

CITY OF ALBUQUERQUE

Five-Year Forecast Fiscal Year 2013-2017

December 2012

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Five-Year Forecast estimates future revenues and expenditures for the General Fund and the subsidized funds for the current fiscal year, FY/13, as well as future years, FY/14 through FY/17. The purpose of this forecast is to identify key trends in revenues and expenditures and to provide information about the financial challenges anticipated over the next few years. The information contained in this forecast is based on data available in November 2012. Note, if revenues deviate significantly from current estimates, it is possible they will be revised prior to submission of the FY/14 proposed budget.

Fiscal Year 2013. For FY/13, the original General Fund appropriation was \$475.6 million with an estimate of \$471.3 million in operating revenues. Based on first quarter projections, actual expenditures have been revised slightly downward. Because of continued sluggishness in the local economy, revenue estimates, based on the November 2012 forecast, have been revised significantly downward to \$464.8 million, a decline of \$6.5 million.

Fiscal Year 2014. As the City prepares for the FY/14 budget, it is likely that the revenue forecast will be revised once more and appropriations will have to be trimmed to present a balanced budget. The resulting budget for FY/14 of \$494 million uses the best information available including additional benefit costs, positions created mid-year FY/13, election costs, and other inflationary factors. Combining the revenue projection with these additional costs, the City will have to deal with an \$18 million shortfall for FY/14. The good news is this is the second smallest upcoming-year gap for a Five-Year Forecast since FY/07, undoubtedly the result of downsizing base government costs over the past two years. The bad news is because government has been trimmed to core services, deciding where to make cuts to close the gap becomes more difficult. Over the next few months, the Office of Management and Budget may revise projections which may result in a change to this projected \$18 million gap for FY/14. A summary of the changes in revenues and expenditures follows.

General Fund Revenues. This forecast projects a decrease of \$6.5 million in General Fund revenues compared to the approved budget. The GRT estimate for FY/13 is \$8.3 million below the budget as GRT revenues have declined in the first 4 months of the fiscal year. Another part of the decrease is due to GRT actual revenue falling \$1.7 million short of the FY/12 estimate. The slow growth in the economy continues to have an impact on the City's revenue. Though GRT revenue is expected to be positive, GRT from construction remains down. Building permit revenue is starting to increase and is expected to grow at strong rates in FY/13 and throughout the forecast. Even so, growth associated with business and household formation remains at very low levels. In FY/14, growth in the one-percent distribution is estimated at only 1.7%. Underlying growth is 2.6% but growth is reduced by 0.9% as a full year of the GRT deductions for construction services and manufacturing inputs is in place.

The revenue projections are based on revenue received through November 2012, forecasts of economic activity for Albuquerque and New Mexico prepared by the Bureau of Business and Economic Research at the University of New Mexico and national

economic forecasts from Global Insight. The City's Forecasting Advisory Committee, including experts from within and outside government, reviewed the forecasts and revenue projections prepared by City staff.

General Fund Expenditures. For FY/14, the identified needs would require an increase in the General Fund appropriation of \$18.5 million above the approved FY/13 level. The City's Office of Management and Budget prepares expenditure projections including the costs in major areas such as wages, employee health care, and utilities. Funding is not included for CIP-coming-on-line projects. A reserve of \$1.7 million is included for wage increases (subject to collective bargaining). Beyond that, the wage growth for FY/15 through FY/17 is based on the employment cost index for all employees. As in FY/13, included is one-time funding of \$3 million for capital projects such as ABQ the Plan. This one-time funding is increased to \$6 million in FY/15 and \$9 million in FY/16.

Transfers to other funds include \$6.6 million in added costs in FY/14 for subsidies in Transit, City/County Building, Baseball Stadium, Open Space, and Hospitality Tax. The Transit Fund accounts for \$6.4 million of that increase mostly due to an increase in the rate for indirect overhead along with increases in benefit costs. The Open Space Trust has not been earning enough to pay for operations due to continued dismal interest rates. Lodging and Hospitality taxes are also projected to remain stagnant so some increased subsidy is projected.

For FY/14, several one-time costs have been removed for items such as the contractual services and capital transfers resulting in a savings to the General Fund of \$3.7 million.

The cost of employee health benefits is expected to increase by \$4.0 million for the General Fund. The current health provider contract is being bid out by Purchasing. A selection of a vendor should be known by the time the FY/14 budget is submitted to Council.

An additional \$2.5 million is built in to the FY/14 expenditure forecast for potential increase in the employer contribution of PERA (retirement) benefits should it pass the State Legislature. If implemented as proposed, the City's portion of the increase will cost the General Fund nearly \$6 million by FY/17.

This forecast assumes fuel costs average \$3.25 per gallon with no fuel hedge yet in place for FY/14. That could change in the coming months should the City enter into another agreement in December or January.

The additional \$200 thousand per year in operating reserve is continued through the term of this forecast which increases the reserve above the 1/12 minimum required.

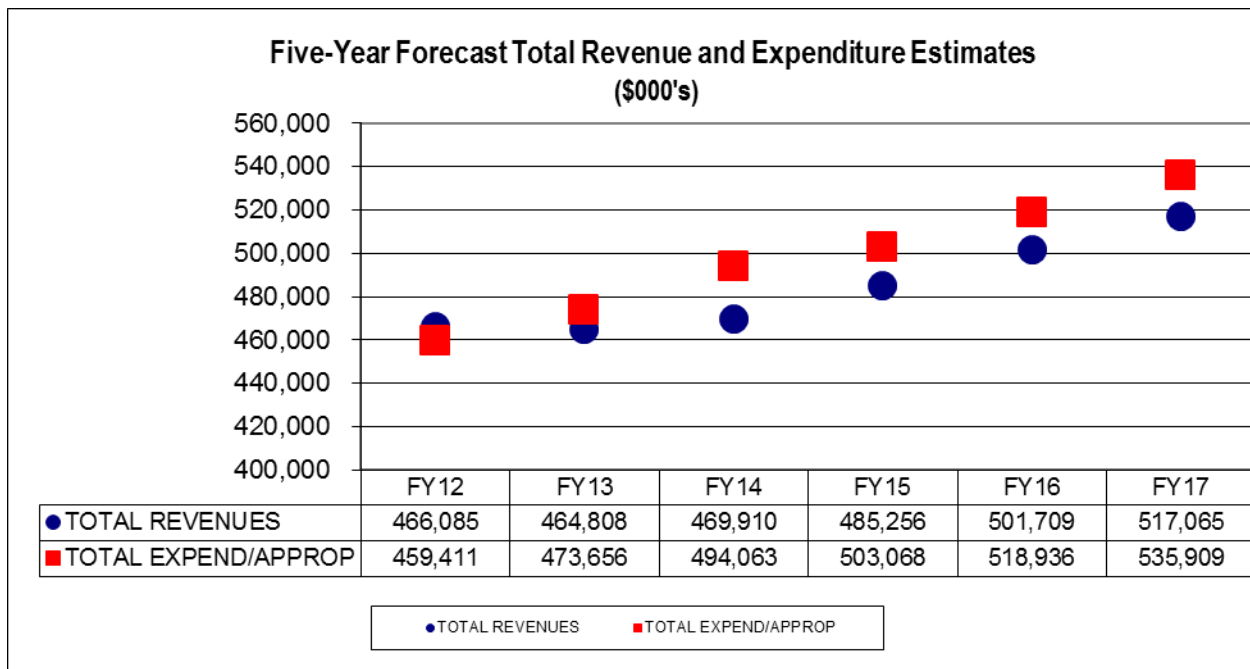
Other significant increased costs for FY/14 include, \$816 thousand for a general election plus another \$816 thousand for a runoff election; \$1.0 million for the minimum wage increase passed by voters and \$3.3 million in Risk transfers to shore up reserves requirements.

The following table shows significant changes in both revenues and expenses as compared to FY/13.

**City of Albuquerque
Five Year Forecast Projected Shortfall
Fiscal Year 2014**

Reduction in GRT Revenues	\$ (3,393)	
Increase in Other Revenues/IDOH	<u>3,889</u>	
Adjustment to Revenues		\$ 496
PERA Increase	\$ (2,526)	
Health, Dental & Vision Increase	(4,055)	
City October 2013 General Election	(816)	
Potential General Election Runoff	(816)	
Minimum Wage Increase	(1,000)	
APD Psychiatrist	(207)	
Utilities	(565)	
Change in Transfers to Subsidized Funds	(535)	
Transfer to Transit	(6,391)	
Cost of Risk Increase	(3,308)	
Internal Service Transfers	(208)	
Fuels	(594)	
Reduction of FY/13 One Time Costs	<u>3,654</u>	
Adjustment to Appropriations		(17,367)
Additional Reserve (Total \$600 Thousand)	\$ (200)	
Change in Reserves and Other Adjustments	<u>(981)</u>	
Adjustments to Reserves		<u>(1,181)</u>
Projected Budget Shortfall		\$ (18,052)

The Challenge in FY/14. For FY/14, combining the additional demands on resources with the overall revenues, the City would be at an \$18 million shortfall by the close of FY/14 if steps are not taken to balance the budget. This forecast does assume an additional carry-in from FY/13 into FY/14 of \$5.5 million. The forecast includes all known demands on resources at this time. Some of the expense assumptions will likely be adjusted as we move along in the budget process; however, the City could still be faced with making some unpopular adjustments to balance the FY/14 budget, including deleting unfilled positions.



Risks to the Forecast. The five-year forecast is always challenging. The exercise seeks to estimate the difference between revenues and expenditures. Obviously, the result will change if revenue receipts, expenditure demands or both deviate from the forecast. Changes in the local economy and/or tax law can affect revenue.

Global Insight (GI) in their October 2012 forecast assigns a probability of 65% to the national economic baseline forecast that underlies this report, 15% to the optimistic and 20% to the pessimistic scenarios.

The pessimistic scenario is of large concern as it is related to whether the federal government finds a solution to the “fiscal cliff”. As of December 10, 2012, no compromise has been reached.

Other concerns are the long term fiscal impact of construction and manufacturing credits that go into effect January 2013, the diversion of General Fund GRT revenue to recently created tax increment development districts (TIDDS), and the effect of any changes to property tax revenues through “tax lightening” legislation. There is also the possibility that the State Legislature could impose changes impacting City revenues including the reduction in the distribution of food and medical hold harmless provisions enacted in 2005.

**TABLE B
FIVE YEAR FORECAST
GENERAL FUND - BASELINE SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES**

	UNAUDITED ACTUAL FY12	ESTIMATED ACTUAL FY13	FORECASTS			
			FY14	FY15	FY16	FY17
RESOURCES:						
Recurring Revenue	462,361	463,673	469,910	485,256	501,709	517,065
% Change Recurring Revenue		0.3%	1.3%	3.3%	3.4%	3.1%
Total Non-recurring	<u>3,724</u>	<u>1,135</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	466,085	464,808	469,910	485,256	501,709	517,065
% Change Total Revenue		-0.3%	1.1%	3.3%	3.4%	3.1%
BEGINNING FUND BALANCE	<u>51,723</u>	<u>58,397</u>	<u>49,550</u>	<u>25,397</u>	<u>7,586</u>	<u>(9,641)</u>
TOTAL RESOURCES	<u>517,808</u>	<u>523,206</u>	<u>519,460</u>	<u>510,653</u>	<u>509,294</u>	<u>507,423</u>
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	447,841	463,320	489,261	496,877	507,269	526,695
% Change Recurring Appropriation		3.5%	5.6%	1.6%	2.1%	3.8%
Non-recurring Exp/App:						
One-time Items	<u>11,570</u>	<u>10,336</u>	<u>4,802</u>	<u>6,190</u>	<u>11,667</u>	<u>9,213</u>
Total Non-recurring	<u>11,570</u>	<u>10,336</u>	<u>4,802</u>	<u>6,190</u>	<u>11,667</u>	<u>9,213</u>
TOTAL EXPEND/APPROP	<u>459,411</u>	<u>473,656</u>	<u>494,063</u>	<u>503,068</u>	<u>518,936</u>	<u>535,909</u>
UNADJUSTED FUND BALANCE	<u>58,397</u>	<u>49,550</u>	<u>25,397</u>	<u>7,586</u>	<u>(9,641)</u>	<u>(28,485)</u>
ADJUSTMENTS:						
Encumbrances	(2,979)	0	0	0	0	0
Unrealized Gains on Investments	29	29	29	29	29	29
Other Accounting Adjustments	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>
TOTAL ADJUSTMENTS	<u>(2,987)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>
ADJUSTED FUND BALANCE	<u>55,410</u>	<u>49,542</u>	<u>25,389</u>	<u>7,578</u>	<u>(9,649)</u>	<u>(28,493)</u>
RESERVES:						
1/12th Operating Reserve	38,992	39,630	41,172	41,922	43,245	44,659
Reserve for the Cost of Labor	1,669	1,424	1,669	1,669	1,669	1,669
Increase to Reserve	200	400	600	800	1,000	1,200
Other Reserves	<u>233</u>	<u>2,892</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	41,094	44,346	43,441	44,391	45,914	47,528
UNRESERVED FUND BALANCE	<u>14,316</u>	<u>5,196</u>	<u>(18,052)</u>	<u>(36,813)</u>	<u>(55,563)</u>	<u>(76,021)</u>

ECONOMIC OUTLOOK

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The following is based on the October 2012 forecasts from IHS Global Insight (GI). Along with the baseline forecast alternative forecasts are prepared with pessimistic and optimistic occurrences.

Baseline Scenario

In the baseline forecast, assigned a probability of 65%, IHS Global Insight (GI) expects limited growth. The year over year growth in real GDP for FY/13 is expected to be 1.7% which is below the 2.0% growth in FY/12. Growth remains low due to the many uncertainties both in the U.S. and in the world. Exports, which had been leading the recovery, are lagging as Europe and the rest of the world slow and the dollar strengthens against the Euro. Consumer spending continues to be sluggish. Consumers have reduced their debt levels though they are still relatively high. In addition consumers lack confidence in the strength of the economy and the government's ability to make things better. GI assumes that the automatic spending cuts and tax increases will be delayed by the lame duck congress and that the new congress will come to some agreement on a package of spending cuts and tax increases, thus avoiding the problem of the "fiscal cliff". Employment growth remains sluggish and is only 1.2% in FY/13, below the 1.4% in FY/12. Total employment is not expected to reach its previous peak of FY/08 until FY/15. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY/17 only declines to 6.9%.

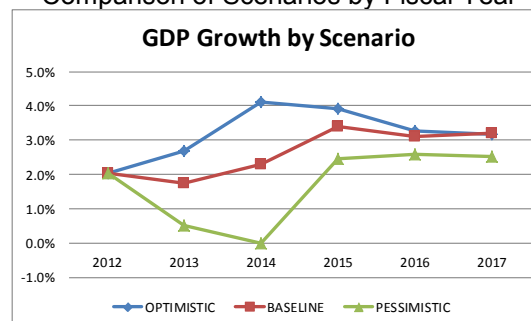
Inflation is one of the few bright spots in the GI forecast. Weak employment growth puts little pressure on wages helping to limit pressure on prices. Oil prices are held in check due to the weakness in the world economy and GI expects declines in oil prices. West Texas intermediate crude decreases from \$89 in FY/13 to \$82 in FY/16. Only in FY/17 are prices expected to be above \$100. GI expects growth in the Consumer Price Index (CPI) to remain muted, around 1.5% in FY/13 and FY/14 increasing slightly in FY/15 and FY/16 then increasing to 2.7% in FY/17. The low inflation expectation also plays into moderate increases in interest rates. GI believes that the Federal Reserve Bank (FRB) will not raise rates until FY/16; reaching 1.6% in FY/16 and 4% in FY/17.

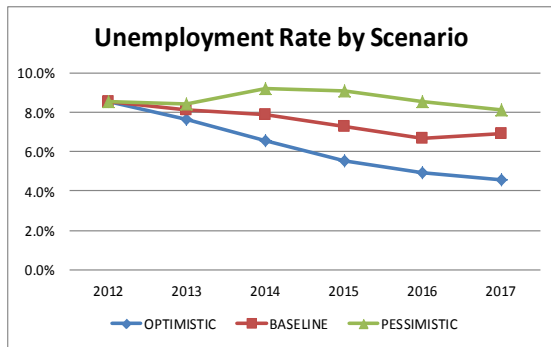
There are a number of risks in the economy. With the rate of growth in GDP so low, any unexpected occurrence could push the economy into recession. Global dynamics and the impact of additional stimulus (both announced and expected) will help to boost growth in the near term. Nevertheless, the current levels of uncertainty on businesses restrain activity in investment and hiring. Unfortunately, these high levels of uncertainty are likely to remain with us through the middle of next year and possibly longer. The first dynamic is how the United States is going to solve its fiscal problems. GI believes this is not likely to happen before mid-2013. Internationally, Greece's future in the Eurozone and the details of a Spanish bailout will involve a long process. This could take many months. Finally, the potential for a war with Iran and the blockage of the Strait of Hormuz would cause substantial problems with oil and other trade. GI believes that these uncertainties will almost certainly mean that a growth rebound will be held back until after mid-2013.

Pessimistic Scenario

This scenario is assigned a probability of 20%. In this scenario, the federal government fails to reach agreement and goes over the "fiscal cliff". In addition the European governments fail to come to an agreement for boosting the economy and Greece must exit the Eurozone in early 2013. The combination of problems in Europe and the increases in tax rates and reductions in government expenditures push the U.S. economy into a recession. Unemployment increases going above 9%. Housing starts which had begun to show some strength begin falling.

Comparison of Scenarios by Fiscal Year





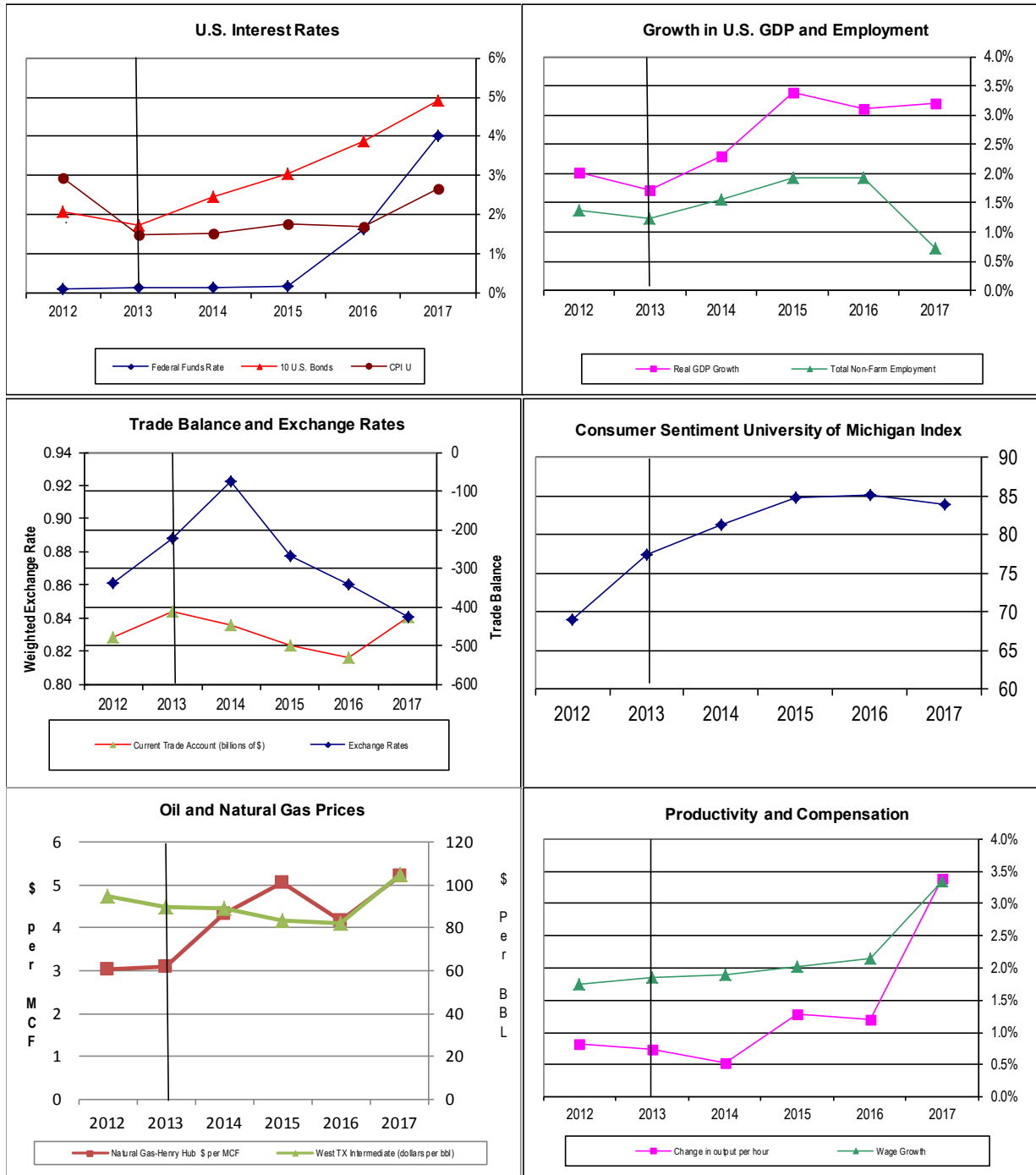
Optimistic Scenario

This scenario is assigned a probability of 15%. In it basically everything goes right. A tax and spending compromise is reached, the Eurozone takes decisive steps toward a banking and fiscal

union that stabilizes the European economies. The economy shows strong growth in the middle of FY/13 and then FY/14 has growth of 4%. Employment growth is stronger and inflation accelerates and the FRB raises interest rates, but the economy is strong enough to take this in stride. Housing starts accelerate and unemployment drops to near 4% in FY/17.

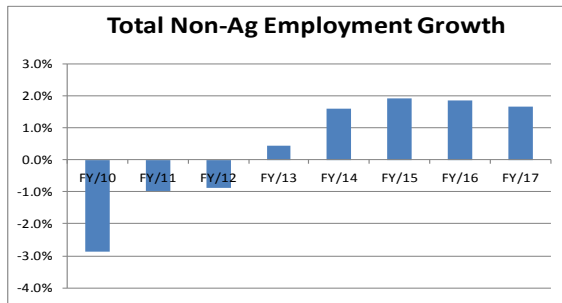
The following charts provide information on some of the key measures in the forecast.

U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)
October 2012 Baseline Forecast

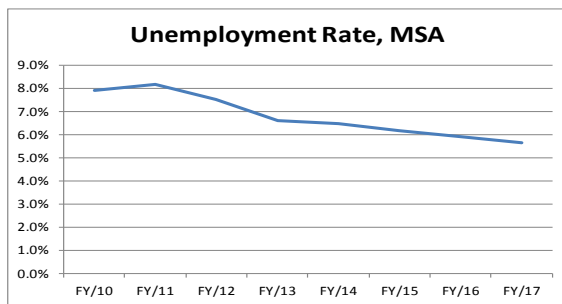


ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Albuquerque fell with the national economy, but is yet to recover. Employment continues to decline, though at a reduced rate. The FOR-UNM forecast of employment in October 2012, has employment growth showing a positive in the 2nd quarter of FY/13 with FY/13 showing an increase of 0.4%



The Albuquerque economy lost over 27 thousand jobs from FY/08 to FY/12 a loss of 7% of total employment. Growth for FY/13 is expected at 0.4% with increases only beginning in the 2nd quarter of FY/13. Construction is not expected to help the economy in FY/13 and shows no increase until FY/14 and then is relatively muted. While the economy is expected to add jobs it is at a slow rate and the previous employment peak in FY/08 is nearly reached in FY/17. The unemployment rate continues to decline, but some of this is due to discouraged workers leaving the labor force. The rate is expected to slowly decline to 5.7% in FY/17.



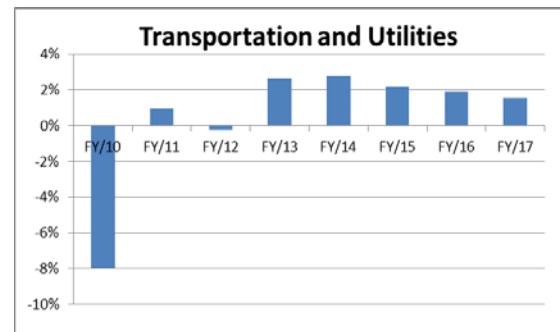
Several tables following this section provide a summary of the economic variables underlying the forecast and detailed employment numbers for FY/08 to FY/17 by the major NAICS categories.

Wholesale and Retail Trade. These sectors account for about 15% of employment in the Metropolitan Statistical Area (MSA). It is a particularly important sector in terms of the Gross Receipts Tax, which makes up about 30% of GRT. As the recession hit the closure of stores and reductions in purchases substantially hit employment and GRT in this sector.

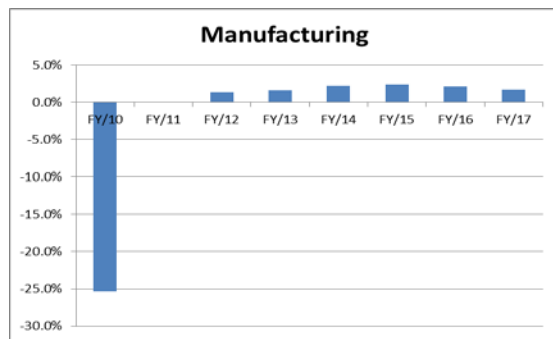


The sector is expected to have growth of just over 1% in FY/13. Growth remains at these low levels for the remainder of the forecast period.

Transportation, Warehousing and Utilities. This sector while important, only accounts for 2.5% of employment. Employment in this sector was weak before the recession hit and then declined substantially in FY/09 and FY/10. In FY/11 the sector grew 1.2%, but declined in FY/12. The expectations for the forecast are a robust recovery with growth above 3% in FY/13 and FY/14. Even with this growth the sector remains below the level of FY/07 and FY/08.

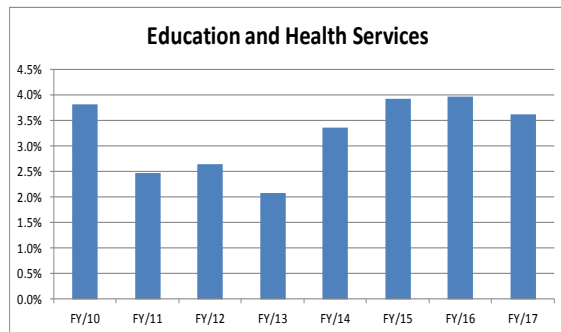


Manufacturing. This sector accounted for about 5% of employment in the MSA. It is an important sector as it creates jobs that bring revenue from outside the area. The purchases manufacturing firms make also make this sectors impact greater than its employment share.



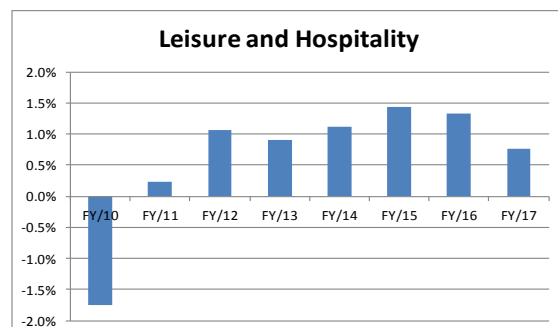
After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY13. The sector is expected to grow in the remainder of the forecast. However, FY/17 employment is about 80% of the employment of FY/08.

Educational and Health Services. This sector is predominantly health services and accounts for 15% of employment. Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO are one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy.



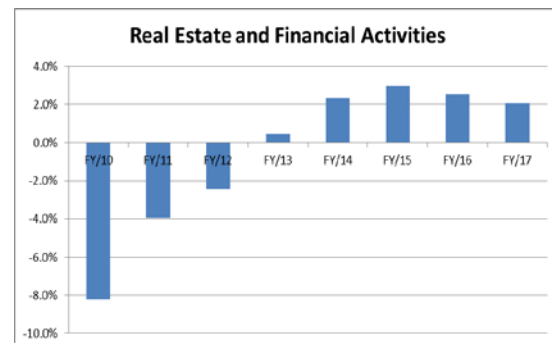
It was the only sector that increased through the recession and continues to be a driver of the economy.

Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 11% of employment in the MSA. This is a major component of GRT and Lodgers' Tax.

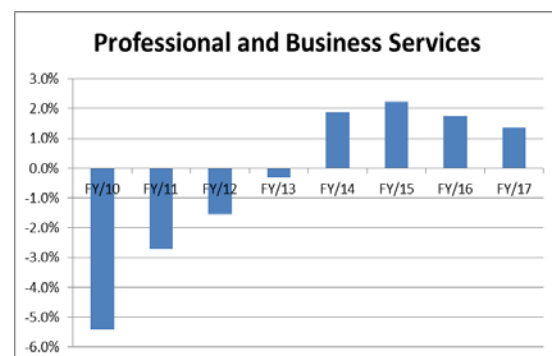


The forecast shows subdued growth in the sector with a maximum of 1.4% in FY/15.

Real Estate & Financial Activities. This sector includes finance, insurance and real estate including credit intermediation. It accounts for about 4% of employment in the MSA. The financial crisis, the consolidation of banking, and the collapse of real estate impacted this sector. Almost 6,000 jobs were lost from FY/07 to FY/12. FY/13 is expected to show a small increase, and then fairly strong growth for the remainder of the forecast. The sector rebounds and hits 3% employment growth in FY15.



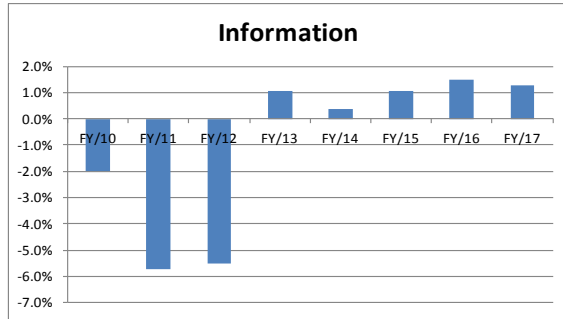
Professional and Business Services. This category accounts for 16% of the employment in the MSA. It includes temporary employment agencies, some of Albuquerque's back-office operations, and architect and engineering firms that are closely tied to construction. It also includes Sandia National Labs (SNL)



While the national labs have gained some positions the rest of the sector has been very weak. Following a small decrease in FY/13 the sector is expected to grow in the remainder of the forecast. In FY/17 it still remains 4,000 jobs below the peak of FY/08.

Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. It also includes the film studios. It accounts for about 2% of employment in the MSA. FY/11 and

FY/12 each declined near 6%. FY/13 shows some increase, but it remains limited.



Construction. Construction is typically cyclical, with significant swings in building and employment. Construction is an important sector and has an impact on the economy larger than its employment share of 6%.

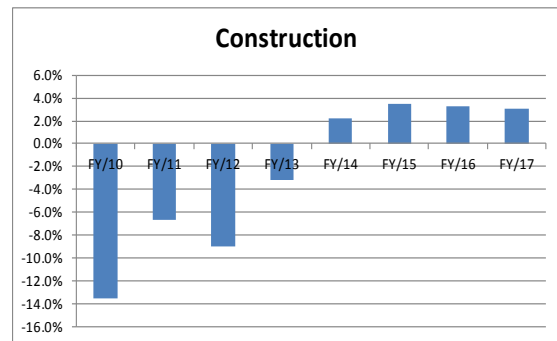
The graph following this section shows the real values of building permits after adjusting by the CPI. Construction is described as new and additions, alterations, and repairs from 1970 to 2012 (December of 2012 was estimated) by categories of residential and commercial. Five distinct peaks occur in 1973, 1979, 1985, 1995 and 2005. The last cycle was the longest and the fall following 2005 the largest.

The lowest level of residential construction was reached in the period of August 2008 to February 2009. From this point single family permitting has increased, but it remains subdued and at levels below any other in the chart. In 2008 much of the decline in residential construction was offset by new commercial, primarily public construction. Much of this construction was for new Albuquerque public schools. In 2009 residential housing stabilized, but commercial construction fell making 2009 the worst year as far as percentage decline in new construction. Additions, alterations, and repairs didn't drop as significantly as new construction but still showed declines. This

category is dominated by commercial and public projects.

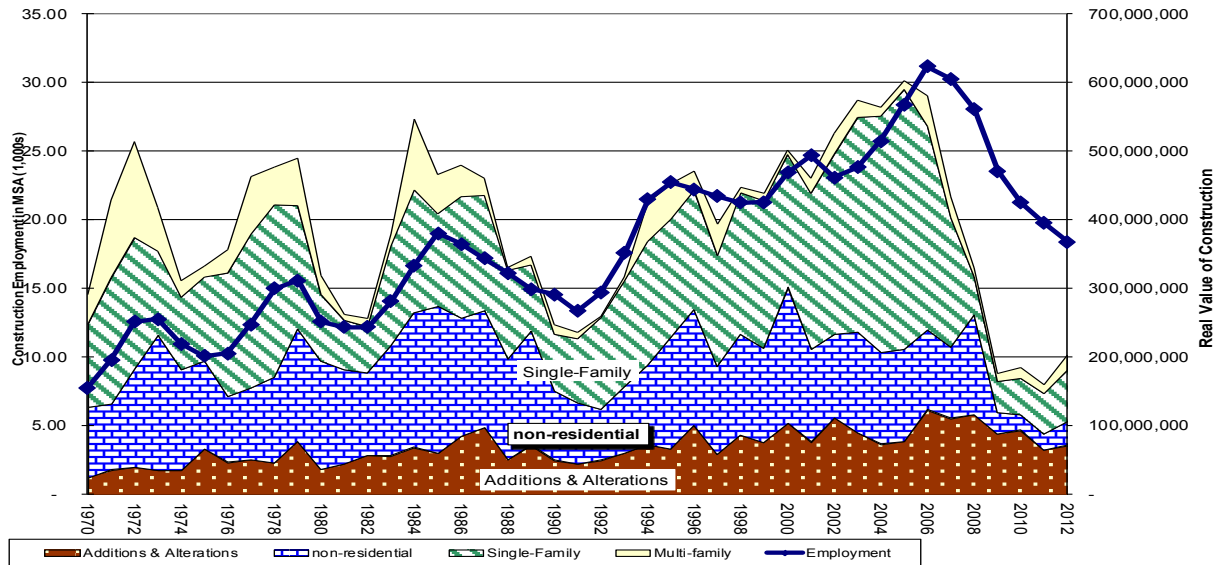
Looking forward single family permitting is expected to show significant growth nearly doubling from around 1,000 in FY/13 to near 2,000 in FY/17. This still is less than half of the permitting activity of the peak. Multi-family construction is also expected to show some recovery.

Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA.



As shown in the chart following this section, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects. Growth in employment was very strong in 2000-2006, driven in large part by the Intel project and the Big-I reconstruction project. After falling consistently from FY/09, employment in construction is forecast to have an increase of 2% in FY/14. The remainder of the forecast remains subdued with increases of around 3% a year in FY/15 to FY/17.

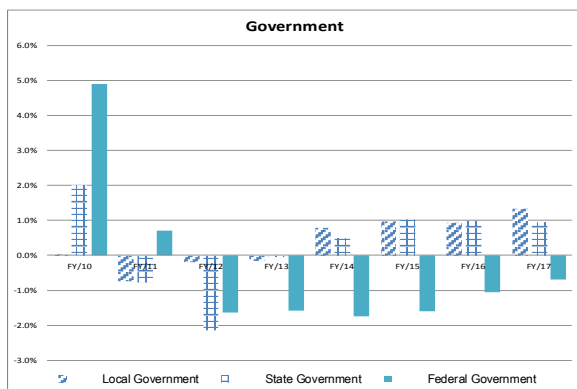
**Construction Values In City of Albuquerque Deflated by CPI
and Construction Employment in the MSA in Thousands**



Government The government sector makes up almost 22% of the Albuquerque MSA employment. The largest part of State and Local government is education. Local Government includes the public schools and State Government includes the University of New Mexico. The local sector also includes Indian enterprises. The Federal Government makes up 4.4% of employment; nationally Federal government makes up 3.4% of total employment. This doesn't include military employment which is counted separately. Active military is around 6,000 or about 1.7% of the total non-agricultural employment. Nationally military is 1% of total non-ag employment.

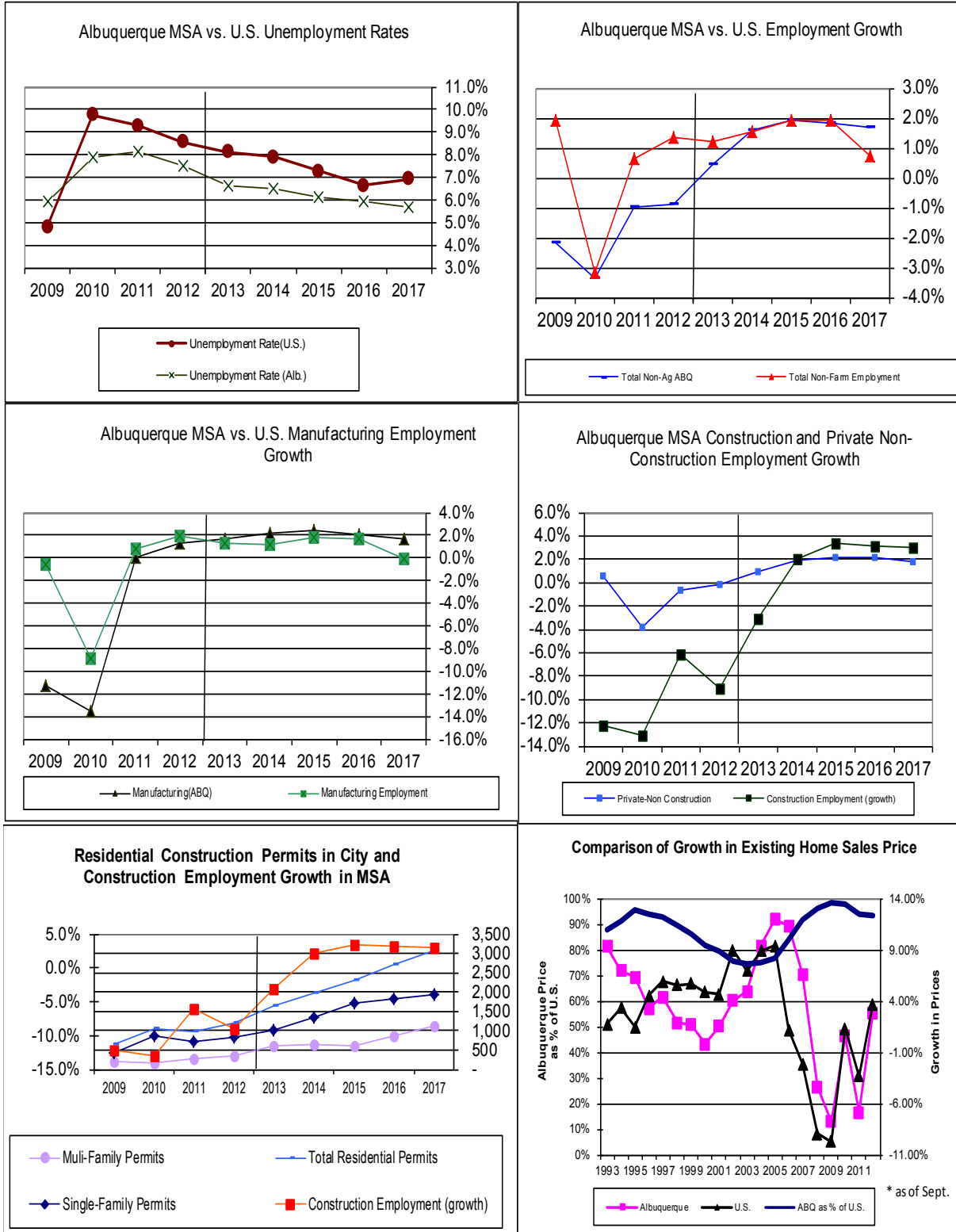
Government employment slowed and decreased in FY/11 and FY/12 and is expected to decrease again in FY/13. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State and Local are flat in FY/13 and improve in the out years. Federal Government declines in FY/13 and is expected to decline in every year in the remainder of the forecast as the federal government takes steps to reduce its size.

The following Charts and tables present more information on the Albuquerque economy and its comparison to the U.S.



LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST By Fiscal Year

October 2012 Economic Outlook- BBER and Global Insight



Economic Variables Underlying the Forecast

	Historical				Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017
National Variables									
Real GDP Growth									
Federal Funds Rate	3.0%	0.2%	2.2%	2.0%	1.7%	2.3%	3.4%	3.1%	3.2%
10 U.S. Bonds	4.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	1.6%	4.0%
CPI U	4.6%	3.5%	3.1%	2.1%	1.7%	2.5%	3.1%	3.9%	4.9%
Unemployment Rate(U.S.)	3.8%	1.0%	2.0%	2.9%	1.5%	1.5%	1.8%	1.7%	2.7%
Total Non-Farm Employment	4.8%	9.7%	9.3%	8.6%	8.1%	7.9%	7.3%	6.7%	6.9%
Manufacturing Employment	1.9%	-3.2%	0.7%	1.4%	1.2%	1.6%	1.9%	1.9%	0.7%
Consumer sentiment index--University of Michigan	-0.6%	-8.9%	0.9%	1.9%	1.3%	1.2%	1.8%	1.6%	-0.1%
Exchange Rates	85.7	71.6	71.1	69.1	77.5	81.3	84.8	85.2	83.9
Current Trade Account (billions of \$)	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Change in output per hour	(792.6)	(419.1)	(458.4)	(477.8)	(412.9)	(447.5)	(497.4)	(530.5)	(424.2)
Natural Gas-Henry Hub \$ per MCF	2.5%	4.2%	1.5%	0.8%	0.7%	0.5%	1.3%	1.2%	3.4%
West TX Intermediate (dollars per bbl)		4.2	4.1	3.0	3.1	4.3	5.1	4.2	5.2
Wage Growth	48.8	75.2	89.4	95.0	89.8	89.4	83.6	81.9	105.1
	1.5%	1.4%	1.7%	1.7%	1.8%	1.9%	2.0%	2.1%	3.3%
Albuquerque Variables									
Employment Growth and Unemployment in Albuquerque MSA									
Total Non-Ag ABQ	-2.2%	-3.4%	-1.0%	-0.9%	0.4%	1.6%	1.9%	1.8%	1.7%
Private-Non Construction	0.6%	-3.8%	-0.7%	-0.2%	1.0%	2.0%	2.2%	2.1%	1.8%
Construction Employment (growth)	-12.2%	-13.1%	-6.1%	-9.1%	-3.1%	2.1%	3.3%	3.1%	3.0%
Manufacturing(ABQ)	-11.3%	-13.5%	0.0%	1.3%	1.6%	2.2%	2.4%	2.1%	1.7%
Unemployment Rate (Alb.)	5.9%	7.9%	8.1%	7.5%	6.6%	6.5%	6.1%	5.9%	5.7%
Construction Units Permitted in City of Albuquerque									
Single-Family Permits	435	875	723	843	1,014	1,342	1,699	1,832	1,948
Multi-Family Permits	204	172	262	359	622	642	597	867	1,119
Total Residential Permits	639	1,047	985	1,202	1,635	1,984	2,296	2,698	3,067
Source Global Insight and FOR-UNM October 2012 Baseline Forecasts									

Albuquerque MSA Employment in Thousands												
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017		
TOTAL NONAGRICULTURAL	382.27	374.02	361.44	357.95	354.80	356.39	362.05	368.96	375.77	382.05		
CONSTRUCTION	30.10	26.42	22.97	21.57	19.62	19.01	19.40	20.05	20.67	21.29		
MANUFACTURING	22.84	20.26	17.52	17.52	17.76	18.05	18.45	18.89	19.29	19.61		
WHOLESALE TRADE	13.35	12.51	12.13	11.93	11.49	11.62	11.79	11.91	12.01	12.10		
RETAIL TRADE	44.94	43.09	41.13	40.98	40.82	41.23	41.82	42.30	42.90	43.52		
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.33	9.59	8.83	8.91	8.89	9.13	9.38	9.58	9.77	9.92		
INFORMATION	9.18	9.18	8.99	8.48	8.01	8.10	8.13	8.21	8.33	8.44		
FINANCIAL ACTIVITIES	17.87	17.28	16.76	16.09	15.70	15.77	16.14	16.62	17.05	17.40		
PROFESSIONAL AND BUSINESS SERVICES	64.19	62.91	58.49	56.91	56.03	55.85	56.90	58.17	59.18	59.99		
EDUCATIONAL AND HEALTH SERVICES	45.07	47.67	49.48	50.70	52.04	53.12	54.90	57.05	59.31	61.46		
LEISURE AND HOSPITALITY	39.26	37.89	37.23	37.31	37.71	38.05	38.48	39.03	39.55	39.86		
OTHER SERVICES	10.43	10.34	9.86	9.84	9.82	9.86	9.91	10.00	10.12	10.22		
GOVERNMENT	74.70	76.89	78.05	77.70	76.92	76.61	76.77	77.15	77.59	78.25		
LOCAL GOVERNMENT	39.95	41.29	41.30	41.00	40.93	40.86	41.19	41.59	41.98	42.54		
STATE GOVERNMENT	20.28	20.67	21.09	20.93	20.48	20.48	20.58	20.79	21.00	21.20		
FEDERAL GOVERNMENT	14.47	14.93	15.66	15.77	15.51	15.27	15.00	14.76	14.61	14.51		
Private Non-Construction	277.47	270.71	260.42	258.68	258.26	260.77	265.88	271.76	277.51	282.50		
MILITARY EMPLOYMENT, THOUSANDS	5.74	5.68	6.03	6.11	6.17	6.04	5.92	5.84	5.79	5.76		
Growth Rates												
TOTAL NONAGRICULTURAL	0.4%	-2.2%	-3.4%	-1.0%	-0.9%	0.4%	1.6%	1.9%	1.8%	1.7%		
CONSTRUCTION	-4.7%	-12.2%	-13.1%	-6.1%	-9.1%	-3.1%	2.1%	3.3%	3.1%	3.0%		
MANUFACTURING	-5.2%	-11.3%	-13.5%	0.0%	1.3%	1.6%	2.2%	2.4%	2.1%	1.7%		
WHOLESALE TRADE	-0.6%	-6.3%	-3.0%	-1.7%	-3.7%	1.2%	1.4%	1.0%	0.9%	0.7%		
RETAIL TRADE	1.7%	-4.1%	-4.5%	-0.4%	-0.4%	1.0%	1.4%	1.1%	1.4%	1.4%		
TRANSPORTATION, WAREHOUSING, AND UTILITIES	2.7%	-7.2%	-8.0%	1.0%	-0.2%	2.6%	2.8%	2.2%	1.9%	1.6%		
INFORMATION	-2.2%	-0.1%	-2.0%	-5.7%	-5.5%	1.1%	0.4%	1.1%	1.5%	1.3%		
FINANCIAL ACTIVITIES	-1.0%	-3.3%	-3.0%	-4.0%	-2.5%	0.5%	2.3%	3.0%	2.6%	2.1%		
PROFESSIONAL AND BUSINESS SERVICES	0.9%	-2.0%	-7.0%	-2.7%	-1.5%	-0.3%	1.9%	2.2%	1.7%	1.4%		
EDUCATIONAL AND HEALTH SERVICES	3.5%	5.8%	3.8%	2.5%	2.6%	2.1%	3.4%	3.9%	4.0%	3.6%		
LEISURE AND HOSPITALITY	0.4%	-3.5%	-1.7%	0.2%	1.1%	0.9%	1.1%	1.4%	1.3%	0.8%		
OTHER SERVICES	1.6%	-0.9%	-4.6%	-0.2%	-0.3%	0.4%	0.5%	0.9%	1.2%	1.0%		
GOVERNMENT	2.1%	2.9%	1.5%	-0.4%	-1.0%	-0.4%	0.2%	0.5%	0.6%	0.9%		
LOCAL GOVERNMENT	3.0%	3.4%	0.0%	-0.7%	-0.2%	-0.2%	0.8%	1.0%	0.9%	1.3%		
STATE GOVERNMENT	2.1%	1.9%	2.0%	-0.8%	-2.1%	0.0%	0.5%	1.0%	1.0%	1.0%		
FEDERAL GOVERNMENT	-0.5%	3.2%	4.9%	0.7%	-1.6%	-1.6%	-1.8%	-1.6%	-1.1%	-0.7%		
Private Non-Construction	0.6%	-2.4%	-3.8%	-0.7%	-0.2%	1.0%	2.0%	2.2%	2.1%	1.8%		
MILITARY EMPLOYMENT, THOUSANDS	-6.7%	-1.1%	6.2%	1.2%	1.0%	-2.1%	-1.9%	-1.3%	-0.9%	-0.5%		

REVENUE OUTLOOK

PROJECTED REVENUES FOR FISCAL YEARS 2013-2017

The following forecast of revenues is presented in tables following this section. They are based on the October 2012 GI and FOR-UNM baseline forecasts. The presentation provides unaudited FY/12 receipts, the budget and revised estimates for FY/13 and the baseline forecast receipts for fiscal years 2014-2017. In all cases, the figures reflect the accrual to revenues required for compliance with the tax revenue standard of the Governmental Accounting Standards Board. The growth rates in the table are in many cases based on the economic forecast assumptions summarized in the previous section on the economy.

This forecast has a reduction in the anticipated FY/13 revenues and is \$6.5 million below the FY/13 budget. This is primarily due to reductions in GRT as the first four months of the fiscal year have been negative. FY/12 GRT receipts were \$1.7 million below estimate and growth is now expected at only 0.24%; a reduction of \$8.3 million from the FY/13 budget. The weakness in the economy continues to plague economic growth in the City. Property taxes are weak as the growth in the tax base is limited and collection rates are low. Building permits have increased, but growth in construction GRT continues to decline in FY/13 and shows only modest growth in the out years. There are some increases in charges for services, primarily due to increases in BioPark admission fees. In FY/13 this increase in BioPark fees is offset by a reduction in CIP funded revenues.

The long-term baseline forecast anticipates that the General Fund recurring revenue growth is expected to be 1.3%, 3.3%, 3.4%, and 3.1% in FY/14, FY/15, FY/16, and FY/17 respectively.

More detail on each sector is presented in the following text.

General Fund Revenue Estimates

Gross Receipts Tax. The GRT revenues for FY/12 were weaker by \$1.7 million below the amount anticipated in the estimated FY/12 GRT revenue. GRT began declining in the last quarter of FY/12 and the decline continued with the first four months of FY/13 posting a cumulative reduction of 0.9%.

The FY/13 budget had anticipated that the GRT distributions would increase by 2.5%. Based on the declines in the first four months of the year

and weakness in the economy this estimate is reduced to 0.24%.

The original estimate and the reduced estimate include an adjustment for the GRT deduction for manufacturing inputs and construction services. The manufacturing input deductions are phased in at 20% a year beginning with a half year in FY/13. The construction services deduction is a half-year in FY/13 with a full year impact in FY/14. In FY/13 these deductions reduced the growth estimate by over 0.5% and in FY/14 growth is reduced by nearly a full percent, due to the full year impact of the deductions. In the out years the growth rate is reduced by about 0.3% each year.

In FY/14 the growth in GRT is expected to be 1.7%. The economy though improving still remains soft. Construction GRT grows for the first time since FY/07, but only 1.7%. Growth in non-construction GRT is estimated at 2.7%, but the deductions and slow construction growth push the total estimate to 1.7%. The forecast for FY/15, FY/16, and FY/17 are 4.0%, 3.6%, and 3.1% respectively. These growth rates are more indicative of a modest economic recovery. The rates for construction and non-construction GRT are shown in the final table in this section.

The economic models that forecast GRT use information about the economy from the national GI forecast and the BBER FOR-UNM forecast of the local economy. Gross receipts from construction are estimated separately from gross receipts from all other sources. This is designed to account for the volatile nature and the differing factors that affect construction.

Local employment and incomes are major indicators of the level of non-construction gross receipts; these are proxies for the money that can be spent by local residents. Additionally, seasonality has a major impact along with changes in employment or income. For example, Christmas spending makes the receipts accrued to December and January (actually on November and December spending) the largest of the year. The models also estimate the impact of changes in state taxation policy.

The construction GRT model is based on housing construction and construction employment. Care is taken to account for the difference due to large construction projects such as the Big I and the Coors & I-40 reconstruction which had large impacts on GRT revenues for short periods.

Property Tax. FY/13 revenues were adjusted down based on the actual FY/12 receipts and the county assessor's reassessments, which declined by 0.6%. An increase of 0.8% in residential was more than offset by a decline of 4% in non-residential. Growth in FY/13 and FY/14 is held at 1% due to an expected continuance of limited growth in assessments. The rate of growth is assumed to be 2% for FY/16 and FY/17.

Franchise Taxes. Franchise taxes in FY/12 were somewhat better than estimated; low natural gas prices were the largest source of weakness, but the electric and water franchise offset this. In FY/13 revenues are expected to be better than budget, but somewhat below FY/12 which was higher due to one-time revenue of \$800 thousand in the electric franchise. The telephone franchise with QWEST/Century Link continues its decline.

In FY/14 to FY/17 growth is limited in all of the franchises. Growth in the number of customers for all franchises is small as both household and business formation is limited due to slow housing construction and the weak economy. Telephone franchise revenues are expected to continue their decline. The natural gas franchise is increased in FY/13 as a reflection of a full year of a rate increase that was passed in early 2012. In future years growth is limited to population and the increases in natural gas prices forecast by GI. The electric franchise is held to slow growth in the number of customers. Electricity franchise revenue could grow more rapidly if rate increases are allowed by the Public Utility Commission. Other franchise revenues include other telecommunications companies. FY/13 is revised up from the budgeted level to reflect FY/12 actual receipts. Growth from FY/14 to FY/17 is limited to zero. Cable franchise revenues for FY/13 are revised up adjusting for FY/12 and limited to 1% annual growth in the remainder of the forecast.

The Water Authority franchise revenue estimate was increased in FY/13 to reflect the FY/12 actual. A rate increase that was granted in July of 2011 generated revenue substantially above the estimate. The remaining years of the forecast revenue are held at this FY/13 level. It is expected that any growth in the number of customers will be offset by water conservation.

Payments-In-Lieu-Of-Taxes (PILOT). PILOT revenues are kept at the FY/13 budgeted level. Growth is directly tied to the utility customer base and there is not anticipated growth in the number of customers.

Building Permits. Building inspection permit revenues reached a peak in FY/06. Between FY/06 and FY/10 the level of permits fell 63%. In FY/11 revenue flattened and FY/12 growth was 8%. The first four months of FY/13 are 24% above same period of FY/12. It is assumed that the full year growth will be 15% for FY/13. The growth in permits FY/14 to FY/17 is expected to remain robust and post the same percentage gains as residential housing.

As a note, major construction projects planned by the state or the federal government, or road projects do not fall under the City of Albuquerque permitting process and the City receives no permit revenue. However, GRT is paid both by the state and the federal governments on construction projects.

Other Licenses/Fees. Included in this category are revenues from permits and licenses for restaurant inspections, animal control, liquor establishments, business registrations, use of City right of way, and other miscellaneous fees. FY/13 revenue is reduced slightly from the budgeted level based on the FY/12 actual receipts. In FY/14 through FY/17 growth is limited to 1% reflecting limited growth in population and the number of businesses.

Other Intergovernmental Assistance. Other intergovernmental assistance includes state shared revenues (excluding GRT), grants and county shared revenues. This category has declined in recent years due to changes in state policy and the manner in which grant revenue is received. Revenues have declined in this category as both the cigarette tax and the court corrections fee have been discontinued.

There may be one-time revenues that occur as grants, but these are primarily reimbursements of expense. For example the City receives a reimbursement for firefighting efforts on State lands.

The other source of intergovernmental revenue is the state shared municipal road gas tax. Since this is a fixed tax, declines in usage reduce revenues. FY/12 revenues were better than originally anticipated, and FY/13 is expected to reach the budgeted level. It is expected that high gasoline prices will limit the future growth in revenue.

In total growth for this category remains relatively flat from FY/14 to FY/17 and is allowed to grow 1% a year.

Charges for Services. Charges for services include fees charged for entry into City venues and services provided to citizens. It also includes some revenues for charges to other governmental entities. In FY/12 revenues are stronger mostly due to the collection of attorney's fees charged to the risk management program as more positions were filled. This will also increase FY/13 revenues. Additionally in FY/13 is an increase in BioPark admission fees effective September 2012. The partial year impact was \$800 thousand and FY/14 reflects the full year impact of the increase. The remainder of the forecast is limited to 1%; the expected growth in population.

Internal Service. In FY/13 revenues are kept at the budget level. FY/13 is kept at this same level and then increases are allowed in the out years based on wage and salary compensation as forecast by GI.

Indirect Overhead. Indirect overhead in FY/13 is kept at the budgeted level. The out years are increased at the rate of wage and salary compensation as forecast by GI.

The expectation of the Water Utility Authority using fewer City services, including accounting and HR functions, will have an impact on indirect overhead. This is accounted for in a separate line adjustment in the fund balance tables.

CIP-Funded Positions In FY/13 funding for CIP positions is reduced by \$800 thousand from the budget to reflect a reduction in the number of positions at the BioPark that are funded by the capital program. In FY/14 revenues are reduced by an additional \$1.5 million. This moves all but two workers out of the programs at the BioPark funded by the capital program. The out years are increased at the rate of wage and salary compensation as forecast by GI.

Miscellaneous. This includes fines, rental of City property and "other miscellaneous". The FY/13 revenues are held at the budget. FY/14 is reduced by \$476 thousand reflecting one-time revenue lost from FY/13. Revenues are kept flat for the remainder of the forecast.

Interest Earnings. Interest earnings have been at extremely depressed levels. FY/13 is kept at the budgeted level and no growth is expected in FY/14. The growth that occurs in the remainder of the forecast is large and based on expected increases in 2 year treasury rates forecast by GI.

Interfund Transfers. Interfund transfers for FY/13 are down compared to previous years as there are no large one-time transfers. FY/14 is reduced by \$659 thousand to reflect the one-time transfer from the Special Assessments fund in FY/13. The out years are increased at the rate of wage and salary compensation as forecast by GI.

GENERAL FUND REVENUE ESTIMATES
BASELINE FORECAST
REVENUES in (000's)

	Unaudited FY/12	Budget FY/13	Five year					FY/17	FY/13	FY/14	FY/15	FY/16	FY/17	FY/18	FY/19	FY/20	FY/21
			FY/13	FY/14	FY/15	FY/16	FY/17										
State Shared 1.225% and compensating	176,590	181,993	178,003	182,631	190,666	198,102	204,838		0.8%	2.6%	4.4%	3.9%	3.4%				
Local GRT (w/o public safety)	81,760	84,274	82,415	84,557	88,278	91,721	94,839		0.8%	2.6%	4.4%	3.9%	3.4%				
GRT 1/4 Public Safety*	34,981	36,056	35,260	36,177	37,769	39,242	40,576		0.8%	2.6%	4.4%	3.9%	3.4%				
Total GRT	293,331	303,957	295,678	303,365	316,713	329,065	340,253		0.8%	2.6%	4.4%	3.9%	3.4%				
Manufacturing Inputs (grown at manufacturing employment)		(540)	(540)	(2,210)	(3,394)	(4,496)	(5,682)										
Construction Services(grows at forecast construction GRT)		(1,094)	(1,094)	(2,226)	(2,320)	(2,462)	(2,603)										
Total Deduction Manufacturing and Construction services		(1,634)	(1,634)	(4,435)	(5,715)	(6,959)	(8,285)										
Adjusted GRT Estimate	293,331	302,323	294,044	298,930	310,999	322,106	331,968		0.24%	1.7%	4.0%	3.6%	3.1%				
Property Taxes	76,794	76,716	76,333	77,097	77,868	79,425	81,014		-0.6%	1.0%	1.0%	2.0%	2.0%				
Cable TV	4,259	4,300	4,276	4,319	4,362	4,406	4,450		1.0%	1.0%	1.0%	1.0%	1.0%				
Electric	9,744	8,843	8,944	9,078	9,214	9,353	9,493		-8.2%	1.5%	1.5%	1.5%	1.5%				
Gas	3,901	4,480	4,057	4,260	4,426	4,633	4,837		4.0%	5.0%	3.9%	4.7%	4.4%				
Telecommunications	417	266	417	417	417	417	417		0.0%	0.0%	0.0%	0.0%	0.0%				
Telephone	1,998	1,813	1,904	1,847	1,792	1,738	1,686		-4.7%	-3.0%	-3.0%	-3.0%	-3.0%				
Water Authority Franchise	5,900	5,556	5,900	5,900	5,900	5,900	5,900		0.0%	0.0%	0.0%	0.0%	0.0%				
Franchise (subtotal)	26,219	25,258	25,498	25,821	26,111	26,447	26,783		-2.8%	1.3%	1.1%	1.3%	1.3%				
PILOT	1,657	1,619	1,619	1,627	1,643	1,660	1,676		-2.3%	0.5%	1.0%	1.0%	1.0%				
Building Permits	5,343	4,933	6,144	7,435	8,624	10,177	11,601		15.0%	21.0%	16.0%	18.0%	14.0%				
Other Licenses/Fees	4,953	5,003	4,998	5,048	5,098	5,149	5,201		0.9%	1.0%	1.0%	1.0%	1.0%				
Other Intergovl	5,288	4,511	4,511	4,556	4,602	4,648	4,694		-14.7%	1.0%	1.0%	1.0%	1.0%				
Charges for Services	19,000	18,280	19,800	20,198	20,400	20,604	20,810		4.2%	2.0%	1.0%	1.0%	1.0%				
Internal Service	1,365	1,324	1,324	1,337	1,351	1,364	1,378		-3.0%	1.0%	1.0%	1.0%	1.0%				
Indirect Overhead	12,977	13,109	13,109	13,109	13,374	13,661	14,117		1.0%	0.0%	2.0%	2.1%	3.3%				
CIP-Funded Positions	12,645	12,829	12,029	10,489	10,701	10,931	11,296		-4.9%	-12.8%	2.0%	2.1%	3.3%				
Other Miscellaneous	1,738	1,598	1,598	1,122	1,122	1,122	1,122		-8.1%	0.0%	0.0%	0.0%	0.0%				
Interest on Invest	320	330	330	330	495	1,485	2,376		3.1%	0.0%	50.0%	200.0%	60.0%				
Interfund Transfers	4,455	3,471	3,471	2,812	2,869	2,930	3,028		-22.1%	0.0%	2.0%	2.1%	3.3%				
Total Revenue	466,085	471,304	464,808	469,910	485,256	501,709	517,065		-0.3%	1.1%	3.3%	3.4%	3.1%				
Non-Recurring Revenue	3,724	1,135	1,135	-	-	-	-		-69.5%	-100.0%	-	-	-				
Recurring Revenue	462,361	470,169	463,673	469,910	485,256	501,709	517,065		0.3%	1.3%	3.3%	3.4%	3.1%				

Taxable Gross Receipts Base (Millions \$s)

	Construction		Non-Construction		Total GRT			
FY	GRT	Growth	GRT	Growth	ACTUAL	Growth	ADJ Growth	
2006	1,885	21.2%	12,058	5.2%	13,943	7.1%	NA	ACTUAL
2007	1,934	2.6%	13,161	9.2%	15,096	8.3%	NA	
2008	1,564	-19.1%	13,591	3.3%	15,155	0.4%	NA	
2009	1,446	-7.5%	13,080	-3.8%	14,526	-4.1%	NA	
2010	1,080	-25.3%	12,493	-4.5%	13,574	-6.6%	NA	
2011	1,014	-6.2%	12,969	3.8%	13,983	3.0%	NA	
2012	1,008	-0.6%	13,249	2.2%	14,256	2.0%	NA	
2013	973	-3.4%	13,396	1.1%	14,369	0.8%	0.2%	FORECAST
2014	990	1.7%	13,758	2.7%	14,747	2.6%	1.7%	
2015	1,032	4.3%	14,367	4.4%	15,399	4.4%	4.0%	
2016	1,095	6.1%	14,904	3.7%	15,999	3.9%	3.6%	
2017	1,158	5.7%	15,390	3.3%	16,547	3.4%	3.1%	

2013 includes 1 qtr actual

ADJ Growth reflect the growth after adjustment for the new allowed GRT deductions in manufacturing and construction.

EXPENDITURE OUTLOOK

EXPENDITURE ESTIMATING METHODOLOGY

The process for estimating the appropriations of the General Fund and funds subsidized by the General Fund is relatively straightforward. The forecast period covers FY/14 through FY/17. For the current fiscal year ending June 30, 2013, expenses are projected using the original appropriation as a base. The base is adjusted to account for subsequent mid-year adjustments including \$600 thousand for a March, 2013 special election, \$2.9 million for encumbrances reappropriated from FY/12 as well as anticipated reversions of \$5.5 million projected in the first quarter.

FY/14 estimated costs are, for the most part, derived independently of FY/13 estimates. The FY/14 forecast is fashioned using the latest available information, including actual position information updated in November with vacant positions assumed fully funded. Additionally, all subsidized funds and other funds receiving transfers from the General Fund were analyzed independently before adjustments were made for this General Fund forecast. The FY/14 expenditure estimates do not reflect any administrative initiatives to balance to projected revenues.

The forecast beyond FY/14 is largely driven by inflation factors applied to the FY/14 numbers as the base. Those factors, detailed in Table A, are taken from the national forecast scenarios of Global Insight (GI) except for some changes made to selected rates to better reflect local costs. Three separate scenarios of national and local economic activity are factored into the methodology to present a baseline, an optimistic, and pessimistic scenario of anticipated spending. Table B includes the expenditure and revenue outlook together in a fund balance table for the General Fund. Table C summarizes those expenses by major category showing the percentage change in each.

TABLE A

BASELINE SCENARIO FACTORS	SHORT NAME	FACTORS			
		FY14	FY15	FY16	FY17
CPI - All Urban Consumers, All Items	CPI-U	1.5%	1.8%	1.7%	2.7%
EMPLOYMENT COST INDEX - Wages & Salary, Private Nonfarm	WAGES	1.9%	2.0%	2.1%	3.3%
Price Index Consumer Exp Medical Care	MEDICAL	1.9%	2.3%	2.5%	3.6%
PRICE INDEX - Consumer Expenditures, New Cars	NEWAUTO	0.1%	0.8%	0.9%	1.5%
PRICE INDEX - Consumer Exp, Transportation Services	AUTOREP	1.5%	1.7%	1.7%	2.0%
PRICE INDEX - Consumer Exp, House Oper, Natural Gas	NATGAS	5.0%	3.9%	4.7%	4.4%
PRICE INDEX - Consumer Exp, Gasoline & Oil	FUEL	-6.5%	-3.3%	-0.8%	14.7%
PPI - Fuels & Related Products, Electric Power	ELECT	3.8%	3.1%	1.6%	6.9%
PRICE INDEX - Govt Consumption, Non-compensation	GOVT	1.7%	2.0%	2.1%	2.9%
PRICE INDEX - Cons Exp, Tires/Tubes/Accessories/Parts	TIRES	0.4%	1.1%	0.9%	0.7%
Growth of Gross Receipts Tax Revenue	GRT	1.7%	4.0%	3.6%	3.1%

**TABLE B
FIVE YEAR FORECAST
GENERAL FUND - BASELINE SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES**

	UNAUDITED ACTUAL FY12	ESTIMATED ACTUAL FY13	FORECASTS			
			FY14	FY15	FY16	FY17
RESOURCES:						
Recurring Revenue	462,361	463,673	469,910	485,256	501,709	517,065
% Change Recurring Revenue		0.3%	1.3%	3.3%	3.4%	3.1%
Total Non-recurring	3,724	1,135	0	0	0	0
TOTAL REVENUES	466,085	464,808	469,910	485,256	501,709	517,065
% Change Total Revenue		-0.3%	1.1%	3.3%	3.4%	3.1%
BEGINNING FUND BALANCE	51,723	58,397	49,550	25,397	7,586	(9,641)
TOTAL RESOURCES	517,808	523,206	519,460	510,653	509,294	507,423
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	447,841	463,320	489,261	496,877	507,269	526,695
% Change Recurring Appropriation		3.5%	5.6%	1.6%	2.1%	3.8%
Non-recurring Exp/App:						
One-time Items	11,570	10,336	4,802	6,190	11,667	9,213
Total Non-recurring	11,570	10,336	4,802	6,190	11,667	9,213
TOTAL EXPEND/APPROP	459,411	473,656	494,063	503,068	518,936	535,909
UNADJUSTED FUND BALANCE	58,397	49,550	25,397	7,586	(9,641)	(28,485)
ADJUSTMENTS:						
Encumbrances	(2,979)	0	0	0	0	0
Unrealized Gains on Investments	29	29	29	29	29	29
Other Accounting Adjustments	(37)	(37)	(37)	(37)	(37)	(37)
TOTAL ADJUSTMENTS	(2,987)	(8)	(8)	(8)	(8)	(8)
ADJUSTED FUND BALANCE	55,410	49,542	25,389	7,578	(9,649)	(28,493)
RESERVES:						
1/12th Operating Reserve	38,992	39,630	41,172	41,922	43,245	44,659
Reserve for the Cost of Labor	1,669	1,424	1,669	1,669	1,669	1,669
Increase to Reserve	200	400	600	800	1,000	1,200
Other Reserves	233	2,892	0	0	0	0
TOTAL RESERVES	41,094	44,346	43,441	44,391	45,914	47,528
UNRESERVED FUND BALANCE	14,316	5,196	(18,052)	(36,813)	(55,563)	(76,021)

TABLE C
GENERAL FUND
EXPENSES BY MAJOR CATEGORY
(\$000's)

	UNAUDITED ACTUAL FY12	REVISED APPROP FY13	FORECASTS							
			FY14		FY15		FY16		FY17	
PERSONNEL	310,425	329,104	328,641	-0.1%	335,219	2.0%	342,410	2.1%	353,843	3.3%
OPERATING	76,060	74,164	73,898	-0.4%	75,453	2.1%	76,970	2.0%	79,647	3.5%
CAPITAL	662	0	0	na	0	na	0	na	0	na
TRANSFERS	70,905	72,333	80,968	11.9%	79,243	-2.1%	79,706	0.6%	83,774	5.1%
ADDITIONAL ITEMS FACTORED	<u>1,359</u>	<u>(1,945)</u>	<u>10,557</u>	na	<u>13,152</u>	24.6%	<u>19,850</u>	50.9%	<u>18,645</u>	-6.1%
GRAND TOTAL	459,411	473,656	494,063	4.3%	503,068	1.8%	518,936	3.2%	535,909	3.3%

This forecast does not assume any reductions in recurring expenses for FY/14. An overall increase of 4.3% in total expenses is reflected for FY/14 as compared to FY/13.

Personnel costs are reduced by 0.1% and include funding for positions created with savings from the fuel hedge in FY/13 as well as unfunded positions created mid-year. While there is no direct wage increase built in for City employees, this forecast does include a reserve of a \$1.7 million for salary increases for all City employees subject to negotiation by the unions. Beginning in FY/14, funding for health, dental and vision will use actual costs based on employee selection of benefits. Other items include an estimated increase of \$1 million for the minimum wage passed by the voters in November, a proposed increase of 1.125% for PERA, and funding for the City general and runoff election for \$1.6 million.

Operating costs are reduced by 0.4% as one-time funding for FY/13 is removed from the base. There is no capital built into the FY/14 forecast. Transfers increase by approximately 11.9% in FY/14 and include an increase for Risk assessments. The transfer for Transit services in the General Fund increases by \$6.4 million in this forecast. This includes an increase in the indirect overhead rate of 15.3% along with increased benefit costs. Other fund transfer increases include transfers to the City County Building Fund for \$415 thousand, the Baseball Stadium Fund for \$109 thousand, the Open Space Fund for \$64 thousand, as well as a transfer to the Hospitality Tax Fund for \$37 thousand to support debt service. The final debt service payment for Parking is in FY/14 at which time the subsidy from the General Fund ends.

The forecast includes a recurring transfer of \$3 million to debt service through FY/17. Additionally, 3 million non-recurring is moved to capital to support capital projects like the Paseo del Norte/I-25 Interchange. Finally, the forecast does not include funding for operating costs of capital improvement projects such as new facilities, parks, and medians coming-on-line through FY/17.

Table D below presents the history of compensation adjustments by union series.

TABLE D											
UNION	* 2013	* 2012	2011	2010	2009	2008	2007	2006	2005	** 2004	Total
CPI Urban	1.50%	1.80%	1.50%	0.24%	1.58%	3.4%	3.4%	3.4%	3.7%	4.1%	24.6%
Blue Collar - Local 624 - AFSCME, AFL-CIO	0.0%	0.0%	-1.77%	3.0%	3.0%	3.5%	3.5%	3.2%	3.2%	0.0%	17.6%
Clerical and Technical - AFSCME 2962	0.0%	0.0%	-1.21%	3.0%	3.0%	3.5%	3.5%	3.2%	3.2%	0.0%	18.2%
Fire Firefighters Union	0.0%	0.0%	-2.47%	5.0%	5.0%	4.5%	4.5%	3.2%	3.2%	3.0%	25.9%
J Series - Security Staff ****	0.0%	0.0%	-1.17%	3.0%	3.0%	3.5%	3.5%	3.2%	3.2%	0.0%	18.2%
Bargaining Management	1.0%	0.0%	-2.29%	3.0%	3.0%	3.5%	3.5%	3.2%	3.2%	0.0%	18.1%
Non-Bargaining Management	1.0%	1.0%	-2.79%	3.0%	3.0%	3.5%	3.5%	3.2%	3.2%	0.0%	18.6%
Albuq. Police Officers Assoc. ***	0.0%	0.0%	-2.41%	9.1%	11.4%	4.5%	4.5%	3.9%	3.9%	0.0%	34.9%
United Transportation - Local 1745	0.0%	0.0%	-0.48%	3.0%	3.0%	3.5%	3.5%	3.2%	3.2%	0.0%	18.9%
<p>* For 2013 and 2012 reserves the equivalent of 1% for employees earning \$50 thousand or less. However, non-bargaining received this in FY/12 and FY/13, and bargaining management received this so far in FY/13.</p> <p>** Bonus negotiated with unions via MOU dependent upon years of service</p> <p>*** 2010 Increase given mid-year. Percentage reflected for 2010 is Annualized.</p> <p>**** In 2011 J-Series transport officers and M-Series transport sergeants were moved to APOA.</p>											

**REVENUES AND EXPENDITURES
UNDER ALTERNATIVE SCENARIOS**

Alternative Scenarios

Alternative scenarios help us understand how unanticipated events can influence the local economy and the City's budget. The local economy has a strong direct impact on GRT and construction related revenues.

The alternative scenarios are based on the October 2012 forecasts from FOR-UNM and GI. GI prepares an optimistic and a pessimistic scenario. These form the basis for our scenarios. BBER uses the results from the GI alternatives to estimate the impact to Albuquerque and New Mexico. Previous sections were based on the baseline scenario which is assigned a probability of 65%.

The sections presented below provide revenue and expenditure estimates in separate sections on the optimistic and pessimistic scenarios.

The expenditures in these scenarios differ from the baseline in the use of

the alternative inflation factors. The differences in the scenario on the expense side are relatively small.

The changes in revenue are substantial as the changes in employment have a large impact on the GRT revenue. This has substantial impacts on the unreserved fund balance. The optimistic scenario has revenue growth that is near expense growth and the unreserved fund balance is positive throughout the forecast. In the pessimistic scenario revenue growth is well below the expense growth and has a negative unreserved fund balance in FY/14 of \$29 million. This negative balance continues to grow and by FY17 is a negative \$120 million.

The last part of this section contains detail on employment and other economic variables used in the forecast.

Optimistic Scenario

GI gives this scenario a 15% probability of occurring. This scenario assumes that the U.S. and European governments make efforts that improve the world economy. The U.S and New Mexico economies grow at accelerated rates compared to the baseline.

The Albuquerque economy takes off with employment growth of 2.8% in FY/14, and employment exceeds the FY/08 employment peak by FY/16. Construction employment is well above the baseline and residential housing permits increase almost 1,000 units above the baseline in FY/14 through FY/17.

This strong growth in employment and construction create conditions for a rebound in GRT and the forecasted growth is 4% in FY/14. General Fund revenues in FY/14 are more than \$15 million above the baseline.

The growth in revenues exceeds the growth in expenditures creating a positive fund balance in every year of the forecast.

A table comparing the growth rates of the scenarios is included at the back of this section.

OPTIMISTIC SCENARIO FACTORS

GLOBAL INSIGHT OPTIMISTIC SCENARIO						
		2013	2014	2015	2016	2017
All Items	CPI-U	2.3%	1.9%	1.4%	1.2%	1.6%
Employment Cost Index-Wages & Salary	WAGES	2.1%	2.1%	2.4%	2.5%	2.5%
Medical Care	MEDICAL	2.4%	2.1%	2.2%	2.4%	2.3%
New Cars	NEWAUTO	1.0%	1.4%	0.6%	-0.1%	-0.5%
Trasportation	Autorep	1.6%	1.6%	1.6%	1.5%	1.6%
Natural Gas	NATGAS	-2.8%	17.5%	7.7%	-7.2%	-2.8%
Gasoline & Oil	FUEL	4.3%	-7.8%	-11.0%	-6.4%	4.2%
Electricity Chained Price Index	ELECT	-0.3%	4.5%	2.8%	1.0%	0.8%
PRICE INDEX-Govt Consumption Noncompensation	GOVT	1.8%	2.0%	2.0%	1.9%	2.0%
Tires/Tubes/Accessories/Parts	TIRES	2.0%	1.0%	0.6%	0.1%	0.0%

General Fund Revenues

	Five year					Growth Rates				
	FY/13	FY/14	FY/15	FY/16	FY/17	FY/13	FY/14	FY/15	FY/16	FY/17
Gross Receipts	299,324	311,976	323,792	332,786	342,342	2.0%	4.2%	3.8%	2.8%	2.9%
Taxes	103,103	104,738	106,027	107,330	108,915	-1.5%	1.6%	1.2%	1.2%	1.5%
Shared	4,511	4,511	4,511	4,511	4,511	-14.7%	0.0%	0.0%	0.0%	0.0%
Permits	11,944	14,822	17,841	19,210	20,706	16.0%	24.1%	20.4%	7.7%	7.8%
Charges for Services	19,800	20,196	20,600	21,012	21,432	4.2%	2.0%	2.0%	2.0%	2.0%
Intra City	17,904	17,245	17,536	17,872	18,227	-4.8%	-3.7%	1.7%	1.9%	2.0%
Misc	1,928	1,452	1,782	3,762	5,570	-6.3%	-24.7%	22.7%	111.1%	48.1%
CIP Funded	12,029	10,489	10,711	10,969	11,242	-4.9%	-12.8%	2.1%	2.4%	2.5%
Total Revenue	470,543	485,430	502,801	517,452	532,945	1.0%	3.2%	3.6%	2.9%	3.0%
Non-Recurring	1,135	-	-	-	-					
Recurring Revenue	469,408	485,430	502,801	517,452	532,945	1.5%	3.4%	3.6%	2.9%	3.0%

FIVE YEAR FORECAST
GENERAL FUND - OPTIMISTIC SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES
(\$000's)

	UNAUDITED ACTUAL FY12	ESTIMATED ACTUAL FY13	FORECASTS			
			FY14	FY15	FY16	FY17
RESOURCES:						
Recurring Revenue	462,361	469,408	485,430	502,801	517,452	532,945
% Change Recurring Revenue		1.5%	3.4%	3.6%	2.9%	3.0%
Total Non-recurring	<u>3,724</u>	<u>1,135</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	466,085	470,543	485,430	502,801	517,452	532,945
% Change Total Revenue		1.0%	3.2%	3.6%	2.9%	3.0%
BEGINNING FUND BALANCE	<u>51,723</u>	<u>58,397</u>	<u>55,284</u>	<u>47,511</u>	<u>47,541</u>	<u>46,235</u>
TOTAL RESOURCES	<u><u>517,808</u></u>	<u><u>528,940</u></u>	<u><u>540,714</u></u>	<u><u>550,313</u></u>	<u><u>564,994</u></u>	<u><u>579,180</u></u>
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	447,841	463,320	488,401	496,581	507,073	520,309
% Change Recurring Appropriation		3.5%	5.4%	1.7%	2.1%	2.6%
Non-recurring Exp/App:						
One-time Items	<u>11,570</u>	<u>10,336</u>	<u>4,802</u>	<u>6,190</u>	<u>11,686</u>	<u>9,213</u>
Total Non-recurring	<u>11,570</u>	<u>10,336</u>	<u>4,802</u>	<u>6,190</u>	<u>11,686</u>	<u>9,213</u>
TOTAL EXPEND/APPROP	<u><u>459,411</u></u>	<u><u>473,656</u></u>	<u><u>493,203</u></u>	<u><u>502,771</u></u>	<u><u>518,759</u></u>	<u><u>529,522</u></u>
UNADJUSTED FUND BALANCE	<u><u>58,397</u></u>	<u><u>55,284</u></u>	<u><u>47,511</u></u>	<u><u>47,541</u></u>	<u><u>46,235</u></u>	<u><u>49,658</u></u>
ADJUSTMENTS:						
Encumbrances	(2,979)	0	0	0	0	0
Unrealized Gains on Investments	29	29	29	29	29	29
Other Accounting Adjustments	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>	<u>(37)</u>
TOTAL ADJUSTMENTS	<u>(2,987)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>
ADJUSTED FUND BALANCE	<u><u>55,410</u></u>	<u><u>55,276</u></u>	<u><u>47,503</u></u>	<u><u>47,533</u></u>	<u><u>46,227</u></u>	<u><u>49,650</u></u>
RESERVES:						
1/12th Operating Reserve	38,992	39,630	41,100	41,898	43,230	44,127
Reserve for the Cost of Labor	1,669	1,424	1,669	1,669	1,669	1,669
Increase to Reserve	200	400	600	800	1,000	1,200
Other Reserves	<u>233</u>	<u>2,892</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	41,094	44,346	43,369	44,367	45,899	46,996
UNRESERVED FUND BALANCE	<u><u>14,316</u></u>	<u><u>10,930</u></u>	<u><u>4,134</u></u>	<u><u>3,166</u></u>	<u><u>328</u></u>	<u><u>2,654</u></u>

Pessimistic Scenario

This scenario is based on the GI pessimistic alternative that is assigned a probability of 20%. In this scenario the governments of the U.S. and Europe fail to take action to avoid the fiscal cliff in the U.S. and the Greek exit from the Eurozone cause additional financial stress in Europe. The U.S. economy falls back into recession. In Albuquerque, unemployment increases to over 7% with employment growth near zero in FY/13 and FY/14. Total employment in FY/17 is 14 thousand jobs below the baseline. Residential housing falters and is more than 1,000

units below the baseline. In FY/17 it is over 2,000 units below the baseline. The slowdown in employment and construction has a substantial impact on the GRT and other revenues. Revenue declines in FY/13 and FY/14 and is \$8.6 million below baseline in FY/14.

Revenues grow slower than expenses and the unreserved fund balance is a negative \$29 million in FY/14 and the negative fund balance continues increasing and is almost a \$120 million shortfall in FY/17.

Pessimistic Scenario Factors

GLOBAL INSIGHT PESSIMISTIC SCENARIO					
	2013	2014	2015	2016	2017
All Items	1.2%	1.2%	2.0%	2.3%	2.5%
Employment Cost Index-Wages & Salary	1.5%	1.0%	1.3%	2.0%	2.4%
Medical Care	2.1%	1.8%	2.6%	2.8%	2.9%
New Cars	0.2%	-1.1%	0.9%	1.7%	1.7%
Transportation	1.0%	1.0%	1.7%	2.1%	2.3%
Natural Gas	-5.4%	10.9%	12.3%	-1.3%	2.0%
Gasoline & Oil	-9.0%	-8.1%	4.2%	6.6%	6.6%
Electricity Chained Price Index	-0.6%	3.0%	3.1%	2.4%	2.4%
PRICE INDEX-Govt Consumption Noncompensation	1.3%	1.3%	1.7%	2.2%	2.4%
Auto Parts and Accessories	1.0%	0.2%	1.5%	1.6%	1.4%

General Fund Revenues

General Fund Revenues in Thousands										
	Five year					Growth				
	FY/13	FY/14	FY/15	FY/16	FY/17	FY/13	FY/14	FY/15	FY/16	FY/17
Gross Receipts	292,870	292,050	301,057	310,970	323,579	-0.2%	-0.3%	3.1%	3.3%	4.1%
Taxes	103,103	104,455	105,941	107,567	109,403	-1.5%	1.3%	1.4%	1.5%	1.7%
Shared	4,511	4,511	4,511	4,511	4,511	-14.7%	0.0%	0.0%	0.0%	0.0%
Permits	10,715	9,557	10,105	10,700	11,885	4.1%	-10.8%	5.7%	5.9%	11.1%
Charges for Services	19,800	19,998	20,198	20,400	20,604	4.2%	1.0%	1.0%	1.0%	1.0%
Intra City	17,904	17,258	17,405	17,586	17,862	-4.8%	-3.6%	0.8%	1.0%	1.6%
Misc	1,928	1,428	1,428	1,758	2,748	-6.3%	-25.9%	0.0%	23.1%	56.3%
CIP Funded	12,029	12,029	12,151	12,305	12,546	-4.9%	0.0%	1.0%	1.3%	2.0%
Total Revenue	462,861	461,287	472,795	485,797	503,137	-0.7%	-0.3%	2.5%	2.7%	3.6%
Non-Recurring	1,135	-	-	-	-					
Recurring Revenue	461,726	461,287	472,795	485,797	503,137	-0.1%	-0.1%	2.5%	2.7%	3.6%

**FIVE YEAR FORECAST
GENERAL FUND - PESSIMISTIC SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES
(\$000's)**

	UNAUDITED ACTUAL FY12	ESTIMATED ACTUAL FY13	FORECASTS			
			FY14	FY15	FY16	FY17
RESOURCES:						
Recurring Revenue	462,361	461,726	461,287	472,795	485,797	503,137
% Change Recurring Revenue		-0.1%	-0.1%	2.5%	2.7%	3.6%
Total Non-recurring	3,724	1,135	0	0	0	0
TOTAL REVENUES	466,085	462,861	461,287	472,795	485,797	503,137
% Change Total Revenue		-0.7%	-0.3%	2.5%	2.7%	3.6%
BEGINNING FUND BALANCE	51,723	58,397	47,602	14,616	(14,305)	(46,464)
TOTAL RESOURCES	<u>517,808</u>	<u>521,258</u>	<u>508,889</u>	<u>487,411</u>	<u>471,492</u>	<u>456,673</u>
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	447,841	463,320	489,471	495,526	506,290	520,214
% Change Recurring Appropriation		3.5%	5.6%	1.2%	2.2%	2.8%
Non-recurring Exp/App:						
One-time Items	11,570	10,336	4,802	6,190	11,666	9,213
Total Non-recurring	11,570	10,336	4,802	6,190	11,666	9,213
TOTAL EXPEND/APPROP	<u>459,411</u>	<u>473,656</u>	<u>494,273</u>	<u>501,716</u>	<u>517,956</u>	<u>529,427</u>
UNADJUSTED FUND BALANCE	<u>58,397</u>	<u>47,602</u>	<u>14,616</u>	<u>(14,305)</u>	<u>(46,464)</u>	<u>(72,754)</u>
ADJUSTMENTS:						
Encumbrances	(2,979)	0	0	0	0	0
Unrealized Gains on Investments	29	29	29	29	29	29
Other Accounting Adjustments	(37)	(37)	(37)	(37)	(37)	(37)
TOTAL ADJUSTMENTS	<u>(2,987)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>
ADJUSTED FUND BALANCE	<u>55,410</u>	<u>47,594</u>	<u>14,608</u>	<u>(14,313)</u>	<u>(46,472)</u>	<u>(72,762)</u>
RESERVES:						
1/12th Operating Reserve	38,992	39,630	41,189	41,810	43,163	44,119
Reserve for the Cost of Labor	1,669	1,424	1,669	1,669	1,669	1,669
Increase to Reserve	200	400	600	800	1,000	1,200
Other Reserves	233	2,892	0	0	0	0
TOTAL RESERVES	41,094	44,346	43,458	44,279	45,832	46,988
UNRESERVED FUND BALANCE	<u>14,316</u>	<u>3,248</u>	<u>(28,850)</u>	<u>(58,592)</u>	<u>(92,304)</u>	<u>(119,750)</u>

Comparison of Scenarios—National and Local Variables						
Indicator/FY	SCENARIO			Difference		
	Optimistic	Baseline	Pessimistic	Optimistic	Pessimistic	
Employment -Albuquerque MSA						
2013	0.9%	0.4%	-0.1%	0.5%	-0.6%	L
2014	2.8%	1.6%	0.0%	1.2%	-1.6%	O
2015	2.4%	1.9%	0.8%	0.5%	-1.1%	C
2016	1.7%	1.8%	1.3%	-0.1%	-0.5%	A
2017	1.6%	1.7%	1.7%	0.0%	0.0%	L
Unemployment Rate -Albuquerque MSA						
2013	6.5%	6.6%	6.7%	-0.2%	0.1%	
2014	5.8%	6.5%	7.1%	-0.7%	0.6%	
2015	5.1%	6.1%	7.2%	-1.1%	1.1%	
2016	4.7%	5.9%	7.1%	-1.2%	1.2%	
2017	4.5%	5.7%	6.9%	-1.2%	1.3%	
MSA Construction Employment						
2013	-1.7%	-3.1%	-4.3%	1.4%	-1.2%	I D
2014	7.9%	2.1%	-4.8%	5.8%	-6.9%	I
2015	7.3%	3.3%	1.5%	4.0%	-1.9%	C
2016	3.3%	3.1%	-0.8%	0.2%	-3.9%	A
2017	3.8%	3.0%	-4.6%	0.8%	-7.6%	T
Residential Housing Permits-Inside City						
2013	2054	1635	1152	419	(483)	O R
2014	2928	1984	893	944	(1,091)	S
2015	3198	2296	973	902	(1,322)	
2016	3554	2698	1330	856	(1,368)	
2017	4040	3067	973	973	(2,093)	
Real GDP						
2013	2.7%	1.7%	0.5%	1.0%	-1.2%	
2014	4.1%	2.3%	0.0%	1.8%	-2.3%	
2015	3.9%	3.4%	2.4%	0.5%	-0.9%	
2016	3.3%	3.1%	2.6%	0.2%	-0.5%	
2017	3.2%	3.2%	2.5%	0.0%	-0.7%	
Unemployment Rate GDP						
2013	7.6%	8.1%	8.4%	-0.5%	0.3%	
2014	6.6%	7.9%	9.2%	-1.3%	1.3%	N
2015	5.6%	7.3%	9.1%	-1.7%	1.8%	A
2016	4.9%	6.7%	8.6%	-1.7%	1.9%	T
2017	4.6%	6.9%	8.1%	-2.3%	1.2%	I
Price Index Consumer Price Index-Urban Consumers						
2013	2.3%	1.5%	1.2%	0.8%	-0.3%	O N
2014	1.9%	1.5%	1.2%	0.4%	-0.3%	A
2015	1.4%	1.8%	2.0%	-0.4%	0.3%	L
2016	1.2%	1.7%	2.3%	-0.5%	0.6%	
2017	1.6%	2.7%	2.5%	-1.1%	-0.2%	
Interest Rates-Federal Funds Rate						
2013	0.2%	0.2%	0.1%	0.0%	0.0%	I
2014	0.5%	0.2%	0.1%	0.3%	0.0%	N
2015	2.4%	0.2%	0.1%	2.3%	-0.1%	D
2016	3.9%	1.6%	0.1%	2.3%	-1.5%	I
2017	4.0%	4.0%	1.3%	0.0%	-2.7%	C
Interest Rates-10 Year Treasury Bond						
2013	2.3%	1.7%	1.3%	0.6%	-0.4%	A T
2014	3.9%	2.5%	1.4%	1.4%	-1.1%	O
2015	4.5%	3.1%	2.2%	1.5%	-0.9%	R
2016	4.7%	3.9%	3.1%	0.8%	-0.8%	S
2017	4.8%	4.9%	4.5%	-0.1%	-0.4%	
West Texas Intermediate Crude- Dollars per barrel						
2013	103.23	89.82	82.44	13.41	(7.37)	
2014	99.94	89.38	80.29	10.56	(9.09)	
2015	82.22	83.61	84.66	(1.39)	1.05	
2016	73.07	81.85	93.01	(8.78)	11.15	
2017	78.40	105.08	102.51	(26.68)	(2.57)	

REVENUE COMPARISON
(In Thousands of Dollars)

	Pessimistic -Baseline					Optimistic-Baseline				
	FY/13	FY/14	FY/15	FY/16	FY/17	FY/13	FY/14	FY/15	FY/16	FY/17
Gross Receipts	-1,173	-6,879	-9,942	-11,136	-8,390	5,280	13,047	12,794	10,680	10,373
Taxes	-347	-89	319	35	-70	-347	194	406	-201	-557
Shared	0	-45	-91	-137	-183	0	-45	-91	-137	-183
Permits	-427	-2,926	-3,618	-4,627	-4,918	801	2,339	4,119	3,883	3,904
Charges for Services	0	-200	-202	-204	-206	0	-2	200	408	622
Intra City	0	0	-189	-369	-661	0	-13	-57	-83	-297
Misc	0	-24	-189	-849	-750	0	0	165	1,155	2,072
CIP Funded	0	1,540	1,450	1,375	1,250	0	0	10	39	-53
Total Revenue	-1,948	-8,623	-12,461	-15,912	-13,928	5,734	15,519	17,545	15,744	15,880

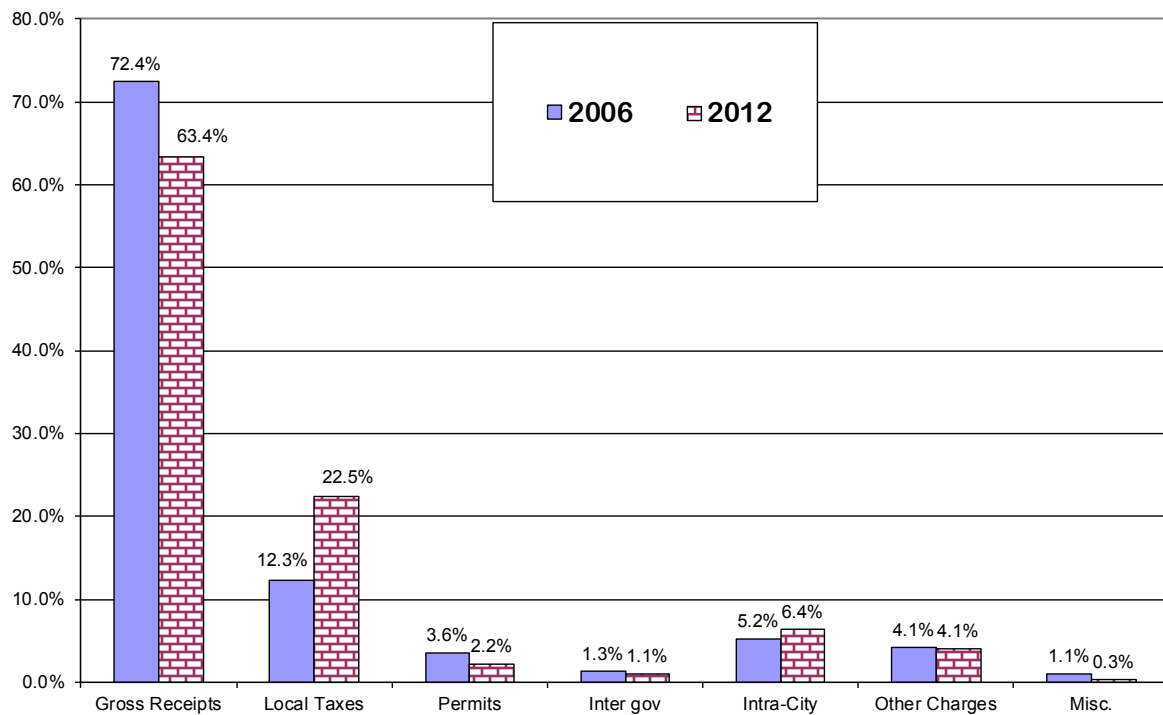
REVENUE HISTORY

GENERAL FUND REVENUE HISTORY

A history of major revenue sources for the General Fund from FY/06 to FY/12 is presented below. These numbers reflect a one-month accrual of tax revenues to comply with the tax revenue standard issued by the Governmental Accounting Standards Board in 1994. Recurring receipts in this period increased at a compound annual rate of 0.9%.

The bar chart below compares the composition, by major revenue category, of General Fund recurring revenues in FY/06 and FY/12. The City's General Fund has become somewhat less reliant on the Gross Receipts Taxes and more reliant on local taxes (franchises and property tax). Licenses and permits have become less important primarily due to the fall in building permit revenues.

**Shares of Recurring
General Fund Revenues**



In the period from FY/06 to FY/12, the General Fund has been affected by several changes in revenue. There were some changes in tax rates. In FY/09 one mill in property tax was shifted from capital to operations and in FY/10 two additional mills were shifted. In January 2007 $\frac{1}{8}$ cent of Gross Receipts Tax was cut in conjunction with Bernalillo County taking over operations of the Metropolitan Detention Center (MDC) and raising County GRT by $\frac{1}{8}$ cent. Another $\frac{1}{8}$ cent tax cut took place in FY/09. Fees have remained relatively constant. There

were some small new fees for inspections of body art establishments, and in FY/05 fines associated with the new red-light ordinance were instituted, but these were moved to their own fund in FY/09. A new court paid corrections fee was collected in FY/05; two years after the state redirected the original corrections fee to pay for a parking structure for the new Metropolitan court house. This fee was suspended by the State in FY/12 and the County now gets the full distribution. Since the aquarium/botanic gardens came on line in FY/97 no large venues have

opened. In FY/11 the State suspended local distributions of the cigarette tax.

The specific changes for different revenue categories are discussed below, with gross receipts at the end of the section.

**GENERAL FUND
HISTORICAL COMPARISON OF REVENUE SOURCES
(\$000'S)**

REVENUE SOURCE	FY/06	FY/07	FY/08	FY/09	FY/10	FY/11	Unaudited FY/12	GROWTH FY06 TO FY12	Compound ANNUAL RATE
GROSS RECEIPTS TAX	253,565	274,763	274,692	260,494	246,149	252,335	256,661	1.2%	0.2%
BASIC SERVICES	34,066	29,451	18,506	1,674	0	0	0	-100.0%	-100.0%
GRT PUBLIC SAFETY	34,066	36,933	37,011	35,584	34,070	34,449	34,981	2.7%	
LOCAL COMPENSATING TAX				694	1,449	1,592	1,690		
TOTAL GRT	321,697	341,147	330,209	298,445	281,668	288,376	293,331	-8.8%	-1.5%
OTHER LOCAL TAXES	54,024	56,514	60,418	71,866	98,056	99,827	104,670	93.7%	11.7%
LICENSES AND PERMITS	15,797	13,901	11,792	9,470	9,255	9,629	10,296	-34.8%	-6.9%
INTER-GOVERNMENTAL AID	6,489	5,348	5,940	6,033	5,626	5,179	5,288	-18.5%	-3.4%
INTRA-CITY CHARGES(1)	24,654	23,908	25,300	32,779	42,214	30,061	31,442	27.5%	4.1%
OTHER SERVICE CHARGES	18,572	18,058	17,610	17,170	16,540	17,979	19,000	2.3%	0.4%
MISCELLANEOUS	6,059	14,118	4,556	2,515	3,808	1,540	2,058	-66.0%	-16.5%
TOTAL REVENUES	447,293	472,993	455,824	438,279	457,168	452,591	466,085	4.2%	0.7%
LESS NON-RECURRING	8,527	18,238	23,906	9,379	11,869	3,034	3,724	-56.3%	-12.9%
RECURRING REVENUES	438,766	454,755	431,919	428,900	445,299	449,557	462,361	5.4%	0.9%

NOTES:

(1) Includes CIP funded positions and inter-fund transfers

Other Local Taxes. This category includes property taxes, franchise fees, and payment in lieu of taxes (PILOT). This revenue category increased its share of total recurring revenues from 12.3% in FY/06 to 22.5% in FY/12. Property tax revenues increased at a compound rate of 17.9%, mostly due to the shift of three mills in property taxes from debt service to operating; one mill in FY/09 and two in FY/10. The underlying growth taking out the shift in mills is still strong at 4.1%. The growth is limited in FY/11 and FY/12 as the property tax base is growing slower. The slowdown is due to the slowdown in the economy with lower assessed values for commercial properties as their incomes decline and less new construction added to the property tax base. Additionally the assessor adjusted the tax base for properties impacted by "tax lightning". There is a maximum increase in assessments annually at 3%. In the past as houses were resold this limitation was no

longer in place and there were very large reassessments to the new home owner. Due to a court case, the assessor went back and applied 3% only increases in the value of homes sold since 2010, substantially reducing the tax base. Franchise revenues grew at a compound annual rate of 1.5% for the period. The gas franchise revenues decreased reflecting a dramatic decline in the price of natural gas in FY/11. The electric franchise had the strongest growth with annual average growth of 8.8%. This was due mostly to increased rates in FY/09 and FY/11. The recurring rate of growth is 7.7% for this period. Revenues from the water franchise have grown slowly as household formation has been slow and mostly offset by water conservation. The average growth for the period is 2.1%, but this is mostly due to the rate increase in FY/12. Through FY/11 average compound growth was only 0.5%. PILOT, not including the Water Authority, had annual growth of

2.1% due to general revenue growth and a rate increase in Solid Waste in FY/11.

Licensing and Permits. The share for this category was 4.3% in FY/06 and 2.3% in FY/12. The decrease in share of revenue is due to the fall in building permit revenue. In FY/06 revenue from building permits was \$12.3 million and in FY/12 revenue was only \$5.3 million; a 56% decrease. In FY/12 building permits increased 15% in part due to the new FasTrax program for expedited permitting. Other licenses and permits increased an annual average of 5.8% due primarily to the increased use of barricading permits on roads and charging the Albuquerque Bernalillo County Water Utility Authority for the permits. Additionally, a new food inspection ordinance increased restaurant permit fees during FY/11. Permits other than building permits in FY/12 made up almost half of permit revenue, but were only 22% of the revenue in FY/06.

Intergovernmental Aid. Revenues from other governments other than GRT accounted for 1.3% of General Fund recurring receipts in FY/06 and 1.1% in FY/12. The only recurring revenues are the municipal gasoline tax, State shared vehicle tax and County shared revenues. The State stopped the Cigarette tax revenues distribution in FY/11, a loss of approximately \$400 thousand. In FY/12 the General Fund lost the State-shared revenues from DWI citations to be used for corrections facilities operations. These revenues were erratic and the State legislature reassigned this distribution to the County beginning in FY/12. The remaining revenues come from grants that are generally reimbursements for one-time expenses.

Intra-City Revenues. These are revenues from internal service charges, indirect overhead, CIP-funded positions, and other interfund transfers, excluding PILOT. In FY/06 these accounted for 5.2% of recurring revenues and 6.4% in FY/11. The increase is due primarily to new ongoing transfers and use of CIP funded positions. Indirect overhead has declined and partially offset the growth in this category. Revenues for CIP funded positions increased substantially

in FY/10 and FY/11 as both parks and the department of municipal development made more use of CIP funded positions. These positions are associated with capital projects at the BioPark, parks, roads, storm sewer, and other construction projects in the CIP program.

Interfund transfers in total can vary substantially due to one-time transfers from other funds. In FY/10 and FY/11 the closing of projects in special assessment districts yielded transfers to the General Fund of \$7.3 million and \$2.3 million respectively. In FY/08 large transfers were due mainly to transfers from the newly created photo-enforcement fund. Transfers from the photo-enforcement fund were used to pay for the costs of operating the programs; largely the cost of the administrative hearing office. With the discontinuation of the program FY/12 is the last year revenue will be received for photo-enforcement.

Revenues from internal service charges over the past ten years have decreased dramatically as charges have been moved to separate funds. In FY/06 through FY/09 annual revenues were about \$1 million. In FY/10 revenues are about \$1.4 million with most of the revenue coming from a contract the Parks and Recreation Department has to provide landscape maintenance at the Sunport.

Indirect overhead revenues in FY/06 were \$13.8 million; in FY/12 revenues are estimated at \$12.9 million. This decrease is from a combination of decreases in operating and capital overhead.

Other Charges (Charges for Services). Revenues from other charges accounted for 4.1% of General Fund recurring revenues in FY/06 and 4.1% in FY/12. These revenues include entrance fees to City venues and charges to other funds and outside entities. Engineering fees and other construction related charges increased substantially and then fell as construction faltered. Engineering fees went from a high of \$2.7 million in FY/06 to \$541 thousand in FY/11. Revenues from charges for legal services increased from \$2 million in FY/06 to \$2.4 million in FY/12 due to a rate increase in

FY/10. This revenue in large part is dependent on the number of staff in the legal department and how much outside counsel for risk management cases they need to employ. In FY/04 a new alarm ordinance resulted in increases in the fines that are kept in the General Fund. In FY/06, \$341 thousand was transferred to the General Fund. In FY/12 this amount increased to over one million dollars as all of the revenues- both fines and fees are now collected in the General Fund. In FY/11 the County also began paying the City approximately \$600 thousand to the City police for security at metropolitan court. Reimbursements from the County for library services in the unincorporated areas have remained relatively flat. The BioPark, that includes the zoo, aquarium, and botanic gardens, had revenues of \$3.4 million in FY/12. With annual growth of 1.6% in this period, the BioPark was one of the few City venues to increase attendance during the recession.

Miscellaneous. This category has only a small share of revenue and declined from 0.4% in FY/06 to 0.2% in FY/12. One of the largest components of miscellaneous revenue is interest earnings. Interest earnings have fallen as short term rates are now near zero. In FY/07 miscellaneous revenues increased due to the STOP photo enforcement program. Fines for the program were over \$9 million. In FY/08 these revenues were moved with related expenses to a new fund. The other regular source of income is rental of City property. This has remained relatively stable with increases at about the rate of inflation.

Gross Receipts Tax. The Gross Receipts Tax remains the major contributor to the General Fund making up 63.4% of recurring revenues in FY/12. In January 2007 and July 2008 the ¼ cent tax basic services increment was removed in two ⅛ cent increments. In FY/05, the City imposed a new ¼ cent tax for public safety. On January 1, 2000 the ¼ cent transportation tax was imposed. This replaced the ¼ cent quality of life tax that expired June 30, 1999. The Transportation tax expired on December 30, 2009 and was reinstated beginning July 2010.

The following table provides a summary of the GRT from FY/03 to FY/12 as a revenue source for the City of Albuquerque. The locally imposed GRT consists of the municipal imposed ½ cent (2 quarters), basic services ¼ cent, public safety ¼ cent, infrastructure 1/16 cent and currently the transportation infrastructure ¼ cent. Only the transportation infrastructure tax is not in the General Fund. The transportation tax was imposed for ten years from January 2000 through December 30, 2009. An extension of the tax was passed in the October 2009 election, but didn't go into effect until July of 2010, because of collection time and the City accrual of revenue, 11 months of the tax was counted in FY/11. This same quarter cent tax was previously used for quality of life and open space. In FY/07, ⅛ cent of the basic services tax was cut in January 2007. Due to the GASB accrual seven months of revenue were actually booked in FY/07. In the FY/08 budget, the remaining ⅛ cent of the basic services tax was cut beginning in July 2008. In FY/09 one month of this tax was booked. In FY/09 the City began receiving a share of the compensating tax. The City's share in FY/09 was \$694 thousand and was phased in to a larger percentage and was \$1.5 million in FY/11.

The compound annual growth of Gross Receipts Tax revenues in the General Fund is 2.4% in the period FY/03 to FY/12. The growth from the addition of the ¼ cent for public safety tax is offset by the two ⅛ cent tax cuts in January 2007 and July 2008. In order to look at the growth in the tax base and ignore changes in tax rates and other technical changes, it is best to look at the one-percent distribution. The one-percent distribution had annual growth of 2.3% in this period. After adjusting for inflation the one-percent distribution in FY/12 is actually 1.7% below the amount in FY/03. The rapid growth in the period prior to FY/07 was largely offset by three negative years FY/08 was -0.5%, FY/09 was -5.1% and FY/10 was down 6.0%. In FY/11 positive growth of 3% was achieved, with 1% growth in real terms. In FY/12 the growth declined to 1.9% which adjusted for inflation was a decline of 1%.

GROSS RECEIPTS TAX REVENUES, FISCAL YEARS 2003 - 2012
(\$000's)

DETAIL ON GROSS RECEIPTS:	FY/03	FY/04	FY/05	FY/06	FY/07	FY/08	FY/09	FY/10	FY/11	FY/12 ⁽⁶⁾	FY'S 03-12 PERCENT CHANGE	COMPOUND ANNUAL RATE
GENERAL FUND:												
MUNICIPAL IMPOSED 1/2 CENT	57,569	62,778	65,333	70,079	76,302	76,098	73,129	70,062	71,026	72,081	25.2%	2.5%
BASIC SERVICES 1/4 CENT	27,916	30,442	31,712	34,066	29,451	18,506	1,674	0	0	0	-100.0%	
first 1/8(4)	13,958	15,221	15,856	17,033	18,467	18,506	1,674	0	0	0	-100.0%	-100.0%
Second 1/8 (4)	13,958	15,221	15,856	17,033	10,984	0	0	0	0	0	-100.0%	-100.0%
PUBLIC SAFETY 1/4 CENT(3)			28,923	34,066	36,933	37,011	35,584	34,070	34,449	34,981		
INFRASTRUCTURE 1/16 CENT (2)	6,983	7,612	7,961	8,542	9,236	9,243	8,734	8,199	8,443	8,576	22.8%	2.3%
	92,468	100,832	133,930	146,753	151,922	140,858	119,121	112,330	113,918	115,637	25.1%	2.5%
STATE SHARED RECEIPTS												
1% DISTRIBUTION	115,901	126,639	131,767	141,128	152,730	152,654	144,247	135,604	139,618	141,780	22.3%	2.3%
.225% DISTRIBUTION	26,082	28,499	29,653	31,759	34,370	34,353	32,456	30,516	31,420	31,906	22.3%	2.3%
Municipally Shared Compensating Tax							694	1,449	1,592	1,690		
	141,984	155,138	161,420	172,887	187,100	187,007	177,397	167,569	172,629	175,375	23.5%	2.4%
TOTAL TAX RECEIPTS	234,452	255,970	295,350	319,640	339,022	327,865	296,518	279,899	286,547	291,013	24.1%	2.4%
PENALTY & INTEREST	1,562	2,464	2,169	2,057	2,057	2,344	1,928	1,769	1,829	2,318	48.4%	4.5%
TOTAL GENERAL FUND DISTRIBUTION	236,013	258,434	297,519	321,697	341,079	330,209	298,445	281,668	288,376	293,331	24.3%	2.4%
MUNICIPAL IMPOSED 1/4 CENT												
TRANSPORTATION2000 (5)	27,916	30,442	31,712	34,066	36,933	37,011	35,036	19,660				
TRANSPORTATION2010 (5)									30,626	34,349		
	27,916	30,442	31,712	34,066	36,933	37,011	35,036	19,660	30,626	34,349	23.0%	2.3%
TOTAL GROSS RECEIPTS TAX REVENUES(1)	263,930	288,875	329,231	355,763	378,012	367,220	333,481	301,328	319,002	327,680	24.2%	2.4%

(1) After adjustments in compliance with GASB.

(2) The Municipal Infrastructure Gross Receipts Tax went into effect July 1, 1992, with the first distribution in September..

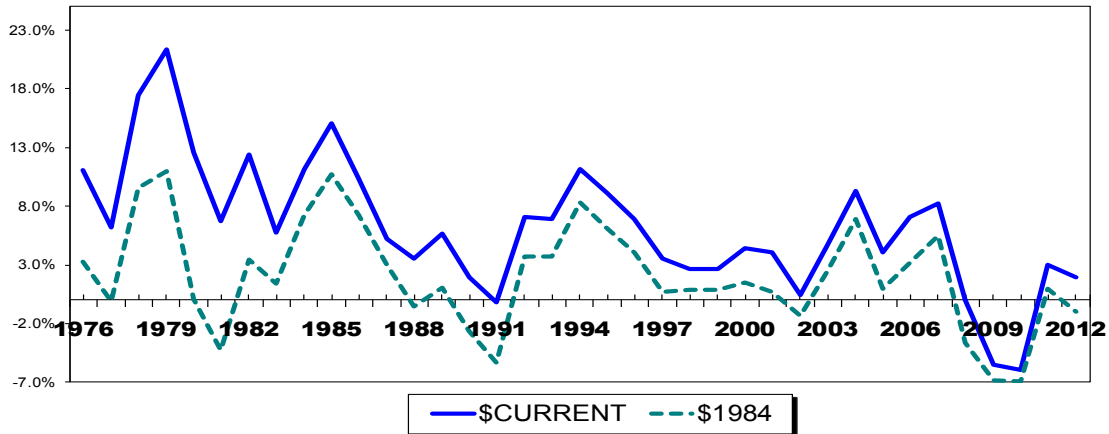
(3) Went into effect July 2004, 11 months received in FY/05

(4) First 1/8 was cut effective January 2007, 2nd 1/8 cut was effective in July 2008

(5) 1/4 Cent Transportation Infrastructure Tax has two authorities (2000) in effect January 1, 2000 and sunset December 31, 2009 and 2010 July 1, 2010 to June 30, 2019

(6) An administrative fee of 3.25% was added to the food and medical portion of all the GRT distributions

GROWTH IN THE GRT 1% DISTRIBUTION % CHANGE OVER PRIOR YEAR, FY'S 1976-2012



FY/12 is not reduced for the new admin fee on the hold harmless distribution.

The year-over-year growth in the one-percent distribution received as State shared revenues is charted above in current dollars and inflation adjusted to constant 1984 dollars. Looking at the one-percent distribution avoids the problem of changes in tax rates. For FY/12 the newly imposed administrative fee was not incorporated into these numbers. The tax mimics the performance of the Albuquerque economy. The gross receipts tax is an "elastic" revenue source, as revenues are sensitive to economic growth and inflation. The negative real growth in FY/81, FY/91, FY/02 and FY/09 corresponds to recessions. The recent recession shows a far larger decline than in any of the past recessions. The only other year to decline in current terms was Fiscal Year 1991, with a minimal decline of 0.2%. FY/12 is the only non-recession year to show a loss; though only in real dollars.

The other thing of note is that the size of booms in GRT has decreased over the years. Part of this is due to the larger base of the economy and growth in surrounding regions, but the State has also reduced the tax base substantially by allowing many deductions from GRT.

Changes to Gross Receipts Tax Base

Between FY/99 and FY/12 the state legislature has exempted or allowed

deductions from the Gross Receipts Tax base for:

- Prescription drugs,
- Medicare expenditures,
- Movie production costs,
- Hospitals including for profits,
- Construction materials purchased locally for use on Indian reservations,
- 40% deduction for jet fuels,
- Deduction for food and medical services,
- Commercial airline repairs,
- Three day gross receipts tax holiday in August,
- Nursing home and health provider deductions,
- Renewable energy deductions, and
- Compensating tax credit for electric generation.

The State holds the City harmless on the deduction for food and certain medical services. The City receives a distribution from the State as if the deduction was not in place. Revenue to the State to offset this was generated by increasing all municipalities' taxes by 0.5%. In addition to these changes in tax base the State has change administrative fees. Most recently, in FY/12, the State added a 3.25% administrative fee on the hold harmless distribution on food and medical services.

ACCURACY OF THE REVENUE ESTIMATES

ACCURACY OF THE REVENUE ESTIMATES

A summary of information on the accuracy of the General Fund revenue estimates over the past ten years is presented below. The first set of columns reports the accuracy of the 4-month revised estimates, which are prepared in February and March of the year in question in conjunction with the compilation of the Mayor's Budget for the next fiscal year. The second set of columns present the error of the 6 month revised estimates that are prepared as part of the Five-Year Forecast presented in December during the fiscal year in question. The final set of columns report the differences between the actual results and the budget estimates prepared in February and March of the prior year. In each case, the figures are presented for the Gross Receipts Tax, for total recurring receipts, and for non-recurring revenues. CIP-funded positions are excluded from the calculations because expenditures on these positions are always fully reimbursed, with no effect on General Fund balances.

The final table provides information on the accuracy of the revenue estimates by revenue source for FY/12.

ACCURACY OF THE GENERAL FUND REVENUE ESTIMATES

ESTIMATING ERROR (ACTUAL - ESTIMATED REVENUES)

(in \$000s)

	MARCH REVISION		FIVE YEAR FORECAST		APPROVED BUDGET	
	4 MONTH ESTIMATE		6 MONTH ESTIMATE		16 MONTH ESTIMATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
FISCAL YEAR 2012(Unaudited Results)						
Gross Receipts Tax	(1,753)	-0.6%	(1,753)	-0.6%	(1,386)	-0.5%
Recurring Revenues Less CIP	1,363	0.3%	3,897	0.9%	3,390	0.7%
Non-Recurring	-	0.0%	2,539	68.2%	2,652	71.2%
FISCAL YEAR 2011						
Gross Receipts Tax	477	0.4%	1,931	1.7%	1,037	0.9%
Recurring Revenues Less CIP	880	0.2%	2,855	0.6%	(1,907)	-0.4%
Non-Recurring	-	0.0%	(731)	-24.1%	313	10.3%
FISCAL YEAR 2010						
Gross Receipts Tax	1,584	0.6%	(8,721)	-3.1%	(21,302)	-7.6%
Recurring Revenues Less CIP	328	0.1%	(11,195)	-2.6%	(28,818)	-6.7%
Non-Recurring	-	0.0%	849	7.2%	5,637	47.5%
FISCAL YEAR 2009						
Gross Receipts Tax	(3,212)	-1.1%	(3,212)	-1.1%	(21,090)	-7.1%
Recurring Revenues Less CIP	(5,426)	-1.3%	(5,425)	-1.3%	(25,121)	-6.0%
Non-Recurring	(1,300)	-13.9%	(771)	-8.2%	(771)	-8.2%
FISCAL YEAR 2008						
Gross Receipts Tax	47	0.0%	(3,773)	-1.1%	(11,388)	-3.4%
Recurring Revenues Less CIP	(4,232)	-1.0%	(8,346)	-2.0%	(23,663)	-5.6%
Non-Recurring	4,447	18.3%	2,214	9.1%	6,116	25.1%
FISCAL YEAR 2007						
Gross Receipts Tax	2,952	0.9%	9,507	2.8%	13,759	4.0%
Recurring Revenues Less CIP	2,603	0.6%	9,670	2.1%	12,564	2.8%
Non-Recurring	-	0.0%	7,626	41.8%	8,400	46.1%
FISCAL YEAR 2006						
Gross Receipts Tax	5,380	1.7%	6,974	2.2%	13,283	4.1%
Recurring Revenues Less CIP	10,095	2.3%	16,919	3.9%	25,986	6.0%
Non-Recurring	281	3.3%	6,442	75.5%	0	0.0%
FISCAL YEAR 2005						
Gross Receipts Tax	3,172	1.1%	3,172	1.1%	15,476	5.2%
Recurring Revenues Less CIP	3,725	0.9%	4,305	1.1%	11,903	3.0%
Non-Recurring	4,743	36.9%	4,519	35.2%	10,164	79.1%
FISCAL YEAR 2004						
Gross Receipts Tax	8,571	3.3%	8,571	3.3%	17,742	6.9%
Recurring Revenues Less CIP	10,125	2.9%	10,103	2.8%	17,809	5.0%
Non-Recurring	-372	-4.6%	(921)	-11.4%	4,849	59.9%
FISCAL YEAR 2003						
Gross Receipts Tax	4,626	2.0%	4,647	2.0%	(1,374)	-0.6%
Recurring Revenues Less CIP	5,139	1.6%	5,729	1.8%	(5,531)	-1.7%
Non-Recurring	640	20.0%	(200)	-6.3%	640	20.0%

ACTUAL AND ESTIMATED GENERAL FUND REVENUES FOR FY/12

All figures in \$1,000's

REVENUE SOURCES:	UNAUDITED ACTUAL FY/12	ESTIMATES									
		2nd Revision (March 2012)		1st Revision (Dec. 2011)		Approved Budget (May 2011)					
		Estimate	Difference	Estimate	Percent	Estimate	Difference	Estimate	Difference	Estimate	Percent
Gross Receipts Taxes	293,331	295,084	1,753	295,084	0.6%	294,717	1,386	294,717	1,386	294,717	0.5%
Property Taxes	76,794	75,957	(837)	75,957	-1.1%	74,899	(1,895)	74,899	(1,895)	74,899	-2.5%
Telephone Franchise	1,998	1,883	(115)	1,963	-5.8%	1,963	(35)	1,963	(35)	1,963	-1.8%
Electric Franchise	9,744	9,543	(201)	8,285	-2.1%	8,543	(1,201)	8,543	(1,201)	8,543	-12.3%
Gas Franchise	3,901	4,270	369	4,082	9.5%	4,720	819	4,720	819	4,720	21.0%
Cable Franchise	4,259	4,234	(25)	4,234	-0.6%	4,300	41	4,300	41	4,300	1.0%
Other Franchise	417	227	(190)	227	-45.6%	266	(151)	266	(151)	266	-36.2%
Water Utility	5,900	5,556	(344)	5,556	-5.8%	5,556	(344)	5,556	(344)	5,556	-5.8%
PILOT (excluding Water)	1,657	1,657	0	1,657	0.0%	1,657	0	1,657	0	1,657	0.0%
Building Permits	5,343	4,838	(505)	4,518	-9.5%	4,458	(885)	4,458	(885)	4,458	-16.6%
Other Licenses/Fees	4,953	4,979	26	4,948	0.5%	4,948	(5)	4,948	(5)	4,948	-0.1%
Other Intergov'l	5,288	4,864	(424)	4,745	-8.0%	4,715	(573)	4,715	(573)	4,715	-10.8%
Charges for Services	19,000	18,182	(818)	18,135	-4.3%	18,635	(365)	18,635	(365)	18,635	-1.9%
Internal Service	1,365	1,303	(62)	1,403	-4.5%	1,403	38	1,403	38	1,403	2.8%
Indirect Overhead	12,977	12,981	4	12,981	0.0%	12,977	0	12,977	0	12,977	0.0%
Fines and Forfeitures	114	120	6	120	5.3%	120	6	120	6	120	5.3%
Interest on Invest	320	320	0	320	0.0%	320	0	320	0	320	0.0%
Other Miscellaneous	1,624	1,624	0	819	0.0%	1,344	(280)	1,344	(280)	1,344	-17.2%
Interfund Transfers	4,455	4,455	0	4,509	1.2%	4,509	54	4,509	54	4,509	1.2%
CIP Funded Positions	12,645	12,645	0	12,344	0.0%	12,344	(301)	12,344	(301)	12,344	-2.4%
TOTAL REVENUE	466,085	464,722	(1,363)	461,887	-0.3%	462,394	(3,691)	462,394	(3,691)	462,394	-0.8%
LESS: NON-RECUR	3,724	3,724	0	1,185	0.0%	1,072	(2,652)	1,072	(2,652)	1,072	-71.2%
RECURRING REVENUE	462,361	460,998	(1,363)	460,702	-0.3%	461,322	(1,039)	461,322	(1,039)	461,322	-0.2%