# CITY OF ALBUQUERQUE

## Five-Year Forecast
## Fiscal Year 2014-2018

December 2013

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# EXECUTIVE SUMMARY

## EXECUTIVE SUMMARY

The Five-Year Forecast estimates future revenues and expenditures for the General Fund and those funds subsidized by the General Fund for the current fiscal year through FY/18. The purpose of this forecast is to identify key trends in revenues and expenditures and to provide information about the financial landscape anticipated over the next few years. The information contained in this forecast is based on data available through December 2013. As the FY/15 Budget is developed, revenues and expenditure projections will be revised using more current information.

***Fiscal Year 2014.*** For FY/14, the original General Fund appropriation was $480.3 million with an estimate of $472.8 million in operating revenues. The revised estimate in this forecast projects slightly higher expenditures at $483.9 million based on an assumption that departments spend their full budgets, including mid-year appropriations. Revised revenue estimates for FY/14 are $477.1 million or $4.3 million higher than budget due to: 1) a stronger base in Gross Receipt Tax (GRT) revenues as we closed the books on FY/13; and 2) slightly higher year-to-date growth in GRT revenue than originally budgeted.

***Fiscal Year 2015.*** As the City prepares for the FY/15 budget, it is likely that the revenue forecast will hold and expenditures will have to be trimmed to present a balanced budget. Without curbing expenses, this forecast reflects a General Fund balance gap of $7.4 million in FY/15. The good news is this is the smallest upcoming-year gap for a Five-Year Forecast since FY/07, the result of downsizing base government costs over the past several years and stronger growth in revenues.

The expenditure forecast for FY/15 includes most of the known cost increases using the best information available at this time. The net effect results in a forecasted budget of $499.2 million (or 3.1% increase over the revised FY/14 Budget) that includes increased costs for medical benefits (both routine and those related to compliance with Affordable Health Care legislation), transfers to the Risk Fund (for self-insurance), new positions created mid-year in FY/14, operating costs related to Capital Implementation Projects (CIP) coming-on-line, and other inflationary factors. The forecast includes the majority of known funding needs, some that will have to be addressed in FY/15 and some that will likely be deferred. Choices will have to be made on which funding needs take priority and which get delayed in order to balance the FY/15 Budget. However, it is unlikely that vacant positions will need to be cut to balance the FY/15 Budget as they have in recent years. Regardless, the projected gap will be closed before the FY/15 Proposed Budget is submitted to the City Council on April 1. A summary of the changes in revenues and expenditures follows.

***General Fund Revenues***. This forecast projects an increase of $4.3 million in overall General Fund revenues for fiscal year 2014 as compared to the approved budget. Four million of that estimate is due to higher than expected GRT revenues over the first 5 months of the fiscal year. Property taxes are also stronger by $1.2 million mostly due to FY/13 coming in stronger than expected. Some of this was offset by lower than expected building permits and franchise tax revenues. Growth in GRT is expected to be somewhat stronger as the Albuquerque economy is beginning to add jobs. GRT revenue growth is limited due to the impact of the deductions for construction services and manufacturing inputs instituted by the state legislature in 2012. The underlying GRT growth in FY/15 is estimated at 3.9%, but is expected to grow only 2.7%, primarily due to these deductions.

The reduction in the food and medical hold harmless distribution begins its 15 year phase out in FY/16. The first year of the reduction is expected to cost the City $2.2 million. To account for the one-time nature of this revenue, $2.2 million of the FY/15 GRT revenue is designated as non-recurring so that no long-term commitments are made against those dollars. That same principle is applied in the out years as the phase-out compounds. The reduction in expected annual revenue growth is 0.7%. The lost revenue from FY/16 to FY/18 is $9.8 million.

The revenue projections are based on revenue received through November 2013, 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/15, the identified needs would require an increase in the General Fund appropriation of $15.2 million or 3.1% above the revised FY/14 level. The real issue for the out years is the rate of growth in expenses. The growth rate of recurring expenses is 3.9% in FY/15, 3.7% in FY/16, 3.8% in FY/17, and 3.8% in FY/18. Those growth rates are almost double the growth rates in forecasted recurring revenue over the same period causing a growing structural deficit. The resulting gaps in fund balance are reflected on the General Fund (Table B following). If not addressed, the gap grows to $83.8 million by FY/18.

In December of 2013, departments were asked for cost estimates of funding capital implementation projects (CIP) coming-on-line during this forecast period. Those numbers are included in the forecast at $3.8 million in FY/15, and additional amounts of $2.5 million, $2.7 million, and $3.3 million in FY/16 through FY/18 respectively. In addition, $3 million is assumed for restoration of capital funding.

A 1% wage increase is included in the FY/15 forecast for all employees in addition to a carry-forward of the current year's reserve of $4.8 million for salary increases (assuming successful negotiations with collective bargaining units). For the out-years beginning FY/16, wages grow based solely on the Global Insight forecast of the employment cost index.

The City is self-insured and departments are charged assessments based on historical trends in experience and exposure for workers compensation, tort and other claims. Careful review of outstanding cases was conducted by city adjusters that brought to light a need for a significant increase in the cost of risk for FY/15. The increase is broken into two categories: the normal cost of risk and a recovery plan for under-funded reserves. Together these total a $5.1 million increase for the FY/15 estimate. The normal cost of risk for FY/15 through FY/18 changes by 26%, -5%, 1%, and 2%, respectively. The recovery piece is a constant $2.5 million annually through FY/18.

State changes to the Public Employee Retirement Association (PERA) contributions result in an increase for the City of 0.4% of regular wage per employee in FY/15 costing $929 thousand for the General Fund and subsidized funds. That amount compounds by an additional 0.4% per year through FY/17, eventually costing the General Fund an additional $2.8 million.

Historically, the General Fund has subsidized the Parking Enterprise in order to cover scheduled debt service payments on bonds sold to build parking structures. Those bonds mature this year eliminating the $2.6 million subsidy to the Parking Fund in FY/15. Offsetting that is other scheduled debt service on (non-parking) revenue bonds requiring an additional $2.1 million from the General Fund beginning in FY/15. No significant debt service increases are scheduled for FY/16-FY/18.

For FY/15, several one-time costs have been removed for items such as an FY/14 municipal election, a Housing and Urban Development grant re-payment, and itemized capital transfers. The net reduction to the General Fund is $5.5 million.

The cost of employee health benefits is expected to increase by nearly 7% or $2.6 million for the General Fund. Over $1.2 million of that increase is for fees paid to our insurance carrier related to the Affordable Health Care Act (AHCA). Beyond that, this forecast includes an additional $750 thousand for providing health insurance to City employees that work more than 30 hours per week over a three month period mandated under the AHCA as well. Forecasted health cost increases for FY/16, FY/17, and FY/18 hover around 9% per year, annually.

Regarding fuel costs for FY/15, no increase is included assuming the City successfully enters into another fuel hedge agreement this spring. This forecast assumes fuel costs average $3.07 per gallon (blended rate for diesel and gasoline). For the out years of FY/16 and beyond, fuel costs are tied to inflationary factors provided by Global Insight.

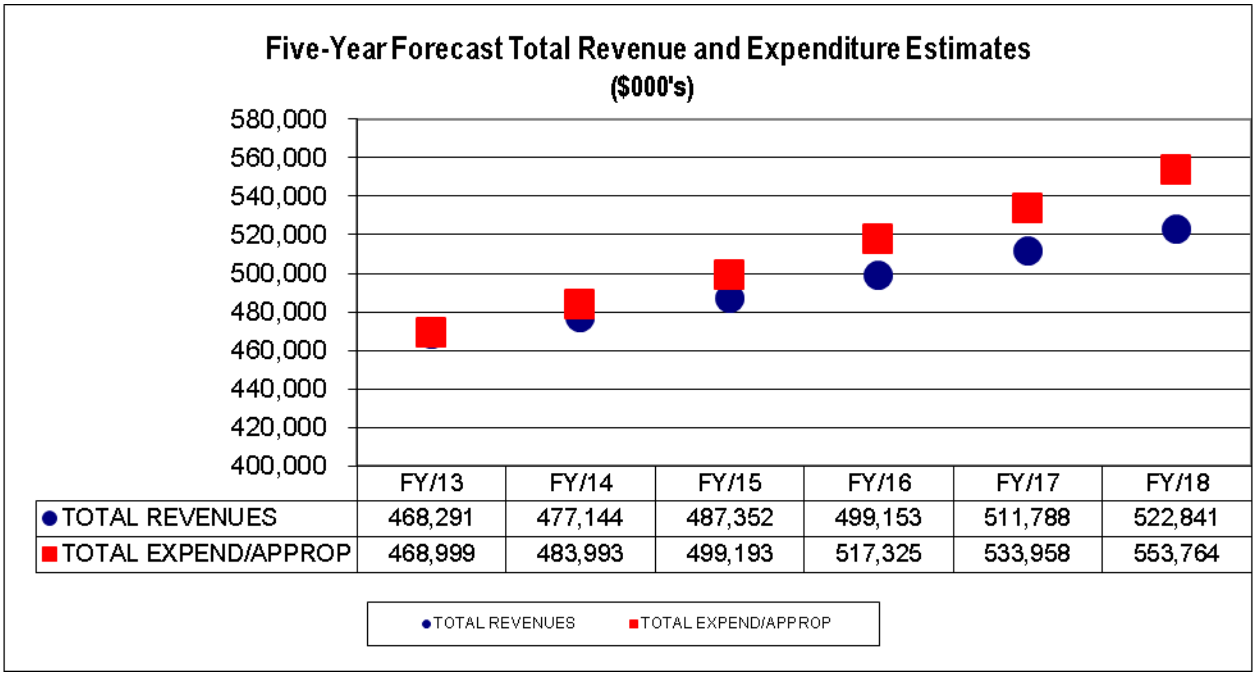
The additional $200 thousand per year in operating reserve is continued through the term of this forecast, which increases the reserve above the 1/12 minimum required.

Significant one-time funding assumed for FY/15 include: transfers to capital for replacement of the 800 MHz radio system, computer replacements, improvements at Ladera Golf Course, and replacement of the KIVA Software System used in Planning, and funding for economic development initiatives.

The following table shows significant changes for FY/15 in both revenues and expenditures as compared to FY/14.

## Significant Changes FY/15 (from Revised FY/14)
(in $000's)

| | | |
|---|---|---|
| **Revenue** | | |
| GRT | 8,234 | |
| Franchise | 190 | |
| Property Tax | 583 | |
| Building Permits | 632 | |
| Other Licenses/Fees | 51 | |
| Charges for Services | 408 | |
| Miscellaneous Revenue | 110 | |
| | | 10,207 |
| **Expenditures** | | |
| Health Care | 1,452 | |
| Affordable Health Care Act Compliance | 1,203 | |
| Affordable Health Care Act Compliance - Temps over 30 Hours | 750 | |
| PERA (increase of .4%) | 929 | |
| Utilities | 355 | |
| Increase in Transfer to Debt Service | 2,104 | |
| Parking Subsidy for D/S (bonds matured) | (2,673) | |
| Full-year initiatives (Rescue 2, APD lapel cameras, median maintenance, etc.) | 975 | |
| Other Adjustments (Radios, Vehicle Maintenance, Operating, etc.) | 212 | |
| Risk Costs (related to self-insurance) | 2,565 | |
| Risk Recovery Plan | 2,543 | |
| Transfers to Other Funds (Transit, Open Space, City/Cnty Bldg, etc.) | (1,598) | |
| FY/14 One-time Adjustments (Election, Capital Transfers, etc.) | (5,479) | |
| FY14 Mid-year Appropriations | (3,658) | |
| Miscellaneous | 863 | |
| 1% Wage Adjustment for GF and GF subsidized | 2,790 | |
| CIP Coming on Line | 3,782 | |
| Restoration of Capital Program | 3,000 | |
| Transfer to Capital Fund 305 (Replace 800 MHz) | 2,000 | |
| Computer Replacement | 600 | |
| One time initiatives (Ladera Golf Course, Black Expo,etc.) | 485 | |
| Economic Development | 1,000 | |
| Replacement of KIVA System at Planning | 1,000 | |
| | | 15,200 |
| **Adjustments** | | |
| Increase in Reserve (year 4) | 200 | |
| Changes in Reserve and other adjustments | 2,212 | |
| | | 2,412 |
| FY/15 Projected Gap (Revenues less Expenditures less Reserve/Adjustments) | | (7,404) |




| | FY/13 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|---|
| TOTAL REVENUES | 468,291 | 477,144 | 487,352 | 499,153 | 511,788 | 522,841 |
| TOTAL EXPEND/APPROP | 468,999 | 483,993 | 499,193 | 517,325 | 533,958 | 553,764 |

***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 2013 forecast assigns a probability of 60% to the national economic baseline forecast that underlies this report, 20% to the optimistic and 20% to the pessimistic scenarios. These forecasts show substantial impacts to revenue and available fund balance even in FY/15 and are evaluated in the section on Alternative Forecasts.

Other concerns are the long term fiscal impact of construction and manufacturing credits on GRT that went into effect January 2013. It is still unclear what the impacts of this legislation will be on the City. It is possible that the deductions are not being taken currently, but amended filings may take place. The impact of this would be larger deductions when both current and past deductions are taken. Tax increment development districts (TIDDS) are a risk to the General Fund Gross Receipts Tax revenues as these TIDDS expand or legislation is enacted to change their increment. Additionally, changes to property tax revenues through “tax lightening” legislation could have impacts on property tax revenues. The State legislature in 2013 introduced legislation that phases out the GRT distribution of food and medical hold harmless provisions enacted in 2005. The long term impacts of this are the probable increase in GRT to offset the phasing out of this distribution.

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

| | UNAUDITED ACTUAL FY/13 | REVISED BUDGET FY/14 | FORECASTS FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|---|
| RESOURCES: | | | | | | |
| Recurring Revenue | 465,961 | 477,073 | 485,118 | 496,746 | 509,237 | 520,213 |
| % Change Recurring Revenue | | 2.4% | 1.7% | 2.4% | 2.5% | 2.2% |
| Total Non-recurring | 2,330 | 71 | 2,233 | 2,407 | 2,551 | 2,628 |
| TOTAL REVENUES | 468,291 | 477,144 | 487,352 | 499,153 | 511,788 | 522,841 |
| % Change Total Revenue | | 1.9% | 2.1% | 2.4% | 2.5% | 2.2% |
| BEGINNING FUND BALANCE | 59,224 | 58,516 | 51,667 | 39,826 | 21,654 | (516) |
| TOTAL RESOURCES | 527,515 | 535,660 | 539,019 | 538,978 | 533,442 | 522,325 |
| EXPENDITURES/APPROPRIATIONS: | | | | | | |
| Recurring Expenditures/Appropriations | 455,484 | 473,657 | 492,020 | 510,119 | 529,269 | 549,526 |
| % Change Recurring Appropriation | | 4.0% | 3.9% | 3.7% | 3.8% | 3.8% |
| Non-recurring Exp/App: | | | | | | |
| One-time Items | 13,515 | 10,336 | 7,173 | 7,206 | 4,689 | 4,238 |
| Total Non-recurring | 13,515 | 10,336 | 7,173 | 7,206 | 4,689 | 4,238 |
| TOTAL EXPEND/APPROP | 468,999 | 483,993 | 499,193 | 517,325 | 533,958 | 553,764 |
| UNADJUSTED FUND BALANCE | 58,516 | 51,667 | 39,826 | 21,654 | (516) | (31,439) |
| ADJUSTMENTS: | | | | | | |
| Encumbrances | (2,133) | 0 | 0 | 0 | 0 | 0 |
| Unrealized Gains on Investments | (5) | (5) | (5) | (5) | (5) | (5) |
| Other Accounting Adjustments | (47) | (47) | (47) | (47) | (47) | (47) |
| TOTAL ADJUSTMENTS | (2,185) | (52) | (52) | (52) | (52) | (52) |
| ADJUSTED FUND BALANCE | 56,331 | 51,615 | 39,774 | 21,602 | (568) | (31,491) |
| RESERVES: | | | | | | |
| 1/12th Operating Reserve | 39,630 | 40,026 | 41,599 | 43,110 | 44,497 | 46,147 |
| Reserve for the Cost of Labor | 1,424 | 4,779 | 4,779 | 4,779 | 4,779 | 4,779 |
| Increase to Reserve | 400 | 600 | 800 | 1,000 | 1,200 | 1,400 |
| Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RESERVES | 41,454 | 45,405 | 47,178 | 48,889 | 50,476 | 52,326 |
| AVAILABLE FUND BALANCE | 14,877 | 6,210 | (7,404) | (27,287) | (51,044) | (83,817) |

# ECONOMIC OUTLOOK

## NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The following is based on the October 2013 forecasts from IHS Global Insight (GI). Along with the baseline forecast alternative forecasts are prepared with pessimistic and optimistic scenarios.

Baseline Scenario

In the baseline forecast, assigned a probability of 60%, IHS Global Insight (GI) expects limited growth in the U.S economy. The year over year growth in real GDP for FY/14 is expected to be 1.9% which is below the 2.0% growth in FY/13. 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 still remain weak and the dollar remains relatively strong 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. With the government shutdown in October consumer confidence fell to an all-time low. GI assumes that the automatic spending cuts of the sequestration will continue through calendar year 2014 and that some combination of tax increases and spending cuts will occur moving forward. Employment growth remains sluggish but has shown steady increases. Growth was 1.6% in FY/13, and 1.7% in FY/14. 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/18 declines to 5.5%.

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. Inflation is expected to remain below 2% from FY/14 through FY/18. Oil prices increase in FY/14 to over $100 per barrel, but remain below $100 for the remainder of the forecast. GI expects growth in the Consumer Price Index (CPI) to remain muted, around 1.5% in FY/14 and increasing slightly in FY/15 to 1.7% and only reaching 1.9% in FY/17 and FY/18. 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 1.1% in FY/16 and 4% by FY/18.

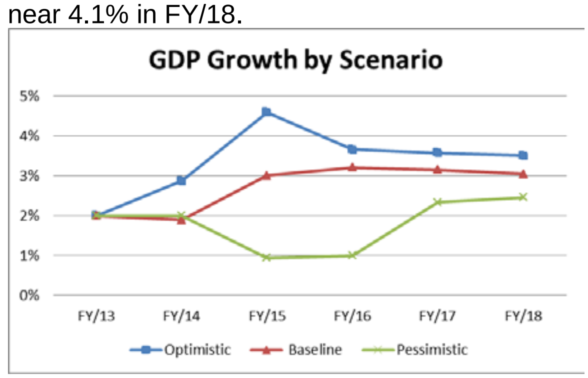
There are a number of risks in the economy. With the rate of growth in GDP so low, any unexpected occurrence could push the economy into recession. The battle in congress over spending, taxes and extension of the debt ceiling pushed confidence to a new low in October 2013. The shutdown of the federal government in October was not directly factored into the forecast, but the November forecast showed little impact. The "sequester" is expected to be in place through December 2014. 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 over the next few years.

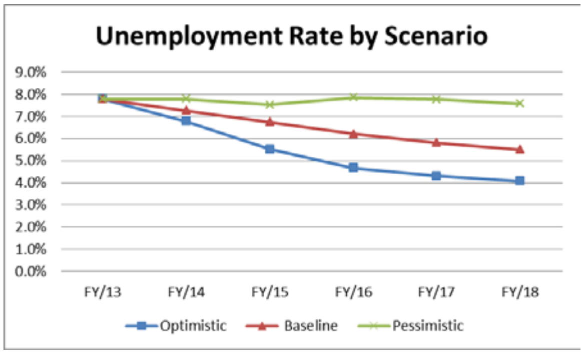
Pessimistic Scenario

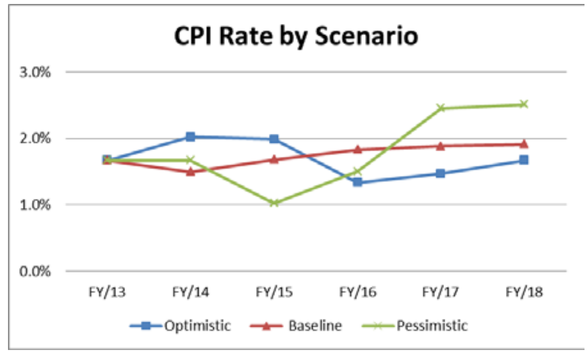
The pessimistic scenario is assigned a probability of 20%. In this scenario, the recovery stalls. Construction is weak in part due to more difficulty in access to credit; an increase in the credit crunch. The "sequester" is replaced by more severe cuts including a suspension of long term unemployment benefits. Unemployment basically remains at a high level, only decreasing to 7.4% by FY/18. Inflation is above the baseline at 2.5% in the out years in part due to supply constraints that raise the price of oil to $112 per barrel. Internationally the Eurozone falls back into recession and emerging markets are weak. The FRB doesn't increase rates until FY/18 as it attempts to continue to stimulate the economy.

Optimistic Scenario

The optimistic scenario is assigned a probability of 20%. In this scenario GI assumes that basically everything goes right. A tax and spending compromise is reached, the Eurozone and emerging markets show strong growth helping exports. Inflation is above the baseline as strong demand pushes it up. The FRB reacts and starts raising interest rates in FY/15 to limit inflation. Even with higher interest rates housing starts accelerate and unemployment drops to near 4.1% in FY/18.



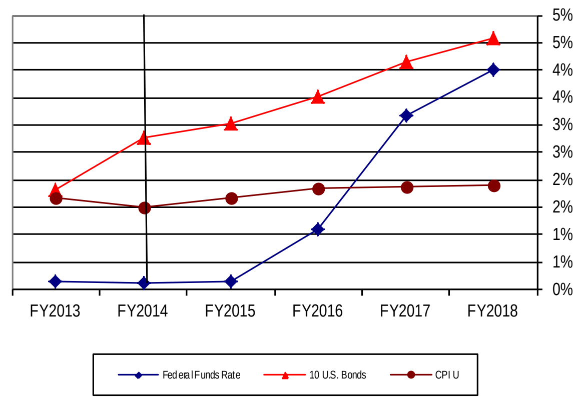


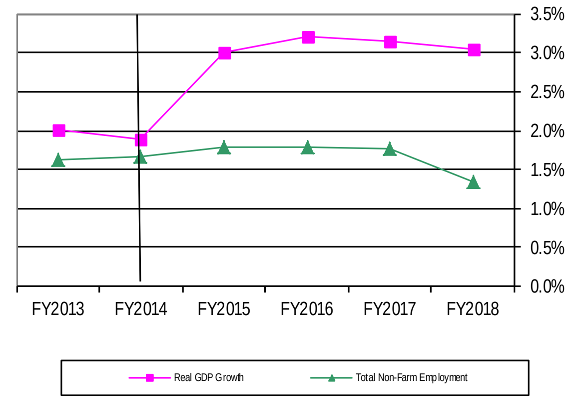

The following charts provide information on some of the key measures in the forecast.

U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)
October 2013 Baseline Forecast

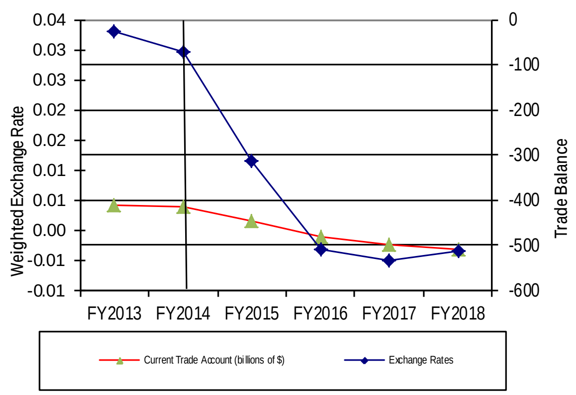
**U.S. Interest Rates**



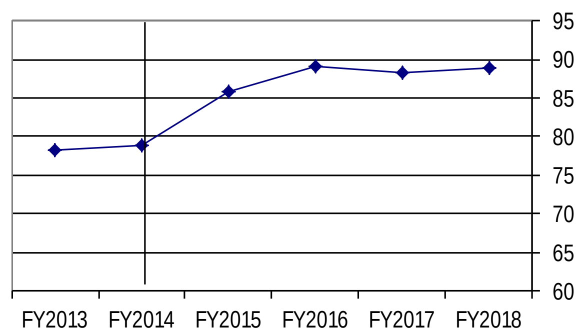

**Growth in U.S. GDP and Employment**



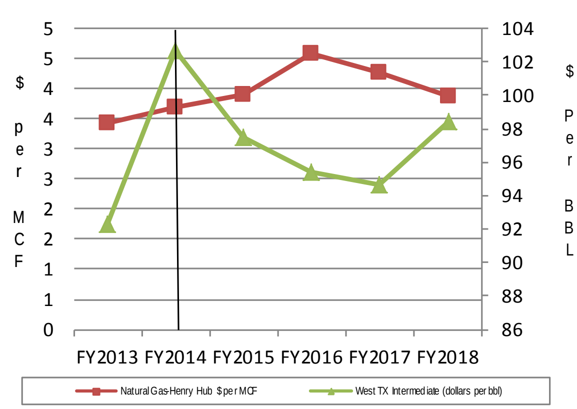

**Trade Balance and Exchange Rates**



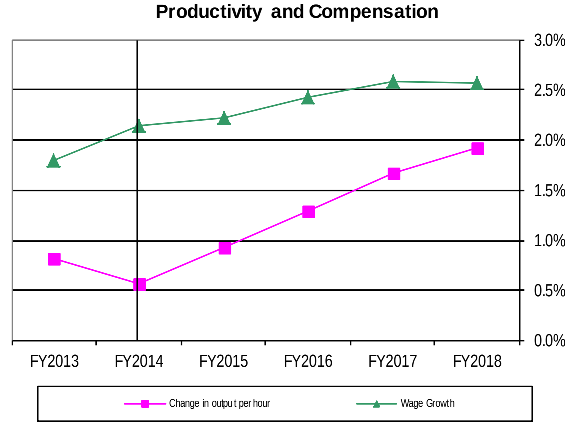

**Consumer Sentiment University of Michigan Index**




**Oil and Natural Gas Prices**

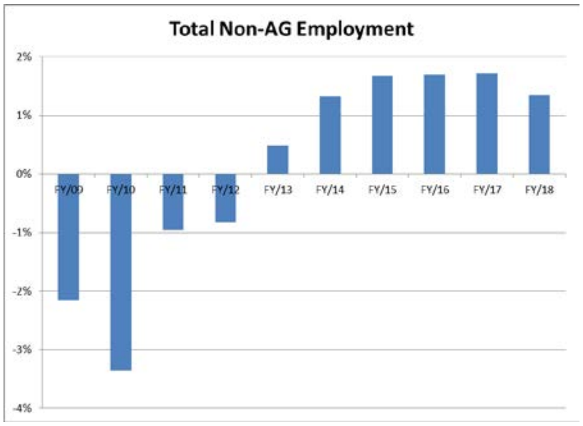



**Productivity and Compensation**

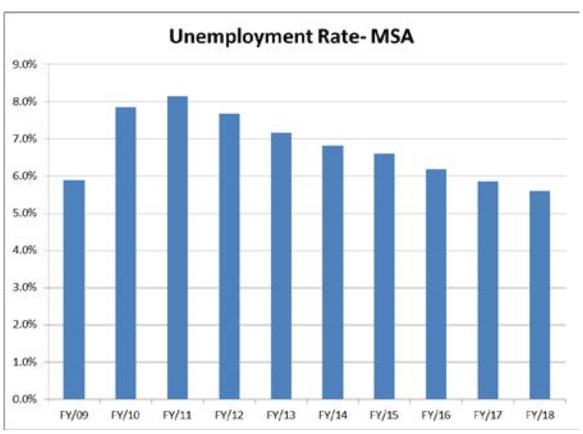


## ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Albuquerque fell with the national economy, but has lagged in its recovery. Employment has begun to grow, but at very modest rates. The FOR-UNM forecast of employment in October 2013, has positive non-agricultural (non-ag) employment growth beginning in FY/13. FY/13 increased 0.5% and FY/14 is expected to grow 1.3%.




The Albuquerque economy lost over 27 thousand jobs from FY/08 to FY/12 a loss of 7% of total employment. Growth for FY/15 is expected at 1.7% with FY/16 increasing at the same rate. This is a muted growth rate for pulling out of a recession. The economy does not reach FY/08 levels until FY/18. Construction has improved and is now helping the economy. 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 5.6% in FY/18.

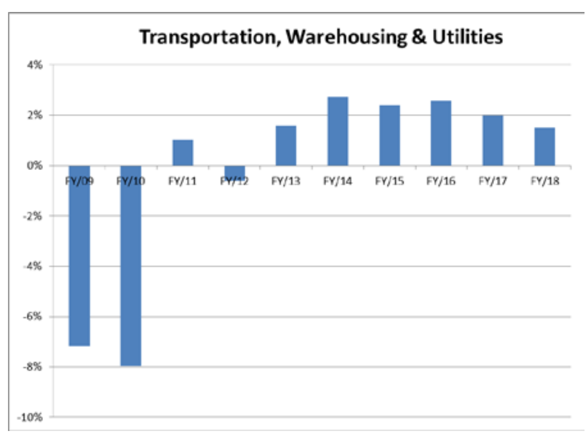



Several tables following this section provide a summary of the economic variables underlying the forecast and detailed employment numbers for FY/11 to FY/18 by the major North American Industrial Classification System (NAICS) categories.

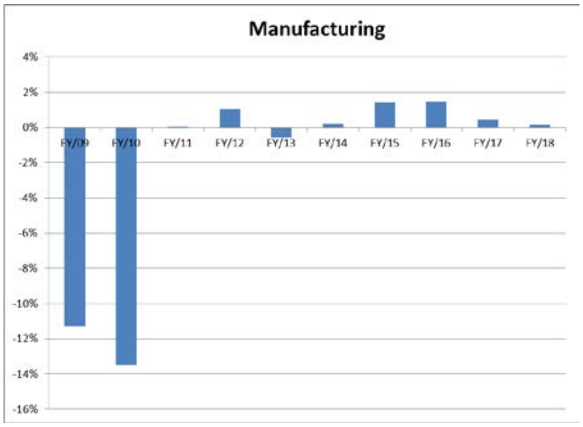
**Retail and Wholesale Trade.** These sectors account for about 15% of employment in the Metropolitan Statistical Area (MSA). It is a particularly important sector in terms of the Gross Receipts Tax; making up about 30% of GRT. As the recession hit the closure of stores and reductions in purchases substantially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


The sector is expected to have employment 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 approaching 3% in FY/14. Even with this growth the sector remains below the levels of FY/07 and FY/08.

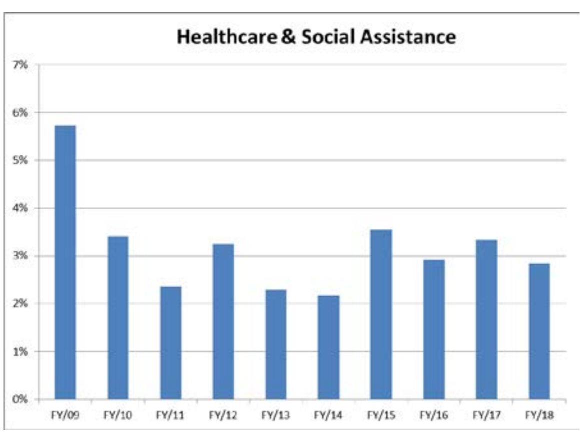


**Manufacturing**. This sector accounted for about 5% of employment in the MSA. It is an important sector as it creates jobs that bring revenue from outside the area. It also makes purchases of materials and services in the local economy making this sector's impact greater than its employment share.



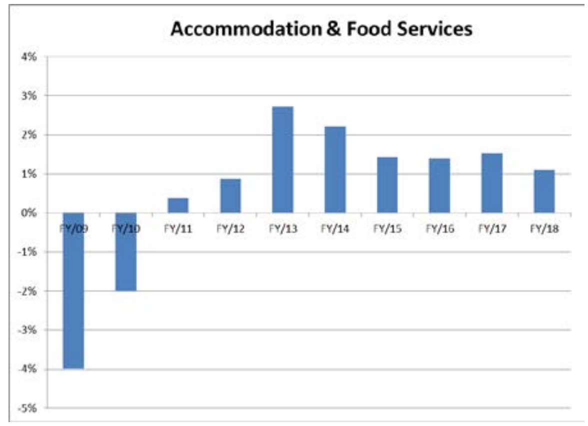

After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY/12. In FY/13 the sector declined and FY/14 is expected to increase despite job losses at Intel. The sector is expected to grow slowly in the remainder of the forecast. However, FY/18 employment is about 83% of the employment of FY/08.

**Educational and Health Services**. This sector is predominantly health services and accounts for 14% 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.



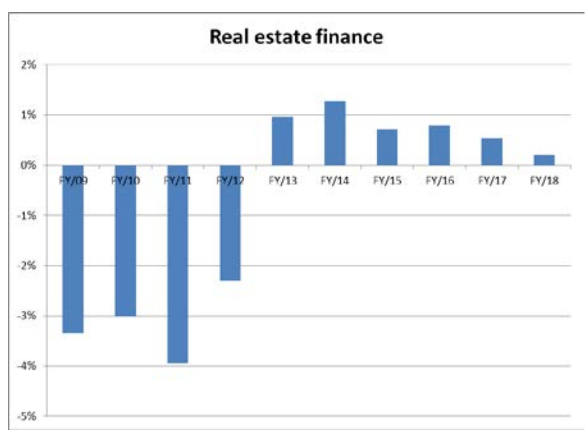

It was the only sector that increased through the recession and continues to be a primary driver for economic growth.

**Accommodation and Food Services.** This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 10% of employment in the MSA. The sector is a major contributor to GRT and Lodgers' Tax.

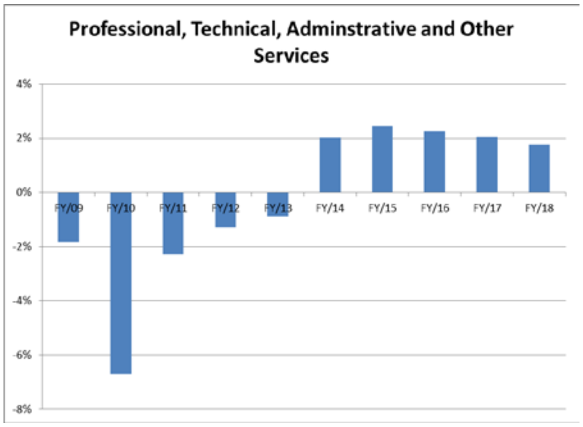



FY/13 showed strong growth of 2.7% and FY/14 has expected growth of 2.2%. The sector reaches its previous peak of FY/08 in FY/14. The remainder of the forecast shows subdued growth in the sector with a maximum of 1.5% in FY/17.

**Real Estate & Financial Activities.** This is two sectors (Real Estate and Finance and Insurance). The 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. FY/13 shows an increase of 1% with FY/14 increasing 1.3%. Growth tapers off through the remainder of the forecast. The sector remains 1,600 jobs below the level of FY/07.

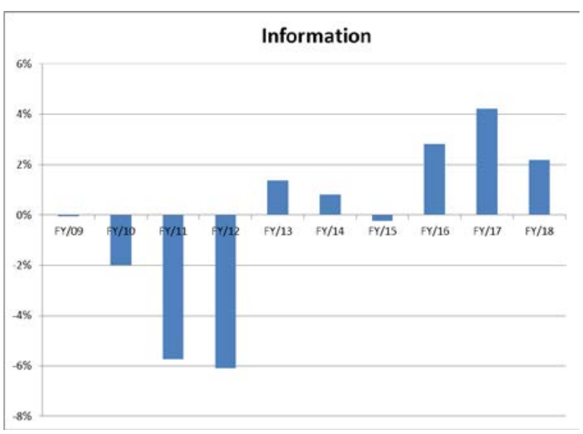



**Professional and other Services**. This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services). The category accounts for 18% of the employment in the MSA. It includes temporary employment agencies, 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)

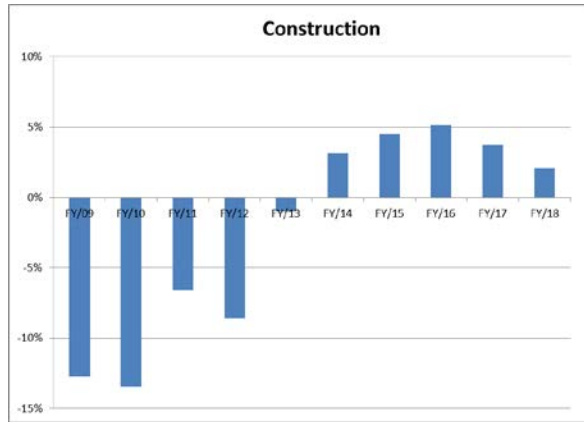



While the national labs have gained some positions the rest of the sector has been very weak. The federal budget problems and sequestration are creating risks in spending reductions and the loss of jobs both at the labs and contractors hired by the labs. Following a small decrease in FY/13 the category is expected to grow in the remainder of the forecast. In FY/18 it still remains 2,000 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 increased 1.4%, but the forecast is very weak until FY/16.




**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 5%. This sector lost 12 thousand jobs from FY/07 to FY/13. In FY/07 its employment share was 8%. After falling consistently from FY/07, employment in construction began increasing at the end of FY/13. FY/13 ended down 1%, but the forecast is expected to show positive growth. FY/14 is expected to increase 3.2% with large increases in FY/15, FY/16, and FY/17. In FY/18 growth is expected to be 2.1%. Even with this growth construction employment is forecasted to be 27% or 8,400 jobs below the FY/07 peak.




Construction permits show the trends in construction and the types of construction. 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 2013 (December of 2013 was estimated) by categories of residential and commercial. Five distinct peaks occured in 1973, 1979, 1985, 1995 and 2005. The last cycle was the longest and the fall following 2005 the largest.

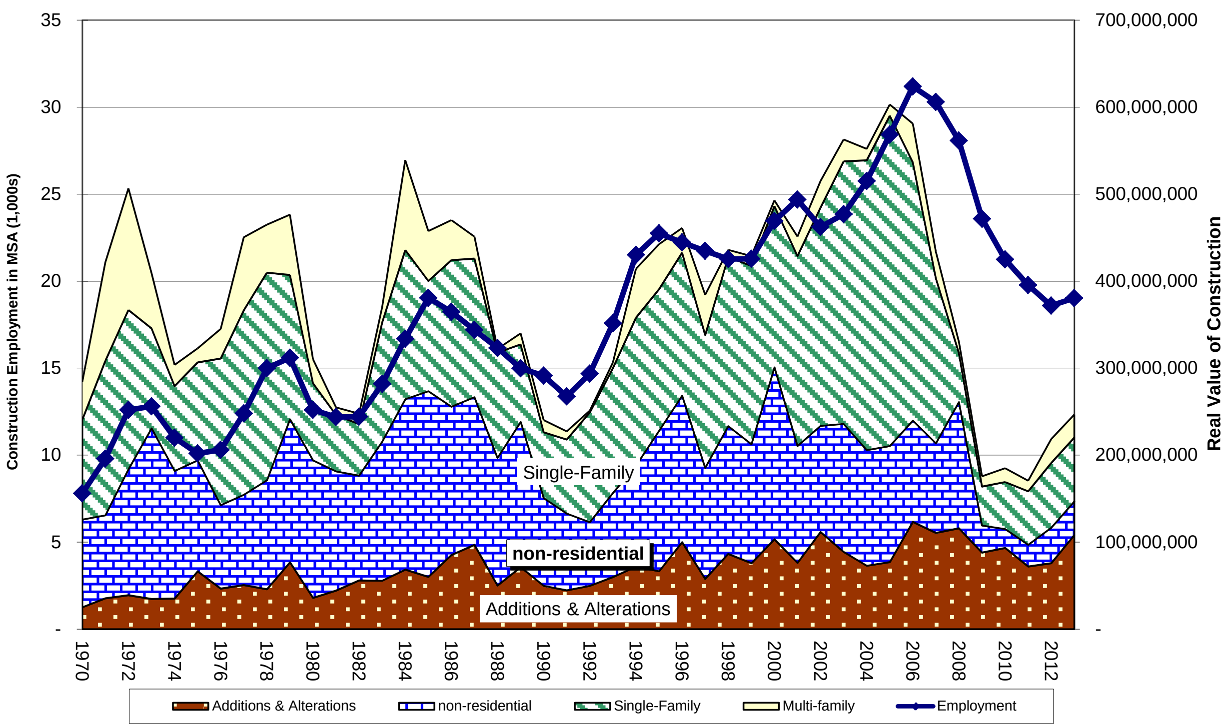
The lowest level of residential construction was reached in the period of August 2008 to February 2009. From this point single family permitting has increased, but it remains subdued and at levels below any other in the chart. In 2008 much of the decline in residential construction was offset by new commercial, primarily public sector 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 did not 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.

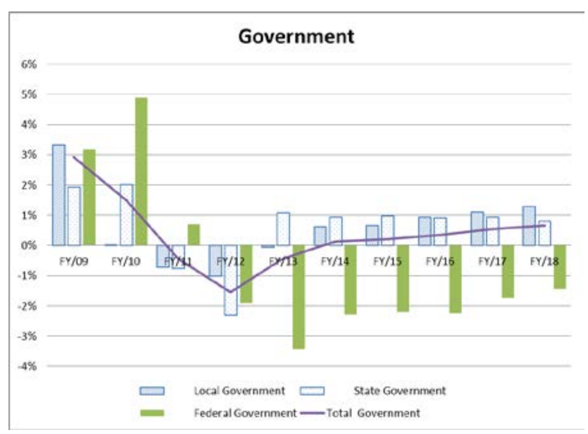
Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction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

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



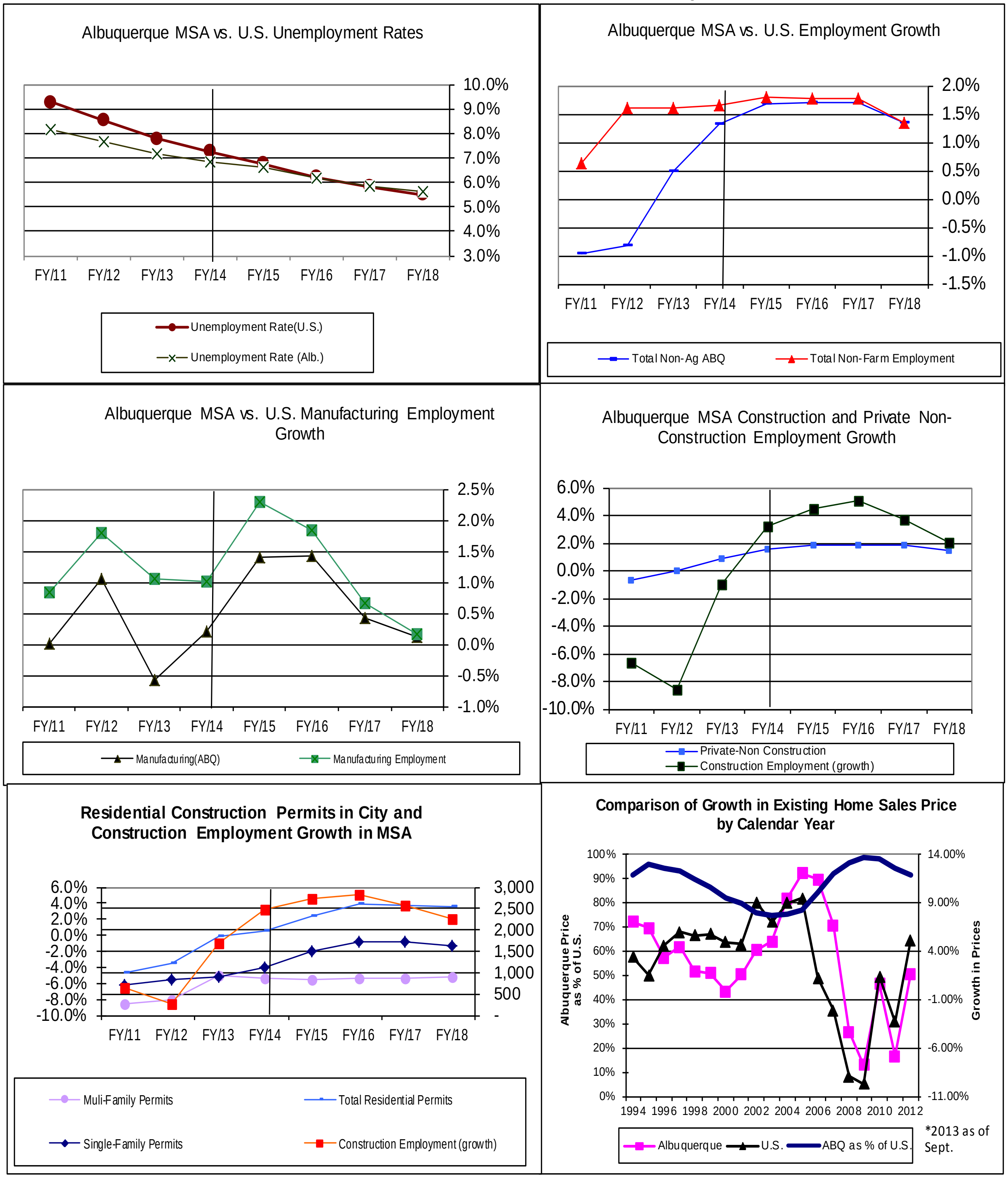

**Government** The government sector makes up almost 22% of the Albuquerque MSA employment. The largest part of State and Local government is education. Local Government includes the public schools and State Government includes the Univeristy of New Mexico. The local sector also includes Indian enterpirses. 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 separetly. 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, FY/12 and 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, due to increases in state and local government. Federal Government after growing strongly in FY/09 and FY/10 showed little growth in FY/11 and declines in FY/12 through the remainder of the forecast. This occurs due to the federal government taking steps to reduce its expenditures.

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 2013 Economic Outlook- BBER and Global Insight



## Economic Variables Underlying the Forecast by Fiscal Year

| | Historical | | | Forecast | | | | |
|---|---|---|---|---|---|---|---|---|
| | FY/11 | FY/12 | FY/13 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
| **National Variables** | | | | | | | | |
| Real GDP Growth | 2.4% | 2.4% | 2.0% | 1.9% | 3.0% | 3.2% | 3.2% | 3.0% |
| Federal Funds Rate | 0.2% | 0.1% | 0.1% | 0.1% | 0.2% | 1.1% | 3.2% | 4.0% |
| 10 U.S. Bonds | 3.1% | 2.1% | 1.8% | 2.8% | 3.0% | 3.5% | 4.2% | 4.6% |
| CPI U | 2.0% | 2.9% | 1.7% | 1.5% | 1.7% | 1.8% | 1.9% | 1.9% |
| Unemployment Rate(U.S.) | 9.3% | 8.5% | 7.8% | 7.3% | 6.8% | 6.2% | 5.8% | 5.5% |
| Total Non-Farm Employment | 0.6% | 1.6% | 1.6% | 1.7% | 1.8% | 1.8% | 1.8% | 1.3% |
| Manufacturing Employment | 0.8% | 1.8% | 1.0% | 1.0% | 2.3% | 1.8% | 0.7% | 0.2% |
| Consumer sentiment index--University of Michigan | 71.1 | 69.1 | 78.2 | 78.9 | 85.9 | 89.2 | 88.3 | 88.9 |
| Exchange Rates | -3.5% | -0.5% | 3.3% | 3.0% | 1.2% | -0.3% | -0.5% | -0.4% |
| Current Trade Account (billions of $) | (460.3) | (453.5) | (412.9) | (413.9) | (446.2) | (480.3) | (498.1) | (510.6) |
| Change in output per hour | 1.5% | 0.9% | 0.8% | 0.6% | 0.9% | 1.3% | 1.7% | 1.9% |
| Natural Gas-Henry Hub $ per MCF | 4.1 | 3.0 | 3.4 | 3.7 | 3.9 | 4.6 | 4.3 | 3.9 |
| West TX Intermediate (dollars per bbl) | 89.4 | 95.0 | 92.3 | 102.7 | 97.5 | 95.4 | 94.7 | 98.4 |
| Wage Growth | 1.7% | 1.7% | 1.8% | 2.1% | 2.2% | 2.4% | 2.6% | 2.6% |
| **Albuquerque Variables** | | | | | | | | |
| Employment Growth and Unemployment in Albuquerque MSA | | | | | | | | |
| Total Non-Ag ABQ | -1.0% | -0.8% | 0.5% | 1.3% | 1.7% | 1.7% | 1.7% | 1.3% |
| Private-Non Construction | -0.6% | 0.0% | 0.9% | 1.5% | 1.9% | 1.8% | 1.9% | 1.5% |
| Construction Employment (growth) | -6.6% | -8.6% | -1.0% | 3.2% | 4.5% | 5.1% | 3.8% | 2.1% |
| Manufacturing(ABQ) | 0.0% | 1.1% | -0.6% | 0.2% | 1.4% | 1.4% | 0.4% | 0.1% |
| Unemployment Rate (Alb.) | 8.1% | 7.7% | 7.2% | 6.8% | 6.6% | 6.2% | 5.9% | 5.6% |
| Construction Units Permitted in City of Albuquerque | | | | | | | | |
| Single-Family Permits | 723 | 844 | 915 | 1,122 | 1,491 | 1,733 | 1,706 | 1,641 |
| Muli-Family Permits | 262 | 359 | 933 | 858 | 822 | 864 | 873 | 896 |
| Total Residential Permits | 985 | 1,203 | 1,848 | 1,980 | 2,314 | 2,597 | 2,579 | 2,536 |

Source Global Insight and FOR-UNM October 2013 Baseline Forecasts

## Albuquerque MSA Employment in Thousands

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---|---|---|---|---|---|---|---|---|
| Total Employment | 357.958 | 354.986 | 356.711 | 361.421 | 367.482 | 373.709 | 380.105 | 385.217 |
| Private Employment | 280.256 | 278.480 | 280.531 | 285.132 | 291.036 | 297.001 | 302.974 | 307.574 |
| Mining & Agriculture | 0.814 | 0.742 | 0.766 | 0.730 | 0.737 | 0.745 | 0.755 | 0.764 |
| Construction | 20.730 | 18.946 | 18.760 | 19.355 | 20.229 | 21.263 | 22.062 | 22.516 |
| Manufacturing | 17.524 | 17.708 | 17.607 | 17.643 | 17.891 | 18.147 | 18.226 | 18.250 |
| Wholesale Trade | 11.928 | 11.484 | 11.572 | 11.627 | 11.754 | 11.879 | 12.009 | 12.087 |
| Retail Trade | 40.976 | 40.755 | 40.783 | 41.167 | 41.482 | 41.732 | 42.140 | 42.427 |
| Transportation, Warehousing & Utilities | 8.919 | 8.865 | 9.004 | 9.249 | 9.470 | 9.715 | 9.908 | 10.058 |
| Information | 8.478 | 7.963 | 8.071 | 8.137 | 8.116 | 8.345 | 8.697 | 8.888 |
| Finance & Insurance | 11.033 | 10.615 | 10.682 | 10.843 | 10.890 | 10.909 | 10.921 | 10.933 |
| Real Estate, Rental & Leasing | 5.060 | 5.109 | 5.195 | 5.237 | 5.306 | 5.413 | 5.490 | 5.513 |
| Professional & Technical Services | 28.711 | 28.420 | 27.988 | 27.959 | 28.340 | 28.812 | 29.295 | 29.770 |
| Management of Companies & Enterprises | 3.298 | 3.340 | 3.296 | 3.356 | 3.372 | 3.383 | 3.390 | 3.394 |
| Administrative & Waste Services | 24.928 | 24.311 | 24.267 | 25.598 | 26.722 | 27.684 | 28.542 | 29.287 |
| Educational Services | 4.690 | 4.933 | 4.861 | 4.822 | 4.871 | 4.930 | 5.004 | 5.072 |
| Healthcare & Social Assistance | 46.013 | 47.509 | 48.598 | 49.653 | 51.415 | 52.916 | 54.682 | 56.237 |
| Arts, Entertainment & Recreation | 3.628 | 3.946 | 4.403 | 4.340 | 4.410 | 4.490 | 4.576 | 4.649 |
| Accommodation & Food Services | 33.675 | 33.971 | 34.897 | 35.670 | 36.181 | 36.688 | 37.251 | 37.663 |
| Other Services & Unclassified | 9.851 | 9.853 | 9.782 | 9.747 | 9.850 | 9.948 | 10.027 | 10.065 |
| Government | 77.703 | 76.506 | 76.179 | 76.289 | 76.446 | 76.708 | 77.131 | 77.644 |
| Local Government | 41.004 | 40.587 | 40.567 | 40.823 | 41.099 | 41.487 | 41.953 | 42.493 |
| State Government | 20.928 | 20.447 | 20.672 | 20.866 | 21.070 | 21.264 | 21.463 | 21.634 |
| Federal Government | 15.771 | 15.472 | 14.940 | 14.600 | 14.277 | 13.957 | 13.715 | 13.516 |
| Military Employment | 6.095 | 6.234 | 6.242 | 6.170 | 6.186 | 6.106 | 6.065 | 6.042 |
| **Growth Rates** | | | | | | | | |
| Total Employment | -1.0% | -0.8% | 0.5% | 1.3% | 1.7% | 1.7% | 1.7% | 1.3% |
| Private Employment | -1.1% | -0.6% | 0.7% | 1.6% | 2.1% | 2.0% | 2.0% | 1.5% |
| Mining & Agriculture | 4.8% | -8.9% | 3.2% | -4.7% | 1.0% | 1.1% | 1.3% | 1.2% |
| Construction | -6.6% | -8.6% | -1.0% | 3.2% | 4.5% | 5.1% | 3.8% | 2.1% |
| Manufacturing | 0.0% | 1.1% | -0.6% | 0.2% | 1.4% | 1.4% | 0.4% | 0.1% |
| Wholesale Trade | -1.7% | -3.7% | 0.8% | 0.5% | 1.1% | 1.1% | 1.1% | 0.6% |
| Retail Trade | -0.4% | -0.5% | 0.1% | 0.9% | 0.8% | 0.6% | 1.0% | 0.7% |
| Transportation, Warehousing & Utilities | 1.0% | -0.6% | 1.6% | 2.7% | 2.4% | 2.6% | 2.0% | 1.5% |
| Information | -5.7% | -6.1% | 1.4% | 0.8% | -0.3% | 2.8% | 4.2% | 2.2% |
| Finance & Insurance | -4.0% | -3.8% | 0.6% | 1.5% | 0.4% | 0.2% | 0.1% | 0.1% |
| Real Estate, Rental & Leasing | -3.8% | 1.0% | 1.7% | 0.8% | 1.3% | 2.0% | 1.4% | 0.4% |
| Professional & Technical Services | -3.5% | -1.0% | -1.5% | -0.1% | 1.4% | 1.7% | 1.7% | 1.6% |
| Management of Companies & Enterprises | 0.9% | 1.3% | -1.3% | 1.8% | 0.5% | 0.3% | 0.2% | 0.1% |
| Administrative & Waste Services | -2.1% | -2.5% | -0.2% | 5.5% | 4.4% | 3.6% | 3.1% | 2.6% |
| Educational Services | 3.6% | 5.2% | -1.4% | -0.8% | 1.0% | 1.2% | 1.5% | 1.4% |
| Healthcare & Social Assistance | 2.4% | 3.3% | 2.3% | 2.2% | 3.5% | 2.9% | 3.3% | 2.8% |
| Arts, Entertainment & Recreation | -1.5% | 8.8% | 11.6% | -1.4% | 1.6% | 1.8% | 1.9% | 1.6% |
| Accommodation & Food Services | 0.4% | 0.9% | 2.7% | 2.2% | 1.4% | 1.4% | 1.5% | 1.1% |
| Other Services & Unclassified | -0.1% | 0.0% | -0.7% | -0.4% | 1.1% | 1.0% | 0.8% | 0.4% |
| Government | -0.4% | -1.5% | -0.4% | 0.1% | 0.2% | 0.3% | 0.6% | 0.7% |
| Local Government | -0.7% | -1.0% | 0.0% | 0.6% | 0.7% | 0.9% | 1.1% | 1.3% |
| State Government | -0.8% | -2.3% | 1.1% | 0.9% | 1.0% | 0.9% | 0.9% | 0.8% |
| Federal Government | 0.7% | -1.9% | -3.4% | -2.3% | -2.2% | -2.2% | -1.7% | -1.4% |
| Military Employment | 1.0% | 2.3% | 0.1% | -1.1% | 0.3% | -1.3% | -0.7% | -0.4% |

# REVENUE OUTLOOK

## PROJECTED REVENUES FOR FISCAL YEARS 2014-2018

The following forecast of revenues is presented in tables following this section. They are based on the October 2013 GI and FOR-UNM baseline forecasts. The presentation provides unaudited FY/13 receipts, the budget and revised estimates for FY/14 and the baseline forecast receipts for fiscal years 2015-2018. 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 an increase in the anticipated FY/14 revenues and is 1.9% above FY/13 and $4.3 million above the FY/14 budget. This is primarily due to increases in GRT revenue based on stronger than anticipated FY/13 and somewhat stronger than expected growth in FY/14. The first four months of the one-percent distribution for the fiscal year have positive growth of 3.4% with the last seven months posting positive growth. The estimated growth for the full fiscal year is only 2.2%. The economy appears to have finally turned, but there are substantial risks. The effects of the "sequester" haven't been fully felt and employment growth though positive is limited. Additionally the impact of the deductions for construction services and manufacturing consumables have not been fully utilized. Property taxes remain relatively weak as the growth in the tax base is limited. Building permits have rebounded, but not as much as expected in the FY/14 budget.

The long-term baseline forecast anticipates that the General Fund recurring revenue growth is expected to be 2.4%, 1.7%, 2.4%, 2.5%, and 2.2% in FY/15, FY/16, FY/17, and FY/18 respectively.

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

### General Fund Revenue Estimates

**Gross Receipts Tax.** The GRT revenues for FY/13 were $2.8 million above the amount anticipated in the estimated FY/13 GRT revenue. GRT began steadily increasing in the last half of FY/13 and ended the year with growth in the one-percent distribution of 1.3%; approximately 1% above the estimated growth of 0.24%. Growth in FY/13 was also limited in part by an estimated $1.3 million in GRT that was distributed to the Winrock TIDD that should have been distributed to the City.

The FY/14 budget had anticipated that the GRT distributions would increase by 1.7%. Based on the increase of 3.4% in the first four months of the year and some strength in the economy this estimate is increased to 2.2%. This 2.2% includes the $1.3 million from the Winrock TIDD. This amounts to 0.4% of the 2.2% growth.

Growth in the GRT is forecast using forecasts of economic activity, then adjustments are made for known changes. In this forecast adjustments are made for the deduction for construction services and manufacturing, Tax Increment Development Districts, and the phase out of the food and medical hold harmless. The following table shows growth rates in GRT before and after adjustments.

| | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|
| Growth w/o adjustments | 3.0% | 3.9% | 4.0% | 3.9% | 3.3% |
| Comp., Penalty & Interest | -0.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Man.& Const. | -1.0% | -1.0% | -0.3% | -0.3% | 0.0% |
| F&M hold harmless | 0.0% | 0.0% | -0.7% | -0.7% | -0.7% |
| TIDDs | 0.4% | -0.2% | -0.1% | 0.0% | -0.1% |
| Adjusted Rate | 2.2% | 2.7% | 2.8% | 2.8% | 2.5% |

A full explanation of the deductions is included in a later section on estimating Gross Receipts taxes.

**Property Tax.** FY/13 revenues were higher than expected. FY/14 revenues were adjusted up based on this increase and the growth of 0.8% based on the Bernalillo County assessors' final tax base. The growth rate is held to 1% for FY/15 and FY/16 and then assumed to grow 2% for FY/16 and FY/17. An adjustment is made to the property tax based on the property tax distributions expected to be made to the Mesa del Sol TIDD. The adjustments are contained in the following table.

Adjustment in Thousands of Dollars

| | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|
| Property Tax Adjustments for MDS | (180) | (199) | (246) | (311) | (408) |

These adjustments reduce the growth rates by 0.2% to 0.5% from the rates described above.

**Franchise Taxes.** Franchise taxes in FY/13 as a whole were near the estimate. Natural gas and other telecommunications were lower than expected while electricity and water were higher. In FY/14 revenues are expected to be better than budget, but somewhat below FY/13 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 for FY/14 and FY/15 and is held at zero growth for the remainder of the forecast.

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 kept at the FY/14 budget level. In future years growth is limited to population and the increases in natural gas prices forecast by GI. The electric franchise is held at the FY/14 level and expected to have limited growth represented by increases in the number of customers. Electricity franchise revenue could grow more rapidly if rate increases are allowed by the Public Utility Commission. Telecommunications franchise includes other telecommunications companies. Revenues were adjusted down to the FY/13 level and it is assumed there is no growth from FY/15 to FY/18. 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 is held at the FY/14 budgeted level. A rate increase of 4% is expected in FY/16. No growth is expected except for the rate increase. Any growth in the number of customers is expected to be offset by water conservation.

**Payments-In-Lieu-Of-Taxes (PILOT**). PILOT revenues are adjusted to reflect the FY/13 actual results that are somewhat above the FY/14 budgeted level. Growth is limited to population growth of 1%.

**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% followed by growth of 16% in FY/13. In FY/14 revenues are reduced from the budget. Both FY/13 and FY14 had been based on 20% growth. FY/13 had growth of 16% and based on the first four months of FY/14 it is expected that FY/14 will grow 15%. The growth in permits in FY/15 to FY/18 is expected to remain strong and post the same percentage gains as residential housing growth based on the FOR-UNM forecast.

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 the city right of way, and other miscellaneous fees. FY/14 revenue is increased slightly from the budgeted level based on the FY/13 actual receipts. In FY/15 through FY/18 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 expenditures. 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/13 actual revenues were below estimated revenues. FY/14 is expected to reach the budgeted level. It is expected that high gasoline prices, increasing use of fuel efficient vehicles, and limited population growth will limit the future growth in revenue.

In total growth for this category remains flat from FY/15 to FY/18 with growth of 0.5% a year.

**Charges for Services**. Charges for services include fees charged for entry into City venues and services provided to citizens. FY/14 revenues are kept at the budgeted level. These revenues include a complete year of the BioPark fee increase. The remainder of the forecast is limited to 1%; approximately the expected growth in population.

**Internal Service.** In FY/14 revenues are kept at the budgeted level. FY/15 is kept flat and FY/16 through FY/18 increase at the rate of wage and salary compensation as forecast by GI.

**Indirect Overhead**. Indirect overhead in FY/14 is kept at the budgeted level. FY/15 is kept flat and FY/16 through FY/18 increase at the rate of wage and salary compensation as forecast by GI.

The FY/14 budget incorporates the more limited services provided to the Water Utility Authority.

**CIP-Funded Positions** In FY/13 funding for CIP positions was reduced at the BioPark 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 the FY/14 budget, revenues were 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. FY/14 is kept at the budgeted level. FY/15 is kept flat and FY/16 through FY/18 increase at the rate of wage and salary compensation as forecast by GI.

**Miscellaneous**. This includes fines, rental of City property and “other miscellaneous” revenues. The FY/14 revenues are held at the budget. Revenues are kept flat for the remainder of the forecast.

**Interest Earnings**. Interest earnings have been at extremely depressed levels. FY/14 is kept at the budgeted level with no growth expected until FY/15. The growth that occurs in the remainder of the forecast is relatively large and based on expected increases in 2 year treasury rates forecast by GI.

**Interfund Transfers.** Interfund transfers for FY/14 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/13 | Budget FY/14 | Five year FY/14 | FY/15 | FY/16 | FY/17 | FY/18 | Growth FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GRT | | | | | | | | | | | | |
| State Shared 1.225% | 176,024 | 177,022 | 180,107 | 185,013 | 190,201 | 195,523 | 200,447 | 2.3% | 2.7% | 2.8% | 2.8% | 2.5% |
| local distribution compensating tax | 1,485 | 1,722 | 1,173 | 1,213 | 1,192 | 1,195 | 1,173 | -21.0% | 3.4% | -1.7% | 0.2% | -1.8% |
| Local GRT (w/o public safety) | 81,691 | 81,620 | 83,585 | 85,858 | 88,317 | 90,776 | 93,054 | 2.3% | 2.7% | 2.9% | 2.8% | 2.5% |
| Public Safety GRT | 35,436 | 36,205 | 36,258 | 37,242 | 38,290 | 39,357 | 40,344 | 2.3% | 2.7% | 2.8% | 2.8% | 2.5% |
| Penalty and Interest | 2,072 | 2,361 | 2,000 | 2,054 | 2,112 | 2,171 | 2,225 | -3.5% | 2.7% | 2.8% | 2.8% | 2.5% |
| Total GRT | 296,708 | 298,930 | 303,124 | 311,380 | 320,112 | 329,021 | 337,244 | 2.2% | 2.7% | 2.8% | 2.8% | 2.5% |
| | | | | | | | | | | | | |
| Property Taxes | 77,720 | 76,857 | 78,124 | 78,707 | 79,248 | 80,522 | 81,724 | 0.5% | 0.7% | 0.7% | 1.6% | 1.5% |
| | | | | | | | | | | | | |
| Cable TV | 4,291 | 4,319 | 4,319 | 4,362 | 4,406 | 4,450 | 4,494 | 0.7% | 1.0% | 1.0% | 1.0% | 1.0% |
| Electric | 9,221 | 9,078 | 9,078 | 9,169 | 9,306 | 9,446 | 9,588 | -1.6% | 1.0% | 1.5% | 1.5% | 1.5% |
| Gas | 4,002 | 4,260 | 4,260 | 4,368 | 4,672 | 4,801 | 4,614 | 6.5% | 2.5% | 6.9% | 2.8% | -3.9% |
| Telecommunications | 239 | 417 | 239 | 239 | 239 | 239 | 239 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Telephone | 1,810 | 1847 | 1,756 | 1,703 | 1,703 | 1,703 | 1,703 | -3.0% | -3.0% | 0.0% | 0.0% | 0.0% |
| Water Authority Franchise | 6,006 | 6,136 | 6,136 | 6,136 | 6,381 | 6,381 | 6,381 | 2.2% | 0.0% | 4.0% | 0.0% | 0.0% |
| Franchise (subtotal) | 25,569 | 26,057 | 25,788 | 25,977 | 26,707 | 27,020 | 27,019 | 0.9% | 0.7% | 2.8% | 1.2% | 0.0% |
| | | | | | | | | | | | | |
| Other Intergovl | 4,750 | 4,431 | 4,431 | 4,453 | 4,475 | 4,498 | 4,520 | -6.7% | 0.5% | 0.5% | 0.5% | 0.5% |
| Building Permits | 6,233 | 7,799 | 6,856 | 7,488 | 8,208 | 8,871 | 9,326 | 10.0% | 9.2% | 9.6% | 8.1% | 5.1% |
| Other Licenses/Fees | 5,110 | 5,050 | 5,110 | 5,161 | 5,212 | 5,264 | 5,317 | 0.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Charges for Services | 20,599 | 20,847 | 20,847 | 21,255 | 21,468 | 21,683 | 21,900 | 1.2% | 1.0% | 1.0% | 1.0% | 1.0% |
| Internal Service | 1,332 | 1,384 | 1,384 | 1,398 | 1,412 | 1,426 | 1,440 | 3.9% | 1.0% | 1.0% | 1.0% | 1.0% |
| Interest on Invest | 142 | 330 | 330 | 373 | 495 | 955 | 1,099 | 132.2% | 13.0% | 250.0% | 93.0% | 15.0% |
| Other Miscellaneous | 2,858 | 1,038 | 1,038 | 1,038 | 1,038 | 1,038 | 1,038 | -63.7% | 0.0% | 0.0% | 0.0% | 0.0% |
| Interfund Transfers | 3,408 | 2,269 | 2,175 | 2,175 | 2,175 | 2,175 | 2,175 | -36.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| PILOT | 1,706 | 1,617 | 1,706 | 1,714 | 1,731 | 1,748 | 1,766 | 0.0% | 0.5% | 1.0% | 1.0% | 1.0% |
| Indirect Overhead | 12,380 | 15,770 | 15,770 | 15,770 | 16,153 | 16,571 | 16,996 | 27.4% | 0.0% | 2.4% | 2.6% | 2.6% |
| CIP-Funded Positions | 9,777 | 10,463 | 10,463 | 10,463 | 10,717 | 10,995 | 11,276 | 7.0% | 0.0% | 2.4% | 2.6% | 2.6% |
| Total Revenue | 468,291 | 472,842 | 477,144 | 487,352 | 499,153 | 511,788 | 522,841 | 1.9% | 2.1% | 2.4% | 2.5% | 2.2% |
| | | | | | | | | | | | | |
| Non-Recurring Revenue | 2,330 | 71 | 71 | 2,233 | 2,407 | 2,551 | 2,628 | -97.0% | 3045.4% | 7.8% | 6.0% | 3.0% |
| | | | | | | | | | | | | |
| Recurring Revenue | 465,961 | 472,771 | 477,073 | 485,118 | 496,746 | 509,237 | 520,213 | 2.4% | 1.7% | 2.4% | 2.5% | 2.2% |

Non Recurring Revenue includes the reduction in Hold Harmless to be removed in the next year

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 re-construction which had large impacts on GRT revenues for short periods.

**Adjustments to the estimates**

Estimates of GRT are determined using the models described above, but often there are known future changes to state GRT statutes or other changes to the economy that were not in place in the historical period. To account for these factors changes are made outside the econometric models to account for these effects.

**Manufacturing and Construction**

Deductions for the estimates 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 were anticipated to reduce the growth estimate by over 0.5%. It is assumed that this occurred, and in FY/14 growth is reduced by about 1%, due to the full year impact of the deductions. In the out years, the growth rate is reduced by about 0.4% through FY/17 and to about 0.1% in FY/18 (after the manufacturing deductions are fully phased in).

**Food and Medical Hold harmless**

The first year of the phased out reduction occurs is in FY/16. The distribution is reduced by 6% in FY/16 and an additional 6% in the following years. In FY/15 this has an impact on the recurring revenue since the following years reduction is counted as non-recurring revenue in FY/15. The general fund will lose approximately $2.2 million $4.6 million and $7.2 million in FY/16, FY/17, and FY/18 respectively.

**Tax Increment Development Districts**

In FY/13 approximately $1.3 million in GRT distribution was mistakenly distributed to the Winrock TIDD. These monies should have been distributed to the City. Since this money was not included in the FY/13 revenues it was added to every year in the forecast. In future years it is assumed that the Winrock TIDD will receive some valid GRT distributions. These distributions are shown as a decrease in the base of $1.3 million. The Mesa Del Sol TIDD is also receiving an increment of GRT. The estimate for the incremental change is included. The forecast for increased GRT is largely due to increases in residential construction. This makes the impact on revenues relatively small.

TIDD Reductions

| GRT Adjustments | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|
| Winrock | 1,300 | 1,150 | 1,150 | 1,050 | 1,050 |
| Mesa Del Sol (MDS) | (200) | (491) | (749) | (749) | (980) |
| Total for TIDDS | 1,100 | 659 | 401 | 301 | 70 |

# Adjustments to GRT

| | Unaudited | Budget | Five year | | | | | Growth | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY/13 | FY/14 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
| Total GRT | 296,708 | 303,529 | 304,989 | 316,735 | 329,272 | 342,018 | 353,328 | 2.79% | 3.9% | 4.0% | 3.9% | 3.3% |
| Manufacturing Inputs (grown at manufacturing employment) | (540) | (2,210) | (1,670) | (3,361) | (4,545) | (5,705) | (5,713) | 0.0% | 1.4% | 1.4% | 0.4% | 0.1% |
| Construction Services(grows at forecast construction GRT) | (1,094) | (2,390) | (1,296) | (2,610) | (2,861) | (3,092) | (3,250) | 5.6% | 9.2% | 9.6% | 8.1% | 5.1% |
| Total Deduction Manufacturing and Construction services | (1,634) | (4,599) | (2,965) | (6,014) | (7,327) | (8,658) | (8,963) | | 102.8% | 21.8% | 18.2% | 3.5% |
| Deductions For Food and Medical Hold Harmless | | | | | (2,233) | (4,640) | (7,191) | | | | | |
| TIDDS | | | 1,100 | 659 | 401 | 301 | 70 | | | | | |
| Adjusted GRT Estimate | 296,708 | 298,930 | 303,124 | 311,380 | 320,112 | 329,021 | 337,244 | 2.2% | 2.7% | 2.8% | 2.8% | 2.5% |

# 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/18. For the current fiscal year ending June 30, 2014, expenses are projected using the original appropriation as a base. The base is adjusted to account for subsequent mid-year adjustments approved by the Council including $2.1million in re-appropriated encumbrances, $667 thousand for the runoff election, a mid-year position at Animal Welfare, $200 thousand for backfilling positions in training at Fire, $400 thousand for half-year funding of a rescue unit at Fire Station 2, and $200 thousand for economic development incentives.

FY/15 estimated costs are, for the most part, derived independently of FY/14 estimates. The FY/15 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/15 expenditure estimates do not reflect any administrative initiatives to balance to projected revenues.

The forecast beyond FY/15 is largely driven by inflation factors applied to the FY/15 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

| | | FACTORS | | | |
|---|---|---|---|---|---|
| BASELINE SCENARIO FACTORS | SHORT NAME | FY15 | FY16 | FY17 | FY18 |
| CPI - All Urban Consumers, All Items | CPI-U | 1.7% | 1.8% | 1.9% | 1.9% |
| EMPLOYMENT COST INDEX - Wages & Salary, Private Nonfarm | WAGES | 2.2% | 2.4% | 2.6% | 2.6% |
| Price Index Consumer Exp Medical Care | MEDICAL | 2.4% | 2.2% | 2.3% | 2.4% |
| PRICE INDEX - Consumer Expenditures, New Cars | NEWAUTO | 0.4% | 0.9% | 0.9% | 0.8% |
| PRICE INDEX - Consumer Exp, Transportation Services | AUTOREP | 1.6% | 1.8% | 1.9% | 1.8% |
| PRICE INDEX - Consumer Exp, House Oper, Natural Gas | NATGAS | 5.0% | 3.9% | 4.7% | 4.4% |
| PRICE INDEX - Consumer Exp, Gasoline & Oil | FUEL | -3.0% | -1.1% | 0.1% | 2.5% |
| PPI - Fuels & Related Products, Electric Power | ELECT | 1.4% | 1.7% | 2.4% | 2.4% |
| PRICE INDEX - Govt Consumption, Noncompensation | GOVT | 1.7% | 2.0% | 2.1% | 2.1% |
| PRICE INDEX - Cons Exp, Tires/Tubes/Accessories/Parts | TIRES | 0.7% | 0.9% | 0.8% | 0.7% |
| Growth of Gross Receipts Tax Revenue | GRT | 2.7% | 2.8% | 2.8% | 2.5% |

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

| | UNAUDITED ACTUAL FY/13 | REVISED BUDGET FY/14 | FORECASTS FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|---|
| RESOURCES: | | | | | | |
| Recurring Revenue | 465,961 | 477,073 | 485,118 | 496,746 | 509,237 | 520,213 |
| % Change Recurring Revenue | | 2.4% | 1.7% | 2.4% | 2.5% | 2.2% |
| Total Non-recurring | 2,330 | 71 | 2,233 | 2,407 | 2,551 | 2,628 |
| TOTAL REVENUES | 468,291 | 477,144 | 487,352 | 499,153 | 511,788 | 522,841 |
| % Change Total Revenue | | 1.9% | 2.1% | 2.4% | 2.5% | 2.2% |
| BEGINNING FUND BALANCE | 59,224 | 58,516 | 51,667 | 39,826 | 21,654 | (516) |
| TOTAL RESOURCES | 527,515 | 535,660 | 539,019 | 538,978 | 533,442 | 522,325 |
| EXPENDITURES/APPROPRIATIONS: | | | | | | |
| Recurring Expenditures/Appropriations | 455,484 | 473,657 | 492,020 | 510,119 | 529,269 | 549,526 |
| % Change Recurring Appropriation | | 4.0% | 3.9% | 3.7% | 3.8% | 3.8% |
| Non-recurring Exp/App: | | | | | | |
| One-time Items | 13,515 | 10,336 | 7,173 | 7,206 | 4,689 | 4,238 |
| Total Non-recurring | 13,515 | 10,336 | 7,173 | 7,206 | 4,689 | 4,238 |
| TOTAL EXPEND/APPROP | 468,999 | 483,993 | 499,193 | 517,325 | 533,958 | 553,764 |
| UNADJUSTED FUND BALANCE | 58,516 | 51,667 | 39,826 | 21,654 | (516) | (31,439) |
| ADJUSTMENTS: | | | | | | |
| Encumbrances | (2,133) | 0 | 0 | 0 | 0 | 0 |
| Unrealized Gains on Investments | (5) | (5) | (5) | (5) | (5) | (5) |
| Other Accounting Adjustments | (47) | (47) | (47) | (47) | (47) | (47) |
| TOTAL ADJUSTMENTS | (2,185) | (52) | (52) | (52) | (52) | (52) |
| ADJUSTED FUND BALANCE | 56,331 | 51,615 | 39,774 | 21,602 | (568) | (31,491) |
| RESERVES: | | | | | | |
| 1/12th Operating Reserve | 39,630 | 40,026 | 41,599 | 43,110 | 44,497 | 46,147 |
| Reserve for the Cost of Labor | 1,424 | 4,779 | 4,779 | 4,779 | 4,779 | 4,779 |
| Increase to Reserve | 400 | 600 | 800 | 1,000 | 1,200 | 1,400 |
| Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RESERVES | 41,454 | 45,405 | 47,178 | 48,889 | 50,476 | 52,326 |
| AVAILABLE FUND BALANCE | 14,877 | 6,210 | (7,404) | (27,287) | (51,044) | (83,817) |

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

| | UNAUDITED ACTUAL FY/13 | REVISED BUDGET FY/14 | FORECASTS FY/15 | | FY/16 | | FY/17 | | FY/18 | |
|---|---|---|---|---|---|---|---|---|---|---|
| PERSONNEL | 310,262 | 323,902 | 325,739 | 0.6% | 333,566 | 2.4% | 342,202 | 2.6% | 350,972 | 2.6% |
| OPERATING | 81,894 | 76,954 | 76,272 | -0.9% | 77,718 | 1.9% | 79,386 | 2.1% | 81,128 | 2.2% |
| CAPITAL | 2,037 | 0 | 0 | na | 0 | na | 0 | na | 0 | na |
| TRANSFERS | 74,806 | 79,479 | 78,780 | -0.9% | 80,355 | 2.0% | 81,319 | 1.2% | 81,071 | -0.3% |
| ADDITIONAL ITEMS FACTORED | 0 | 3,658 | 18,402 | na | 25,686 | 39.6% | 31,050 | 20.9% | 40,594 | 30.7% |
| GRAND TOTAL | 468,999 | 483,993 | 499,193 | 3.1% | 517,325 | 3.6% | 533,958 | 3.2% | 553,764 | 3.7% |

This forecast does not assume any reductions in recurring expenses for FY/15. An overall increase of 3.1% in total expenses is reflected for FY/15 as compared to FY/14.

In the personnel category of expenses, the base for FY/15 reflects a 0.6% increase including funding for positions created mid-year. Not shown in that line but reflected in the “Additional Items Factored” is a 1% wage increase for all employees. Beyond that, the money reserved for raises (subject to collective bargaining) is carried forward in the fund table, assuming it gets appropriated sometime in FY/14. In addition, medical cost increases of $2.6 million (including those related to compliance with the Affordable Health Care Act) and PERA contribution cost increases of $929 thousand are included in the “Additional Items Factored”.

Operating costs are reduced by 0.9% in FY/15 as one-time funding for FY/14 is removed from the base. Funding for capital items is shown at zero in the table above. However, one-time capital costs are included but shown in the “Additional Items Factored” category above. They include: replacement of the KIVA Software and improvements at Ladera Golf Course. Additional one-time money is included in the FY/15 forecast for incentives for economic development, performance improvement projects, and hosting of the NM Municipal League Conference.

In the “Transfers” category above, a reduction of 0.9% is shown reflecting a slight reduction in the subsidy to Transit and an elimination of the subsidy to Parking as bonds for parking structures are paid off in FY/14.

A capital project, whether it is a new structure or an expansion of existing footprint, often requires additional cost to operate. One of the most significant cost increases shown in this forecast is related to capital (or CIP) coming-on-line. Departments estimate a need for $3.8 million in additional funding to operate projects coming-on-line in FY/15. The additional estimates for FY/16 through FY/18 are $2.5 million, $2.7 million, and $3.3 million, respectively.

Because the City is self-insured, departments are charged assessments based on historical trends in experience and exposure for workers compensation, tort and other claims. A thorough review of outstanding cases was conducted by city adjusters that brought to light a need for a significant increase in the cost of risk for FY/15. The increase is broken into two categories: normal cost of risk and a recovery plan for shoring up underfunded tort cases. Together these total a $5.1 million increase for the FY/15 estimate. The normal cost of risk over the forecast period changes by 26%, -5%, 1%, and 2% for FY/15 through FY/18, respectively. The recovery piece is a constant $2.5 million annually through FY/18. These items are identified in the "Additional Items Factored" category in Table C above.

The table below presents the history of compensation adjustments by union series.

COMPENSATION BY BARGAINING UNIT

| UNION | 2014 a | 2013 b | 2012 b | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI Urban | 1.50% | 1.50% | 2.90% | 2.00% | 1.00% | 1.40% | 3.7% | 2.6% | 3.8% | 3.0% | 23.4% |
| Blue Collar - Local 624 - AFSCME, AFL-CIO | 0.0% | 0.0% | 0.0% | -1.77% | 3.0% | 3.0% | 3.5% | 3.5% | 3.2% | 3.2% | 17.6% |
| Clerical and Technical - AFSCME 2962 | 0.0% | 0.0% | 0.0% | -1.21% | 3.0% | 3.0% | 3.5% | 3.5% | 3.2% | 3.2% | 18.2% |
| Fire Firefighters Union | 0.0% | 0.0% | 0.0% | -2.47% | 5.0% | 5.0% | 4.5% | 4.5% | 3.2% | 3.2% | 22.9% |
| J Series - Security Staff | 0.0% | 0.0% | 0.0% | -1.17% | 3.0% | 3.0% | 3.5% | 3.5% | 3.2% | 3.2% | 18.2% |
| Bargaining Management | 1.0% | 1.0% | 0.0% | -2.29% | 3.0% | 3.0% | 3.5% | 3.5% | 3.2% | 3.2% | 19.1% |
| Non-Bargaining Management | 1.0% | 1.0% | 1.0% | -2.79% | 3.0% | 3.0% | 3.5% | 3.5% | 3.2% | 3.2% | 19.6% |
| Albuq. Police Officers Assoc. | 0.0% | 0.0% | 0.0% | -2.41% | 9.1% | 11.4% | 4.5% | 4.5% | 3.9% | 3.9% | 34.9% |
| United Transportation - Local 1745 | 0.0% | 0.0% | 0.0% | -0.48% | 3.0% | 3.0% | 3.5% | 3.5% | 3.2% | 3.2% | 18.9% |

a) The FY/14 Budget holds reserves equivalent to a 1% pay increase for all bargaining unit employees. To date, only M Series has ratified a contract.

b) The 2013 and 2012 budgets reserved the equivalent of one percent for employees earning under $50 thousand.

# REVENUES AND EXPENDITURES UNDER 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 Gross Receipts Tax (GRT) and construction related revenues.

The alternative scenarios are based on the October 2013 forecasts from the FOR-UNM model from the Bureau of Business and Economic Research (BBER) and Global Insight (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 60%.

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 compared to the differences in revenue. Additionally, expenses generally increase faster in the optimistic case offsetting some of the gain in revenue. Likewise, in the pessimistic scenario expenses grow more slowly offsetting some of the losses in revenue.

The changes in revenue are more substantial as the changes in employment have a large impact on the GRT revenue. The effects on available fund balance as shown in the following table are substantial.

Available Fund Balance by Scenario

| | FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|
| Baseline | (7,404) | (27,287) | (51,044) | (83,817) |
| Optimistic | 6,438 | (5,636) | (24,390) | (53,647) |
| Pessimistic | (25,417) | (58,362) | (93,436) | (133,233) |

The sections below show the fund balance tables and revenue and expense summaries.

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 20% 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 2.7% in FY/15, and employment exceeds the FY/08 employment peak by FY/17. Construction employment is well above the baseline and residential housing permits increase and are well above the baseline in FY/15 through FY/18. The unemployment rate drops to 4.4% by FY/18. This strong growth in employment and construction create conditions for a rebound in GRT and the underlying growth is 5.6% in FY/15. Unfortunately the effect of deductions reduces this growth to 3.4%. These deductions are increased in the remaining years of the forecast by the phase out in the hold harmless for food and medical deductions.

Even in this optimistic scenario growth in revenue does not equal the growth in expenditures and the available fund balance becomes negative in FY/16.

A table comparing the growth rates of change by scenario for other economic variables is included at the back of this section.

### OPTIMISTIC SCENARIO INFLATION FACTORS

| GLOBAL INSIGHT OPTIMISTIC SCENARIO | | | | | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| All Items | 2.0% | 2.0% | 1.3% | 1.5% | 1.7% |
| Employment Cost Index-Wages & Salary | 2.4% | 2.7% | 2.8% | 2.8% | 2.8% |
| Medical Care | 1.9% | 2.6% | 2.0% | 2.1% | 2.2% |
| New Cars | 0.6% | 1.1% | 0.3% | -0.3% | -0.2% |
| Trasportation | 1.8% | 1.9% | 1.6% | 1.6% | 1.6% |
| Natural Gas | 3.5% | 2.9% | 6.8% | 2.1% | -4.5% |
| Gasoline & Oil | 1.4% | -5.3% | -9.0% | -1.6% | 2.6% |
| Electricity Chained Price Index | 2.6% | 1.6% | 1.6% | 2.0% | 2.1% |
| PRICE INDEX-Govt Consumption Noncompensation | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% |
| Tires/Tubes/Accessories/Parts | 0.3% | 0.9% | 0.2% | 0.1% | 0.1% |

### General Fund Revenues

| | Five-Year Forecast | | | | | Growth Rates | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
| Gross Receipts | 306,552 | 316,984 | 323,814 | 330,331 | 337,550 | 3.3% | 3.4% | 2.2% | 2.0% | 2.2% |
| Taxes | 105,620 | 107,630 | 110,473 | 112,464 | 114,092 | 0.6% | 1.9% | 2.6% | 1.8% | 1.4% |
| Shared | 4,431 | 4,475 | 4,520 | 4,565 | 4,611 | -6.7% | 1.0% | 1.0% | 1.0% | 1.0% |
| Permits | 13,355 | 15,201 | 15,917 | 16,334 | 16,403 | 17.7% | 13.8% | 4.7% | 2.6% | 0.4% |
| Charges for Services | 20,847 | 21,255 | 21,574 | 21,898 | 22,226 | 1.2% | 2.0% | 1.5% | 1.5% | 1.5% |
| Intra City | 19,423 | 18,778 | 19,257 | 19,756 | 20,298 | 13.5% | -3.3% | 2.6% | 2.6% | 2.7% |
| Misc | 1,368 | 1,554 | 1,533 | 1,847 | 1,841 | -54.4% | 13.6% | -1.4% | 20.5% | -0.4% |
| CIP Funded | 10,463 | 10,463 | 10,750 | 11,049 | 11,362 | 7.0% | 0.0% | 2.7% | 2.8% | 2.8% |
| Total Revenue | 482,059 | 496,340 | 507,837 | 518,244 | 528,383 | 2.9% | 3.0% | 2.3% | 2.0% | 2.0% |
| Non-recurring Revenue | 71 | 2,236 | 2,374 | 2,505 | 2,578 | -97.0% | 3048.6% | 6.2% | 5.5% | 2.9% |
| Recurring Revenue | 481,988 | 494,104 | 505,463 | 515,739 | 525,805 | 3.4% | 2.5% | 2.3% | 2.0% | 2.0% |

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

| | UNAUDITED ACTUAL FY/13 | REVISED BUDGET FY/14 | FORECASTS FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|---|
| RESOURCES: | | | | | | |
| Recurring Revenue | 465,922 | 481,988 | 494,104 | 505,463 | 515,739 | 525,805 |
| % Change Recurring Revenue | | 3.4% | 2.5% | 2.3% | 2.0% | 2.0% |
| Total Non-recurring | 2,330 | 71 | 2,236 | 2,374 | 2,505 | 2,578 |
| TOTAL REVENUES | 468,252 | 482,059 | 496,340 | 507,837 | 518,244 | 528,383 |
| % Change Total Revenue | | 2.9% | 3.0% | 2.3% | 2.0% | 2.0% |
| BEGINNING FUND BALANCE | 59,224 | 58,477 | 56,543 | 53,670 | 43,373 | 26,255 |
| TOTAL RESOURCES | 527,476 | 540,536 | 552,883 | 561,507 | 561,617 | 554,638 |
| EXPENDITURES/APPROPRIATIONS: | | | | | | |
| Recurring Expenditures/Appropriations | 455,484 | 473,657 | 492,039 | 510,924 | 530,674 | 551,504 |
| % Change Recurring Appropriation | | 4.0% | 3.9% | 3.8% | 3.9% | 3.9% |
| Non-recurring Exp/App: | | | | | | |
| One-time Items | 13,515 | 10,336 | 7,173 | 7,210 | 4,689 | 4,237 |
| Total Non-recurring | 13,515 | 10,336 | 7,173 | 7,210 | 4,689 | 4,237 |
| TOTAL EXPEND/APPROP | 468,999 | 483,993 | 499,212 | 518,134 | 535,362 | 555,742 |
| UNADJUSTED FUND BALANCE | 58,477 | 56,543 | 53,670 | 43,373 | 26,255 | (1,104) |
| ADJUSTMENTS: | | | | | | |
| Encumbrances | (2,133) | 0 | 0 | 0 | 0 | 0 |
| Unrealized Gains on Investments | (5) | (5) | (5) | (5) | (5) | (5) |
| Other Accounting Adjustments | (47) | (47) | (47) | (47) | (47) | (47) |
| TOTAL ADJUSTMENTS | (2,185) | (52) | (52) | (52) | (52) | (52) |
| ADJUSTED FUND BALANCE | 56,292 | 56,491 | 53,618 | 43,321 | 26,203 | (1,156) |
| RESERVES: | | | | | | |
| 1/12th Operating Reserve | 39,630 | 40,026 | 41,601 | 43,178 | 44,614 | 46,312 |
| Reserve for the Cost of Labor | 1,424 | 4,779 | 4,779 | 4,779 | 4,779 | 4,779 |
| Increase to Reserve | 400 | 600 | 800 | 1,000 | 1,200 | 1,400 |
| Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RESERVES | 41,454 | 45,405 | 47,180 | 48,957 | 50,593 | 52,491 |
| AVAILABLE FUND BALANCE | 14,838 | 11,086 | 6,438 | (5,636) | (24,390) | (53,647) |

## Pessimistic Scenario

This scenario is based on the GI pessimistic alternative that is assigned a probability of 20%. In this scenario the recovery falters, construction weakens and the federal government has more severe cuts in expenses. The U.S. economy falls back into recession. In Albuquerque unemployment stays over 7% throughout the forecast. Employment growth is under 1% in both FY/14 and FY/15. Total employment in FY/18 is 10,000 jobs below the baseline and 6,000 jobs below peak employment in FY/08. Residential housing falters and is more than 1,000 units below the level in the baseline scenario. In FY/18 it is over 1,200 units below the baseline. The slowdown in employment and construction has a substantial impact on the GRT and other revenues. Revenue slows in FY/14 and is negative in FY/15. Revenue in FY/18 is $12.6 million below baseline in FY/18.

Revenues grow slower than expenses and the available fund balance is a negative $25.4 million in FY/15 and the negative fund balance continues increasing to a $133 million shortfall in FY/18.

## Pessimistic Scenario Inflation Factors

| GLOBAL INSIGHT PESSIMISTIC SCENARIO | | | | | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| 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% | 0.3% | 1.2% | 1.6% | 1.8% |
| Trasportation | 1.1% | 1.3% | 2.1% | 2.4% | 2.6% |
| Natural Gas | 3.1% | 2.0% | 7.2% | 3.7% | -3.0% |
| Gasoline & Oil | -7.4% | -1.9% | 7.4% | 4.3% | 2.7% |
| Electricity Chained Price Index | 2.3% | 0.9% | 1.9% | 3.1% | 3.3% |
| PRICE INDEX-Govt Consumption Noncompensation | 1.1% | 1.4% | 1.9% | 2.3% | 2.5% |
| Auto Parts and Acessories | -0.3% | 1.0% | 1.5% | 1.4% | 1.4% |

## General Fund Revenues

| | Five-Year Forecast | | | | | Growth Rates | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
| Gross Receipts | 301,558 | 300,901 | 308,425 | 318,222 | 328,954 | 1.6% | -0.2% | 2.5% | 3.2% | 3.4% |
| Taxes | 105,606 | 106,110 | 106,777 | 107,752 | 109,640 | 0.6% | 0.5% | 0.6% | 0.9% | 1.8% |
| Shared | 4,431 | 4,475 | 4,520 | 4,565 | 4,611 | -6.7% | 1.0% | 1.0% | 1.0% | 1.0% |
| Permits | 10,458 | 9,603 | 10,217 | 10,819 | 11,802 | -7.8% | -8.2% | 6.4% | 5.9% | 9.1% |
| Charges for Services | 20,599 | 21,005 | 21,110 | 21,216 | 21,322 | 0.0% | 2.0% | 0.5% | 0.5% | 0.5% |
| Intra City | 19,423 | 18,778 | 19,143 | 19,538 | 20,157 | 13.5% | -3.3% | 1.9% | 2.1% | 3.2% |
| Misc | 1,238 | 1,273 | 1,533 | 2,056 | 2,472 | -58.7% | 2.8% | 20.4% | 34.1% | 20.2% |
| CIP Funded | 10,463 | 10,463 | 10,675 | 10,904 | 11,268 | 7.0% | 0.0% | 2.0% | 2.1% | 3.3% |
| Total Revenue | 473,777 | 472,607 | 482,400 | 495,072 | 510,225 | 1.2% | -0.2% | 2.1% | 2.6% | 3.1% |
| Non-recurring Revenue | 71 | 2,236 | 2,428 | 2,618 | 2,726 | -97.0% | 3048.6% | 8.6% | 7.9% | 4.1% |
| Recurring Revenue | 473,706 | 470,372 | 479,972 | 492,454 | 507,499 | 1.7% | -0.7% | 2.0% | 2.6% | 3.1% |

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

| | UNAUDITED ACTUAL FY/13 | REVISED BUDGET FY/14 | FORECASTS FY/15 | FY/16 | FY/17 | FY/18 |
|---|---|---|---|---|---|---|
| RESOURCES: | | | | | | |
| Recurring Revenue | 465,922 | 473,706 | 470,372 | 479,972 | 492,454 | 507,499 |
| % Change Recurring Revenue | | 1.7% | -0.7% | 2.0% | 2.6% | 3.1% |
| Total Non-recurring | 2,330 | 71 | 2,236 | 2,428 | 2,618 | 2,726 |
| TOTAL REVENUES | 468,252 | 473,777 | 472,607 | 482,400 | 495,072 | 510,225 |
| % Change Total Revenue | | 1.2% | -0.2% | 2.1% | 2.6% | 3.1% |
| BEGINNING FUND BALANCE | 59,224 | 58,477 | 48,261 | 21,803 | (9,705) | (43,346) |
| TOTAL RESOURCES | 527,476 | 532,254 | 520,868 | 504,203 | 485,368 | 466,878 |
| EXPENDITURES/APPROPRIATIONS: | | | | | | |
| Recurring Expenditures/Appropriations | 455,484 | 473,657 | 491,892 | 506,717 | 524,025 | 543,955 |
| % Change Recurring Appropriation | | 4.0% | 3.8% | 3.0% | 3.4% | 3.8% |
| Non-recurring Exp/App: | | | | | | |
| One-time Items | 13,515 | 10,336 | 7,173 | 7,191 | 4,689 | 4,242 |
| Total Non-recurring | 13,515 | 10,336 | 7,173 | 7,191 | 4,689 | 4,242 |
| TOTAL EXPEND/APPROP | 468,999 | 483,993 | 499,065 | 513,908 | 528,714 | 548,197 |
| UNADJUSTED FUND BALANCE | 58,477 | 48,261 | 21,803 | (9,705) | (43,346) | (81,319) |
| ADJUSTMENTS: | | | | | | |
| Encumbrances | (2,133) | 0 | 0 | 0 | 0 | 0 |
| Unrealized Gains on Investments | (5) | (5) | (5) | (5) | (5) | (5) |
| Other Accounting Adjustments | (47) | (47) | (47) | (47) | (47) | (47) |
| TOTAL ADJUSTMENTS | (2,185) | (52) | (52) | (52) | (52) | (52) |
| ADJUSTED FUND BALANCE | 56,292 | 48,209 | 21,751 | (9,757) | (43,398) | (81,371) |
| RESERVES: | | | | | | |
| 1/12th Operating Reserve | 39,630 | 40,026 | 41,589 | 42,826 | 44,059 | 45,683 |
| Reserve for the Cost of Labor | 1,424 | 4,779 | 4,779 | 4,779 | 4,779 | 4,779 |
| Increase to Reserve | 400 | 600 | 800 | 1,000 | 1,200 | 1,400 |
| Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RESERVES | 41,454 | 45,405 | 47,168 | 48,605 | 50,038 | 51,862 |
| AVAILABLE FUND BALANCE | 14,838 | 2,804 | (25,417) | (58,362) | (93,436) | (133,233) |

## Comparison of Scenarios—National and Local Variables

| Indicator/FY | SCENARIO | | | Difference | | |
|---|---|---|---|---|---|---|
| | Optimistic | Baseline | Pessimistic | Optimistic | Pessimistic | |
| **GRT- Total** | | | | | | |
| 2014 | 3.9% | 2.9% | 2.2% | 0.9% | -0.8% | |
| 2015 | 5.6% | 3.9% | 2.0% | 1.7% | -1.9% | |
| 2016 | 3.3% | 3.8% | 3.7% | -0.4% | -0.1% | |
| 2017 | 3.1% | 3.7% | 4.3% | -0.6% | 0.6% | |
| 2018 | 2.9% | 3.2% | 4.1% | -0.3% | 0.9% | |
| **Employment -Albuquerque MSA** | | | | | | |
| 2014 | 1.8% | 1.3% | 0.9% | 0.5% | -0.4% | **L** |
| 2015 | 2.7% | 1.7% | 0.4% | 1.1% | -1.3% | **O** |
| 2016 | 2.1% | 1.7% | 1.0% | 0.4% | -0.7% | **C** |
| 2017 | 1.7% | 1.7% | 1.5% | 0.0% | -0.3% | **A** |
| 2018 | 1.3% | 1.3% | 1.4% | 0.0% | 0.0% | **L** |
| **Unmployment Rate -Albuquerque MSA** | | | | | | |
| 2014 | 6.7% | 6.8% | 7.2% | -0.2% | 0.3% | |
| 2015 | 5.8% | 6.6% | 6.9% | -0.8% | 0.3% | |
| 2016 | 5.0% | 6.2% | 7.2% | -1.2% | 1.0% | |
| 2017 | 4.6% | 5.9% | 7.3% | -1.3% | 1.4% | |
| 2018 | 4.4% | 5.6% | 7.2% | -1.2% | 1.6% | |
| **GRT Construction** | | | | | | |
| 2014 | 5.9% | 5.4% | 4.9% | 0.5% | -0.5% | |
| 2015 | 14.7% | 9.3% | 2.9% | 5.5% | -6.3% | |
| 2016 | 5.6% | 6.9% | 3.6% | -1.3% | -3.3% | |
| 2017 | 4.5% | 5.3% | 6.6% | -0.8% | 1.3% | |
| 2018 | 4.1% | 3.6% | 6.6% | 0.5% | 3.0% | |
| **MSA Construction Employment** | | | | | | **I** |
| 2014 | 5.1% | 3.2% | -1.0% | 1.9% | -4.2% | **D** |
| 2015 | 10.6% | 4.5% | 1.6% | 6.1% | -2.9% | **I** |
| 2016 | 7.4% | 5.1% | 0.8% | 2.3% | -4.3% | **C** |
| 2017 | 4.4% | 3.8% | -2.3% | 0.6% | -6.0% | **A** |
| 2018 | 3.8% | 2.1% | -3.4% | 1.7% | -5.5% | **T** |
| **Residential Housing Permits-Inside City** | | | | | | **O** |
| 2014 | 2,462 | 1,980 | 1,848 | 482 | (132) | **R** |
| 2015 | 2,995 | 2,314 | 1,586 | 681 | (728) | **S** |
| 2016 | 3,192 | 2,597 | 1,317 | 595 | (1,280) | |
| 2017 | 3,300 | 2,579 | 1,484 | 721 | (1,095) | |
| 2018 | 3,305 | 2,536 | 1,317 | 769 | (1,219) | |
| **Real GDP** | | | | | | |
| 2014 | 2.9% | 1.9% | 2.0% | 1.0% | 0.1% | |
| 2015 | 4.6% | 3.0% | 0.9% | 1.6% | -2.1% | |
| 2016 | 3.7% | 3.2% | 1.0% | 0.4% | -2.2% | |
| 2017 | 3.6% | 3.2% | 2.3% | 0.4% | -0.8% | |
| 2018 | 3.5% | 3.0% | 2.5% | 0.5% | -0.6% | |
| **Unemployment Rate U.S.** | | | | | | |
| 2014 | 6.8% | 7.3% | 7.8% | -0.5% | 0.5% | |
| 2015 | 5.5% | 6.8% | 7.5% | -1.2% | 0.8% | **N** |
| 2016 | 4.7% | 6.2% | 7.9% | -1.5% | 1.6% | **A** |
| 2017 | 4.3% | 5.8% | 7.8% | -1.5% | 1.9% | **T** |
| 2018 | 4.1% | 5.5% | 7.6% | -1.4% | 2.1% | **I** |
| **Price Index Consumer Price Index-Urban Consumers** | | | | | | **O** |
| 2014 | 2.0% | 1.5% | 1.7% | 0.5% | 0.2% | **N** |
| 2015 | 2.0% | 1.7% | 1.0% | 0.3% | -0.7% | **A** |
| 2016 | 1.3% | 1.8% | 1.5% | -0.5% | -0.3% | **L** |
| 2017 | 1.5% | 1.9% | 2.5% | -0.4% | 0.6% | |
| 2018 | 1.7% | 1.9% | 2.5% | -0.2% | 0.6% | |
| **Interest Rates-Federal Funds Rate** | | | | | | |
| 2014 | 0.2% | 0.1% | 0.1% | 0.1% | 0.0% | **I** |
| 2015 | 1.9% | 0.2% | 0.1% | 1.7% | 0.0% | **N** |
| 2016 | 3.7% | 1.1% | 0.1% | 2.6% | -1.0% | **D** |
| 2017 | 4.0% | 3.2% | 0.1% | 0.8% | -3.0% | **I** |
| 2018 | 4.0% | 4.0% | 0.2% | 0.0% | -3.8% | **C** |
| **Interest Rates-10 Year Treasury Bond** | | | | | | **A** |
| 2014 | 3.6% | 2.8% | 1.8% | 0.8% | -0.9% | **T** |
| 2015 | 4.7% | 3.0% | 2.1% | 1.7% | -0.9% | **O** |
| 2016 | 4.9% | 3.5% | 2.1% | 1.4% | -1.4% | **R** |
| 2017 | 4.8% | 4.2% | 2.7% | 0.7% | -1.5% | **S** |
| 2018 | 4.6% | 4.6% | 3.3% | 0.0% | -1.3% | |
| **West Texas Intermediate Crude- Dollars per barrel** | | | | | | |
| 2014 | 109.8 | 102.7 | 96.8 | 7.18 | (5.83) | |
| 2015 | 101.1 | 97.5 | 93.5 | 3.55 | (4.03) | |
| 2016 | 87.6 | 95.4 | 102.9 | (7.79) | 7.49 | |
| 2017 | 84.6 | 94.7 | 108.0 | (10.04) | 13.35 | |
| 2018 | 88.3 | 98.4 | 112.1 | (10.11) | 13.75 | |

## REVENUE COMPARISON
(In Thousands of Dollars)

| | Pessimistic -Baseline | | | | | Optimistic-Baseline | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 | FY/14 | FY/15 | FY/16 | FY/17 | FY/18 |
| Gross Receipts | (1,566) | (10,480) | (11,688) | (10,799) | (8,290) | 3,429 | 5,603 | 3,701 | 1,310 | 306 |
| Taxes | (11) | (288) | (909) | (1,538) | (870) | 3 | 1,232 | 2,786 | 3,174 | 3,582 |
| Shared | - | 22 | 45 | 67 | 91 | - | 22 | 45 | 67 | 91 |
| Permits | (1,508) | (3,046) | (3,204) | (3,316) | (2,841) | 1,389 | 2,552 | 2,496 | 2,198 | 1,760 |
| Charges for Services | (248) | (250) | (358) | (467) | (577) | - | - | 106 | 215 | 327 |
| Intra City | 94 | (565) | (597) | (634) | (454) | 94 | (565) | (483) | (416) | (313) |
| Misc | (130) | (138) | - | 63 | 335 | - | 143 | - | (146) | (296) |
| CIP Funded | - | - | (43) | (91) | (9) | - | - | 33 | 54 | 85 |
| Total Revenue | (3,368) | (14,744) | (16,753) | (16,716) | (12,616) | 4,915 | 8,988 | 8,684 | 6,456 | 5,543 |

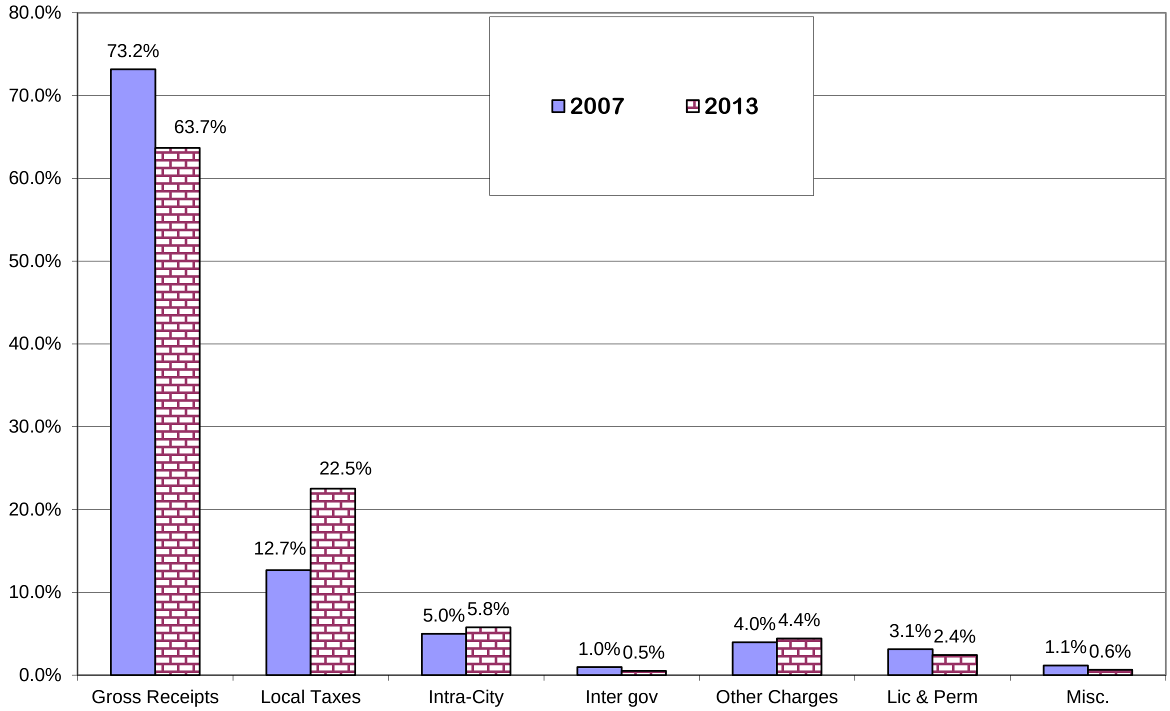
# REVENUE HISTORY

## GENERAL FUND REVENUE HISTORY

A history of major revenue sources for the General Fund from FY/07 to FY/13 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. Total receipts in this period decreased 1% or a compound annual rate of -0.2%. Recurring revenues for the same period showed growth of 0.7%.

The bar chart below compares the composition, by major revenue category, of General Fund recurring revenues in FY/07 and FY/13. 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/07 to FY/13, 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 ⅛ 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 ⅛ cent. Another ⅛ cent tax cut took place in FY/09. The sections below cover changes that occurred in this period by category.

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

| REVENUE SOURCE | FY/07 | FY/08 | FY/09 | FY/10 | FY/11 | FY/12 | Unaudited FY/13 | GROWTH FY07 TO FY13 | Compound ANNUAL RATE |
|---|---|---|---|---|---|---|---|---|---|
| GROSS RECEIPTS TAX | 274,763 | 274,692 | 260,494 | 246,149 | 252,335 | 256,661 | 259,787 | -5.5% | -0.9% |
| BASIC SERVICES | 29,451 | 18,506 | 1,674 | 0 | 0 | 0 | 0 | -100.0% | -100.0% |
| GRT PUBLIC SAFETY | 36,933 | 37,011 | 35,584 | 34,070 | 34,449 | 34,981 | 35,436 | -4.1% | |
| LOCAL COMPENSATING TAX | | | 694 | 1,449 | 1,592 | 1,690 | 1,485 | | |
| TOTAL GRT | 341,147 | 330,209 | 298,445 | 281,668 | 288,376 | 293,331 | 296,708 | -13.0% | -2.3% |
| OTHER LOCAL TAXES | 56,514 | 60,418 | 71,866 | 98,056 | 99,827 | 104,779 | 104,957 | 85.7% | 10.9% |
| LICENSES AND PERMITS | 13,901 | 11,792 | 9,470 | 9,255 | 9,629 | 10,370 | 11,343 | -18.4% | -3.3% |
| INTER-GOVERNMENTAL AID | 5,348 | 5,940 | 6,033 | 5,626 | 5,179 | 4,837 | 4,750 | -11.2% | -2.0% |
| INTRA-CITY CHARGES (1) | 23,908 | 25,300 | 32,779 | 42,214 | 30,061 | 29,941 | 26,897 | 12.5% | 2.0% |
| OTHER SERVICE CHARGES | 18,058 | 17,610 | 17,170 | 16,540 | 17,979 | 19,758 | 20,599 | 14.1% | 2.2% |
| MISCELLANEOUS | 14,118 | 4,556 | 2,515 | 3,808 | 1,540 | 2,783 | 2,998 | -78.8% | -22.8% |
| TOTAL REVENUES | 472,993 | 455,824 | 438,279 | 457,168 | 452,591 | 465,799 | 468,252 | -1.0% | -0.2% |
| LESS NON-RECURRING | 27,238 | 23,906 | 9,379 | 11,869 | 3,034 | 3,724 | 2,330 | -91.4% | -33.6% |
| RECURRING REVENUES | 445,755 | 431,919 | 428,900 | 445,299 | 449,557 | 462,075 | 465,922 | 4.5% | 0.7% |

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 12.7% in FY/07 to 22.5% in FY/13. Property tax revenues increased at a compound rate of 12.8%, 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 3.4%. The growth is limited in FY/11, FY/12, and FY/13. This slowdown is due to several things. Residential property values have declined and not recovered substantially, new residential construction is slow and the assessor's adjustment downward to property value for "tax lightning". Tax lightning is the effect of a limitation on residential increases in assessments to an annual rate of 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 in 2009, the assessor reduced assessments on these re-sold homes to a 3% annual increase. This substantially reduced the residential tax base. Property taxes distributed to the City for operational purposes were held up due to yield control which boosted property tax rates by almost 8% from FY/10 to FY/12. Rates are now at a maximum and yield control will no longer increase rates. Commercial property has shown very limited new growth and existing values have declined with the recession. Since commercial property values are based on the income they can earn, the slowdown has reduced their earning capabilities. Commercial valuations were down 10% from FY/10 to FY/13. Rates were already at a maximum on commercial properties, so yield control offered no relief.

Franchise revenues in total grew at a compound annual rate of 1% for the period. The natural gas franchise revenues declined 32% due to a dramatic decline in the price of natural gas in FY/11. The electric franchise had the strongest growth with annual average growth of 7.6%. This was due mostly to increased rates in FY/09 and FY/11. Revenues from the water franchise increased at an average annual rate of 1.8%, but this is mostly due to a rate increase in FY/12. Through FY/11 average compound growth was about 1%, reflecting slower increases in housing starts and water conservation efforts. PILOT, not including the Water Authority, had annual growth of 2.1% due to general revenue growth of 0.1% which included a rate increase for the Solid Waste enterprise in FY/11.

**Licensing and Permits.** The share for this category was 3.1% in FY/07 and 2.4% in FY/13. The decrease in share of revenue is due to the fall in building permit revenue. In FY/07 revenue from building permits was $10.2 million and in FY/13 revenue was only $6.2 million; a 39% decrease. The peak loss was much higher as building permits revenue from FY/11 to FY/13 increased 34%. 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/13 made up almost half of permit revenue, but were only 27% of the revenue in FY/07.

**Intergovernmental Aid.** Revenues from other governments not including GRT shared distributions accounted for 1.0% of General Fund recurring receipts in FY/07 and 0.5% in FY/13. The only recurring revenues are the municipal gasoline tax, State shared vehicle taxes 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 inter-fund transfers, excluding PILOT. In FY/07 these accounted for 5% of recurring revenues and 5.8% in FY/13. The increase is due primarily to new ongoing transfers and use of CIP funded positions. Indirect overhead has remained relatively flat. Revenues for CIP funded positions increased substantially in FY/10 and FY/11 as both the Parks Department and the Department of Municipal Development made more use of CIP funded positions. These positions are associated with capital projects for construction of parks, roads, storm sewer, and other construction projects in the CIP program. Some of this was offset by a reduction in CIP funded positions at the BioPark in FY/13.

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. The program was discontinued in December 2011 and revenue will be limited to collection efforts for outstanding citations.

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 were 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. Revenues continued at this level through FY/13.

Indirect overhead revenues in FY/07 were $12.6 million; in FY/13 revenues are estimated at $12.4 million. No changes to the indirect plan and limited wage increases limited these revenues.

**Other Charges (Charges for Services)**. Revenues from other charges accounted for 4% of General Fund recurring revenues in FY/07 and 4.4% in FY/13. 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 for police security at the 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. In FY/13 admission fees to the park were increased in September of the fiscal year and revenues increased to $4 million for the year.

**Miscellaneous.** This category has only a small share of recurring revenue and declined from 1.1% in FY/07 to 0.4% in FY/13. One of the largest components of miscellaneous revenue is interest earnings. Interest earnings have fallen dramatically as short term rates are now near zero. In FY/07 miscellaneous revenues increased due to the STOP photo enforcement program. The fines for the program were over $9 million, but not included in the share of recurring revenue. 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**. GRT remains the major contributor to the General Fund making up 63.3% of recurring revenues in FY/13. 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. In January 2007 and July 2008 the ¼ cent tax basic services increment was removed in two ⅛ cent increments. 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/13 as a revenue source for the City of Albuquerque. The locally imposed GRT consists of the municipal imposed ½ cent (two 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.

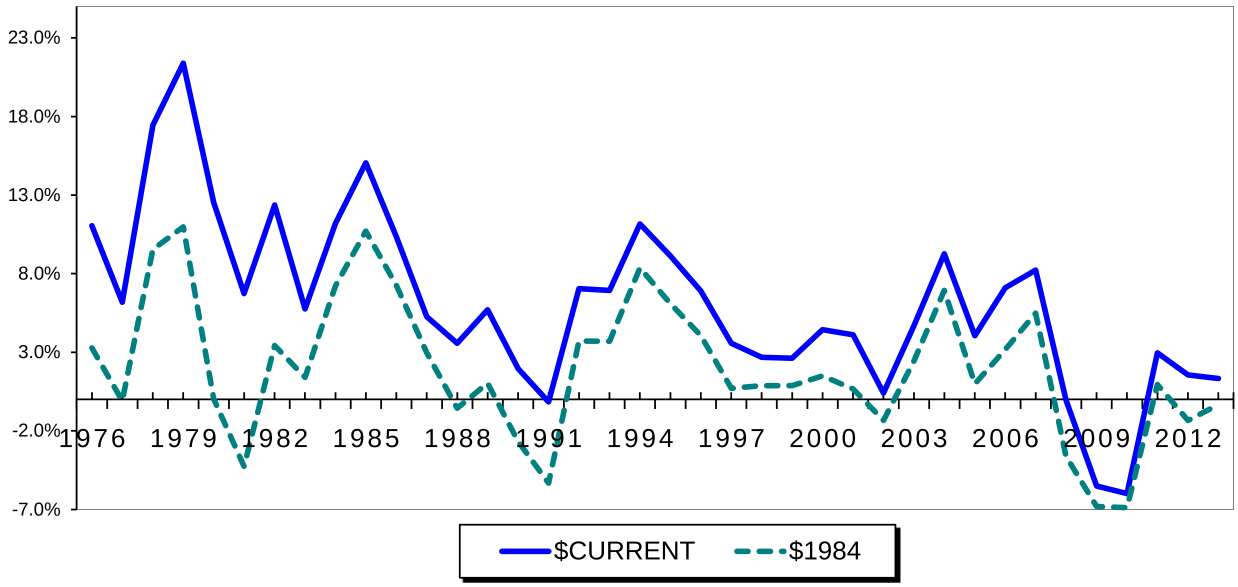
The compound annual growth of Gross Receipts Tax revenues in the General Fund is 1.5% in the period FY/04 to FY/13. The growth from the addition of the ¼ cent for public safety tax is offset by the two ⅛ cent tax cuts in January 2007 and July 2008. In order to look at the growth in the tax base and ignore 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 1.3% in this period. Part of this is due to a administrative fee of 3.25% on the food and medical hold harmless distribution. This is the first time an administrative fee impacted the state shared revenues. After adjusting for inflation the one-percent distribution in FY/13 is actually 8.8% below the amount in FY/04. The rapid growth in the period prior to FY/07 was offset by three negative years. FY/08 was down 0.5%, FY/09 was down 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%. In FY/13 the growth of only 1.3% translates to a real decline of 0.3%

**GROSS RECEIPTS TAX REVENUES, FISCAL YEARS 2004 - 2013**
**($000's)**

| DETAIL ON GROSS RECEIPTS: | FY/04 | FY/05 | FY/06 | FY/07 | FY/08 | FY/09 | FY/10 | FY/11 | FY/12[6] | FY/13 | FY'S 04-13 PERCENT CHANGE | COMPOUND ANNUAL RATE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GENERAL FUND: | | | | | | | | | | | | |
| MUNICIPAL IMPOSED 1/2 CENT | 62,778 | 65,333 | 70,079 | 76,302 | 76,098 | 73,129 | 70,062 | 71,026 | 72,081 | 73,006 | 14.8% | 1.5% |
| BASIC SERVICES | | | | | | | | | | | | |
| first 1/8(4) | 15,221 | 15,856 | 17,033 | 18,467 | 18,506 | 1,674 | 0 | 0 | 0 | 0 | -100.0% | -100.0% |
| Second 1/8 (4) | 15,221 | 15,856 | 17,033 | 10,984 | 0 | 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 | 35,436 | | |
| INFRASTRUCTURE 1/16 CENT (2) | 7,612 | 7,961 | 8,542 | 9,236 | 9,243 | 8,734 | 8,199 | 8,443 | 8,576 | 8,685 | 12.7% | 1.3% |
| | 100,832 | 133,930 | 146,753 | 151,922 | 140,858 | 119,121 | 112,330 | 113,918 | 115,637 | 117,127 | 14.7% | 1.5% |
| STATE SHARED RECEIPTS | | | | | | | | | | | | |
| 1% DISTRIBUTION | 126,639 | 131,767 | 141,128 | 152,730 | 152,654 | 144,247 | 135,604 | 139,618 | 141,780 | 143,688 | 12.0% | 1.3% |
| .225% DISTRIBUTION | 28,499 | 29,653 | 31,759 | 34,370 | 34,353 | 32,456 | 30,516 | 31,420 | 31,906 | 32,336 | 12.0% | 1.3% |
| Municipally Shared Compensating Tax | | | | | | 694 | 1,449 | 1,592 | 1,690 | 1,485 | | |
| | 155,138 | 161,420 | 172,887 | 187,100 | 187,007 | 177,397 | 167,569 | 172,629 | 175,375 | 177,509 | 13.0% | 1.4% |
| TOTAL TAX RECEIPTS | 255,970 | 295,350 | 319,640 | 339,022 | 327,865 | 296,518 | 279,899 | 286,547 | 291,013 | 294,636 | 13.7% | 1.4% |
| PENALTY & INTEREST | 2,464 | 2,169 | 2,057 | 2,057 | 2,344 | 1,928 | 1,769 | 1,829 | 2,318 | 2,072 | -5.9% | -0.7% |
| TOTAL GENERAL FUND DISTRIBUTION | 258,434 | 297,519 | 321,697 | 341,079 | 330,209 | 298,445 | 281,668 | 288,376 | 293,331 | 296,708 | 13.5% | 1.4% |
| MUNICIPAL IMPOSED 1/4 CENT | | | | | | | | | | | | |
| TRANSPORTATION2000 (5) | 30,442 | 31,712 | 34,066 | 36,933 | 37,011 | 35,036 | 19,660 | | | | | |
| TRANSPORTATION2010 (5) | | | | | | | | 30,626 | 34,349 | 34,815 | | |
| | 30,442 | 31,712 | 34,066 | 36,933 | 37,011 | 35,036 | 19,660 | 30,626 | 34,349 | 34,815 | 12.8% | 1.4% |
| TOTAL GROSS RECEIPTS TAX REVENUES(1) | 288,875 | 329,231 | 355,763 | 378,012 | 367,220 | 333,481 | 301,328 | 319,002 | 327,680 | 331,524 | 13.4% | 1.4% |

(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 and is the only admin fee on the state shared

**GROWTH IN THE GRT 1% DISTRIBUTION**
**% CHANGE OVER PRIOR YEAR, FY'S 1976-2013**




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 makes a slight reduction of approximately 0.3% in that year. 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 item of note is that the size of large percentage increases 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/13 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, Compensating tax credit for electric generation,

- Deductions for construction services, and
- Deductions for inputs consumed in the manufacturing process.

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%. This distribution will begin being phased out in FY/16. In addition to these changes in the tax base the State has changed 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. The deduction for manufacturing inputs is to be phased in over five years beginning with a half year in FY/13.

# 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/13.

## ACCURACY OF THE GENERAL FUND REVENUE ESTIMATES

*ESTIMATING ERROR (ACTUAL - ESTIMATED REVENUES)*

*(in $000s)*

| | MARCH REVISION 4 MONTH ESTIMATE | | FIVE YEAR FORECAST 6 MONTH ESTIMATE | | APPROVED BUDGET 16 MONTH ESTIMATE | |
|---|---|---|---|---|---|---|
| | AMOUNT | PERCENT | AMOUNT | PERCENT | AMOUNT | PERCENT |
| **FISCAL YEAR 2013(Unaudited Results)** | | | | | | |
| Gross Receipts Tax | 2,664 | 0.9% | 2,664 | 0.9% | (5,615) | -1.9% |
| Recurring Revenues Less CIP | 4,441 | 1.0% | 4,589 | 1.0% | (1,216) | -0.3% |
| Non-Recurring | - | 0.0% | 1,145 | 49.1% | 1,255 | 53.9% |
| **FISCAL YEAR 2012** | | | | | | |
| Gross Receipts Tax | (1,753) | -0.6% | (1,753) | -0.6% | (1,386) | -0.5% |
| Recurring Revenues Less CIP | (983) | -0.2% | 1,551 | 0.3% | 1,044 | 0.2% |
| 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% |

# ACTUAL AND ESTIMATED GENERAL FUND REVENUES FOR FY/13

All figures in $1,000's

| | UNAUDITED | ESTIMATES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | ACTUAL | 2nd Revision (March 2013) | | | 1st Revision (Dec. 2012) | | | Approved Budget (May 2012) | | |
| REVENUE SOURCES: | FY/13 | Estimate | Difference | Percent | Estimate | Difference | Percent | Estimate | Difference | Percent |
| Total GRT | 296,708 | 294,044 | (2,664) | -0.9% | 294,044 | (2,664) | -0.9% | 302,323 | 5,615 | 1.9% |
| Property Tax | 77,720 | 76,133 | (1,587) | -2.0% | 76,333 | (1,387) | -1.8% | 76,716 | (1,004) | -1.3% |
| Franchise Tax-Telephone | 1,810 | 1,904 | 94 | 5.2% | 1,904 | 94 | 5.2% | 1,813 | 3 | 0.2% |
| Franchise Tax-Gas | 4,002 | 4,057 | 55 | 1.4% | 4,057 | 55 | 1.4% | 4,480 | 478 | 11.9% |
| Franchise Tax-Electric | 9,221 | 8,944 | (277) | -3.0% | 8,944 | (277) | -3.0% | 8,843 | (378) | -4.1% |
| Franchise Tax-Cable TV ABQ | 4,291 | 4,276 | (15) | -0.3% | 4,276 | (15) | -0.3% | 4,300 | 9 | 0.2% |
| Franchise Tax - Water Auth | 6,006 | 5,900 | (106) | -1.8% | 5,900 | (106) | -1.8% | 5,556 | (450) | -7.5% |
| Franchise Tax-Telecom | 239 | 417 | 178 | 74.5% | 417 | 178 | 74.5% | 266 | 27 | 11.3% |
| Other Intergovernmental Assistance | 4,750 | 4,569 | (181) | -3.8% | 4,511 | (239) | -5.0% | 4,511 | (239) | -5.0% |
| Building Permit Revenue | 6,233 | 6,501 | 268 | 4.3% | 6,145 | (88) | -1.4% | 4,933 | (1,300) | -20.9% |
| Permit Revenue | 5,110 | 4,913 | (197) | -3.9% | 4,998 | (112) | -2.2% | 5,003 | (107) | -2.1% |
| Service Charges | 20,599 | 20,661 | 62 | 0.3% | 19,800 | (799) | -3.9% | 18,280 | (2,319) | -11.3% |
| Fines & Penalties | 161 | 120 | (41) | -25.5% | 120 | (41) | -25.5% | 120 | (41) | -25.5% |
| Earnings on Investments | 142 | 330 | 188 | 132.4% | 330 | 188 | 132.4% | 330 | 188 | 132.4% |
| Miscellaneous | 2,696 | 1,711 | (985) | -36.5% | 1,478 | (1,218) | -45.2% | 1,478 | (1,218) | -45.2% |
| Transfers From Other Funds | 3,408 | 3,471 | 63 | 1.8% | 3,471 | 63 | 1.8% | 3,471 | 63 | 1.8% |
| Payments In Lieu of Taxes | 1,706 | 1,619 | (87) | -5.1% | 1,619 | (87) | -5.1% | 1,619 | (87) | -5.1% |
| IDOH | 12,380 | 13,119 | 739 | 6.0% | 13,109 | 729 | 5.9% | 13,109 | 729 | 5.9% |
| Services Charges-Internal | 1,332 | 1,384 | 52 | 3.9% | 1,324 | (8) | -0.6% | 1,324 | (8) | -0.6% |
| Transfers For CIP Positions | 9,777 | 11,043 | 1,266 | 12.9% | 12,029 | 2,252 | 23.0% | 12,829 | 3,052 | 31.2% |
| TOTAL REVENUE | 468,291 | 465,116 | (3,175) | -0.7% | 464,809 | (3,482) | -0.7% | 471,304 | 3,013 | 0.6% |
| LESS: NON-RECUR | 2,330 | 2,330 | 0 | 0.0% | 1,185 | (1,145) | -49.1% | 1,075 | (1,255) | -53.9% |
| RECURRING REVENUE | 465,961 | 462,786 | (3,175) | -0.7% | 463,624 | (2,337) | -0.5% | 470,229 | 4,268 | 0.9% |