.	\$1,850
Jefferson St.	Congressional La	Replace shelter bench. Construct concrete pad for large trash can. Relocate trash can. Install ADA-compliant curb ramp at SE corner of Jefferson and Congressional	\$1,750
Research Blvd.	Research Ct.	Construct pad behind sidewalk, install freestanding bench.	\$1,750
Baltimore Rd.	Taylor Ave	Construct pad behind sidewalk, install freestanding bench.	\$1,750
Maryland Ave	Great Falls Rd.	Construct pad behind sidewalk, install freestanding bench.	\$1,750
Maryland Ave.	Washington St.	Construct pad behind sidewalk, install freestanding bench.	\$1,750
Maryland Ave.	Monument St.	Construct pad behind sidewalk, install freestanding bench.	\$1,750
Stonestreet Ave.	Spring Ave.	Construct pad behind sidewalk, install freestanding bench.	\$1,750
Seven Locks Rd.	Twin Oaks Dr.	Construct pad behind trail, install freestanding bench.	\$1,750
College Parkway	Rutgers St	Construct pad, install freestanding bench.	\$1,750
Research Blvd.	#2275	Construct pad, install freestanding bench.	\$1,750
Research Blvd.	#2277	Construct pad, install freestanding bench.	\$1,750
Seven Locks Rd.	Fortune Terr.	Install pad behind trail, install freestanding bench.	\$1,750
Veirs Mill Rd.	Meadow Hall Dr	Replace shelter bench. Install ADA-compliant curb ramp at NE corner of Meadow Hall and Veirs Mill service road.	\$1,700
Halpine Rd.	Rockville Pike	Install shelter bench. Install ADA compliant curb ramp at plaza driveway crossing to the south of the stop.	\$1,600
Frederick Ave.	Horners La	Install shelter bench. Install ADA-compliant curb ramp at NW corner of Horners and Frederick.	\$1,600
Research Blvd.	Tracor (#1601)	Expand pad to create a flat, 5'x8' ADA wheelchair ramp and space for trash can. Shift shelter farther away from crosswalk. Replace trash can	\$1,550
Jefferson St.	Halpine Rd	Replace shelter bench. Construct concrete pad for large trash can. Relocate trash can	\$1,150
Hungerford Dr.	Beall Ave	Replace shelter bench. Construct concrete pad for large trash can. Relocate trash can.	\$1,150
Halpine Rd.	E Jefferson St.	Replace shelter bench. Construct concrete pad for litter receptacle	\$1,150
Halpine Rd.	Rockville Pike	Replace shelter bench. Construct concrete pad for litter receptacle	\$1,150
Cabin John Pkwy	Monroe St.	Construct pad behind stop, install lean rail	\$1,100
Baltimore Rd.	Cove La.	Install new large trash can	\$1,050
Frederick Rd.	Indianola Dr.	Install freestanding bench.	\$1,050
Southlawn Dr.	Horners La	Install freestanding bench.	\$1,050
Taft St.	Gude Dr.	Install freestanding bench.	\$1,050
Wootton Pkwy	Wootton H.S.	Install freestanding bench.	\$1,050

Frederick Rd.	Mannakee St.	Install freestanding bench.	\$1,050
Washington St.	Court House Squa	Construct ADA pad.	\$1,000
Wootton Pkwy	Rockshire Shop C	Replace curb ramp	\$1,000
Research Blvd.	Aspen Plaza (#16	Replace shelter bench	\$700
Research Blvd.	12 Oaks (#1450)	Replace shelter bench	\$700
Research Blvd.	New Covenant Chu	Replace shelter bench	\$700
Research Blvd.	Gude Dr.	Replace shelter bench	\$700
Research Blvd.	Research Pl	Replace shelter bench	\$700
Tower Oaks Blvd	#2800	Replace shelter bench	\$700
Wootton Pkwy	Seven Locks Rd.	Replace shelter bench	\$700
Twinbrook Pkwy.	Marshall Ave.	Replace shelter bench.	\$700
Halpine Rd.	Jefferson St.	Replace shelter bench.	\$700
Chapman Ave.	Bouic Ave.	Replace shelter bench.	\$700
Chapman Ave.	Bouic Ave.	Replace shelter bench.	\$700
Frederick Rd.	Redland Rd.	Replace shelter bench.	\$700
Frederick Rd.	Watkins Pond Blvd	Replace shelter bench.	\$700
Hungerford Dr.	#451	Replace shelter bench.	\$700
Hungerford Dr.	#451	Replace shelter bench.	\$700
Piccard Dr.	Gude Dr.	Replace shelter bench.	\$700
Research Blvd.	#2277	Replace shelter bench.	\$700
Rockville Pike	Mt Vernon Pl.	Install shelter bench.	\$600
Shady Grove Rd.	Choke Cherry Rd.	Install shelter bench.	\$600
Frederick Ave.	Horners La	Install shelter bench	\$600
Rockville Pike	Richard Montgome	Install shelter bench	\$600
Veirs Mill Rd	Dodge St	Re-orient shelter	\$500
Frederick Rd.	Mannakee St.	Install lean rail	\$500
Maryland Ave.	Potomac Valley Rd.	Install small trash can	\$350
Seven Locks Rd.	Fortune Tr.	Install small trash can	\$350
			\$495,000

TPB Enhanced Mobility Program Application: TWO-YEAR **OPERATING BUDGET**

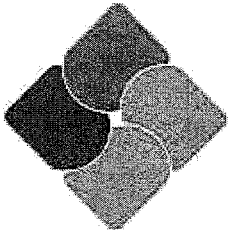
Project Name:

Organization Name:



Metropolitan Washington
Council of Governments

<u>BUDGET LINE ITEMS</u>	round down		round up	NUMBER JUSTIFICATION Explain how you calculated the figures-- show the math used.	SOURCE OF MATCH Cash on Hand, general revenue, outside resources, other
	TOTAL BUDGET	FTA FUNDS Requested (50%)	RECIPIENT FUNDS (Match- 50%)		
Salaries					
Fringe Benefits					
Meeting/Training Expenses		-	-		
Vehicle Operating Costs		-	-		
Service Operating Costs		-	-		
Marketing/Media/Outreach		-	-		
Focus Groups/Survey Costs		-	-		
Travel		-	-		
Other		-	-		
		-	-		
TOTALS	-	-	-		



Enhanced Mobility of Seniors and Individuals with Disabilities Program Application

Certification of Availability of Matching Funds

The undersigned hereby certifies that City of Rockville
(applicant)

is authorized to enter into an Agreement with the Metropolitan Washington Council of Governments to receive a Federal Transit Administration (FTA) Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities grant should a grant be awarded.

The Enhanced Mobility program requires matching funds of twenty percent (20%) of total Capital costs and fifty (50%) of total Operating costs.

The undersigned hereby certifies that City of Rockville
(applicant)
agrees to provide the following amount of requisite total matching funds

\$ 99,000.- (Total matching funds from application: capital plus operating).

The source(s) of these funds are: Transportation
Improvement Fees
(Describe and provide amounts from project partners, if applicable).

Signature

Name (Printed):

EMAD ELSHAFEI

Title:

Chief of Traffic & Transportation

Organization:

City of Rockville

Date:

11 / 3 / 2017



National Capital Region
Transportation Planning Board

Enhanced Mobility of Seniors and Individuals with Disabilities Program
2-Year Work Plan

Agency: City of Rockville
Project Title: Rockville Bus Stop and Sidewalk Improvements

Goal #1: Potomac Valley Rd Sidewalk										
Objective/Major Activity:	Benchmarks (outputs)	Timeline								Estimated Completion Date (month end)
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Planning & Public Outreach	Finalized concept plan and approval from adjacent residents	X	X							
2. Survey & Design	100% design documents		X	X	X	X				
3. Procurement & Construction	Procure contractor and complete construction					X	X	X	X	November, 2019



National Capital Region
Transportation Planning Board

Enhanced Mobility of Seniors and Individuals with Disabilities Program
2-Year Work Plan

Goal #2: Bus Stop Improvements										
Objective/Major Activity:	Benchmarks (outputs)	Timeline								Estimated Completion Date (month end)
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Equipment Procurement	Purchase of bus stop amenities: shelters, benches and trash cans.	X	X	X						
2. Contractor Procurement	Procurement of contractor through competitive bids			X	X	X	X			
3. Construction/Installation	Constructing all proposed improvements and amenities.						X	X	X	November, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Rockville (the City), we offer readers of the City's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 5-8 of this report and the financial statements beginning on page 23.



FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the current fiscal year by \$348,803,112 (net position). That amount includes a positive balance of \$5,205,826 from unrestricted net position made up of \$18,653,066 from governmental activities and a deficit of \$13,447,240 from business-type activities. The unrestricted deficit from business-type activities exists primarily due to continued costs of improvements to the City's water and sewer infrastructure.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,853,779. Approximately 18.4% of this total amount is reported as restricted special revenue programming totaling \$9,196,988.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19,643,296 or 25.5% of total General Fund budgeted revenues (adopted) of \$76,920,000.
- The City's total debt principal outstanding decreased by \$6,592,967 or 4.8%. During the year, new general obligation bonds were issued for water, sewer, and capital projects and outstanding 2007 and 2008 bonds were advance refunded in the water, sewer and capital projects funds.
- Interest on investment earnings earned by the City's general investment portfolio totaled \$266,837 for an average rate of return of 0.47%. The average daily investment portfolio was \$56,543,273.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, fluctuations in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community development block grant (CDBG) administration, community development, public works, public safety, and recreation and parks. The business-type activities of the City include water, sewer, refuse, stormwater management, parking, and golf course operations.

The government-wide financial statements can be found on pages 23-24 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Reconciliations are provided between the governmental funds Balance Sheet and the government-wide Statement of Net Position and also between the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds and the government-wide Statement of Activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund, as they are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 72-73 of this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, and Non-Major Governmental Funds. Budgetary comparison statements can be found on pages 69, 71 and 74, respectively.

The governmental funds financial statements can be found on pages 25 and 27 of this report.

Proprietary funds: The City maintains six different enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, refuse, stormwater management, parking, and golf course operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise financial statements provide separate information for the Water Facility, Sanitary Sewer, Refuse, Parking, Stormwater Management, and the RedGate Golf Course, which are considered the major funds of the City. The Stormwater Management and RedGate Golf Course Funds do not meet the requirements of a major fund, but management has elected to report these funds as major.

The enterprise funds financial statements and cash flows can be found on pages 29-32 of this report.

Fiduciary funds: The Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The Pension Trust Funds and OPEB Trust Fund are not reflected in the government-wide financial statement because the resources of these funds are not available to support the City's own programs. The accounting used for the trust funds are much like that used for proprietary funds.

The Fiduciary Funds financial statements can be found on pages 33 and 34 of this report.

Notes to the financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-63 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Rockville Employee Retirement System, the other post-employment benefits (OPEB) plan, and the City's budgetary comparison schedules for major governmental funds. Required supplementary information can be found beginning on page 65 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements along with budgetary comparison schedules can be found on pages 72 through 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, changes in net position serves as a useful indicator of a government's financial position. The City's overall assets exceeded all its liabilities by \$348,803,112 at the close of the current fiscal year.

The largest portion of the City's net position (95.9%) is reflected in its net investment in capital assets (e.g., CIP and infrastructure less accumulated depreciation), less any related debt used to acquire those assets that is still outstanding, excluding unspent debt proceeds of \$2,660,048. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rockville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 42,112,441	\$ 45,601,986	\$ 13,237,487	\$ 12,841,573	\$ 55,349,928	\$ 58,443,559
Noncurrent and Capital Assets	284,178,244	277,667,462	178,172,477	173,009,787	462,350,721	450,677,249
Deferred Outflows of Resources	7,869,168	6,665,535	3,146,860	2,912,690	11,016,028	9,578,225
Total Assets and Deferred Outflows of Resources	\$ 334,159,853	\$ 329,934,983	\$ 194,556,824	\$ 188,764,050	\$ 528,716,677	\$ 518,699,033
Noncurrent Liabilities	62,776,753	61,719,318	104,836,889	106,774,620	167,613,642	168,493,938
Other Liabilities	(7,974,478)	(4,576,715)	20,264,218	17,800,099	12,289,740	13,223,384
Deferred Inflows of Resources	10,183	1,134,254	-	-	10,183	1,134,254
Total Liabilities and Deferred Inflows of Resources	\$ 54,812,458	\$ 58,276,857	\$ 125,101,107	\$ 124,574,719	\$ 179,913,565	\$ 182,851,576
Net Position:						
Net investment in capital assets	251,497,341	242,206,193	82,902,957	80,207,561	334,400,298	322,413,754
Restricted	9,196,988	8,958,785	-	-	9,196,988	8,958,785
Unrestricted	18,653,066	20,493,148	(13,447,240)	(16,018,230)	5,205,826	4,474,918
Total Net Position	\$ 279,347,395	\$ 271,658,126	\$ 69,455,717	\$ 64,189,331	\$ 348,803,112	\$ 335,847,457

At the end of the current fiscal year, there is a positive balance of \$5,205,826 in unrestricted net position. This is an increase of \$730,908 from the balance of \$4,474,918 in unrestricted net position in fiscal year 2016. This increase is attributable to the City's improved financial condition and performance in fiscal year 2017. The City reports positive net position balances for the City as a whole, as well as for its separate governmental and business-type activities, for the current fiscal year, with the exception of the CDBG Fund and Parking Fund.

The governmental net investment in capital assets, increased by \$9,291,148 or 3.8%. This increase is related to capital projects expenditures during the current fiscal year.

The business-type activities net investment in capital assets, increased by \$2,695,396 or 3.4%. This increase is related to capital projects expenditures during the current fiscal year.

City of Rockville's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 13,154,992	\$ 12,864,541	\$ 37,527,726	\$ 35,221,182	\$ 50,682,718	\$ 48,085,723
Operating grants & contrib.	1,842,041	1,414,801	-	-	1,842,041	1,414,801
Capital grants & contrib.	929,414	1,021,763	1,683,070	2,523,759	2,612,484	3,545,522
General revenues:						
Property taxes	40,246,427	38,283,902	206,704	196,481	40,453,131	38,480,383
Other taxes	19,206,229	19,170,951	-	-	19,206,229	19,170,951
Other	3,866,099	3,400,734	345,143	145,347	4,211,242	3,546,081
Total Revenues:	\$ 79,245,202	\$ 76,156,692	\$ 39,762,643	\$ 38,086,769	\$ 119,007,845	\$ 114,243,461
Expenses:						
General government	\$ 22,179,924	\$ 19,939,261	\$ -	\$ -	\$ 22,179,924	\$ 19,939,261
CDBG	-	192,372	-	-	-	192,372
Community development	5,559,447	5,208,701	-	-	5,559,447	5,208,701
Public safety	13,055,908	14,011,145	-	-	13,055,908	14,011,145
Public works	11,298,192	11,489,202	-	-	11,298,192	11,489,202
Recreation and Parks	22,483,951	21,677,656	-	-	22,483,951	21,677,656
Interest on long term debt	1,279,361	1,451,990	-	-	1,279,361	1,451,990
Water	-	-	9,541,833	8,954,708	9,541,833	8,954,708
Sewer	-	-	10,632,475	12,465,393	10,632,475	12,465,393
Refuse	-	-	4,593,424	4,273,936	4,593,424	4,273,936
Parking	-	-	1,800,872	1,783,298	1,800,872	1,783,298
Stormwater management	-	-	3,522,042	3,176,524	3,522,042	3,176,524
Golf Course	-	-	104,761	105,439	104,761	105,439
Total Expenses:	\$ 75,856,783	\$ 73,970,327	\$ 30,195,407	\$ 30,759,298	\$ 106,052,190	\$ 104,729,625
Increase in net position before transfers and contributions	3,388,419	2,186,365	9,567,236	7,327,471	12,955,655	9,513,836
Transfers and contributions	4,300,850	4,130,270	(4,300,850)	(4,130,270)	-	-
Increase/(Decrease) in net position	7,689,269	6,316,635	5,266,386	3,197,201	12,955,655	9,513,836
Net position - beginning	271,658,126	265,341,491	64,189,331	60,992,130	335,847,457	326,333,621
Net position - ending	\$ 279,347,395	\$ 271,658,126	\$ 69,455,717	\$ 64,189,331	\$ 348,803,112	\$ 335,847,457

Governmental activities: Governmental activities net position was \$279,347,395 at the end of the fiscal year, an increase of \$7,689,269, or 2.8% over beginning net position. Program revenues increased by \$625,342 (4.1%), which is made up of increases in charges for services of \$290,451, and increases in grant revenues of \$334,891. General revenues increased by \$2,463,168 (4.0%) which is mainly attributable to an increase in property tax revenues of \$1,962,525 and a \$336,375 increase in admissions and amusement tax revenue. Continued efforts to closely monitor costs across every department allowed for total revenues to exceed expenses in the government-wide Statement of Activities.

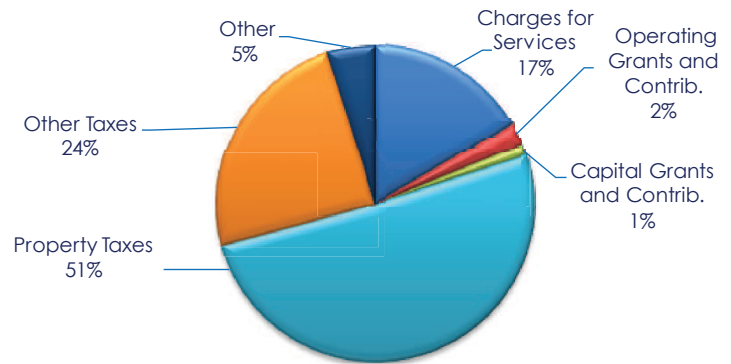
For the year ended June 30, 2017 the two most significant sources of governmental revenue were property taxes and other taxes, which include but are not limited to income tax, gas and motor vehicle tax, and county tax duplication. The two most significant governmental functional expenses were for recreation and parks and general government, which makes up the City Manager, City Clerk, legal, finance, human resources, and information technology functions of the City.

Business-type activities: Business-type activities net position was \$69,455,717 at the end of the fiscal year, an increase of \$5,266,386, or 8.2% over beginning net position. Program revenues increased by \$1,465,855 (3.9%) when compared to the previous fiscal year. This revenue increase is due to increased utility and service rates from the prior year, and offset by a reduction in capital grant revenues. Expenses decreased by \$563,891 (1.8%) when compared to the previous fiscal year. This decrease is primarily due to less operating and maintenance costs for City wastewater treatment facilities as compared to fiscal year 2016, offset by increases supporting continued performance-based pay and cost of living pay increases for employees.

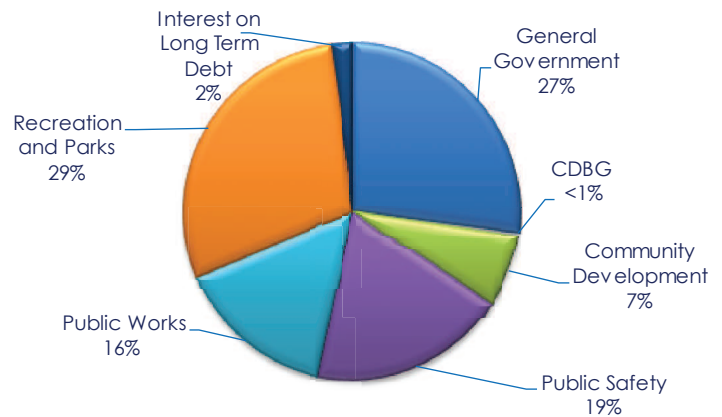
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's short term financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

All the City's governmental funds continue to hold reserves above policy level. This is reflective of the strength of the City's finances as it continues to manage growth.

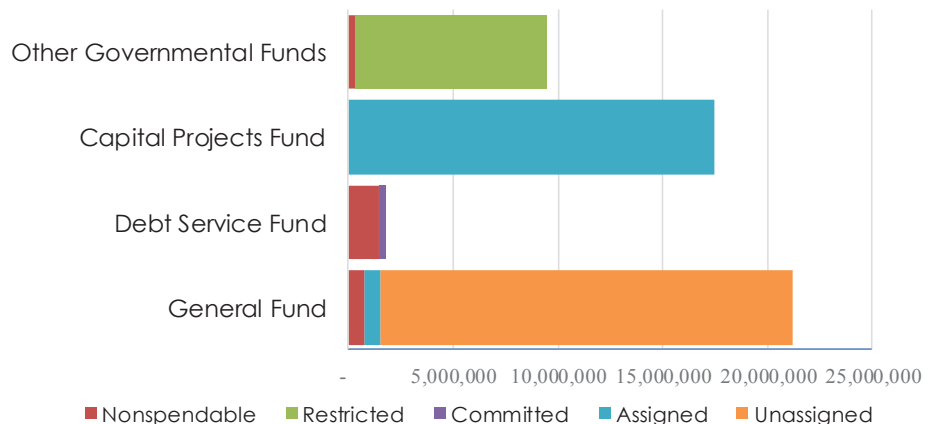
Governmental Revenue Sources - June 30, 2017



Governmental Functional Expenses - June 30, 2017



Governmental Fund Balance by Category



At the end of the current fiscal year, the City’s governmental funds reported a combined ending fund balance of \$49,853,779, a decrease of \$251,466 or 0.5% in comparison with the prior fiscal year. This modest decrease is due to increased capital outlay during the year, particularly in the Capital Projects Fund, offset in part by increases in tax revenues. The classifications of fund balance are \$2,499,453 as nonspendable, \$9,196,988 as restricted for special revenue programming, \$320,328 as committed for debt service, \$18,206,702 as assigned for capital outlays, consulting services, and other purposes, and \$19,630,308 as unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance is \$19,643,296, of the total fund balance of \$21,176,077. The unassigned fund balance decreased \$1,395,730 or 6.6% from the prior fiscal year and the total fund balance decreased \$2,640,275 or 11.1% from the prior fiscal year. These decreases were a result of planned increased pay-go funding provided to the Capital Projects Fund and the recognition of amounts previously classified as nonspendable advances.

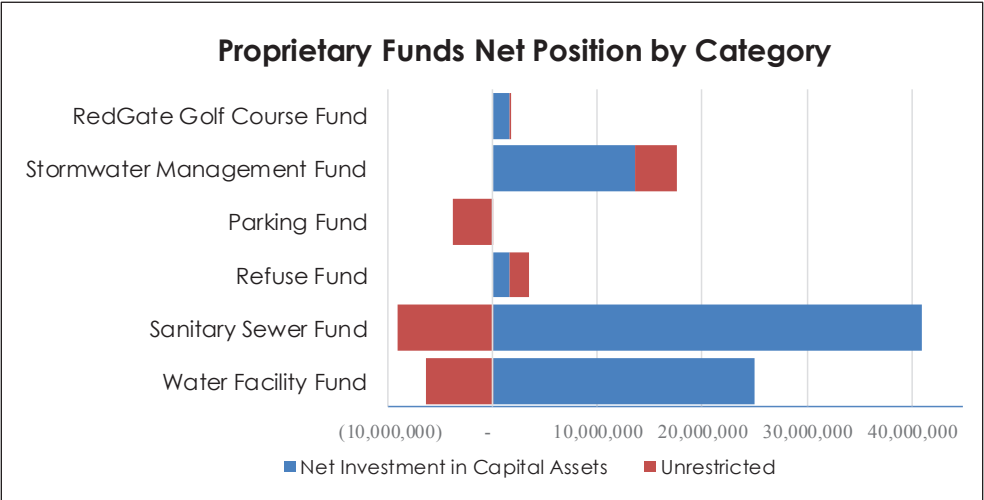
The Debt Service Fund has a total fund balance of \$1,742,066, of which \$320,328 is committed to the payment of debt service and \$1,421,738 is related to nonspendable advances. The increase in fund balance was \$139,867 or 8.7%. This increase was due to transfers from the General Fund into the Debt Service Fund exceeding debt service expenditures.

The Capital Projects Fund has a total fund balance of \$17,467,665, which is assigned to capital outlay. The increase in fund balance was \$1,672,619 or 10.6%. This increase was due to bond proceeds and General Fund transfers for planned future capital outlays.

Proprietary funds: The City's proprietary funds provide similar information found in the government-wide financial statements, but in more detail.

Overall, the results of the City’s Enterprise Funds’ operations are mixed, with some funds meeting reserve requirements, and others not. Continued liquidity issues in the Water Facility and Sanitary Sewer Funds, due to the investment in infrastructure improvements, are being addressed through planned rate increases.

Unrestricted net position of the Water Facility, Sanitary Sewer, Refuse, Parking, Stormwater Management, and RedGate Golf Course Funds at the end of the fiscal year amounted to (\$6,383,384), (\$9,024,629), \$1,741,940, (\$3,800,765), \$3,961,902 and \$57,696, respectively.



Fiduciary funds. The City's fiduciary funds provide information on the pension and post-employment health benefit trusts maintained by the City. These funds are not reported in the government-wide financial statements.

The net position of the Pension Trust Funds and OPEB Trust Fund at the end of the year amounted to \$127,286,202 and \$7,027,859, respectively. Net position increased in both funds as a result of investment performance and ongoing City contributions. The City made its full actuarially determined contributions (ADC) for both funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget included a \$1,061,840 increase in revenues from the original adopted budget primarily due to increased revenue projections from income tax. Operating expenses in the final amended budget included a \$1,725,917 net increase from the original adopted budget. The net increase is a result of increases for reappropriation of fiscal year 2016 encumbrances and the recognition of grant expenses realized under economic development agreements.

Actual revenues were \$1,900,942 higher than the final amended budget. The increase is primarily a result of higher than projected income tax, property tax and grants of \$577,486, \$554,716, and \$403,686, respectively combined with other smaller variances. Actual operating expenditures were \$2,413,472 less than the final amended budget. This decrease is a result of vacant positions, unfinished consultant studies, outstanding vehicle replacements and other smaller operating cost reductions across programs.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$438,391,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges, and water and sewer improvements. The total increase in the City's investment in capital assets for the current fiscal year was \$11,816,365 or 2.8%.

Major capital asset events during the current fiscal year included the following:

- Rehabilitation and replacement of water and sewer mains throughout the City totaling \$4,898,297.
- Acquisitions of three parcels of land totaling \$3,700,650.
- The last of the stormwater improvements and stream restoration tasks for Dogwood Park were completed with costs totaling \$1,041,766.
- Improvements to City roads, bridges and sidewalks continued; construction costs at the end of the current fiscal year were \$5,754,964.

City of Rockville's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 11,544,482	\$ 7,843,832	\$ 2,058,940	\$ 2,058,940	\$ 13,603,422	\$ 9,902,772
Construction in Progress	4,371,418	2,966,485	5,013,391	6,956,236	9,384,809	9,922,721
Buildings	65,686,956	66,516,856	484,682	523,996	66,171,638	67,040,852
Improvements other than Buildings	15,448,667	15,686,757	132,997,077	125,690,654	148,445,744	141,377,411
Equipment	11,975,670	12,467,404	3,185,421	2,898,513	15,161,091	15,365,917
Infrastructure	175,151,051	172,186,128	-	-	175,151,051	172,186,128
Purchased Capacity	-	-	10,473,267	10,778,856	10,473,267	10,778,856
Total	\$ 284,178,244	\$ 277,667,462	\$ 154,212,778	\$ 148,907,195	\$ 438,391,022	\$ 426,574,657

Additional information on the City's capital assets can be found in Note (2) D on pages 44-45 of this report.

Long-term obligations: At the end of the current fiscal year, the City had total long term obligations of \$167,613,642, which are backed by the full faith and credit of the government. Governmental debt is repaid from tax revenues, and business-type debt is repaid from charges for services.

City of Rockville's Long Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Bonds Payable and Loans Payable, net	\$ 33,821,450	\$ 36,775,627	\$ 103,851,956	\$ 105,856,569	\$ 137,673,406	\$ 142,632,196
Accrued Obligations for Compensated Balances	4,920,012	4,724,609	984,933	918,051	5,904,945	5,642,660
Claims Payable	1,768,150	1,591,998	-	-	1,768,150	1,591,998
Net Pension Liability	21,520,338	17,908,264	-	-	21,520,338	17,908,264
Net OPEB Obligation	746,803	718,820	-	-	746,803	718,820
Total Long-Term Liabilities	\$ 62,776,753	\$ 61,719,318	\$ 104,836,889	\$ 106,774,620	\$ 167,613,642	\$ 168,493,938

The City's total debt principal outstanding decreased by \$4,958,790 (3.5%) compared to the prior fiscal year, not including the impact of unamortized bond premiums and deferred charges on advance refundings. This decrease represents the impact of the issuance of advance refunding bonds in the current fiscal year and the repayment on existing long term debt. Compensated absences increased by \$262,285 (4.6%) during the fiscal year. The net pension liability, which was introduced in fiscal year 2015 with the adoption of GASB Statement No. 68 represents the long-term liabilities for payments to retirees, net of the City's current pension investments. The net pension liability increased \$3,612,074 (20.2%) based on projected future pension payments. The net OPEB obligation increased by \$27,983 (3.9%) during the fiscal year.

The City has been awarded a "AAA" rating from Standard & Poor's and a "Aaa" rating from Moody's Investor Service for all of its outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note (2) F on pages 46-51 of this report. Additional information on the City's net pension liability and net OPEB obligation can be found in Note (4) and Note (5), respectively on pages 54-63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Mayor and Council adopted the Fiscal Year 2018 (FY18) operating and capital budgets on May 1, 2017. The total operating budget for all funds equals \$130.3 million, an increase of 3.2% from the previous year. The General Fund budget equals \$79.7 million, an increase of 3.3%. The FY17 real property tax rate of \$0.292 per \$100 of assessed valuation remains the same for FY18. In addition to adopting the FY18 budget ordinance, the Mayor and Council also approved several ordinances and resolutions that set the utility rates. Those include:

- A stormwater utility rate of \$127.70 per equivalent residential unit (ERU). Each residential property will pay \$127.70 or one ERU per year, and each commercial property will pay \$127.70 multiplied by the number of ERUs measured on their property. This rate is unchanged from fiscal year 2017.
- Water usage rates continue to follow a multi-tiered progressive structure which incorporates both fixed and variable charges based on consumption and meter size. On average, these rates reflect a 3.5% increase in fiscal year 2018.
- Sewer rate of \$9.26 per 1,000 gallons, an increase of 12.5% from the FY17 rate of \$8.23.
- Refuse rate of \$445 per residential property per year, an increase of 5.0% from the FY17 rate of \$424.

An important aspect of utility rate setting for the fiscal year 2018 budget were the rate increases in the water, sewer, and refuse programs, which ensure the financial health of these operations. Mayor and Council adopted the fiscal year 2018 rates and future rates to ensure rate stability and consistency for City residents.

An important economic factor that directly impacts the City's budget is property assessments. In January 2016, a portion of the City's properties were reassessed. While there were no reassessments in January 2017, the three-year phase in from the 2016 reassessment combined with new properties on the City's tax roll, results in a projected 3.5% increase in real property tax revenues for fiscal year 2018. Budgeted personal property taxes are expected to remain flat and consistent with actual revenues the City has received historically. These combined factors, brings estimated total real and personal property tax revenue to \$40.9 million, an increase of approximately \$1.3 million. While this provides a positive outlook, the City will continue to maintain reserves at policy levels and closely monitor spending.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 111 Maryland Avenue, City of Rockville, Rockville, Maryland, 20850.

Basic Financial Statements

City of Rockville, Maryland

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash and cash equivalents	\$ 36,044,433	\$ 7,684,521	\$ 43,728,954
Property tax receivable, net	372,721	-	372,721
Accounts receivable, net	623,317	5,510,964	6,134,281
Due from other governments	2,539,902	-	2,539,902
Prepaid assets	156,000	-	156,000
Loans receivable	1,889,274	-	1,889,274
Other assets	478,092	42,002	520,094
Unbilled assessments receivable	8,702	-	8,702
Capital assets (net of accumulated depreciation):			
Land	11,544,482	2,058,940	13,603,422
Construction in progress	4,371,418	5,013,391	9,384,809
Buildings, Improvements and Infrastructure	256,286,674	133,481,759	389,768,433
Equipment	11,975,670	3,185,421	15,161,091
Purchased capacity	-	10,473,267	10,473,267
Accounts receivable, net	-	139,693	139,693
Capital lease, net	-	23,820,006	23,820,006
Total Assets	<u>\$ 326,290,685</u>	<u>\$ 191,409,964</u>	<u>\$ 517,700,649</u>
Deferred Outflows of Resources			
Deferred outflows from pensions	\$ 7,696,423	\$ -	\$ 7,696,423
Deferred charge on advance refunding	172,745	3,146,860	3,319,605
Total Deferred Outflows of Resources	<u>\$ 7,869,168</u>	<u>\$ 3,146,860</u>	<u>\$ 11,016,028</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 334,159,853</u>	<u>\$ 194,556,824</u>	<u>\$ 528,716,677</u>
Liabilities			
Accounts payable	\$ 3,486,492	\$ 2,377,193	\$ 5,863,685
Internal balances	(16,772,813)	16,772,813	-
Accrued liabilities	2,091,487	772,513	2,864,000
Unearned revenue	1,358,978	-	1,358,978
Retainages payable	294,644	325,204	619,848
Deposits and other liabilities	1,566,734	16,495	1,583,229
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	3,591,609	719,001	4,310,610
Bonds payable and loan payable, net	3,809,203	7,007,854	10,817,057
Claims payable	671,897	-	671,897
Due in more than one year:			
Compensated absences	1,328,403	265,932	1,594,335
Bonds payable and loans payable, net	30,012,247	96,844,102	126,856,349
Claims payable	1,096,253	-	1,096,253
Net pension liability	21,520,338	-	21,520,338
Net OPEB obligation	746,803	-	746,803
Total Liabilities	<u>\$ 54,802,275</u>	<u>\$ 125,101,107</u>	<u>\$ 179,903,382</u>
Deferred Inflows of Resources			
Deferred inflows from pensions	\$ 10,183	\$ -	\$ 10,183
Deferred inflows from OPEB	-	-	-
Total Deferred Inflows of Resources	<u>\$ 10,183</u>	<u>\$ -</u>	<u>\$ 10,183</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 54,812,458</u>	<u>\$ 125,101,107</u>	<u>\$ 179,913,565</u>
Net Position			
Net investment in capital assets	\$ 251,497,341	\$ 82,902,957	\$ 334,400,298
Restricted for:			
Special activities fund programming	9,196,988	-	9,196,988
Unrestricted	18,653,066	(13,447,240)	5,205,826
Total Net Position	<u>\$ 279,347,395</u>	<u>\$ 69,455,717</u>	<u>\$ 348,803,112</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 334,159,853</u>	<u>\$ 194,556,824</u>	<u>\$ 528,716,677</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Statement of Activities For the Fiscal Year Ended June 30, 2017

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital	Primary Government		Total
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 22,179,924	\$ 411,704	\$ 259,008	\$ -	\$ (21,509,212)	\$ -	\$ (21,509,212)
Community development	5,559,447	2,043,566	235,878	10,669	(3,269,334)	-	(3,269,334)
Public safety	13,055,908	4,367,130	780,346	-	(7,908,432)	-	(7,908,432)
Public works	11,298,192	208,457	-	743,745	(10,345,990)	-	(10,345,990)
Recreation and parks	22,483,951	6,124,135	566,809	175,000	(15,618,007)	-	(15,618,007)
Interest long-term debt	1,279,361	-	-	-	(1,279,361)	-	(1,279,361)
Total Governmental Activities	<u>\$ 75,856,783</u>	<u>\$ 13,154,992</u>	<u>\$ 1,842,041</u>	<u>\$ 929,414</u>	<u>\$ (59,930,336)</u>	<u>\$ -</u>	<u>\$ (59,930,336)</u>
Business-Type Activities:							
Water	\$ 9,541,833	\$ 12,360,559	\$ -	\$ -	\$ -	\$ 2,818,726	\$ 2,818,726
Sewer	10,632,475	12,407,271	-	-	-	1,774,796	1,774,796
Refuse	4,593,424	6,121,016	-	-	-	1,527,592	1,527,592
Parking	1,800,872	857,266	-	306,322	-	(637,284)	(637,284)
Stormwater management	3,522,042	5,781,614	-	1,376,748	-	3,636,320	3,636,320
RedGate golf course	104,761	-	-	-	-	(104,761)	(104,761)
Total Business-Type Activities	<u>\$ 30,195,407</u>	<u>\$ 37,527,726</u>	<u>\$ -</u>	<u>\$ 1,683,070</u>	<u>\$ -</u>	<u>\$ 9,015,389</u>	<u>\$ 9,015,389</u>
Total primary government	<u>\$ 106,052,190</u>	<u>\$ 50,682,718</u>	<u>\$ 1,842,041</u>	<u>\$ 2,612,484</u>	<u>\$ (59,930,336)</u>	<u>\$ 9,015,389</u>	<u>\$ (50,914,947)</u>
General revenues:							
Property taxes					\$ 40,246,427	\$ 206,704	\$ 40,453,131
Income taxes					13,577,486	-	13,577,486
Gas and motor vehicle taxes					1,897,093	-	1,897,093
County tax duplication payment					2,409,750	-	2,409,750
Admissions and amusement taxes					1,321,900	-	1,321,900
Use of money and property					456,123	42,127	498,250
Other revenue					3,409,976	303,016	3,712,992
Transfers and Contributions					4,300,850	(4,300,850)	-
Total general revenues and transfers					<u>\$ 67,619,605</u>	<u>\$ (3,749,003)</u>	<u>\$ 63,870,602</u>
Change in net position					7,689,269	5,266,386	12,955,655
Net Position at beginning of year					271,658,126	64,189,331	335,847,457
Net Position at end of year					<u>\$ 279,347,395</u>	<u>\$ 69,455,717</u>	<u>\$ 348,803,112</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Balance Sheet
Governmental Funds
June 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 7,594,618	\$ 329,709	\$ 19,086,001	\$ 9,034,105	\$ 36,044,433
Property taxes receivable, net	372,721	-	-	-	372,721
Accounts receivable, net	404,102	-	-	219,215	623,317
Interfund receivable	16,879,056	-	-	-	16,879,056
Due from other governments	2,117,445	-	85,779	336,678	2,539,902
Prepaid assets	156,000	-	-	-	156,000
Loans receivable	183,565	1,421,738	-	283,971	1,889,274
Other assets, net	469,828	493	7,771	-	478,092
Unbilled assessments receivable	-	8,702	-	-	8,702
Total Assets	\$ 28,177,335	\$ 1,760,642	\$ 19,179,551	\$ 9,873,969	\$ 58,991,497
Liabilities					
Accounts payable	\$ 1,879,210	\$ 9,874	\$ 1,318,142	\$ 279,266	\$ 3,486,492
Interfund payable	-	-	-	106,243	106,243
Accrued liabilities	1,943,204	-	-	-	1,943,204
Unearned revenue	1,358,978	-	-	-	1,358,978
Retainages payable	-	-	294,644	-	294,644
Deposits and other liabilities	1,447,145	-	99,100	20,489	1,566,734
Total Liabilities	\$ 6,628,537	\$ 9,874	\$ 1,711,886	\$ 405,998	\$ 8,756,295
Deferred Inflows of Resources					
Unavailable revenue - property taxes	\$ 372,721	\$ -	\$ -	\$ -	\$ 372,721
Unavailable revenue - special assessments	-	8,702	-	-	8,702
Total Deferred Inflows of Resources	372,721	8,702	-	-	381,423
Total Liabilities and Deferred Inflows of Resources	\$ 7,001,258	\$ 18,576	\$ 1,711,886	\$ 405,998	\$ 9,137,718
Fund Balances					
Nonspendable:					
Inventory	\$ 454,179	\$ -	\$ -	\$ -	\$ 454,179
Advances	183,565	1,421,738	-	283,971	1,889,274
Prepaid assets	156,000	-	-	-	156,000
Restricted for:					
Special revenue programming	-	-	-	9,196,988	9,196,988
Committed to:					
Debt service	-	320,328	-	-	320,328
Assigned for:					
Consulting services	139,242	-	-	-	139,242
Capital outlays	559,871	-	17,467,665	-	18,027,536
Other purposes	39,924	-	-	-	39,924
Unassigned:	19,643,296	-	-	(12,988)	19,630,308
Total Fund Balance	\$ 21,176,077	\$ 1,742,066	\$ 17,467,665	\$ 9,467,971	\$ 49,853,779
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 28,177,335	\$ 1,760,642	\$ 19,179,551	\$ 9,873,969	\$ 58,991,497

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Reconciliation of Total Government Fund Balances to Net Position of
Governmental Activities
June 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$ 49,853,779
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	376,173,002	
Accumulated depreciation	(91,994,758)	284,178,244

Unavailable revenues are not financial resources in the governmental funds, therefore the liability is eliminated and total net position is increased.	381,423
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The unamortized deferred charge on advance refunding represents a long term outflow of resources that is not presented in the governmental funds.	172,745
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The net pension liability and the related deferred outflows and deferred inflows do not represent current financial resources and is not reported in the governmental funds.

Net pension liability	(21,520,338)	
Deferred outflows from pensions	7,696,423	
Deferred inflows from pensions	(10,183)	(13,834,098)

The net OPEB obligation related to governmental activities does not represent current financial resources and is not reported in the governmental funds.	(746,803)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities as of year-end consist of:

Compensated absences	4,920,012	
General obligation bonds payable	30,861,625	
Loans payable	241,333	
Accrued interest on the general obligation bonds	148,283	
Unamortized bond premiums on the general obligation bonds	2,718,492	
Claims payable	1,768,150	(40,657,895)

Total net position - governmental activities	\$ 279,347,395
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See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 40,105,716	\$ -	\$ -	\$ -	\$ 40,105,716
Assessments	-	17,306	-	-	17,306
Revenue from other governments:					
Community development block grant	-	-	-	206,478	206,478
Income taxes	13,577,486	-	-	-	13,577,486
Gas and motor vehicles taxes	1,897,093	-	-	-	1,897,093
County tax duplication payment	2,409,750	-	-	-	2,409,750
Admission and amusement taxes	1,321,900	-	-	-	1,321,900
Grants and other governmental revenue	2,530,326	-	278,329	917,920	3,726,575
Licenses and permits	2,927,369	-	-	-	2,927,369
Charges for services	6,792,763	-	-	-	6,792,763
Use of money and property	324,031	47,514	75,879	8,699	456,123
Fines and forfeitures	1,267,285	-	-	1,832,161	3,099,446
Other revenues	6,729,063	-	101,400	776,492	7,606,955
Total Revenues	\$ 79,882,782	\$ 64,820	\$ 455,608	\$ 3,741,750	\$ 84,144,960
Expenditures					
Current operations:					
General government	\$ 16,407,663	\$ -	\$ -	\$ -	\$ 16,407,663
Community development	5,307,654	-	-	234,860	5,542,514
Public safety	11,109,168	-	-	1,334,618	12,443,786
Public works	7,230,606	-	-	-	7,230,606
Recreation and parks	22,202,495	-	-	230,489	22,432,984
Capital outlay	1,921,449	-	12,011,629	1,485,350	15,418,428
Debt service	-	5,314,229	-	-	5,314,229
Total Expenditures	\$ 64,179,035	\$ 5,314,229	\$ 12,011,629	\$ 3,285,317	\$ 84,790,210
Excess (deficiency) of Revenues over Expenditures	\$ 15,703,747	\$ (5,249,409)	\$ (11,556,021)	\$ 456,433	\$ (645,250)
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ 5,350,000	\$ 12,114,612	\$ 119,890	\$ 17,584,502
Transfers out	(18,344,022)	-	-	-	(18,344,022)
Payment to refunded bond escrow agent	-	(5,390,020)	-	-	(5,390,020)
Issuance of general obligation bonds	-	-	1,105,000	-	1,105,000
Premium on general obligation bonds	-	-	9,028	-	9,028
Issuance of advance refunding bonds	-	4,478,303	-	-	4,478,303
Premium on advance refunding bonds	-	950,993	-	-	950,993
Total Other Financing Sources (uses)	\$ (18,344,022)	\$ 5,389,276	\$ 13,228,640	\$ 119,890	\$ 393,784
Net change in fund balances	\$ (2,640,275)	\$ 139,867	\$ 1,672,619	\$ 576,323	\$ (251,466)
Fund balance at beginning of year	23,816,352	1,602,199	15,795,046	8,891,648	50,105,245
Fund balance at end of year	\$ 21,176,077	\$ 1,742,066	\$ 17,467,665	\$ 9,467,971	\$ 49,853,779

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:

Total net change in fund balances-total governmental funds	\$	(251,466)
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Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$15,418,428 exceeded depreciation of \$8,907,646.		6,510,782
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In the Statement of Activities, only the annual amortized loss on advance refunding is reported, whereas in the governmental funds, the entire loss from the advance refunding decreases financial resources.		172,745
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In governmental funds, bond proceeds and repayment of bond principal are revenues and expenditures, respectively. In the Statement of Net Position these activities are adjustments to long term liabilities. Bond repayments during the year of \$9,135,601 exceeded bond proceeds of \$5,583,303.		3,552,298
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Governmental funds report the effect of premiums and discounts when debt is first issued, but these items are amortized in the Statement of Net Position and recognized annually.		(598,121)
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Because the unavailable revenue will not be collected for several months after the City's fiscal year end, it is not considered revenue in the governmental funds. Unavailable revenue increased in the current fiscal year.		140,711
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The net pension liability and the related deferred outflows and deferred inflows relate to funding for future retiree benefit payments which are not considered current. Changes in the net pension liability, deferred outflows and deferred inflows are reflected below:

Net pension liability	(3,612,074)		
Deferred outflows from pensions	1,030,888		
Deferred inflows from pensions	<u>1,124,071</u>		(1,457,115)

The net OPEB obligation related to funding for future retiree health benefits are not considered current. The net OPEB obligation increased in the current fiscal year.		(27,983)
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Expenses for claims are recognized only when paid using current financial resources in the governmental fund statements. In the Statement of Activities, the expenses are recognized when the City is made aware of its liability for claims payments due. This claims payable increased in the current fiscal year.		(176,152)
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In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This fiscal year, vacation and sick leave earned of \$2,091,255 exceeded amounts used of \$1,895,852.		(195,403)
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In the Statement of Activities, interest expense is recognized as interest accrues, regardless of when it is due. In the governmental funds interest is recognized as an expenditure when it is due and requires the use of current financial resources. In fiscal year 2017, accrued interest on long-term debt reported in the Statement of Activities decreased.		<u>18,973</u>
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Change in net position of governmental activities	\$	<u>7,689,269</u>
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See accompanying notes to the basic financial statements.

City of Rockville, Maryland

Statement of Net Position

Proprietary Funds

June 30, 2017

Business-Type Activities - Enterprise Funds

	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	Total Business-type Activities
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ 2,467,637	\$ 479,671	\$ 4,716,549	\$ 20,664	\$ 7,684,521
Accounts receivable, net	2,352,875	2,460,043	58,348	218,554	420,144	1,000	5,510,964
Other receivables	-	-	1,685	420	2,386	37,511	42,002
Total current assets	<u>\$ 2,352,875</u>	<u>\$ 2,460,043</u>	<u>\$ 2,527,670</u>	<u>\$ 698,645</u>	<u>\$ 5,139,079</u>	<u>\$ 59,175</u>	<u>\$ 13,237,487</u>
Noncurrent Assets							
Capital Assets:							
Land	123,202	-	-	-	842,697	1,093,041	2,058,940
Utility plant and equipment	85,667,218	108,904,584	7,583,050	86,968	19,985,275	2,607,389	224,834,484
Construction in progress	4,527,780	-	-	-	485,611	-	5,013,391
Less-accumulated depreciation	(38,831,244)	(42,128,210)	(5,109,230)	(37,307)	(5,005,345)	(1,862,154)	(92,973,490)
Purchased capacity, long-term	-	15,279,453	-	-	-	-	15,279,453
Other Noncurrent Assets:							
Accounts receivable, net	-	-	-	-	139,693	-	139,693
Capital lease, net	-	-	-	23,820,006	-	-	23,820,006
Total noncurrent assets	<u>\$51,486,956</u>	<u>\$ 82,055,827</u>	<u>\$ 2,473,820</u>	<u>\$ 23,869,667</u>	<u>\$ 16,447,931</u>	<u>\$1,838,276</u>	<u>\$178,172,477</u>
Total Assets	<u>\$53,839,831</u>	<u>\$ 84,515,870</u>	<u>\$ 5,001,490</u>	<u>\$ 24,568,312</u>	<u>\$ 21,587,010</u>	<u>\$1,897,451</u>	<u>\$191,409,964</u>
Deferred Outflows of Resources							
Deferred charge on advance refunding	\$ 319,067	\$ 105,061	\$ -	\$ 2,722,732	\$ -	\$ -	\$ 3,146,860
Total Assets and Deferred Outflows of Resources	<u>\$54,158,898</u>	<u>\$ 84,620,931</u>	<u>\$ 5,001,490</u>	<u>\$ 27,291,044</u>	<u>\$ 21,587,010</u>	<u>\$1,897,451</u>	<u>\$194,556,824</u>
Liabilities							
Current Liabilities							
Bonds payable within 1yr	\$ 2,555,283	\$ 2,868,533	\$ 90,000	\$ 1,170,860	\$ 300,781	\$ 22,397	\$ 7,007,854
Accounts payable	843,191	368,931	298,407	38,008	828,656	-	2,377,193
Interfund payable	6,099,334	10,673,479	-	-	-	-	16,772,813
Accrued liabilities	251,164	200,503	118,428	111,809	89,130	1,479	772,513
Compensated absences	259,546	131,772	196,019	6,855	124,809	-	719,001
Retainages payable	70,474	166,310	-	-	88,420	-	325,204
Deposits / other liabilities	16,495	-	-	-	-	-	16,495
Total Current Liabilities	<u>\$10,095,487</u>	<u>\$ 14,409,528</u>	<u>\$ 702,854</u>	<u>\$ 1,327,532</u>	<u>\$ 1,431,796</u>	<u>\$ 23,876</u>	<u>\$ 27,991,073</u>
Noncurrent Liabilities							
Compensated absences	95,997	48,738	72,500	2,535	46,162	-	265,932
Bonds payable, net	25,423,712	38,206,651	812,313	29,761,742	2,509,747	129,937	96,844,102
Total noncurrent liabilities	<u>\$25,519,709</u>	<u>\$ 38,255,389</u>	<u>\$ 884,813</u>	<u>\$ 29,764,277</u>	<u>\$ 2,555,909</u>	<u>\$ 129,937</u>	<u>\$ 97,110,034</u>
Total Liabilities	<u>\$35,615,196</u>	<u>\$ 52,664,917</u>	<u>\$ 1,587,667</u>	<u>\$ 31,091,809</u>	<u>\$ 3,987,705</u>	<u>\$ 153,813</u>	<u>\$125,101,107</u>
Net Position							
Net investment in capital assets	\$24,927,086	\$ 40,980,643	\$ 1,671,883	\$ -	\$ 13,637,403	\$1,685,942	\$ 82,902,957
Unrestricted	(6,383,384)	(9,024,629)	1,741,940	(3,800,765)	3,961,902	57,696	(13,447,240)
Total net position	<u>\$18,543,702</u>	<u>\$ 31,956,014</u>	<u>\$ 3,413,823</u>	<u>\$ (3,800,765)</u>	<u>\$ 17,599,305</u>	<u>\$1,743,638</u>	<u>\$ 69,455,717</u>
Total Liabilities and Net Position	<u>\$54,158,898</u>	<u>\$ 84,620,931</u>	<u>\$ 5,001,490</u>	<u>\$ 27,291,044</u>	<u>\$ 21,587,010</u>	<u>\$1,897,451</u>	<u>\$194,556,824</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds						Total
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	Business-type Activities
Operating Revenues							
Charges for Services	\$12,360,559	\$12,407,271	\$6,121,016	\$ 857,266	\$ 5,781,614	\$ -	\$ 37,527,726
Other Revenues	159,381	-	34,213	263,991	46,135	6,000	509,720
Total Operating Revenues	<u>\$12,519,940</u>	<u>\$12,407,271</u>	<u>\$6,155,229</u>	<u>\$ 1,121,257</u>	<u>\$ 5,827,749</u>	<u>\$ 6,000</u>	<u>\$ 38,037,446</u>
Operating Expenses							
Treatment and purification	2,565,229	-	-	-	-	-	2,565,229
Distribution	1,543,136	-	-	-	-	-	1,543,136
Collection and disposal	-	2,770,390	3,598,307	-	-	-	6,368,697
Customer billing, collection, operating expenses	3,045,953	3,187,727	1,750,058	552,725	3,541,350	-	12,077,813
Repairs and maintenance	105,847	118,763	546,494	4,968	74,015	-	850,087
Total Operating Expenses	<u>\$ 7,260,165</u>	<u>\$ 6,076,880</u>	<u>\$5,894,859</u>	<u>\$ 557,693</u>	<u>\$ 3,615,365</u>	<u>\$ -</u>	<u>\$ 23,404,962</u>
Operating income (loss) before depreciation / amortization	5,259,775	6,330,391	260,370	563,564	2,212,384	6,000	14,632,484
Less - depreciation and amortization of bond (discount)/premium	(2,847,962)	(4,037,003)	(295,511)	65,088	(642,971)	(99,216)	(7,857,575)
Operating Income (loss)	<u>\$ 2,411,813</u>	<u>\$ 2,293,388</u>	<u>\$ (35,141)</u>	<u>\$ 628,652</u>	<u>\$ 1,569,413</u>	<u>\$ (93,216)</u>	<u>\$ 6,774,909</u>
Nonoperating Income (Expenses)							
Capital grants and contributions	-	-	-	306,322	1,376,748	-	1,683,070
Interest income	-	-	13,840	4,390	23,776	121	42,127
Interest expense	(992,860)	(1,392,436)	(35,254)	(1,294,567)	(78,646)	(5,545)	(3,799,308)
Other, net	(29,006)	(10,506)	-	(154,420)	-	-	(193,932)
Total Nonoperating Income	<u>\$(1,021,866)</u>	<u>\$(1,402,942)</u>	<u>\$ (21,414)</u>	<u>\$(1,138,275)</u>	<u>\$ 1,321,878</u>	<u>\$ (5,424)</u>	<u>\$ (2,268,043)</u>
Income (loss) before transfers	<u>1,389,947</u>	<u>890,446</u>	<u>(56,555)</u>	<u>(509,623)</u>	<u>2,891,291</u>	<u>(98,640)</u>	<u>4,506,866</u>
Transfers							
Transfer (to) from Proprietary Funds	330,640	(330,640)	-	-	-	-	-
Transfer from General Fund	-	-	44,520	715,000	-	-	759,520
Total Transfers	<u>\$ 330,640</u>	<u>\$ (330,640)</u>	<u>\$ 44,520</u>	<u>\$ 715,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,520</u>
Increase (decrease) net position	1,720,587	559,806	(12,035)	205,377	2,891,291	(98,640)	5,266,386
Net position at beginning of year	<u>\$16,823,115</u>	<u>\$31,396,208</u>	<u>\$3,425,858</u>	<u>\$ (4,006,142)</u>	<u>\$14,708,014</u>	<u>\$ 1,842,278</u>	<u>\$ 64,189,331</u>
Net position at end of year	<u><u>\$18,543,702</u></u>	<u><u>\$31,956,014</u></u>	<u><u>\$3,413,823</u></u>	<u><u>\$ (3,800,765)</u></u>	<u><u>\$17,599,305</u></u>	<u><u>\$ 1,743,638</u></u>	<u><u>\$ 69,455,717</u></u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

Business-Type Activities - Enterprise Funds

	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	Total Business-type Activities
Cash Flows from operating activities:							
Cash received from customers	\$ 12,438,146	\$ 12,166,341	\$ 7,350,339	\$ 1,171,110	\$ 5,558,093	\$ 5,000	\$ 38,689,029
Cash payments to suppliers for goods and services	(3,877,418)	(4,771,875)	(3,239,803)	(301,901)	(1,470,911)	-	(13,661,908)
Cash payments to employees for services	(3,400,454)	(1,860,761)	(2,503,181)	(247,620)	(2,113,014)	-	(10,125,030)
Net cash provided by operating activities	\$ 5,160,274	\$ 5,533,705	\$ 1,607,355	\$ 621,589	\$ 1,974,168	\$ 5,000	\$ 14,902,091
Cash Flows from noncapital financing activities:							
Transfer in from the General Fund	\$ -	\$ -	\$ 44,520	\$ 715,000	\$ -	\$ -	\$ 759,520
Transfer (to) from Proprietary Funds	330,640	(330,640)	-	-	-	-	-
Proceeds from interfund payable	697,053	2,703,760	-	-	-	-	3,400,813
Net cash provided by noncapital financing activities	\$ 1,027,693	\$ 2,373,120	\$ 44,520	\$ 715,000	\$ -	\$ -	\$ 4,160,333
Cash Flows from capital and related financing activities:							
Capital grants and contributions	\$ -	\$ -	\$ -	\$ 306,322	\$ 1,180,491	\$ -	\$ 1,486,813
Acquisition and construction of capital assets	(3,702,730)	(7,492,883)	(357,697)	(25,235)	(2,630,403)	-	(14,208,948)
Proceeds from sale of capital assets	-	-	-	-	-	12,500	12,500
Principal paid on general obligation bond maturities	(7,575,372)	(5,988,044)	(430,000)	(641,250)	(300,304)	(22,397)	(14,957,367)
Interest paid on general obligation bonds	(1,003,805)	(1,397,167)	(36,494)	(1,296,633)	(79,609)	(5,742)	(3,819,450)
Proceeds from capital lease	-	-	-	318,125	-	-	318,125
Proceeds from issuance of debt/current refunding	6,093,940	6,971,269	-	-	-	-	13,065,209
Net cash (used in) capital and related financing activities	\$ (6,187,967)	\$ (7,906,825)	\$ (824,191)	\$ (1,338,671)	\$ (1,829,825)	\$ (15,639)	\$ (18,103,118)
Cash Flows from investing activities:							
Interest on investments	\$ -	\$ -	\$ 12,472	\$ 4,153	\$ 22,593	\$ 110	\$ 39,328
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ 840,156	\$ 2,071	\$ 166,936	\$ (10,529)	\$ 998,634
Cash and cash equivalents at the beginning of year	\$ -	\$ -	\$ 1,627,481	\$ 477,600	\$ 4,549,613	\$ 31,193	\$ 6,685,887
Cash and cash equivalents at the end of year	\$ -	\$ -	\$ 2,467,637	\$ 479,671	\$ 4,716,549	\$ 20,664	\$ 7,684,521

See accompanying notes to the basic financial statements.

(Continued)

City of Rockville, Maryland
Statement of Cash Flows (continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities

	Business-Type Activities - Enterprise Funds						Total Business-type Activities
	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Parking Fund	Stormwater Mgmt. Fund	RedGate Golf Course Fund	
Operating income (loss)	\$ 2,411,813	\$ 2,293,388	\$ (35,141)	\$ 628,652	\$ 1,569,413	\$ (93,216)	\$ 6,774,909
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	\$ 2,847,962	\$ 4,037,003	\$ 295,511	\$ (65,088)	\$ 642,971	\$ 99,216	\$ 7,857,575
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(83,794)	(240,930)	1,195,110	49,853	(269,656)	(1,000)	649,583
Increase (decrease) in accounts payable	71,382	(690,476)	105,300	8,084	77,648	-	(428,062)
Increase (decrease) in accrued liabilities	13,695	7,089	13,440	937	7,778	-	42,939
Increase (decrease) in compensated absences	24,857	(3,285)	33,135	(849)	13,024	-	66,882
Increase (decrease) in retainages payable	(127,641)	130,916	-	-	(67,010)	-	(63,735)
Increase (decrease) in deposits and other liabilities	2,000	-	-	-	-	-	2,000
Total adjustments	\$ 2,748,461	\$ 3,240,317	\$ 1,642,496	\$ (7,063)	\$ 404,755	\$ 98,216	\$ 8,127,182
Net cash provided by operating activities	\$ 5,160,274	\$ 5,533,705	\$ 1,607,355	\$ 621,589	\$ 1,974,168	\$ 5,000	\$ 14,902,091
Noncash capital and related financing activities:							
Purchase of equipment on account	\$ 55,630	\$ (1,046,062)	\$ -	\$ -	\$ 520,736	\$ -	\$ (469,696)

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust Funds	OPEB Trust Fund
Assets		
Open End Mutual Funds:		
Bonds	\$ 27,833,166	\$ 3,392,992
Equities	84,638,752	3,603,998
Real Estate	12,954,284	-
Money Markets	1,860,000	30,869
Total Assets	<u>\$ 127,286,202</u>	<u>\$ 7,027,859</u>
Liabilities		
Benefits Payable	\$ -	\$ 27,563
Net Position		
Restricted for plan benefits	<u>\$ 127,286,202</u>	<u>\$ 7,000,296</u>
Total Liabilities and Net Position	<u>\$ 127,286,202</u>	<u>\$ 7,027,859</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Pension Trust Funds	OPEB Trust Fund
Additions		
Contributions		
Employer	\$ 4,157,580	\$ 639,042
Plan Members	2,124,837	-
Total Contributions	<u>\$ 6,282,417</u>	<u>\$ 639,042</u>
Investment Income (loss)		
Net appreciation in the fair value of plan investments	13,049,939	515,476
Interest and dividends	394,845	114,582
Total investment income (loss)	<u>13,444,784</u>	<u>630,058</u>
Total	<u>\$ 19,727,201</u>	<u>\$ 1,269,100</u>
Deductions		
Benefits	\$ 7,084,135	\$ 274,540
Investment fee expense	473,473	24,086
Administrative expense	31,821	5,000
Total Deductions	<u>\$ 7,589,429</u>	<u>\$ 303,626</u>
Net Increase	\$ 12,137,772	\$ 965,474
Net position at beginning of year	115,148,430	6,034,822
Net position at end of year	<u>\$ 127,286,202</u>	<u>\$ 7,000,296</u>

See accompanying notes to the basic financial statements.

City of Rockville, Maryland
Notes to the Basic Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Rockville (the "City"), was incorporated in 1860. Its legal authority is derived from Article XI E of the State Constitution and Article 23A of the Annotated Code of Maryland. The City has an estimated population of 68,385 and a land area of 13.55 square miles. According to the 2010 census, the City is the third largest city in Maryland. The City has operated under the council-manager form of government since 1948. The City is a municipal corporation where the City Council is comprised of a mayor and four at-large council members. Services provided include water, sewer, refuse, parking, streets and stormwater, recreation and parks, police, planning and zoning, and engineering services. Schools, libraries, social services, and fire protection are provided by Montgomery County, Maryland (the "County").

For financial reporting purposes, the government-wide financial statements include the various departments governed directly by the Mayor and Council. The City's officials are also responsible for appointing the board of directors of the Rockville Housing Enterprises (RHE), but the City's accountability does not extend beyond making the appointments, therefore the finances of RHE are not included in the financial statements. The City provides financial assistance to Rockville Economic Development, Inc. (REDI), but is not obligated to provide such assistance; therefore, the finances of REDI are not included in the financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government. Mostly all the effects of interfund activities have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely significantly on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are considered available when they are deemed collectible within the current period or soon thereafter to pay the liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Expenditures generally are recorded when a liability is incurred, under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The government reports the following major proprietary funds:

The City operates six major types of enterprise funds: The Water Facility Fund, the Sanitary Sewer Fund, the Refuse Fund, the Parking Fund, the Stormwater Management Fund, and the RedGate Golf Course Fund. These funds account for the provision of water and sewer services, recycling and refuse services and the parking meter program, for residents within the City's service area. The Stormwater Management Fund and RedGate Golf Course Fund do not meet the requirements of a major fund; however, management has elected to report these funds as major. The Stormwater Management Fund accounts for the maintenance and construction of stormwater infrastructure. The RedGate Golf Course Fund accounts for the operating lease proceeds and long term debt costs for the City's golf course facility.

Additionally, the government reports the following fund types:

The City operates three nonmajor governmental funds: The Special Activities Fund, the Community Development Block Grant (CDBG) Fund, and the Automated Speed Enforcement Fund. These funds primarily use donor restricted grants, contributions, and state-earmarked funding to meet specific programmatic needs.

The City's Fiduciary Funds include the Pension Trust Funds and OPEB Trust Fund which account for the contributions made by the City and its employees to finance future pension and post-employment benefit payments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, but interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, producing goods, and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Facility, Sanitary Sewer, Refuse, and Stormwater Management Funds are charges to customers for sales and services. The Water Facility and Sanitary Sewer funds also recognize the portion of tap fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to first use restricted resources, then unrestricted resources as they are needed.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**1. Deposits and Investments**

To facilitate effective management of the City's resources, substantially all operating cash is combined in one pooled account. The Pension Trust Funds and OPEB Fund assets are separately managed by the City's Retirement Board. The Pension Trust Fund investments are stated at fair value. Short-term investments of one year or less which are included in the City's equity in pooled cash and cash equivalents are stated at amortized cost plus accrued interest. These short-term investments include mutual funds.

For purposes of the Statement of Cash Flows, the proprietary fund type reflects all monies in the City's cash management pool as cash equivalents.

Interest income earned on City investments is allocated among the funds each month pro-rata based on the average equity in pooled cash balances for the previous six months.

2. Property Taxes

Taxes on real property and business personal property are levied on property values as assessed on January 1, billed on July 1, and payable either by September 30 or in two equal installments on September 30 and December 31. Montgomery County bills and collects property taxes for the City and remits the cash collections monthly. Property taxes are attached as an enforceable lien on the underlying properties as of the succeeding June 1 and are, thereafter, sold at public auction if deemed delinquent.

Real and personal property taxes are levied at rates enacted by the Mayor and Council in the annual budget ordinance on the assessed value as determined by the Maryland State Department of Assessments and Taxation. The rate of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public hearings.

The real property tax rate was \$0.292 per \$100 of assessed value and the personal property tax rate was \$0.805 per \$100 of assessed value in fiscal year 2017. The City charges taxpayers interest (at the rate of 2/3 of 1 percent per month) and penalty (1 percent per month) on all overdue taxes.

3. Inventories and Prepaid Items

All City inventories (included in other assets in the governmental fund Balance Sheet) are maintained on a consumption basis of accounting and are valued at cost on a first-in, first-out basis and consist of either goods held for resale or goods and materials used in providing services. The classification of fund balance for General Fund inventories is made to reflect the non-spendable nature of those amounts for appropriation in the General Fund. Certain payments to vendors and contingent grants reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Net Position

The Special Activities Fund is used to account for programs for which external funding sources impose requirements and restrictions on the use of funds for a particular purpose.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Assignments of fund balance in Capital Projects Fund have been made to reflect the authorized capital project appropriations.

Major outlays for capital assets and improvements are capitalized as projects are constructed, though the City does not capitalize interest. The capitalization threshold for infrastructure items is \$25,000. GASB Statement No. 34 requires prospective reporting of all infrastructure assets acquired after June 30, 2002. It has also required that all infrastructure assets that were acquired after June 30, 1980 be reported for fiscal years beginning after June 15, 2006. The City is in compliance with this requirement and has capitalized infrastructure assets acquired after June 30, 2002.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Capital Assets (Continued)

Property, plant, and equipment of the primary government are depreciated over their useful lives using the straight-line method of depreciation in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The following are estimated useful lives:

<u>Description</u>	<u>Lives (Years)</u>
Buildings	30-50
Equipment	3-20
Furniture and fixtures	7-10
Automobiles and trucks	5-7
Water and sewer infrastructure	20-50
Stormwater management facilities	20-50
Purchased capacity	50

6. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position sometimes reports a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption or production of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until then. The City has four items that qualify for reporting in this category. They are the deferred charge on advance refunding reported in the government-wide and proprietary fund Statement of Net Position, the unavailable revenue for property taxes and special assessments reported in the Governmental Fund Balance Sheet, and the deferred outflows and inflows from pension activities reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred inflows and outflows from pension activities reflect changes in assumptions, differences between actual and expected experience and differences between actual and projected earnings on investments.

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused annual and sick leave benefits. All annual leave and sick leave is accrued when incurred and eligible for pay-out in the government-wide and proprietary financial statements. An expenditure for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the current period in accordance with GASB Statement No. 65.

In the fund financial statements, the Debt Service Fund recognizes bond premiums and discounts, bond issuance costs, as well as any charges from advance refundings, in the period incurred. The face amount of debt issued is reported net of any bond premiums/discounts.

Commitments of fund balance in the Debt Service Fund have been made in accordance with the City's policy to maintain a minimum cash balance of 10% of average outstanding principal for future debt service appropriations. The City is not restricted by a legal debt limit.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Rockville Employee Retirement System (ROCKERS) and additions to/deductions from ROCKERS' fiduciary net position have been determined on the same basis as they are reported by ROCKERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments consist of open-end mutual funds which are reported at fair value.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)**10. Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “interfund receivable/payable”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Internal Balances”.

11. Fund Balance

In the fund financial statements, governmental funds report fund balance using classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the purpose for which the funds may be spent. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned. When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first.

Nonspendable - Portion of net resources that cannot be spent either (a) because of their form or (b) because they must be maintained intact.

Restricted - Portion of net resources with imposed limitations set by either (a) creditors, grantors, contributors, or the laws and regulations of other governments or (b) laws through constitutional provisions or enabling legislation.

Committed - Portion of net resources with imposed limitations set at the highest level of decision making authority. Such authority includes ordinances of the Mayor and Council and the City's charter. Formal action at the same level of authority is required to remove such limitations.

Assigned - Portion of net resources intended for a specific use by the City, as determined by the City Manager, as the designee of the Mayor and Council pursuant to ordinance 12-13.

Unassigned - Portion of net resources in excess of the nonspendable, restricted, committed and assigned balances.

12. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net investment in capital assets portion of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The portion of net position related to investment in capital assets, excludes unspent debt proceeds of \$1,519,501 attributable to business-type activities. Unspent debt proceeds of \$1,140,547 are attributable to governmental activities and are reported as assigned in the Capital Projects Fund. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The portion of net position restricted for external restrictions imposed by grantors is \$9,196,988, as noted in the government-wide statement of net position. Restricted resources are used first to fund appropriations. When an expense is incurred for which both restricted and unrestricted net position are available, the City will first apply restricted resources.

(2) DETAILED NOTES ON ALL FUNDS

A. Equity in Pooled Cash and Cash Equivalents

The City maintains a cash and investment pool that is subject to oversight by the Mayor and Council, but is not subject to regulatory oversight by the Securities and Exchange Commission (SEC). The City's cash and investment pool is available for use by all the City's funds, except the Fiduciary Funds. The City is restricted by State law to invest only in federally insured banks in the State of Maryland, federally insured savings and loan associations in the State of Maryland, or in the Maryland Local Government Investment Pool (MLGIP). The City primarily invests in the MLGIP, a pooled fund money market for municipalities, which is highly efficient and utilizes a programmed approach to investing. Unit value is computed using the amortized cost method. The City's Pension and OPEB Trust Funds are invested in open end mutual funds, which are subject to oversight by the Mayor and Council and the Retirement Board. The City's open end mutual funds include equity, fixed income, real estate, and money market funds.

As of July 1, 2015 the City implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Under this standard, the MLGIP meets the criteria of a qualified external investment pool, thereby allowing the City to report its investments using the amortized cost method. There are no limitations or restrictions on MLGIP withdrawals. Amounts invested in external investment pools of \$31,434,638 are comprised of securities valued using quoted market prices which are then allocated to pool participants to maintain a \$1.00 per unit value.

As of June 30, 2017, the City had the following cash, cash equivalents and investments included as equity in pooled cash and cash equivalents in the Statement of Net Position and the Statement of Fiduciary Net Position:

	Primary Government	Fiduciary Funds	Interest Range
Deposits	\$ 12,294,316	\$ -	0.00%
Maryland Local Government Pool (MLGIP)	31,434,638	-	0.36% - 0.95%
	<u>\$ 43,728,954</u>	<u>\$ -</u>	
Open-End Mutual Funds	-	134,314,061	-0.68% - 23.14%
Total Fair Market Value of Investments	<u>\$ 43,728,954</u>	<u>\$ 134,314,061</u>	

Effective July 1, 2015 the City adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The Pension Trust Funds and OPEB Fund categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

- Amounts invested in open-end mutual funds of \$90,133,619 are comprised of securities valued using quoted market prices (Level 1) which are then allocated to position holders. These funds are required to publish their daily net asset value (NAV) and to transact at that price.
- Amounts invested in open-end mutual funds of \$31,226,158 are comprised of domestic fixed income securities which are priced by industry standard vendors such as Interactive Data Corporation, using observable inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads (Level 2) which are then allocated to position holders at a per unit value.
- Amounts invested in open-end mutual funds of \$12,954,284 are comprised of real estate investments valued using observable inputs such as discounted income streams, the current cost of reproducing the real estate, and values indicated by comparable real estate in the market (Level 2) which are then allocated to position holders at a per unit value.

Deposits:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. Maryland State Law prescribes that local government units, such as the City, must deposit its cash in banks which transact business in the State of Maryland. Such banks must also secure any deposits exceeding the Federal Depository Insurance Corporation insurance levels with collateral whose market value is at the least equal to 102% of the deposits. As of June 30, 2017, all the City's deposits were either covered by federal depository insurance or covered by collateral held in the pledging banks trust department in the City's name.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Equity in Pooled Cash and Cash Equivalents (Continued)**Investments:**

Credit Risk: The Mayor and Council of Rockville recognize that their authority to invest the public funds of the City derives from Section 6-222a of the State of Maryland's Finance and Procurement Article, as well as Article 95, Section 22-22N of the Annotated Code of Maryland. Authority to invest City funds in compliance and provisions of these State statutes is delegated to the Director of Finance. The City invests in MLGIP which is rated "AAAm" by Standard and Poor's and is under control of the Maryland State Treasurer's Office. All City investments must receive one of the highest ratings from at least one of the national recognized statistical organizations, except for obligations which are backed by the full credit of the US Government, obligations of federal agencies, or an instrument that has been issued in accordance with acts of Congress and unrated. The Pension and OPEB Trust funds are invested in open-end pooled mutual funds, which are unrated.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is minimized due to the fact that all authorized investments have a maximum allowable maturity of two years from the date of purchase as stated in section XII of the City's investment policy. The MLGIP pooled money market funds and open-end mutual funds are highly liquid with no fixed maturity and therefore do not expose the City to interest rate risk. The maximum allowable maturity of any individual security within the MLGIP is 397 days. The average life of the MLGIP will generally range between 25-55 days. A portion of the Pension and OPEB trust funds are invested in open-end fixed income bond funds. These funds consist of debt instruments with average maturities ranging from 7.78 years to 10.58 years.

Custodial Credit Risk: Custodial credit risk for investments is the risk that in the event of failure of a depository financial institution or counterparty to a transaction, the City will not recover the value of deposits, investments or collateral securities that are in the possession of an outside party. The City is not exposed to custodial credit risk at June 30, 2017.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of the year ended June 30, 2017 for all the City's individual funds were as follows:

Receivables	General	Debt Service	Capital Projects	Other Governmental Funds	Water	Sewer	Refuse	Parking	Stormwater Management	RedGate Golf Course	Total
Billed / Unbilled Accounts	\$ -	\$ -	\$ -	\$ -	\$ 2,360,071	\$ 2,472,878	\$ 66,472	\$ -	\$ 53,256	\$ -	\$ 4,952,677
Property Taxes Receivable	907,138	-	-	-	-	-	-	-	-	-	907,138
Accounts Receivable	404,102	-	-	219,215	-	-	-	247,850	-	1,000	872,167
Interfund Receivable	16,879,056	-	-	-	-	-	-	-	-	-	16,879,056
Due from Other Governments	2,117,445	-	85,779	336,678	-	-	-	-	506,581	-	3,046,483
Loans Receivable											
Rockville Commons, L.P.	63,565	-	-	-	-	-	-	-	-	-	63,565
REL P One, L.P.	120,000	-	-	-	-	-	-	-	-	-	120,000
RHE Fireside Park, Inc.	-	1,421,738	-	283,971	-	-	-	-	-	-	1,705,709
Other Assets	469,828	493	7,771	-	-	-	1,685	420	2,386	37,511	520,094
Unbilled Assessments Receivable	-	8,702	-	-	-	-	-	-	-	-	8,702
Gross Receivables	20,961,134	1,430,933	93,550	839,864	2,360,071	2,472,878	68,157	248,270	562,223	38,511	29,075,591
Allowance for Uncollectibles	(534,417)	-	-	-	(7,196)	(12,835)	(8,124)	(29,296)	-	-	(591,868)
Net Receivables	<u>\$ 20,426,717</u>	<u>\$ 1,430,933</u>	<u>\$ 93,550</u>	<u>\$ 839,864</u>	<u>\$ 2,352,875</u>	<u>\$ 2,460,043</u>	<u>\$ 60,033</u>	<u>\$ 218,974</u>	<u>\$ 562,223</u>	<u>\$ 38,511</u>	<u>\$ 28,483,723</u>

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$591,868 at June 30, 2017, and is composed of the following:

General Fund property taxes receivable	\$ 534,417
Enterprise Funds utility fees receivable	28,155
Enterprise Funds parking citations receivable	29,296
Total allowance for uncollectibles	<u>\$ 591,868</u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period. Governmental funds also postpone revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue in the governmental funds were as follows:

	Deferred	Unearned
Special assessments not yet due (Debt Service Fund)	\$ 8,702	\$ -
Property taxes receivable (General Fund)	372,721	-
Recreation services not earned (General Fund)	-	1,358,978
Total deferred/unearned revenue for governmental funds	<u>\$ 381,423</u>	<u>\$ 1,358,978</u>

The City has the following loans receivable which are noncurrent assets:

Rockville Commons, L.P. - The loan in the total amount of \$250,000 was issued on July 17, 1997 to Rockville Commons, L.P. The loan bears interest at 3% per annum. The loan is secured by a Second Deed of Trust, Security Agreement and Assignment of Rents dated July 17, 1997. The maturity date is August 15, 2019. The loan is recorded in the General Fund. The outstanding balance was \$63,565 as of June 30, 2017.

REL P One, L.P. - The loan in the total amount of \$120,000 was issued on June 12, 2003 to REL P One, L.P. The loan bears no interest. The loan is secured by a Second Deed of Trust, Security Agreement and Assignment of Rents dated June 12, 2003. The maturity date is June 30, 2043. The loan is recorded in the General Fund. The outstanding balance was \$120,000 as of June 30, 2017.

RHE Fireside Park, Inc. - The loan in the total amount of \$1,800,000 was issued on December 21, 2012 to RHE Fireside Park, Inc. The loan bears interest at 3% per annum. The loan is secured by a Second Deed of Trust, Security Agreement and Assignment of Rents dated December 21, 2012. The maturity date is April 1, 2020. The loan is recorded in the Debt Service Fund and Special Activities Fund. The outstanding balance was \$1,705,709 as of June 30, 2017, of which \$1,421,738 is reported in the Debt Service Fund and \$283,971 is reported in the Special Activities Fund.

C. Prepaid Assets

The City participated with the County by providing contingent grant awards, as economic development initiatives for Duball Rockville, LLC and Choice Hotels International, Inc., for the purpose of attracting business activity to the City. The grants have performance requirements, when if met, will initiate the City's recognition of the grant expenditure. If the performance requirements are not met, the contingent grant will convert to a loan receivable and bear interest at 3% per annum. In fiscal year 2017 the performance period concluded for the Duball Rockville, LLC contingent grant award and upon noted compliance with all requirements, the grant expenditure of \$980,000 was recognized. The performance period for the remaining contingent grant award of \$156,000 to Choice Hotels International, Inc. will conclude in fiscal year 2018. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. At June 30, 2017, prepaid assets in the General Fund consisted of \$156,000 for the contingent grant award to Choice Hotels International, Inc.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,843,832	\$ 3,700,650	\$ -	\$ -	\$ 11,544,482
Construction in progress	2,966,485	2,852,087	-	(1,447,154)	4,371,418
Total capital assets, not being depreciated	<u>\$ 10,810,317</u>	<u>\$ 6,552,737</u>	<u>\$ -</u>	<u>\$ (1,447,154)</u>	<u>\$ 15,915,900</u>
Capital assets, being depreciated:					
Buildings	84,404,736	-	-	1,422,709	85,827,445
Improvements other than buildings	22,020,974	867,410	-	24,445	22,912,829
Equipment	26,623,543	1,636,169	(220,472)	-	28,039,240
Infrastructure	217,115,476	6,362,112	-	-	223,477,588
Total capital assets being depreciated	<u>\$ 350,164,729</u>	<u>\$ 8,865,691</u>	<u>\$ (220,472)</u>	<u>\$ 1,447,154</u>	<u>\$ 360,257,102</u>
Less accumulated depreciation for:					
Buildings	(17,887,880)	(2,252,609)	-	-	(20,140,489)
Improvements other than buildings	(6,334,217)	(1,129,945)	-	-	(7,464,162)
Equipment	(14,156,139)	(2,127,903)	220,472	-	(16,063,570)
Infrastructure	(44,929,348)	(3,397,189)	-	-	(48,326,537)
Total accumulated depreciation	<u>\$ (83,307,584)</u>	<u>\$ (8,907,646)</u>	<u>\$ 220,472</u>	<u>\$ -</u>	<u>\$ (91,994,758)</u>
Total capital assets, being depreciated, net	<u>266,857,145</u>	<u>(41,955)</u>	<u>-</u>	<u>1,447,154</u>	<u>268,262,344</u>
Governmental activities capital assets, net	<u>\$ 277,667,462</u>	<u>\$ 6,510,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,178,244</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,058,940	\$ -	\$ -	\$ -	\$ 2,058,940
Construction in progress	6,956,236	3,907,441	-	(5,850,286)	5,013,391
Total capital assets, not being depreciated	<u>\$ 9,015,176</u>	<u>\$ 3,907,441</u>	<u>\$ -</u>	<u>\$ (5,850,286)</u>	<u>\$ 7,072,331</u>
Capital assets, being depreciated:					
Buildings	4,447,888	-	-	-	4,447,888
Improvements other than buildings	193,800,946	9,024,989	-	5,850,286	208,676,221
Equipment	10,903,553	806,822	-	-	11,710,375
Purchased capacity	15,279,453	-	-	-	15,279,453
Total capital assets being depreciated	<u>\$ 224,431,840</u>	<u>\$ 9,831,811</u>	<u>\$ -</u>	<u>\$ 5,850,286</u>	<u>\$ 240,113,937</u>
Less accumulated depreciation for:					
Buildings	(3,923,892)	(39,314)	-	-	(3,963,206)
Improvements other than buildings	(68,110,292)	(7,568,852)	-	-	(75,679,144)
Equipment	(8,005,040)	(519,914)	-	-	(8,524,954)
Purchased capacity	(4,500,597)	(305,589)	-	-	(4,806,186)
Total accumulated depreciation	<u>\$ (84,539,821)</u>	<u>\$ (8,433,669)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (92,973,490)</u>
Total capital assets, being depreciated, net	<u>139,892,019</u>	<u>1,398,142</u>	<u>-</u>	<u>5,850,286</u>	<u>147,140,447</u>
Business-type activities capital assets, net	<u>\$ 148,907,195</u>	<u>\$ 5,305,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,212,778</u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:	
General Government	\$ 3,818,038
Community Development	16,933
Public Safety	954,122
Public Works	4,067,586
Recreation and Parks	50,967
Total depreciation expense - governmental activities	<u>\$ 8,907,646</u>
Business-Type Activities:	
Water	\$ 3,102,757
Sewer	4,250,560
Refuse	307,524
Parking	8,014
Stormwater Management	664,265
RedGate Golf Course	100,549
Total depreciation expense - business-type activities	<u>\$ 8,433,669</u>

E. Interfund Payables and Transfers

The interfund payables from various funds represent cash overdrafts that are payable to the General Fund within one year. The interfund payables as of June 30, 2017 consisted of the following:

	Interfund Payable Total
Governmental Funds:	
Community Development Block Grant Fund	\$ 106,243
Proprietary Funds:	
Water Facility Fund	6,099,334
Sanitary Sewer Fund	10,673,479
Total	<u>\$ 16,879,056</u>

The interfund transfers are used to provide resources from the General Fund to other funds, and occur in the normal course of business. Interfund transfers for the year ended June 30, 2017 consisted of the following:

	Transfers from General Fund
Debt Service Fund	\$ 5,350,000
Capital Projects Fund	12,114,612
Special Activities Fund	119,890
Refuse Fund	44,520
Parking Fund	715,000
Total	<u>\$ 18,344,022</u>

Transfer from the General Fund to the Debt Service Fund represents resources to repay general obligation bonds.

Transfer from the General Fund to the Capital Projects Fund represents the City's budgeted pay-as-you-go funding.

Transfer from the General Fund to the Special Activities Fund represents resources for the Art in Public Architecture program and Art in Public Places program.

Transfer from the General Fund to the Refuse Fund represents resources to pay for refuse services used by RHE properties.

Transfer from the General Fund to the Parking Fund represents resources to repay general obligation bonds.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Payables and Transfers (Continued)

Administrative functions of the City's water and sewer utility operations are maintained in the Water Fund. During the year ended June 30, 2017 the Sewer Fund transferred \$330,640 to the Water Fund in order to cover their share of operational expenses.

F. Long-Term DebtGeneral Obligation Bonds and Loans Payable

General obligation bonds provide funds for the acquisition and construction of major capital assets and are direct city obligations in which the full faith and credit of the government is pledged. These bonds generally are issued as 10-30 year serial bonds with equal amounts of principal maturing each year. When preferential interest rates exist, the City will issue refunding and advance refunding bonds to refinance outstanding general obligation bonds. Loans payable represent amounts due to other government entities in connection with specific intergovernmental activities and initiatives. General obligation bonds and loans payable which were outstanding at June 30, 2017 are as follows:

	Year of Issuance	Outstanding Principal	Interest Rate Range	Year of Final Maturity
Governmental Activities				
General Improvements - 2010	2010	\$ 11,080,000	3.00 - 4.10%	2031
General Improvements - Refunding 2011A	2011	508,893	2.00 - 3.00%	2021
General Improvements - Refunding 2013B	2013	2,698,206	3.00 - 4.00%	2023
Loan Payable - Montgomery County	2013	163,333	0.00%	2018
Loan Payable - Montgomery County	2013	78,000	0.00%	2019
General Improvements - Refunding 2014A	2014	3,727,186	2.00 - 5.00%	2024
General Improvements - 2014B	2014	2,525,000	2.00 - 5.00%	2025
General Improvements - Refunding 2015A	2015	4,824,249	4.00 - 5.00%	2025
General Improvements - 2016A	2016	1,045,000	2.00 - 3.00%	2036
General Improvements - Advance Refunding 2016B	2016	4,453,091	2.00 - 5.00%	2028
Total Governmental Activities		<u>\$ 31,102,958</u>		
Business-Type Activities				
Loan Payable - State of Maryland	1999	\$ 365,207	3.21%	2019
Loan Payable - State of Maryland	2000	397,752	3.64%	2020
Loan Payable - State of Maryland	2002	1,191,457	1.90%	2023
Loan Payable - State of Maryland	2005	581,305	0.00%	2025
General Improvements - 2008	2008	835,000	4.00 - 4.50%	2018
Loan Payable - State of Maryland	2010	640,168	1.00%	2031
General Improvements - 2010	2010	6,820,000	3.00 - 4.10%	2031
General Improvements - Refunding 2011A	2011	646,107	2.00 - 3.00%	2021
General Improvements - 2011B	2011	7,360,000	2.00 - 3.375%	2032
General Improvements - Advance Refunding 2011C	2011	30,830,000	3.50 - 4.375%	2036
General Improvements - 2013A	2013	13,550,000	3.00 - 4.00%	2034
General Improvements - Refunding 2013B	2013	876,793	3.00 - 4.00%	2023
General Improvements - Refunding 2014A	2014	882,815	2.00 - 5.00%	2024
General Improvements - 2014B	2014	9,805,000	2.00 - 5.00%	2035
General Improvements - Refunding 2015A	2015	3,690,752	4.00 - 5.00%	2025
General Improvements - 2015B	2015	9,630,000	2.00 - 5.00%	2036
General Improvements - 2016A	2016	4,850,000	2.00 - 3.00%	2036
General Improvements - Advance Refunding 2016B	2016	6,771,909	2.00 - 5.00%	2028
Total Business-Type Activities		<u>\$ 99,724,265</u>		

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The City anticipates that all amounts required for payment of interest and principal on business-type activities debt will be provided from the respective fund's revenues; however, the bonds are further secured by the full faith and credit and unlimited taxing power of the City.

Unamortized bond premiums are reported with outstanding principal for governmental and business-type activities. The long term outstanding debt payable consists of the following:

	Governmental Activities	Business-Type Activities
Long-term outstanding debt	\$ 31,102,958	\$ 99,724,265
Unamortized bond premiums	2,718,492	4,127,691
Long-term outstanding debt, net	<u>\$ 33,821,450</u>	<u>\$ 103,851,956</u>

The City's future payments of long-term debt for governmental activities are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Principal and Interest
	Principal	Interest	
2018	\$ 3,809,203	\$ 1,200,499	\$ 5,009,702
2019	3,634,994	1,063,455	4,698,449
2020	3,638,488	917,752	4,556,240
2021	3,606,048	787,425	4,393,473
2022	3,062,422	653,031	3,715,453
2023	3,055,373	532,688	3,588,061
2024	2,606,802	411,251	3,018,053
2025	2,117,537	306,707	2,424,244
2026	1,186,970	215,755	1,402,725
2027	1,190,121	167,338	1,357,459
2028	730,000	118,255	848,255
2029	730,000	91,507	821,507
2030	730,000	63,407	793,407
2031	730,000	35,307	765,307
2032	55,000	6,530	61,530
2033	55,000	5,294	60,294
2034	55,000	4,056	59,056
2035	55,000	2,750	57,750
2036	55,000	1,375	56,375
Total	<u>\$ 31,102,958</u>	<u>\$ 6,584,382</u>	<u>\$ 37,687,340</u>

Note: Principal amounts do not include net unamortized bond premiums of \$2,718,492 for governmental activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The City's future payments of long-term debt for business-type activities are as follows:

Business-Type Activities													
Fiscal Year Ending June 30,	Water Facility		Sanitary Sewer		Refuse		Parking		Stormwater Management		RedGate Golf Course		Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 2,555,283	\$ 968,858	\$ 2,868,533	\$ 1,336,139	\$ 90,000	\$ 32,794	\$ 1,170,860	\$ 1,270,983	\$ 300,781	\$ 67,602	\$ 22,397	\$ 5,070	\$ 10,689,300
2019	2,150,144	881,169	2,864,799	1,240,064	90,000	30,094	1,160,000	1,223,641	301,263	58,121	22,027	4,398	10,025,720
2020	1,979,582	777,803	2,859,872	1,128,818	90,000	26,494	1,210,000	1,177,241	301,748	48,635	22,027	3,517	9,625,737
2021	1,847,400	702,186	2,864,875	1,024,995	90,000	21,994	1,255,000	1,128,841	302,238	44,544	22,027	2,636	9,306,736
2022	1,856,740	627,277	2,702,969	911,522	95,000	17,494	1,305,000	1,078,641	302,735	35,048	22,027	1,755	8,956,208
2023	1,862,065	553,545	2,693,754	805,926	95,000	12,744	1,360,000	1,026,441	303,235	25,547	21,841	874	8,760,972
2024	1,655,475	482,659	2,572,723	707,692	90,000	7,994	1,405,000	978,841	303,740	17,841	-	-	8,221,965
2025	1,656,921	417,829	2,455,542	608,963	95,000	4,394	1,455,000	926,856	304,252	10,131	-	-	7,934,888
2026	1,500,000	356,952	2,148,030	529,486	95,000	2,254	1,510,000	871,566	52,105	2,415	-	-	7,067,808
2027	1,500,000	304,420	2,144,879	461,261	-	-	1,575,000	811,166	52,626	1,894	-	-	6,851,246
2028	1,490,000	249,945	1,880,000	391,596	-	-	1,635,000	746,591	53,152	1,368	-	-	6,447,652
2029	1,075,000	195,646	1,870,000	335,066	-	-	1,705,000	678,739	53,682	836	-	-	5,913,969
2030	1,075,000	161,552	1,875,000	277,847	-	-	1,775,000	607,129	29,916	299	-	-	5,801,743
2031	1,070,000	127,109	1,875,000	219,692	-	-	1,855,000	532,579	-	-	-	-	5,679,380
2032	840,000	92,603	1,615,000	161,275	-	-	1,930,000	454,669	-	-	-	-	5,093,547
2033	690,000	66,617	1,275,000	111,370	-	-	2,010,000	372,644	-	-	-	-	4,525,631
2034	690,000	45,245	1,275,000	72,407	-	-	2,095,000	287,219	-	-	-	-	4,464,871
2035	445,000	24,119	725,000	33,888	-	-	2,190,000	195,563	-	-	-	-	3,613,570
2036	320,000	9,948	395,000	11,376	-	-	2,280,000	99,750	-	-	-	-	3,116,074
Total	\$ 26,258,610	\$ 7,045,482	\$ 38,960,976	\$ 10,369,383	\$ 830,000	\$ 156,256	\$ 30,880,860	\$ 14,469,100	\$ 2,661,473	\$ 314,281	\$ 132,346	\$ 18,250	\$ 132,097,017

Note: Principal amounts do not include net unamortized bond premiums of \$4,127,691 for business-type activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The future payments for long-term debt are summarized as follows:

Governmental Activities			
Fiscal Year Ending June 30,	Principal	Interest	Total Principal and Interest
2018 - 2022	\$ 17,751,155	\$ 4,622,162	\$ 22,373,317
2023 - 2027	10,156,803	1,633,739	\$ 11,790,542
2028 - 2032	2,975,000	315,006	\$ 3,290,006
2033 - 2036	220,000	13,475	\$ 233,475
Total	\$ 31,102,958	\$ 6,584,382	\$ 37,687,340

Note: Principal amounts do not include net unamortized bond premiums of \$2,718,492 for governmental activities.

Business-Type Activities													
Fiscal Year Ending June 30,	Water Facility		Sanitary Sewer		Refuse		Parking		Stormwater Management		RedGate Golf Course		Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018 - 2022	\$ 10,389,149	\$ 3,957,293	\$ 14,161,048	\$ 5,641,538	\$ 455,000	\$ 128,870	\$ 6,100,860	\$ 5,879,347	\$ 1,508,765	\$ 253,950	\$ 110,505	\$ 17,376	\$ 48,603,701
2023 - 2027	8,174,461	2,115,405	12,014,928	3,113,328	375,000	27,386	7,305,000	4,614,870	1,015,958	57,828	21,841	874	38,836,879
2028 - 2032	5,550,000	826,855	9,115,000	1,385,476	-	-	8,900,000	3,019,707	136,750	2,503	-	-	28,936,291
2033 - 2036	2,145,000	145,929	3,670,000	229,041	-	-	8,575,000	955,176	-	-	-	-	15,720,146
Total	\$ 26,258,610	\$ 7,045,482	\$ 38,960,976	\$ 10,369,383	\$ 830,000	\$ 156,256	\$ 30,880,860	\$ 14,469,100	\$ 2,661,473	\$ 314,281	\$ 132,346	\$ 18,250	\$ 132,097,017

Note: Principal amounts do not include net unamortized bond premiums of \$4,127,691 for business-type activities.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Loans Payable

Three loans totaling \$8,122,000 were awarded from the State of Maryland to the City between August 1998 and December 2001 to support the rehabilitation of the City's Water Treatment Plant. These loans have interest rates ranging from 1.90% to 3.64%. At June 30, 2017 there is \$1,954,416 cumulatively outstanding in the Water Fund.

A non-interest bearing loan for \$1,381,600 was awarded to the City from the State of Maryland in September 2005 for the restoration of Wootton Mill Park Stream. At June 30, 2017 the outstanding loan payable in the Stormwater Management Fund is \$581,305.

A loan was awarded to the City for \$998,100 from American Recovery and Reinvestment Act (ARRA) Funds through Maryland Department of the Environment (MDE) in December 2009. This is a revolving loan with a 1.00% interest rate that was awarded to the City for improvements to Woodley Gardens Park; of which \$640,168 remained outstanding in the Stormwater Management Fund as of June 30, 2017.

The City participated with the County by providing contingent grant awards, as economic development initiatives for Duball Rockville, LLC and Choice Hotels International, Inc., for the purpose of attracting business activity to the City. The City obtained a loan from the County to fund the City's contributions. The loans bear no interest and will be repaid from the Debt Service Fund over a six-year period. As of June 30, 2017 the outstanding loans payable were \$163,333 and \$78,000, respectively.

Defeasance of Debt

Due to favorable interest rates during fiscal year 2017, the City issued \$13,867,885, including premium, of Series 2016B advance refunding general obligation bonds, which refunded \$13,065,000 in Series 2007 and 2008 general obligation bonds from the Debt Service, Water, and Sewer Funds. The proceeds were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent for redemption on future call dates. As a result, a portion of the Series 2007 and 2008 general obligation bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. The new total debt service of \$14,988,358 represents a total savings of \$1,824,186 as compared to the prior debt service of \$16,812,544. The economic gain (the difference in the present value of the old and new debt service payments) totals \$1,685,959. The associated deferred charge on the advance refunding is recognized over 11 years in the Debt Service and Sewer Funds and 12 years in the Water Fund, the respective terms of the new general obligation bonds. For the year ended June 30, 2017 the City recognized expenses of \$56,787 and the remaining deferred charge on advance refunding is \$ 596,873.

At June 30, 2017 \$4,815,000 of these defeased bonds remain outstanding.

In prior years, the City defeased general obligation bonds in the Parking Fund. At June 30, 2017 there are no defeased bonds outstanding within the Parking Fund, however the associated deferred charge on the advance refunding is recognized over 20 years, the term of the new general obligation bonds. For the year ended June 30, 2017 the City recognized expenses of \$189,958 and the remaining deferred charge on advance refunding is \$2,722,732.

Conduit Debt Obligations

From time to time, the City may issue Economic Revenue Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2017, there were Economic Development Revenue Bonds outstanding with National Lutheran Home & Village at Rockville, Inc. with a principal amount payable of \$20,985,000.

Bonds Authorized For Future Issuance

On May 1, 2017 the Mayor and Council authorized the issuance and sale of general obligation bonds for an amount not to exceed \$12,000,000. At June 30, 2017 these bonds were not yet issued.

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)Changes in Long-Term Liabilities

The following is a summary of changes in the City's governmental activities long-term liabilities and business-type activities long term liabilities for the year ended June 30, 2017:

	Balance as of 6/30/16	Additions	Reductions	Balance as of 6/30/17	Due within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 34,224,590	\$ 5,583,303	\$ (8,946,268)	\$ 30,861,625	\$ 3,619,870
Unamortized bond premiums	2,120,371	960,022	(361,901)	2,718,492	-
Loans payable	430,666	-	(189,333)	241,333	189,333
Accrued obligations for compensated absences	4,724,609	2,091,255	(1,895,852)	4,920,012	3,591,609
Claims payable	1,591,998	777,000	(600,848)	1,768,150	671,897
Net pension liability	17,908,264	17,219,738	(13,607,664)	21,520,338	-
Net OPEB obligation	718,820	667,025	(639,042)	746,803	-
Governmental activities long-term liabilities	<u>\$ 61,719,318</u>	<u>\$ 27,298,343</u>	<u>\$ (26,240,908)</u>	<u>\$ 62,776,753</u>	<u>\$ 8,072,709</u>
<u>Business-Type Activities</u>					
General obligation bonds and loans					
Water facility fund	\$ 28,413,982	\$ 5,420,000	\$ (7,575,372)	\$ 26,258,610	\$ 2,555,283
Sanitary sewer fund	38,452,322	6,496,697	(5,988,043)	38,960,976	2,868,533
Refuse fund	1,260,000	-	(430,000)	830,000	90,000
Parking fund	31,522,110	-	(641,250)	30,880,860	1,170,860
Stormwater management fund	2,961,777	-	(300,304)	2,661,473	300,781
RedGate golf course fund	154,743	-	(22,397)	132,346	22,397
Unamortized bond premiums	3,091,635	1,612,153	(576,097)	4,127,691	-
Accrued obligations for compensated absences	918,051	502,571	(435,689)	984,933	719,001
Business-type activities long-term liabilities	<u>\$ 106,774,620</u>	<u>\$ 14,031,421</u>	<u>\$ (15,969,152)</u>	<u>\$ 104,836,889</u>	<u>\$ 7,726,855</u>

Note: The compensated absences in the governmental activities will be paid from the General Fund.

G. Operating Leases

The City leased the Arts and Innovations Center to VisArts under a 20-year lease which began on August 1, 2007 and expires on June 30, 2027. The rental income for the months beginning August 1, 2007 through July 1, 2008 were abated and the base rent for that year was allocated over lease years 2009 - 2011. The City began receiving monthly income for this lease on August 1, 2008. The following schedule provides future lease payments expected under the operating lease:

Fiscal Year	Rent Amount
2018	\$ 33,598
2019	34,606
2020	35,644
2021	36,713
2022	37,815
2023 - 2027	206,787
Total	<u>\$ 385,163</u>

(2) DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Operating Leases (Continued)

The City leased the Red Gate Golf Course under a ten-year lease which began on January 1, 2012 and expires on December 31, 2021. The lease agreement contains options for two additional 10 year periods and provisions for revenue sharing. The annual lease fee is \$100 through calendar year 2016 and \$12,000 from calendar year 2017 to 2021. During the current year, the City recorded revenues of \$6,000. Rental income related to the operating leases is recognized as rent becomes due. The following schedule provides future lease payments expected under the operating lease:

Fiscal Year	Rent Amount
2018	\$ 12,000
2019	12,000
2020	12,000
2021	12,000
2022	6,000
Total	<u>\$ 54,000</u>

H. Capital Leases

Beginning September 1, 2011, the City became the lessor of its Town Center Parking Garages under a fifty-year capital lease which expires on August 31, 2061. The initial annual fixed minimum rent was \$300,000, with annual adjustments based on increases to the Consumer Price Index. The agreement specifies that the annual fixed minimum rent payable to the City may not be less than the previous year and contains provisions for revenue sharing. Upon initial measurement, the net carrying value of the parking garages was less than the estimated future minimum lease payments, resulting in unearned income that will be recognized over the term of the capital lease. At June 30, 2017, the unearned income on the capital lease was \$1,572,569 and the lease receivable was \$25,392,575. Estimated future minimum lease payments and unearned income amortization is as follows:

Fiscal Year	Lease Amount	Unearned Income	Net Amount
2018	\$ 324,464	\$ 35,538	\$ 288,926
2019	327,709	35,538	292,171
2020	330,986	35,538	295,448
2021	334,296	35,538	298,758
2022	337,639	35,538	302,101
2023 - 2061	23,737,481	1,394,879	22,342,602
Total	<u>\$ 25,392,575</u>	<u>\$ 1,572,569</u>	<u>\$ 23,820,006</u>

I. Fund Balance and Net Position

At June 30, 2017 the City had a fund balance deficit for the CDBG Fund of \$12,988. The CDBG Fund manages a federal grant program and may have liabilities exceeding its assets for vendor payables and for recaptured costs from the early sale of homes rehabilitated with grant proceeds. These are timing differences which are expected to clear over the term of each grant award.

The City has classified portions of its fund balance as nonspendable, which reflects the nonspendable form of the assets. At June 30, 2017 total nonspendable fund balance is \$2,499,453.

At June 30, 2017 the City had a net position deficit for the Parking Fund of \$3,800,765. This will continue until the long term debt from the construction of the parking garages is repaid.

(3) OTHER INFORMATION**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee health benefits. The City carries insurance for worker's compensation, comprehensive general, automobile and professional liability, fire and theft, and the liability for errors, omissions and other selected areas that require coverage.

Beginning July 1, 2011, the City became partially self-insured with respect to worker's compensation. City management believes it is more economical to manage its risks internally and set aside assets for claim settlements. The City has a Self-Insured Retention (SIR) of \$500,000 per claim with an aggregate retention of \$2,200,000 for the policy year. The worker's compensation claims payable of \$1,768,150 reported at June 30, 2017 includes all claims for which information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred and that the loss could be reasonably estimated. Changes in the claims liability amounts for the current and previous year are as follows:

Fiscal Year	Beginning of the Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2016	\$ 1,508,420	\$ 797,000	\$ (713,422)	\$ 1,591,998
2017	\$ 1,591,998	\$ 777,000	\$ (600,848)	\$ 1,768,150

The City continues to carry commercial insurance for employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Tax Abatements

The City enters into property tax abatement arrangements in the form of agreements with specific entities and special tax credit programs when authorized by the Mayor and Council. For fiscal year ended June 30, 2017, the City abated property taxes totaling \$246,200, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- Economic Development Fund Agreements with Duball Rockville, LLC and Choice Hotels International, Inc. provided tax abatements in exchange for the relocation of Choice Hotels Corporate Headquarters and for the development of Cambria Suites Hotel. The abatement amounted to \$189,000.
- Fireside Park Apartments makes payments in lieu of taxes (PILOT) under a waiver agreement in support of affordable housing within the City. The abatement amounted to \$32,000.

C. Commitments and Contingent Liabilities**Washington Suburban Sanitary Commission (WSSC)**

The City has contracted with WSSC to upgrade and enhance a portion of the Blue Plains Waste Water Treatment Plant. Through June 30, 2017, the City had paid \$74,190,942 as its contractual share of the construction costs of the treatment facility and the related sewer transmission lines, which were recorded in capital assets. The City's remaining contribution through the completion of the project is estimated to be \$15,742,849 for treatment capacity. The City intends to issue bonds to fund most of these costs.

The City has no direct ongoing equity interest in WSSC's assets and liabilities. Furthermore, the City has no significant influence over the management of the treatment facilities. Accordingly, the City does not record this contractual arrangement as a joint venture.

In addition to the capacity cost described above, WSSC charges the City a portion of its operating costs for treatment of sewage. The City accrues an amount for these charges each year based on its best estimate of usage. Adjustments to the accrued charges, which result from subsequent billings by WSSC, are recorded in the period during which the City receives the final bill.

(3) OTHER INFORMATION (CONTINUED)

C. Commitments and Contingent Liabilities (Continued)

Litigation

The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. The total number of pending lawsuits and claims not covered by insurance nor expressly provided in these statements will not have an adverse impact on the City's financial condition.

(4) RETIREMENT PLANS

A. Retirement Plan Descriptions

Covered police and non-police employees hired before 1986 participate in one single-employer defined benefit pension plan. Non-police employees hired on or after 1986 participate in a hybrid pension plan that includes one single-employer defined benefit plan and one defined contribution plan. All benefitted employees of the City have the option to participate in a deferred compensation plan. The Retirement Board is composed of a member of the Mayor and Council, the City Manager, three City employees, below assistant department head level, and two residents with previous business experience, one of whom serves as the chairperson. Each board member serves a two-year term. The Finance Director is the executive secretary to the board. The Retirement Board makes recommendations to Mayor and Council, which has the authority to establish and amend the benefit provisions of the pension plans including contribution requirements of the employees and employer.

As of July 1, 2013, the City has implemented GASB Statement No. 67, Financial Reporting for Pension Plans. As of July 1, 2014, the City has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. These statements replace previously issued requirements for pension plans administered through trusts.

Measurement Focus and Basis of Accounting

The financial statements of the City's pension plans are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. City contributions to the defined benefit pension plan are actuarially determined. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Future payments of the net pension liability are the primary responsibility of the General Fund, therefore this long-term liability is presented in the Government-wide Statement of Net Position.

Administration

The Principal Financial Group and Prudential Bank and Trust are record-keepers of the single-employer defined benefit pension plan and the hybrid pension plan, which were established and are administered by the City. For financial reporting purposes, the ROCKERS is included as a Fiduciary Fund in the City's financial statements. No other financial statements are issued related to the ROCKERS.

The ROCKERS includes the pre-1986 single-employer defined benefit pension plan and the hybrid pension plan which includes a defined benefit plan and a defined contribution plan. The activities of the pre-1986 defined benefit plan are combined with the activities of the defined benefit component of the hybrid plan for reporting purposes. The defined contribution plan and defined benefit plan are reported as separate Pension Trust Funds.

Method Used to Value Investments

Plan investments are reported at fair value or estimated fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation.

(4) RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension PlanPre-1986 Plan Benefits and Contributions

This benefit is available to police employees, who participate 100 percent in the defined benefit option regardless of the date of employment, administrative employees hired prior to April 15, 1986 and union employees hired prior to December 2, 1986. An employee who retires at age 60 or a police employee with the completion of 25 years of credited service regardless of age is entitled to an annual retirement benefit, payable monthly for life (120 payments are guaranteed). For union employees, the annual benefit amount is equal to 1.8 percent of his/her final average salary, for each year of credited service, for administrative personnel in an amount equal to 1.8 percent of his/her final average salary for credited service before April 1, 1996, and 2.0 percent of his/her final average salary for credited service after April 1, 1996.

For police personnel, the annual benefit amount is equal to the lesser of (a) (1) 2.0 percent of his/her final average earnings multiplied by his/her years of credited service prior to April 1, 2004, plus (2) 2.25 percent of his/her final average earnings multiplied by his/her years of credited service on or after April 1, 2004, or (b) 67.5 percent of his/her final average earnings. Final average salary for administrative personnel and union employees is computed as the average earnings over three consecutive years within the last 10 years of service which produces the highest average and for police employees the average annual earnings is computed as the average annual earnings during the final 60 months of employment with the City.

Covered police and pre-1986 non-police employees are required by statute to contribute a certain percent (4.2 percent for union, 5.2 percent for administrative and 8.5 percent for police) of their salaries to the plan. If an employee leaves covered employment or dies before 10 years of credited service (based upon a graduated vesting schedule of 50 percent after five years, up to 100 percent after 10 years of credited service), accumulated employee contributions plus credited interest thereon at the rate of 6 percent and a portion of the City's contribution (City contributions are deemed to be 150 percent of the employees contributions plus credited interest) are paid to the employee or designated beneficiary.

Post-1986 Hybrid Plan Benefits and Contributions

This benefit is available to full-time, permanent, non-police employees hired on or after April 15, 1986 and union employees hired after December 2, 1986. An employee becomes an eligible retiree after (a) having attained age 60 while employed with the City and completed at least 10 years of service prior to retirement, (b) taking early retirement occasioned by poor health, having attained age 50 while employed with the City and having completed 10 years of service if hired before July 1, 2011, or having attained age 58 while employed with the City and having completed 10 years of service if hired on or after July 1, 2011, or (c) taking early retirement from the City when their age plus service equals or exceeds 85. These employees are also covered by the defined contribution plan described below. Employees are required to participate from the date of employment. Union employees are covered for an annual benefit equal to 1.0 percent of average salary and administrative personnel are covered for an annual benefit equal to 1.0 percent before April 1, 1996, and 1.2 percent on or after April 1, 1996, of average salary (as previously defined) for each year of credited service.

Administrative personnel are required by statute to contribute 1.0 percent of their salaries to the plan starting April 1, 1996 and union personnel have no contribution requirement. Employees are fully vested after 10 years of service, regardless of the plan entry age.

Membership

Membership in the defined benefit plan consisted of the following at July 1, 2016, the date of the actuarial valuation corresponding to the fiscal year ended June 30, 2017.

Retirees and beneficiaries receiving benefits	257
Terminated plan members vested but not yet receiving benefits	50
Active plan members	507
Total	<u>814</u>

(4) RETIREMENT PLANS (CONTINUED)

C. Net Pension Liability

The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation date of July 1, 2016. Actuaries utilized update procedures to roll forward the total pension liability in the July 1, 2016 actuarial valuation to the June 30, 2017 measurement date.

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions which were adopted by the City during fiscal year 2017 and applied to all periods included in the measurement:

Actuarial assumptions

-Actuarial valuation date	July 1, 2016
-Investment rate of return, including inflation	7.00%
-Projected salary increases, including inflation	4.75% - 12.50%
-Includes inflation at	2.50%
-Cost of living adjustment	0.00%

The mortality rates were based on the RP-2000 Male and Female Combined Healthy Mortality Table, projected to 2016 for males and to 2020 for females using projection scale AA.

The actuarial assumptions used in the most recent actuarial valuation were based on the results of an actuarial experience study for the period January 1, 2006 through December 31, 2010. During fiscal year 2017, the actuarial experience study for the period April 1, 2011 through July 1, 2015 was finalized and new assumptions were adopted. The update procedures used to roll forward the total pension liability from the July 1, 2016 actuarial valuation to the June 30, 2017 report date utilizes the most current assumptions.

The long term expected rate of return on pension plan investments was determined by evaluating the historical investment, the selection of a portfolio of multiple asset classes, the use of professional investment managers, and the regular monitoring of investment performance. Expected future real rates of return are developed for each major asset class and combined to produce the single long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30.0%	6.20%
International Equity	20.0%	7.20%
Fixed Income Core	20.0%	1.60%
Real Estate	12.5%	4.70%
Treasury Inflation Protected Securities (TIPS)	7.5%	1.20%
Global Tactical Asset Allocation (GTAA)	10.0%	4.60%
Total	100.0%	

Based on these factors, the long term real rate of return is expected to be in the range of 4.00% and 5.50%. A rate of 4.50% was used for the actuarial assumption. When combined with the inflation rate of 2.50%, the investment rate of return is determined to be 7.00%. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense was 11.10%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made equal to the actuarially determined contribution. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

(4) RETIREMENT PLANS (CONTINUED)

C. Net Pension Liability (Continued)Net Pension Liability

Changes in the City's net pension liability for the year ended June 30, 2017 were as follows:

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances at June 30, 2016	<u>\$ 105,318,300</u>	<u>\$ 87,410,036</u>	<u>\$ 17,908,264</u>
Changes for the year:			
Service Cost	2,092,506	-	2,092,506
Interest	7,847,249	-	7,847,249
Differences between expected and actual experience	1,097,364	-	1,097,364
Changes of assumptions	6,150,798	-	6,150,798
Contributions - employer	-	3,473,255	(3,473,255)
Contributions - employee	-	756,187	(756,187)
Net investment income	-	9,378,222	(9,378,222)
Benefit payments, including refunds of employee contributions	(5,664,043)	(5,664,043)	-
Administrative expense	-	(31,821)	31,821
Other charges	-	-	-
Net changes	<u>11,523,874</u>	<u>7,911,800</u>	<u>3,612,074</u>
Balances at June 30, 2017	<u>\$ 116,842,174</u>	<u>\$ 95,321,836</u>	<u>\$ 21,520,338</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using a discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
<u>\$ 35,148,502</u>	<u>\$ 21,520,338</u>	<u>\$ 9,947,287</u>

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2017, the City recognized pension expense of \$4,930,370. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	<u>\$ -</u>	<u>\$ 10,183</u>
Changes of assumptions	5,204,521	-
Net difference between projected and actual earnings on investments	<u>2,491,902</u>	<u>-</u>
Total	<u>\$ 7,696,423</u>	<u>\$ 10,183</u>

(4) RETIREMENT PLANS (CONTINUED)

C. Net Pension Liability (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 2,216,737
2019	2,216,738
2020	1,392,431
2021	344,276
2022	982,007
Thereafter	534,051
Total	<u>\$ 7,686,240</u>

D. Defined Contribution Pension Plan

Full-time, permanent non-police employees hired on or after April 15, 1986, are required to participate in this plan from the date of employment. The plan is administered by Mass Mutual and allows participant contributions up to a maximum of 5 percent of earnings. The employee contributions are matched \$0.50 by the City for each \$1 contributed by the employee. The employee is fully vested in his/her employee contributions and investment earnings thereon. The City's contribution for each employee (City's contributions and investment earnings thereon) is fully vested after three years of credited service. The contributions made in fiscal year 2017 by plan members totaled \$1,368,650 and the City contributed \$684,325.

E. Deferred Compensation Plan

All employees of the City Government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by Mass Mutual. Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan. All taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is compliant with the Internal Revenue Code Section 457(g) requiring all assets and income of the plan to be held in trust for the exclusive benefit of participants and their beneficiaries. Management's involvement with the plan is limited to transferring amounts withheld from payroll to the Plan record keeper. Accordingly, the fair values of the plan assets are not reflected in the City's financial statements.

(4) RETIREMENT PLANS (CONTINUED)

F. Combining Statements for Pension Trust Fund

The defined benefit pension plan and defined contribution pension plan combine in the Statement of Fiduciary Net Position and in the Statement of Changes in Fiduciary Net Position. The combining statements of the pension trust funds are provided below for the year ended June 30, 2017:

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2017

	Defined Contribution Trust	Defined Benefit Trust	Total Pension Trust Funds
<u>Assets</u>			
Investments at fair value - equity in pooled pension trust	\$ 31,964,366	\$ 95,321,836	\$ 127,286,202
<u>Liabilities</u>			
Benefits payable	-	-	-
<u>Net Position</u>			
Restricted for plan benefits	\$ 31,964,366	\$ 95,321,836	\$ 127,286,202

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2017

	Defined Contribution Trust	Defined Benefit Trust	Total Pension Trust Funds
<u>Additions</u>			
Contributions			
Employer	\$ 684,325	\$ 3,473,255	\$ 4,157,580
Plan members	1,368,650	756,187	2,124,837
Total contributions	\$ 2,052,975	\$ 4,229,442	\$ 6,282,417
Investment Income			
Net appreciation in the fair value of plan investments	3,642,326	9,407,613	13,049,939
Interest and dividends	20,728	374,117	394,845
Total investment income	\$ 3,663,054	\$ 9,781,730	\$ 13,444,784
Total additions	\$ 5,716,029	\$ 14,011,172	\$ 19,727,201
<u>Deductions</u>			
Benefits	\$ 1,420,092	\$ 5,664,043	\$ 7,084,135
Investment fee expense	69,965	403,508	473,473
Administrative expense	-	31,821	31,821
Total deductions	\$ 1,490,057	\$ 6,099,372	\$ 7,589,429
Net (decrease)/increase	4,225,972	7,911,800	12,137,772
Net position - beginning	27,738,394	87,410,036	115,148,430
Net position - ending	\$ 31,964,366	\$ 95,321,836	\$ 127,286,202

(5) OTHER POST-EMPLOYMENT BENEFITS

A. Other Post-Employment Benefits Plan DescriptionPlan Administration

In addition to the pension benefits described in Note (4), the City provides other post-employment health benefits (OPEB). The City established an irrevocable trust for administering the plan assets and paying health care costs on behalf of the participants. For financial reporting purposes, the OPEB Trust Fund is included as a Fiduciary Fund in the City's financial statements. No other financial statements are issued related to the OPEB Trust Fund.

The ROCKERS administers the OPEB plan and stipulates the age and service requirements for retirements. The OPEB plan is a single-employer defined benefit plan that is used to provide post-employment benefits other than pensions for all permanent employees of the City. The Retirement Board has oversight of the ROCKERS and the OPEB plan and is composed of a member of the Mayor and Council, the City Manager, three City employees, below assistant department head level, and two residents with previous business experience, one of whom serves as the chairperson. Each board member serves a two-year term. The Finance Director is the executive secretary to the board. The Retirement Board makes recommendations to Mayor and Council, which has the authority to establish and amend the benefit provisions of the OPEB plan, including contributions.

As of July 1, 2016, the City has implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions. This statement replaces previously issued requirements for OPEB plans administered through trusts.

Membership

At July 1, 2015, the date of the most recent valuation, plan membership was as follows:

	Plan Membership
Inactive employees or beneficiaries currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	0
Active employees	484
Total	554

Benefits Provided

The OPEB plan authorizes a retiree who elects to stay with the City's group health policy to receive from the City the employer's share (i.e., the same level of premium support given to current employees) of medical insurance premiums up until age 65. In the event a retiree establishes residency outside the geographic area served by the City's group health insurance carriers, that person may purchase coverage and receive reimbursement from the City in an amount not to exceed the prevailing two-person coverage employer rate granted to current employees.

Contributions and Funding

The Retirement Board establishes the employer contributions to the OPEB plan based on actuarially determined amounts. During fiscal year 2017 the City directly funded cash of \$639,042 for the actuarially determined contribution (ADC) of \$658,361. It is noted that the original July 1, 2015 actuarial valuation provided a recommended annual required contribution (ARC) of \$629,700, which provided the basis for the fiscal year 2017 contribution. Expenditures of \$303,626 were incurred by the City and were eligible for reimbursement by the trust. Benefit expenses of \$27,563 which were paid by the City, were reimbursed by the trust after June 30, 2017. Future payments of the net OPEB obligation are the primary responsibility of the General Fund, therefore this long-term liability is presented in the Government-wide Statement of Net Position.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

(5) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Other Post-Employment Benefits Plan Description (Continued)

The following table shows the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 658,361
Interest on net OPEB obligation	53,912
Adjustment to ARC	(45,248)
Annual OPEB cost (expense)	667,025
Contributions made	(639,042)
Increase in net OPEB obligation	27,983
Net OPEB (asset) obligation, beginning of year	718,820
Net OPEB (asset) obligation, end of year	<u>\$ 746,803</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2017 and the two preceding years were as follows:

Fiscal Year Ending June 30	Annual OPEB Cost	Employer Contributions	Percentage Contributed	Net OPEB Obligation
2015	\$ 651,646	\$ 642,286	98.6%	\$ 775,133
2016	\$ 618,087	\$ 674,400	109.1%	\$ 718,820
2017	\$ 667,025	\$ 639,042	95.8%	\$ 746,803

As of the date of this report, the most recent valuation has been performed with a valuation date of July 1, 2015 and covers the valuation for the fiscal year 2017 plan year beginning July 1, 2016. Actuaries utilized update procedures to roll forward data to the June 30, 2017 measurement date. The funded status of the plan as of June 30, 2017, is as follows:

Actuarial Valuation for Plan Year Beginning July 1	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Entry Age	(A-B) Funded (Unfunded) AAL (FAAL)/UAAL	(A/B) Funded Ratio	(C) Covered Payroll	((A-B)/C) FAAL/UAAL as a percentage of Covered Payroll
2016	\$ 6,034,822	\$ 8,964,744	\$ (2,929,922)	67.3%	\$ 36,993,233	7.9%

B. Investments

The investment policy of the OPEB plan is established and may be amended by the Retirement Board. The City also utilizes an investment consultant with industry expertise to provide investment performance data and recommendations for the Board's consideration. It is the policy of the Retirement Board to seek an optimal mix of investments that will produce the desired returns and meet current and future liabilities with due regard to risk and preservation of the value of the portfolio.

The following was the adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
Equity	55.0%
Fixed Income	45.0%
Total	<u>100.0%</u>

(5) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Investments (Continued)

The following investments, other than those issued or guaranteed by the U.S. government, represent those which make up 5% or more of the OPEB plan's fiduciary net position at June 30, 2017:

Investment	Fair Value	Allocation of Net Position
Manning and Napier Bond Fund	\$ 1,256,367	17.9%
Net position at June 30, 2017	\$ 7,000,296	

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.4% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Net OPEB Liability

The following table shows the components of the City's net OPEB liability for fiscal year 2017:

Total OPEB liability	\$ 11,479,211
Plan fiduciary net position	(7,000,296)
Net OPEB liability	<u>\$ 4,478,915</u>
Plan fiduciary net position as a percentage of the total OPEB liability	60.98%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2015. During fiscal year 2017, the actuarial experience study for the period April 1, 2011 through July 1, 2015 was finalized and new assumptions were adopted. The update procedures used to roll forward the total OPEB liability from the July 1, 2015 actuarial valuation to the June 30, 2017 report date utilizes the following most current assumptions:

Actuarial assumptions

-Actuarial valuation date	July 1, 2015
-Investment rate of return, including inflation	7.00%
-Projected salary increases, including inflation	4.75% - 12.50%
-Includes inflation at	2.20%
-Healthcare cost trends:	5.00% for 2015, increasing to 5.43% for 2020 then decreasing to an ultimate rate of 3.84% by 2075

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period the period January 1, 2006 through December 31, 2010. As noted above, the actuarial roll forward procedures to determine the OPEB liability at June 30, 2017 used the most recently adopted assumptions.



City of Rockville
111 Maryland Avenue
Rockville, Maryland
20850-2364
www.rockvillemd.gov

240-314-5000
TTY 240-314-8137

November 9, 2017

National Capital Region Transportation Planning Board
Metropolitan Washington Council of Governments
777 North Capitol St NE
Washington, DC 20002

SUBJECT: 2017 Enhanced Mobility Program

Dear TPB Enhanced Mobility Program Selection Committee:

I am writing on behalf of the City of Rockville to express support for our application for funding from the 2017 Enhanced Mobility Program for a package of proposed bus stop and sidewalk improvement projects within the City of Rockville.

A successful grant award will enable the City to further expand the reach of our significant public transit infrastructure by improving sidewalk and bus stop shelter accessibility as well as passenger amenities at various locations throughout the City.

To accomplish this objective, the project proposes improvements to sidewalks and Metro Bus as well as Ride-On bus stops. The project proposes construction of missing sidewalk segments on the south side of Potomac Valley Road, adjacent to the Potomac Valley Nursing and Wellness Center as well as Julius West Middle School. The project also proposes improvements to 78 bus stops throughout Rockville. Bus stop improvements are to include replacement of non-ADA-compliant passenger shelter benches, construction of ADA-required wheelchair landing pads, installation of amenities such as missing shelter benches, freestanding benches and leaning rails, installation of larger shelters at high-activity stops and relocation of litter receptacles and other equipment to remove sidewalk and shelter obstructions.

MAYOR
Bridget Donnell Newton

COUNCIL
Beryl L. Feinberg
Virginia D. Onley
Julie Palakovich Carr
Mark Pierzchala

CITY MANAGER
Robert DiSpirito

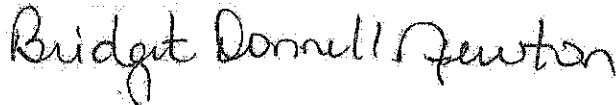
CITY CLERK
DIRECTOR OF COUNCIL OPERATIONS
Kathleen Conway

CITY ATTORNEY
Debra Yerg Daniel

We understand the continued and growing need for transportation services and multimodal travel options for seniors and those with disabilities in our City and region. Funding through this application would help us improve access to transit and bus passenger experience for seniors, individuals with disabilities as well as all other bus riders. We appreciate your leadership and MWCOC's and TPB's dedication to coordinating high quality programs that have clear and visible benefits for the Metropolitan Washington region and our citizens.

If you have questions, or need additional information, please contact Mr. Emad Elshafei, Chief of Traffic and Transportation, at 240-314-8508 or via email at eelshafei@rockvillemd.gov.

Sincerely,

A handwritten signature in black ink that reads "Bridget Donnell Newton". The signature is written in a cursive, flowing style.

Bridget Donnell Newton
Mayor

Cc E. Elshafei

2017 Enhanced Mobility Program for Seniors and Disabled City of Rockville Proposed Projects

This map illustrates the City of Rockville's proposed mobility projects for 2017, specifically targeting seniors and disabled individuals. The map features a shaded area representing the city's jurisdiction, with various streets and landmarks labeled. Key locations include the National Lutheran Home, Rockville Nursing Home, Heritage House, and Sunrise Assisted Living Facility. Major roads such as Shady Grove Rd, W. Gaude Dr, E. Gaude Dr, and W. Rose Rd are shown. A legend in the bottom left corner identifies the symbols used: a shaded area for senior living locations, a thick black line for proposed sidewalk improvement projects, and a black dot for proposed bus stop improvement projects. A north arrow is located in the bottom right corner.

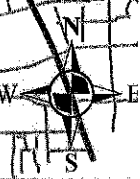
Senior living locations in Rockville

Proposed Sidewalk Improvement Projects

Proposed Bus Stop Improvement Projects

Proposed Sidewalk Improvement Projects

● Proposed Bus Stop Improvement Projects





Enhanced Mobility of Seniors and Individuals with Disabilities Program

Procurement Procedures – Updated November 2018

Procurement Procedures:

The Metropolitan Washington Council of Governments (COG) conducts centralized procurement for vehicles funded by the 5310 Enhanced Mobility Program. Procurement activities using Federal funds for items other than vehicles are the responsibility of the subrecipient and are subject to federal procurement requirements.

To comply with federal procurement requirements, subrecipients must do the following:

- ✓ IF the procurement falls into Category III, \$250,000 and above, ensure that prices are fair and reasonable by conducting an independent cost estimate (ICE) for any equipment (other than vehicles to be procured by COG), preventive maintenance and contracted service. The ICE is completed as part of research into cost of a budgeted line item at time of application. Examples of applicable line items include construction, software, dispatch, or GPS systems, evaluation or marketing contractors and printing services. An ICE is not required for services provided in-house by agency staff. The vendor that is ultimately awarded cannot be the same as the vendor that provides the ICE, therefore hired contractors and in-house staff (i.e. Engineer for a construction project) can develop the ICE if they have the applicable skills.
- ✓ When preparing for purchase under Category II/Simplified Procurement, obtain 2-3 written quotes using a price analysis, complete a comprehensive evaluation to determine best combination of price, quality, and other elements that are optimal to need, and obtain written concurrence from COG prior to the purchase of goods and services by submitting a request letter on agency letterhead to:

Lynn Winchell-Mendy
Grants Manager
Metropolitan Washington Council of Governments
777 North Capitol Street, N.E.
Ste. 300
Washington, DC 20002

Request letter can be attached to an email and sent to lmendy@mwkog.org

- ✓ Encourage the distribution of purchases equitably among local vendors, ensuring that no geographic preferences are shown in any procurement.
- ✓ Keep an annually updated record of all quotes received and a description of why each vendor was selected.

- ✓ Convey to vendors that the purchase is made with federal funds and, by fulfilling the purchase request, the vendor is agreeing to abide by all federal terms and conditions
 - Federal Contract Clauses must be attached to any contract or purchase order issued. See pgs. 8-9.
 - ✓ Maintain file copies of all procurements using 5310 Enhanced Mobility funds by Fiscal Year
 - ✓ Ensure that procurements do not discriminate against businesses as prohibited by federal and state law
 - ✓ Check the status of a proposed vendor or contractor to ensure they are in good standing; not fraudulent, debarred or technically unqualified by verifying their status with the System for Award Management (SAM) <https://www.sam.gov/portal/SAM/#1>
-

Categories of purchases and applicable requirements

Category I - Micro Purchases up to \$10,000

For purchases up to \$10,000, quotes are NOT required and awards are made on the judgment of the recipient. Micro-purchases should be distributed equitably among qualified vendors. Document the procurement file with a determination of fair and reasonable price (recent purchase of similar item, current price list, current catalog, advertisements, personal knowledge, etc.). No concurrence from COG is required.

Category II - Simplified Procurements between \$10,001 and \$249,999

For purchases between \$10,001 and \$249,999 at least 3 fair and reasonable, written quotes should be received, reviewed, and evaluated using a comprehensive evaluation system. Awards are made on best combination of price, quality and other elements optimal to need as determined by the subrecipient. Obtain written concurrence from COG prior to the purchase of goods and services by submitting a request letter to COG. Document the procurement file with items listed above.

Category III - Procurements at \$250,000 or more

Any subrecipient conducting a procurement at \$250,000 or more must contact COG before initiating any procurement activity. Purchases exceeding the simplified purchase threshold of \$249,999 must be competitively bid using a Request for Proposal (RFP) or Invitation for Bid (IFB). An ICE is required for this type of procurement before requesting bids and should have been completed as part of research into cost of a budgeted line item at time of application. Responses

must be fairly reviewed and considered and bids and selection justification provided to COG for written concurrence before any offer is accepted or a contract is executed.

Sole source justifications are allowed under certain circumstances and require documentation on the lack of other vendors to do the work, how the preferred vendor is uniquely qualified, and a Cost Analysis (because price competition is inadequate). Please contact staff for consideration.

Independent Cost Estimate (ICE) Form

(Submitted at time of application as proof of cost research for applicable budgeted line items of \$250,000 or more. Used later to determine if bids are fair and reasonable).

Per FTA 4220.1F, it is required that before receiving bids or proposals for a procurement using Federal funds that an Independent Cost Estimate (ICE) be performed. COG requires this at time of application. An ICE can be completed using past purchase prices, quantities, physical inspection of the product, drawings, or analysis of similar work. For more complex projects, an ICE can be completed by independent architect or engineer that will provide estimated hours, direct and indirect labor costs, and estimated profit or fee for a particular project.

[INSERT NAME OF AGENCY]

Agency LOGO/Letterhead

Project Name:

Project Description:

Vendor:

Phone:

Email:

Item:

Date of Estimate:

Method of Obtaining Estimate (check appropriate section and attach supporting documentation)

- ☐ Published List Price:
- ☐ Past Pricing (date):
- ☐ Comparable Purchase by Other Agencies
- ☐ Engineering or Technical Estimate
- ☐ Independent Third Party Estimate
- ☐ Other (specify):

Through the method(s) statement above, it has been determined that the estimate total cost of the goods/services is \$_____:

Prepared by:

Phone:

Email:

Date Prepared:

Price Analysis Form (submitted when preparing for purchase):

Quote 1

[INSERT NAME OF AGENCY]

Agency LOGO/Letterhead

Project Name:

Contract #:

Item:

Vendor:

Phone:

Email:

Date of Estimate:

Estimate Amount (Supporting documentation needs to be attached for Category II items (\$10,001 - \$249,999):

Additional Comments:

Prepared by:

Phone:

Email:

Date Prepared:

Price Analysis Form (submitted when preparing for purchase):

Quote 2

[INSERT NAME OF AGENCY]
Agency LOGO/Letterhead

Project Name:

Contract #:

Item:

Vendor:

Phone:

Email:

Date of Estimate:

Estimate Amount (Supporting documentation needs to be attached for Category II items (\$10,001 - \$249,999):

Additional Comments:

Prepared by:

Phone:

Email:

Date Prepared:

Price Analysis Form (submitted when preparing for purchase):

Quote 3

[INSERT NAME OF AGENCY]
Agency LOGO/Letterhead

Project Name:

Contract #:

Item:

Vendor:

Phone:

Email:

Date of Estimate:

Estimate Amount (Supporting documentation needs to be attached for Category II items (\$10,001 - \$249,999):

Additional Comments:

Prepared by:

Phone:

Email:

Date Prepared:

Federal Contract Clauses:

APPLICABILITY OF THIRD PARTY CONTRACT PROVISIONS

(excluding micro-purchases, except Davis-Bacon requirements apply to contracts exceeding \$2,000)

TYPE OF PROCUREMENT

PROVISION	Professional Services/A&E	Operations/ Management	Rolling Stock Purchase	Construction	Materials & Supplies
No Federal Government Obligations to Third Parties (by Use of a Disclaimer)	All	All	All	All	All
False Statements or Claims Civil and Criminal Fraud	All	All	All	All	All
Access to Third Party Contract Records	All	All	All	All	All
Changes to Federal Requirements	All	All	All	All	All
Termination	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.
Civil Rights (Title VI, ADA, EEO except Special DOL EEO clause for construction projects)	All	All	All>\$10,000	All	All
Special DOL EEO clause for construction projects				>\$10,000	
Disadvantaged Business Enterprises (DBEs)	All	All	All	All	All
Incorporation of FTA Terms	All	All	All	All	All
Debarment and Suspension	>\$25,000	>\$25,000	>\$25,000	>\$25,000	>\$25,000
Buy America			>\$100,000 As of Feb. 2011, FTA has not adopted the FAR 2.101 \$150,000 standard.	>\$100,000 As of Feb. 2011, FTA has not adopted the FAR 2.101 \$150,000 standard.	>\$100,000 As of Feb. 2011, FTA has not adopted the FAR 2.101 \$150,000 standard.
Resolution of Disputes, Breaches, or Other Litigation	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Lobbying	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Air	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Water	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Cargo Preference			Transport by ocean vessel.	Transport by ocean vessel.	Transport by ocean vessel.
Fly America	Foreign air transp. /travel.	Foreign air transp. /travel.	Foreign air transp. /travel.	Foreign air transp. /travel.	Foreign air transp. /travel.

TYPE OF PROCUREMENT					
PROVISION	Professional Services/A&E	Operations/ Management	Rolling Stock Purchase	Construction	Materials & Supplies
Davis-Bacon Act				>\$2,000 (also ferries).	
Contract Work Hours and Safety Standards Act		>\$100,000 (transportation services excepted).	>\$100,000	>\$100,000 (also ferries).	
Copeland Anti-Kickback Act Section 1 Section 2				All > \$2,000 (also ferries).	
Bonding				\$100,000	
Seismic Safety	A&E for new buildings & additions.			New buildings & additions.	
Transit Employee Protective Arrangements		Transit operations.			
Charter Service Operations		All			
School Bus Operations		All			
Drug Use and Testing		Transit operations.			
Alcohol Misuse and Testing		Transit operations.			
Patent Rights	R & D				
Rights in Data and Copyrights	R & D				
Energy Conservation	All	All	All	All	All
Recycled Products		EPA-selected items \$10,000 or more annually.		EPA-selected items \$10,000 or more annually.	EPA-selected items \$10,000 or more annually.
Conformance with ITS National Architecture	ITS projects.	ITS projects.	ITS projects.	ITS projects.	ITS projects.
ADA Access	A&E	All	All	All	All
Notification of Federal Participation for States	Limited to States.	Limited to States.	Limited to States.	Limited to States.	Limited to States.

Procurement Resources:

- [FTA CIRCULAR 4220.1F- Third Party Contracting Guidance](#)
- [2 CFR 200](#)
- [FTA's Best Practices Procurement Manual](#)