



August 2016

Dear Citizens:

I respectfully transmit the budget for the City of Rio Rancho for the fiscal year July 1, 2016 through June 30, 2017. I write this letter as a very proud community member watching the city make great strides. This is truly tremendous because Rio Rancho is already a city with outstanding public safety, public education, and quality of life attributes through its parks, recreation, libraries, and healthcare options.

Development of our community and job creation is on the rise. Rio Rancho is welcoming two new companies via Safelite auto glass repair and PCM. Safelite is bringing approximately 900 insurance claims processing and operations support positions. PCM, an information technology solutions company, will be located in Rio Rancho's City Center and filling nearly 225 positions. These expansions are a testament to our workforce and the hard work and collaboration with different partners that has taken place in order to foster a business environment that is conducive to attracting new private sector investment.

We have seen the Presbyterian Rust Medical Center expand and the opening of new restaurants and businesses. In the coming year we are on track to see further growth in shopping opportunities in the community through the expansion of The Plaza at Enchanted Hills with retailers such as PetSmart, Ross, and Burkes Outlet. It cannot be overstated how important it is to support existing and new local businesses. When we spend our money in Rio Rancho, local government has more tax revenue available to provide the public services we all need and want as residents.

The local housing market is showing positive growth and development – a sign that Rio Rancho continues to be a desirable place to live and raise a family. The Neighborhood by La Vida Llena, a senior-living community, has opened in the Loma Colorado community. During the past fiscal year, more than 500 new single-family permits were issued.

A key takeaway from this year's budget, and those in recent years, is that your local government is being very conservative when it comes to revenue estimates, and, consequently, is not making spending commitments it's not sure that it can pay for down the road. As a result of this very sound financial and management approach, when revenues have exceeded estimates in the recent past, this created one-time money we put to use for a top priority - roads. Because of smart spending practices and top-notch financial forecasting, the city will very likely once again have uncommitted one-time money available in the coming fiscal year to use for addressing needs such as roads.

For Fiscal Year 2017, the city is able to fund modest increases for employee compensation and other important projects such as a strategic planning initiative. One of the most important documents for local government, or any organization for that matter, is its strategic plan. Our local government's current strategic plan was adopted in 2009 and is in need of updating. Revising this document in the coming year will help bring about clear goals and strategies for meeting needs and challenges. The budget also includes additional funding for critical areas such as public safety and roadway and parks maintenance.

We estimate that the General Fund reserves will exceed the State of New Mexico requirement of 1/12th (8.3 percent) of expenditures and end the year at 15 percent, which is also the city's policy target. It's also extremely positive that the city's current projections for Fiscal Years 2018-2021 are close to the 15 percent threshold as well. Having these reserves is not only a best practice, but is also necessary due to the somewhat volatile nature of the city's main revenue source, Gross Receipts Tax. As we know, unexpected emergencies can be costly and maintaining healthy fund balances gives the city flexibility and capacity to address these situations.

I want to acknowledge all city staff for their efforts to bring the best public services possible to the community and its residents.

On behalf of the Rio Rancho Governing Body and the employees of the City of Rio Rancho, I thank all of the residents and community stakeholders for supporting our great city.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. D. Hull".

Greggory D. Hull, Mayor



Keith J. Riesberg  
City Manager

August, 2016

The Honorable Mayor Gregory D. Hull  
City of Rio Rancho  
3200 Civic Center Circle NE  
Rio Rancho, New Mexico 87144-4501

Mr. Mayor Hull:

In compliance with the City Charter and applicable state statutes, I hereby submit to you the Adopted City Budget for Fiscal Year 2017 (FY2017).

The Budget for FY2017 is a balanced budget and reflects the City's Strategic Goals. We continue to project a balanced five-year General Fund financial plan. This reflects the City's continued efforts to achieve a sustainable long-term budget. In that regard, recurring revenues are projected to exceed recurring expenditures in each of the next five years, and the ending fund balance is projected to reach the City's 15% target this fiscal year.

The FY2017 Budget reflects a local economy that is slowly improving. Various signs suggest that the economy is continuing to recover, including a steadily declining unemployment rate, improving housing market indicators, and overall lower foreclosure activity in the area compared to recent years.

Unfortunately, revenue growth has not been strong enough to meet all of the City's funding needs. The FY2017 budget reflects an extra pay period, causing additional constraints to the City's finances, and departments needs continue to be more than can be addressed with current resources. This has required allocating the City's limited resources in the most efficient and strategic way possible. City employees have continued to look for ways to limit expenditures and achieve operational efficiencies where possible.

### **Local Economy and Revenues**

Overall New Mexico added 8,492 jobs (1.1%) in 2015Q2 which is weaker than the former two quarters. According to the Bureau of Labor and Statistics (BLS), which distributed the quarterly census of employment and wages (QCEW) in December, the national increase was 1.7%, placing New Mexico 37<sup>th</sup> of the 50 states.

The Albuquerque MSA has added jobs for 11 consecutive quarters, growing 1.1% in 2015Q2. The strongest industry is healthcare and accommodations with a net of 1,888 jobs. The finance & insurance, retail and construction industries each added more than 350 jobs. The government section surprisingly added 208 jobs which is the first gain since 2013Q3. Employment data from the New Mexico Department of Workforce Solutions released stated that the non-seasonally adjusted unemployment rate for 2015Q2 registered at 6.2%, which matched the same quarter a year earlier.

Based on IHS Global Insight's baseline forecast, total employment in the Albuquerque MSA is estimated to grow 1.4% for calendar year 2016. The unemployment rate is expected to average 6.1% in 2016 and 2017, and then fall to about 5.4% on average each year from 2018 to 2020. While the forecast is encouraging, the state and local economies are subject to national and worldwide economic factors beyond our control such as oil prices, currency fluctuations, and geopolitical tensions. Accordingly, our budgetary decisions are made within the boundaries of conservative revenue estimates.

The City has seen continued growth and development with new retail and service providers constructing and opening new facilities. The continued growth of the Unser Gateway and the Enchanted Hills areas creates additional job opportunities and future GRT revenue. Throughout Rio Rancho we continue to see increased interest and activity which is critical to the City's ability to provide the desired services in the future.

Based on this economic outlook, FY2017 total General Fund revenue is expected to increase 1.3% compared to the FY2016 revised budget. Future changes in annual General Fund revenue range from 3.6% in FY2018 to 4.5% in FY2019. The five-year plan reflects state legislative changes to the Gross Receipts Tax (GRT) “hold harmless” provisions which began to be phased out in FY2016. The FY2017 impact of the phase-out will be approximately \$537,000 and then grow incrementally at 6% annually over a 15-year period. By 2021, the impact will reach approximately \$2.1 million, and by 2030, at full phase-out, the effect will be an estimated \$9.5 million loss in GRT revenue.

State law allows municipalities to impose GRT increments to make up for the phase out of hold harmless funds. Imposing an additional 1/8th percent GRT would generate approximately \$1.1 million in FY2017, while imposing the maximum 3/8ths percent would generate about \$5.8 million by FY2030. Absorbing the phase out of hold harmless revenue without implementing the offsetting GRT increments negatively affects the City’s ability to provide services to our citizens. Although not reflected in the proposed budget, this is a policy decision that the Governing Body should consider and discuss in the coming year.

### **Expenditure Highlights**

Overall, City departments were instructed to keep their budgets at FY2016 levels, except as necessary to address the highest priority needs. Through conservative management of expenditures, the Adopted Budget is able to fund increases for employee compensation and other critical projects such as a community-wide strategic planning initiative. The current strategic plan was adopted in 2009 and is due for a substantial update. The budget includes additional funding for critical areas such as public safety, roads, and parks maintenance.

For Public Safety, major items funded include the following:

- One new ambulance
- One new gurney and a refurbished cardiac monitor for paramedic services
- Five new police vehicles funded through a combination of impact fees and automated traffic enforcement program (fix red light cameras/speed equipment and mobile speed monitoring units) revenues. Beginning in FY2017, I propose to allocate 100% of these revenues for future police vehicle replacements should this program be continued
- A new Body Camera Evidence System for police officers; and
- An upgraded video surveillance system at the police headquarters building.

For Public Works, the budget includes funding for the following:

- Year five of the Citywide Graphical Information System (GIS) program
- Replacement of one utility truck
- Resources for dust suppressant and median maintenance
- Vehicle lift equipment for the fleet maintenance facility; and
- Continued funding for the City’s ADA transition plan.

For Parks and Recreation, the budget includes funding for the following equipment:

- A utility tractor with loader and a terra spike tine aerator
- Two terrain-cut front deck mowers
- A 300-gallon herbicide sprayer with trailer
- A walk-behind trencher
- Two electric utility vehicles, and
- One utility truck.

Additionally, the budget includes a 3.5% salary increase for Police, a 2% salary increase for Dispatch and a 1.5% salary increase for all other employees. This increase is intended to address increases in cost of living as well as follow the recommendation of a 2013 classification and compensation study to move employees up in their salary ranges. Finally, the budget does not include any increase in healthcare costs or dental insurance premiums. Given the actions of competing employers, it is imperative the City take the actions necessary to ensure the retention and attraction of quality employees in all departments.

By year-end, anticipated revenues and the budgeted level of spending will provide a reserve fund balance that exceeds 8.3% of expenditures, as required by the State of New Mexico. The FY2017 Budget anticipates total

reserves of 15% of expenditures, which is our policy target.

### **General Fund Details**

#### **REVENUES: \$56,597,480**

The City's single most important revenue source is the Gross Receipts Tax (GRT). The FY2017 GRT revenue estimate of \$28,692,906 accounts for nearly 51% of the total General Fund operating revenues. The recurring GRT distribution to the General Fund is projected to increase by approximately \$2.5 million or 9.8% from FY2016 levels.

Property tax revenue, the second-largest revenue source, is estimated to increase 3.6% from FY2016 levels, with an estimated increase of \$533,478. The property tax revenue forecast utilizes the Yield Control Formula established by state statute. The FY2017 revenue estimate incorporates housing permit data and known non-residential construction activity, as well as an inflation factor of 1.0%.

Franchise taxes, the third largest revenue source, are projected to increase slightly by \$15,735 or 0.5% over the current year. The majority of the anticipated increase relates to electricity revenue projections.

Total General Fund budgeted revenues for FY2017 are projected to decrease by \$724,124 or -1.3% compared to FY2016 actual revenues.

#### **EXPENDITURES: \$54,393,579**

Total General Fund expenditures are projected to increase by \$3.8 million or 7.6%, mostly due to having 27 pay periods (instead of the usual 26). However, with limited new resources and the additional pay period, the administration was unable to fund many important needs of the departments. As a result, many of those needs had to be postponed but will still need to be addressed in the near future.

#### **Personnel Services: \$42,542,040**

Personnel Services expenditures account for 78% of the General Fund operating budget. The Adopted Budget includes 3.5% salary increase for Police, a 2% salary increase for Dispatch and a 1.5% salary increase for all other employees, at a cost of \$700,000, and five additional positions; changes in positions comprised of the following:

- Eliminate the vacant Development Services Deputy Director position (\$-20,106)
- Eliminate the vacant Fire Logistics Specialist (\$-62,213)
- Add an Administrative Assistant for the City Manager's Office (\$57,909)
- Add a Senior Budget Analyst for the Finance Department (\$81,480)
- Add an additional Custodian for the Public Works Department (\$35,060)
- Add an additional Park Maintenance I (\$37,244)
- Add a KRRB Community Service Leader (\$38,008)

Finally, the Personal Services budget includes an increase for the City's Tuition Reimbursement program of \$20,000 and funding for Employee Appreciation Events of \$10,000.

The City continues to plan for an increasing number of retirees. The FY2017 Adopted Budget includes \$578,488 to cover estimated cash payouts and terminal leave costs for eligible employees, based on recent trends. Finally, savings continue to be factored into the budget based on the historical average vacancy rate for all City positions.

#### **Material and Services: \$11,654,695**

The Budget reflects overall reductions or flat budgets in various spending areas including contracts; supplies; and conference, travel, and training. Overall, Materials and Service expenditures in FY2017 are projected to increase by \$942,881 or 8.8%. Reductions in various cost center expenses are offset by adding funds for the following activities:

- Strategic Planning initiative (\$30,000)
- Retail Consultant / Recruitment (\$100,000)
- Building repairs as part of the City's ongoing asset management plan (\$34,900)
- Dust suppressant initiatives for dirt roads (\$50,000)

- Contract services for maintenance of street medians (\$95,300)
- A Body Camera Evidence System for Police Officers (\$65,963)

**Capital Outlay: \$214,844**

The Balanced Budget includes a small General Fund investment in capital equipment. This funding provides for replacement of equipment for Parks and Recreation and Public Works. Many other important capital needs have been postponed until sufficient funding becomes available. Some of these capital needs and special projects could be funded from savings and excess revenues realized in FY2016.

**TRANSFERS TO SPECIAL FUNDS: \$5,106,110**

Transfers provide General Fund dollars to other funds to support various activities, as indicated below:

Crime Victims Assistant Fund (376): \$7,148

This transfer is made to match grant funds.

Local Economic Development Act Fund: \$55,000

This funding will be set aside to enhance existing resources for future economic development projects, with a focus on infrastructure needs to support specific projects.

Multi-Purpose Event Center Fund: \$968,315

This transfer includes the operating and cash flow subsidy provided by the General Fund for operating the Santa Ana Star Center.

Promotion and Marketing Fund: \$174,641

This transfer is made to provide funding for special events managed by the Convention and Visitors Bureau, including the City's annual Pork and Brew event.

Computer Replacement Fund: \$606,965

This transfer is made to set aside sources for technology contingencies and to fund new technological initiatives to improve operational efficiencies.

Local Government Correction Fund: \$196,000

This transfer is made to pay for the City's cost of prisoners at the Sandoval County Detention Center that are not covered by the correctional fees levied through the Municipal Court.

Regional Emergency Communication Center: \$1,794,956

This transfer represents the City's share of the costs of the regional Emergency Communication Center. A description of this activity and fund is provided in the Special Funds section below.

RioVision Cable Fund: \$12,219

This transfer is made to subsidize activities of the fund due to a shortfall in available franchise tax revenues.

City Facilities Improvement Replacement Fund: \$69,786

This transfer is made to provide funding for a new sand filter for Haynes Pool.

DWI Seizure Vehicles Fund: \$47,391

This transfer is made to provide additional funding to balance the fund. Should the program not receive sufficient revenues to cover expenses in the coming year, the Governing Body may wish to evaluate whether or not to continue the program.

Infrastructure Fund: \$912,869

This funding will be set aside for road maintenance based on the 70% of a positive revenue variance in the General Fund.

Equipment Replacement Fund: \$260,820

This funding will be set aside to replace vehicles and / or equipment based on the 20% of a positive revenue variance in the General Fund.

**ENDING FUND BALANCE: \$8,161,830**

The General Fund Reserved Ending Fund Balance is projected to be \$4,532,798, which reflects the state reserve requirement of 8.3% of General Fund expenditures. The Unreserved Ending Fund Balance, or the additional fund balance above the State minimum, is \$3,629,032 for a total Ending Fund Balance of \$8,161,830 or 15.0% of expenditures.

**Special Funds**

Special funds are established to account for revenue sources that are allocated to specific functions or projects. A complete list of these activities can be found in the Special Fund section of the Recommended Budget. Following is a list of significant special fund activities:

**Local Economic Development Act Fund**

This fund will set aside resources to fund infrastructure to support future economic development projects. The creation of the LEDA Fund will improve Rio Rancho's readiness for recruiting economic-base employers. To date, funding has come from one-time clawback payments from developers who did not meet certain deadlines or employment levels according to their prior agreements with the City. For FY2017, the Balanced Budget includes \$55,000 from the General Fund to boost the amount of resources available for potential future projects. This fund is independent of the City's ongoing commitment of \$200,000 to the Sandoval Economic Alliance which is reflected in the City Manager's department budget.

**Promotions and Marketing Fund**

Most of the budget in this fund is for the Pork and Brew community event scheduled during the Fourth of July weekend. Expenditures for this event are budgeted at \$139,000, with revenues projected at \$114,000 and a direct General Fund subsidy of \$25,000.

**Local Government Correction Fund**

Correction fees are received for guilty pleas at the Municipal Court and are budgeted at approximately \$250,000. Expenditures from this fund pay for prisoner care provided by Sandoval County, the total cost of which is projected at \$488,960. This activity requires a transfer from the General Fund of \$196,000 to cover the difference.

**Law Enforcement Fund**

Projected resources from a state grant pursuant to the Law Enforcement Protection Fund Act total \$105,600. Funds will be used to purchase supplies and minor equipment in support of law enforcement activities.

**DWI Vehicle Seizures Fund**

Projected sources total \$116,780 and projected expenditures total \$206,723, including 50% of one police officer, 50% of one Public Safety Aid and 100% of one Paralegal position. The program requires a transfer from the General Fund of \$ 47,391 to balance the fund for FY2017. Activity levels within the program were lower than estimated, requiring a reallocation of staff resources to reflect actual work activity.

**Police Miscellaneous Revenues Fund**

This fund includes revenues from automated traffic enforcement fees to be used to fund police vehicles. In FY2017 it will fund 3 police vehicles from fees that were collected during the second half of FY2016. Beginning in FY2017, the allocation of automated traffic enforcement fees will be 100% toward police vehicles should this program continue.

**Fire Protection Fund**

Projected resources from a state grant pursuant to the Fire Protection Fund Act total \$700,000. Funds will be used for materials and services in support of fire protection activities, debt service on the City's 2007 and 2010 fire apparatus loans, and debt service on the City's 2013 administration building loan.

**Environmental GRT Fund**

This fund accounts for Municipal Gross Receipts Tax revenues to be used for the acquisition, construction, operation, and maintenance of solid waste facilities or water/sewer systems. The budget of \$748,317 is for special waste collections, a loan payment, and capital maintenance to water wells. In addition, this fund has sufficient resources to add a new position to improve special waste collection activities.

#### Higher Education GRT Fund

This fund accounts for Municipal Gross Receipts Tax revenues to be used for the acquisition, construction, renovation or improvement of facilities of a four year post-secondary public education institution. The FY2017 Budget projects \$2,331,038 in revenues and an ending fund balance of \$5,026,515.

#### Municipal Road Fund

This fund is supported by state-shared gasoline tax revenue, estimated at \$618,000 in FY2017. The fund provides for road maintenance supplies and repairs.

#### Equipment Replacement Fund

Available sources in this fund will be used to fund a parks and recreation heavy duty truck (\$28,000); a Public Works truck and utility box (\$36,000); and a new utility vehicle for the Development Services Department (\$28,000).

#### City Facility Improvement/Replacement Fund

Available resources total \$164,128, including cell tower revenues. Funds will be used for park improvements and ADA compliance, maintenance at various city facilities, an updated plan for a new City-owned maintenance yard, and a new sand filter for Haynes Pool.

#### Impact Fee – Road Fund

Based on 490 projected single-family starts in FY2017, budgeted revenue is \$309,468. Impact fee revenue will be used for future projects.

#### Impact Fee – Bikeway/Trails Fund

Based on 490 projected single-family starts in FY2017, budgeted revenue is \$7,573. Impact fee revenue and reserves will be used for Bosque Trail improvements.

#### Impact Fee – Parks Fund

Based on 490 projected single-family starts in FY2017, budgeted revenue is \$110,914. Impact fee revenue and reserves will be used for Sports Complex North improvements.

#### Impact Fee – Public Safety

Based on 490 projected single-family starts in FY2017, budgeted revenue is \$186,347. Impact fee revenue will be used to fund police vehicles and an ambulance.

#### Impact Fee – Drainage

Based on 490 projected single-family starts in FY2017, budgeted revenue is \$164,027. Impact fee revenue will be used as the City's contribution towards future projects.

### **Water and Wastewater Utility**

The Water and Wastewater Utility provides service to approximately 33,000 customers. Revenue to fund operations and capital investment is derived from the sale of water and wastewater services, impact fees, interest and other income. A scheduled rate increase of 7.8% will be effective July 1, 2016 and has been included in the projection of water and wastewater revenue. This is the fifth and final rate increase originally adopted by the Governing Body in January 2013, and subsequently amended in June 2013 and June 2014.

Additional revenue from rate increases from FY2013 through FY2017 has, and will continue to benefit the Utility Enterprise in several ways:

- Improve the financial solvency of the enterprise by ensuring adequate resources to fund rising operating expenses and to maintain the system in good working condition.
- Revised Standard and Poor's bond rating outlook from 'AA- negative' to 'AA- stable' in April 2014 based on improved financial performance.
- Maintain debt coverage ratios, and establish healthy levels of operating and capital reserves.
- Provide funding for several important system maintenance and capital investment projects that are critical to sustain reliable water service delivery and wastewater collection and treatment.

In FY2017, the Utility will continue to fund the replacement of failing polyethylene water service lines installed in the 1980's throughout the city. Replacing these services lines will reduce the number of leaks thus saving water

resources and recurring maintenance expenses. The Utility will also continue to make investments in the Geographic Information System (GIS), and Supervisory Control and Data Acquisition (SCADA) system.

**UTILITY REVENUES: \$44,938,462**

Total revenues in FY2017 for the Utility Enterprise as a whole are projected to decrease on net \$11,090,713, or 19.8% compared to the FY2016 Revised Budget due to the following:

- Taken together, water and wastewater revenue is projected to remain flat as compared to FY2016. This is the net result of the 7.8% increase in rates, a slight 0.5% increase in the Utility customer base, and declining water consumption in the single family, commercial, commercial irrigation, and industrial customer classes, consistent with recent past experience.
- Intergovernmental revenue is expected to decline \$11,084,786. The FY2016 Revised Budget includes several state and federal grant awards rolled forward from prior years. The FY2017 Adopted Budget does not include any new grant sources.

**UTILITY PERSONAL SERVICES: \$2,087,298**

The Personal Services budget for the Utility Enterprise is projected to increase \$156,931, or 8% compared to the FY2016 Revised Budget. The Personnel Services budget reflects the same 1.5% salary increase as the General Fund. The budget also includes the addition of a Utilities Water Conservation Technician to provide in house water conservation audits to Utility customers. With the additional employee, the Utility Enterprise will have 35.5 full-time equivalent employees.

**UTILITY MATERIALS & SERVICES: \$23,774,119**

The Materials and Services budget for the Utility Enterprise is projected to decrease by a net amount of \$2,485,252, or 9.5% compared to the FY2016 Revised Budget. The decrease is primarily due to prior year roll forwards included in the FY2016 Revised Budget that are either not included in the FY2017 Budget, or included at lower expenditure levels. Among these items are contract services, repair and maintenance, supplies, and minor equipment for Water Production and contract services and meter installation/replacement for Transmission and Distribution. Additionally, the FY2016 Revised Budget included utility funds and state capital outlay appropriations for water service lines in the amount of \$2.1 million while the FY2017 Budget allocates \$1M for this purpose.

**UTILITY CAPITAL OUTLAY: \$6,440,894**

Capital Outlay includes new and replacement equipment, and infrastructure projects. A detailed list of equipment and projects can be found in the Capital Outlay section of the budget document. Funding for capital projects is provided through a combination of Utility net operating revenues, water rights acquisition fees, water and wastewater impact fees, and loan/bond proceeds. Capital projects being funded in FY2017 include the following:

- Utility equipment, including trench boxes for water and wastewater line repairs, and a leak logger reader (\$31,000).
- Vehicles used for water and wastewater operations, including five replacement pick-up trucks, a new fork lift, two new dump trailers, a new covered trailer, and a replacement tractor truck (\$443,900).
- Water capital projects, including sodium hypochlorite systems at Wells 3, 9, and 19; Booster 12 HVAC; well site security improvements; Tank 9 renovation; variable frequency drive at Well 14; supervisory, control, and data acquisition (SCADA) improvements; and High Resort water line replacement (\$3,915,937).
- Purchase of water rights to satisfy Office of the State Engineer permit requirements (\$1,204,532).
- Wastewater capital projects, including Lift Station 15 property acquisition and replacement crane system; variance frequency drives at Lift Stations 15, 21, and 22; supervisory, control, and data acquisition (SCADA) improvements; Wastewater Treatment Plant #1 lighting improvements; and a replacement sodium hypochlorite system at Wastewater Treatment Plant #2 (\$845,525).

In 2017, the city entered into a limited obligation loan for the design/build of Wastewater Treatment Plant #1 (\$25 million). Repayment of the loan has been programmed into the Utility Five Year Financial Plan.

**UTILITY FUND ENDING FUND BALANCE: \$15,873,994**

The Utility Funds Ending Fund Balance consists of debt service reserves (\$3,265,391), the Army Corp. of Engineers reserve for unreimbursed grant funds (\$1,000,000), water and wastewater impact fees reserves (\$2,922,813), an operating reserve (\$5,488,773), and a capital reserve (\$3,197,017).

The operating reserve of \$5.4 million exceeds the minimum sixty days cash target reserve, while the capital reserve represents one percent of the total estimated value of capital assets. Both reserves were established pursuant to the financial planning benchmarks recommended in the 2012 Rate Study. Reserves stabilize Utility cash balances from one year to the next and provide funding for emergency and/or intermittent repair, maintenance, and capital expenditures as needed throughout the planning period.

Based on the estimated revenues and expenditures, the Utility meets the minimum required debt service coverage ratio of 1.15 for parity bonds, with a projected coverage ratio of 1.61 for senior debt and 1.45 for senior and subordinate debt combined.

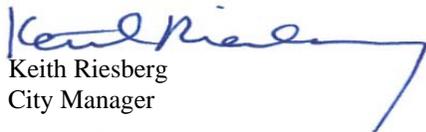
**Conclusion**

In summary, the FY2017 Final Budget maintains funding for all City services, allocates new funding for critical capital needs, and provides for a 3.5% salary increase for Police, a 2% salary increase for Dispatch and a 1.5% salary increase for all other employees. The last five years have been some of the most fiscally challenging. As revenues improve in future years, additional projects and priorities can be built back into the five-year plan.

As reflected in the transfers from the General Fund in the future years, the City's financial situation is improving. Should economic conditions maintain their current course, the City will likely be able to begin putting resources towards postponed critical community needs such as equipment replacement; facility improvements and road improvements. The passage of a General Obligation bond in March provided a critical source of revenue that should be continued in future years.

I will continue to work with the Governing Body over the coming years to allocate City resources efficiently and strategically to provide the best level of services to our citizens possible.

Sincerely,

  
Keith Riesberg  
City Manager

## **Mission**

*The City of Rio Rancho's mission is to ensure the health, safety and welfare of the community by providing excellent service to achieve a high quality of life for residents, businesses, and visitors.*

## **Vision**

*A diverse, sustainable, family-friendly community that is safe, vibrant and attractive to residents, businesses and visitors.*

## **Values**

The overarching values of Rio Rancho are:

- Service
- Accountability
- Respect

The values statement for Rio Rancho is:

*A philosophy of service, accountability and respect shall govern our interactions with citizens and with each other.*

## **GOALS**

The Strategic Plan promotes the City of Rio Rancho's vision by establishing goals and strategic directions for each of the issue areas identified during the planning process. The following six goals have been created to reflect the character of the community that is envisioned in the future. The goals are multi-year in nature.

### **Goal 1: INFRASTRUCTURE**

Ensure that the City develops new and has well-maintained infrastructure that fosters a quality community, supports a strong economy and meets the needs of current and future residents.

### **Goal 2: DEVELOPMENT**

Ensure the City has plans and policies in place to attract and create well-planned high-quality, stable, residential, commercial and industrial development.

### **Goal 3: FISCAL HEALTH**

Ensure that the City's fiscal health is strong with a growing tax base, sound financial policies and economically diverse funding solutions.

### **Goal 4: PUBLIC SAFETY SERVICES**

Provide services to ensure the safety and health of the community through quality police, fire and emergency medical services.

### **Goal 5: GOVERNMENT SERVICES**

Deliver quality services to meet community needs, assuring that the City is sufficiently staffed, trained and equipped overall.

### **Goal 6: QUALITY OF LIFE**

Provide quality of life services to meet community needs, assuring that there are strong relationships with all sectors of the community and ample opportunities for citizen engagement.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Rio Rancho  
New Mexico**

For the Fiscal Year Beginning

**July 1, 2015**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Brown'.

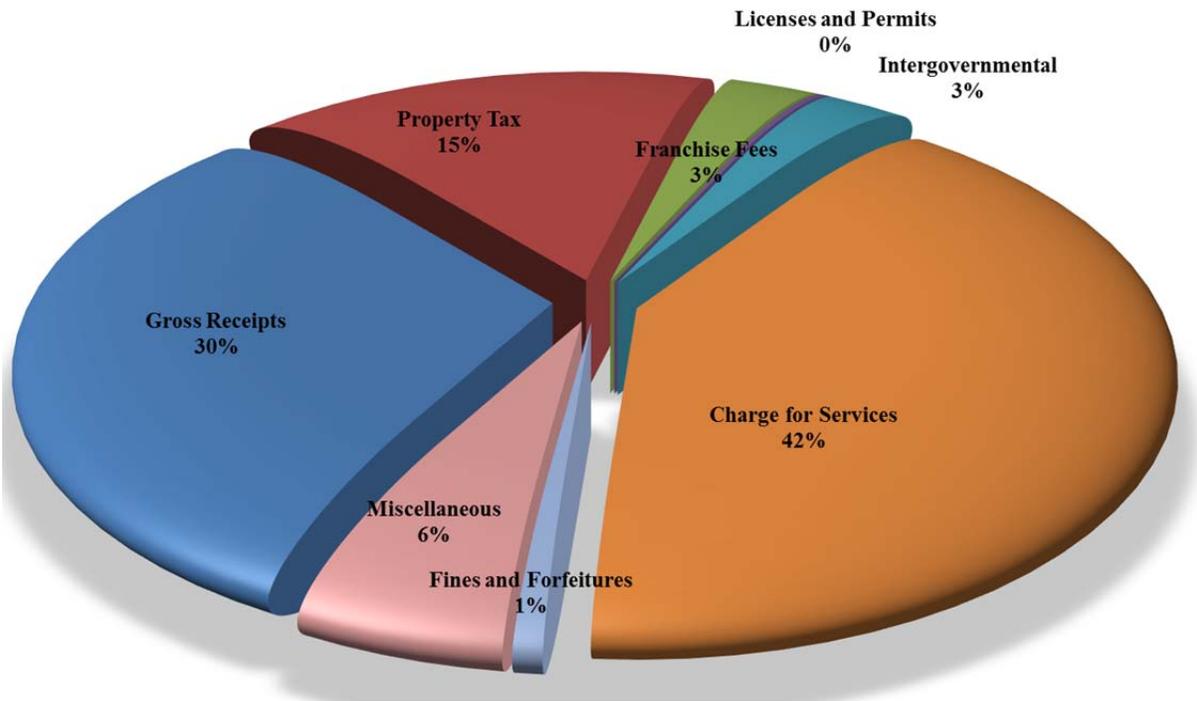
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Rio Rancho for its Annual Operating Budget for Fiscal Year beginning July 1, 2015 through June 30, 2016.

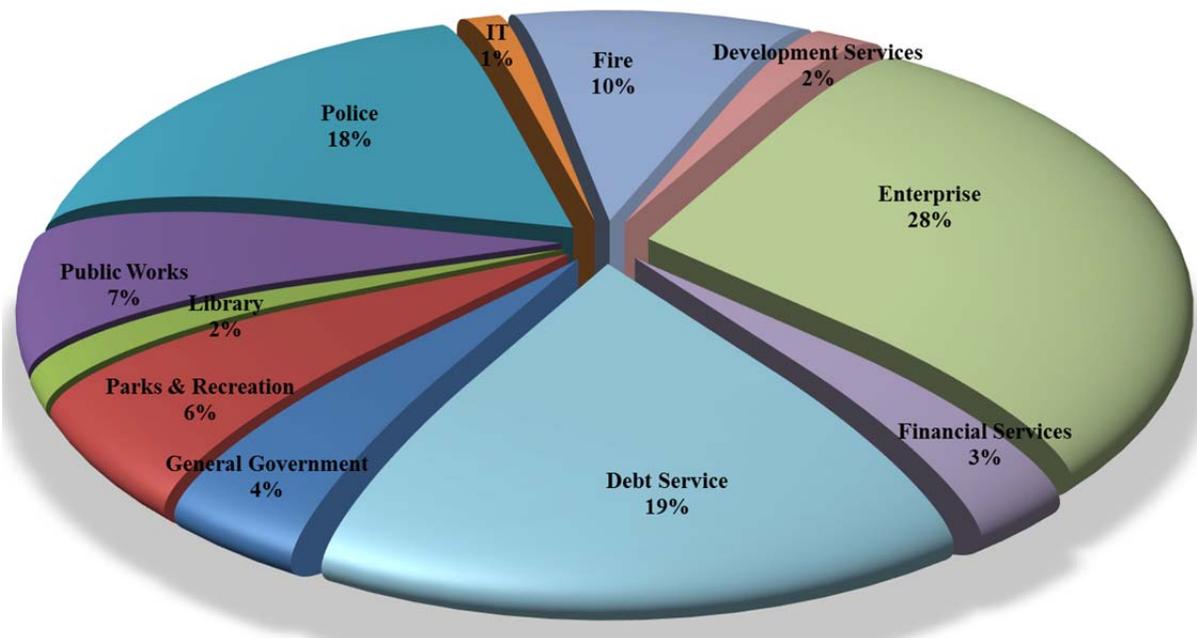
In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as communications medium.

The award is valid for a period of one year only. We believe our current budget (FY 2017) continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

**Where the Money Comes From – All Funds \$121,247,240**

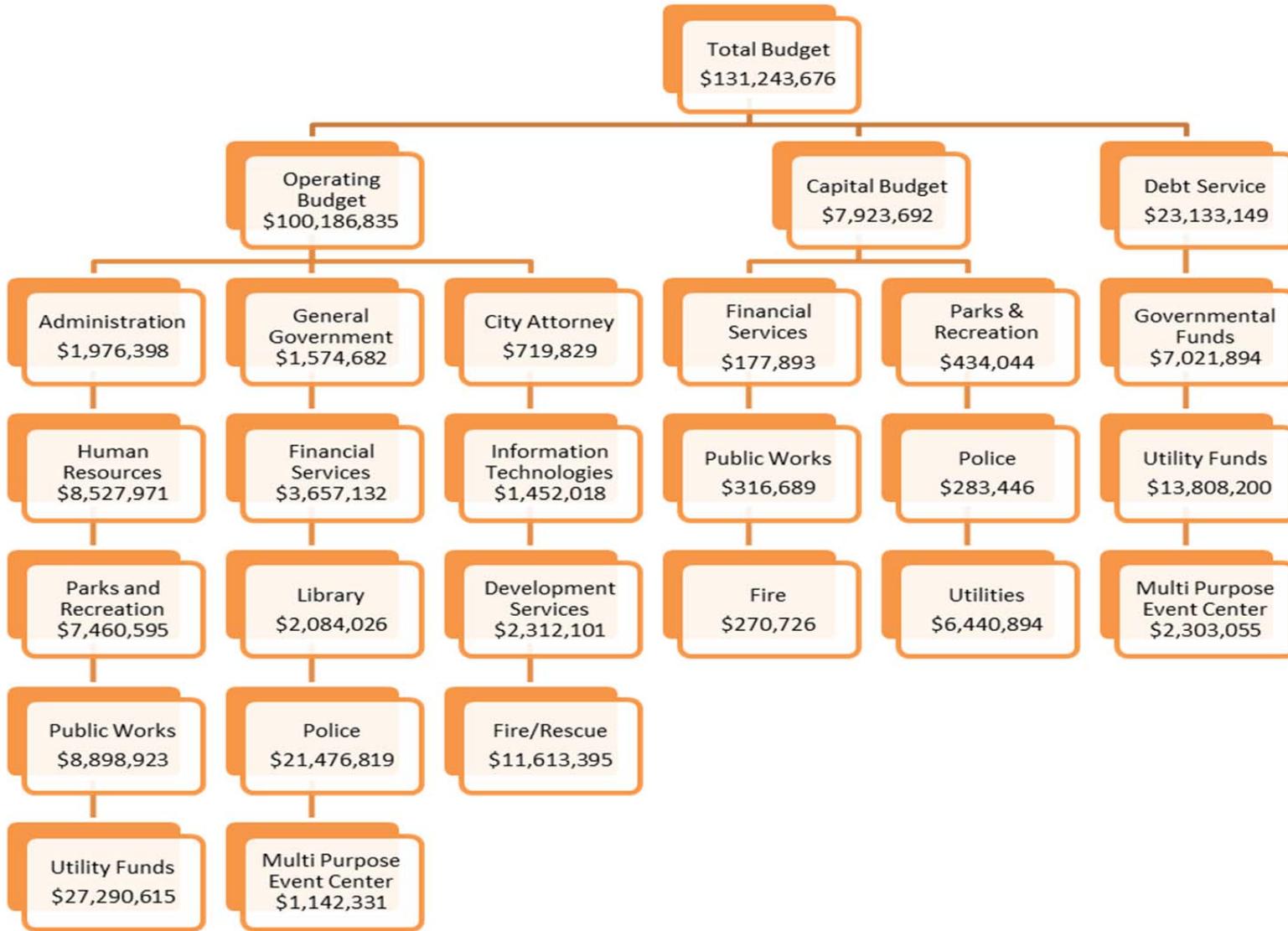


**Where the Money Goes \$123,685,503**

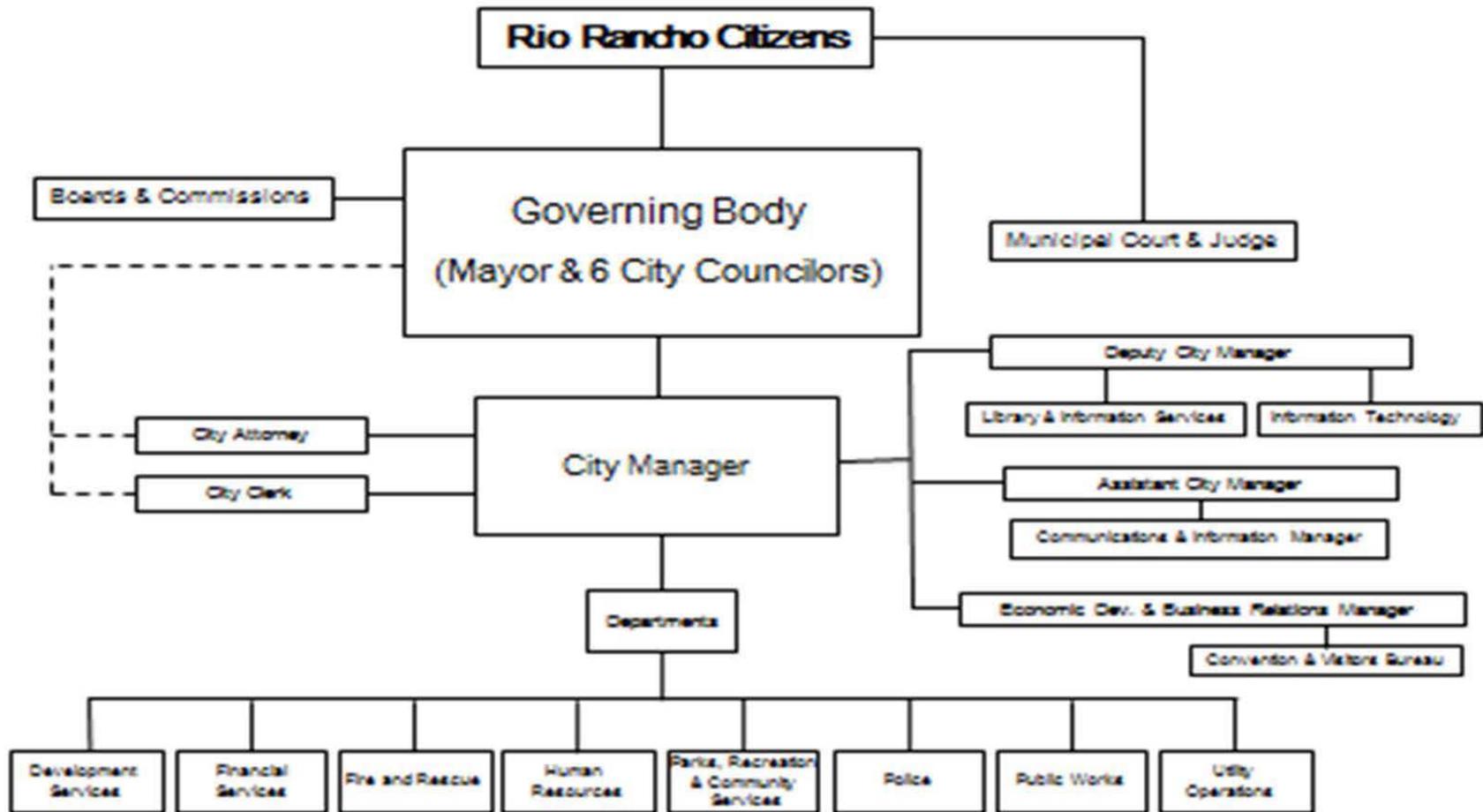


All Fund revenue and expenditure amounts do not include internal service fund budgets or transfers.

## Components of the Total Financial Plan Fiscal Year 2017



## City of Rio Rancho Organizational Structure



**CITY OF RIO RANCHO**  
**GOVERNMENTAL FUNDS BUDGET SUMMARY**  
**FOR THE PERIOD 7/1/2016 TO 6/30/2017**

FUND NUMBER AND TITLE		BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURES	ENDING FUND BALANCE
101	General Fund	11,064,039	56,597,480	(5,106,110)	54,393,579	8,161,830
201	Donation Revenue	4,783	4,000		8,783	-
202	Animal Control Contributions	30,427	45,500		46,946	28,981
204	Donations ACO/Police	5,368	3,000		4,561	3,807
206	Recreation Activities	104,926	289,675		321,277	73,324
207	KRRRB Grant Fund	80	70,000		70,080	-
212	Workers Compensation Fund	1,115,157	919,257		816,663	1,217,751
213	Rio Metro Fund	9,411	94,576		103,987	-
215	Senior Center Programs	29,707	10,750		16,300	24,157
216	Senior Center Programs II	11,293	14,025		14,025	11,293
223	Economic Development Initiative	227,667	10,000	55,000	-	292,667
224	Promotions Fund	16,938	114,000	174,641	305,579	-
225	Convention Visitors Bureau	110,270	314,505		379,331	45,444
226	Cable Committee	7,466	63,000	12,219	75,219	7,466
227	SAD Operations	35,637	-	67,000	72,339	30,298
240	Local Government Correction Fund	42,960	250,000	196,000	488,960	-
241	Law Enforcement	74,492	105,600		180,092	-
242	PS Enforcement Aid (Federal) Fund	8,850	-		8,850	-
243	Traffic Education	64,943	70,000		122,388	12,555
244	DWI Seized Vehicle Fund	71,508	116,780	47,391	206,723	28,956
246	PS Misc. Revenue / Donations Fund	256,313	175,000		259,813	171,500
250	Fire Protection	192,992	700,150		739,614	153,528
251	EMS	26	16,162		16,188	-
252	State Grants	96	-		96	-
253	Summer Lunch Program	58,045	138,000		196,045	-
255	E-911 Grant Fund	-	376,435		376,435	-
256	DWI Program Fund	228,534	-		228,534	-
259	Federal Grants Fund	3,231	-		225	3,006
260	Environmental Gross Receipts	771,897	773,719		748,317	797,299
263	Higher Education GRT	2,695,477	2,331,038		-	5,026,515
270	Municipal Road	562,234	621,250		870,618	312,866
280	Regional Emergency Comm. Center	(104,331)	2,116,938	1,794,956	3,291,553	516,010
305	Infrastructure Fund	-	-	912,869	-	912,869
310	Recreation Development Fund	4,766	15,000		-	19,766
311	Computer/Software Replacement	180,134	-	606,965	341,689	445,410
312	Equipment Replacement	91,911	-	260,820	91,912	260,819
313	City Facility Improvement/Replace	45,046	119,082	69,786	218,951	14,963
329	GO Bond Construction	3,507	-		3,507	-
330	2016 GO Bond Construction	65,022	-		65,022	-
351	Impact Fees - Roads	319,218	309,668		9,284	619,602
352	Impact Fees - Bikeways/Trails	195,841	7,573		150,227	53,187
353	Impact Fees - Parks	206,244	110,914		108,327	208,831
354	Impact Fees - Public Safety	176,092	186,347		277,590	84,849
355	Impact Fees - Drainage	297,668	164,247		4,921	456,994
363	SAD 6 Debt Service	1,030,616	472,521	(28,000)	624,323	850,814
364	SAD 7A Debt Service	2,731,815	346,264	(28,000)	288,625	2,761,454
365	SAD 8 Debt Service	377,609	131,097	(11,000)	139,531	358,175
375	HUD-CDBG Fund	-	474,216		474,216	-
376	Crime Victims Assistance	6,665	21,453	7,148	35,266	-
401	G.O. Bonds Debt Service	3,897,596	3,266,117		3,908,127	3,255,586
424	Series 2005 GRT Debt Service	273	1,580,480		1,580,480	273
426	HP Debt Service Loan Fund	7,111	415,238		415,238	7,111
427	HS Debt Service Loan Fund	-	416,810		416,810	-
428	PS Vehicle Loan Fund	-	246,841		246,841	-
706	Solid Waste Indigent Fund	18,004	18,000		36,004	-
720	LEDA Reimbursements	200,000	-		200,000	-
730	GRIP Fund	-	56,756		56,756	-
750	Health Self Insurance Fund	1,957,378	5,751,500		6,227,510	1,481,368
751	Dental Self Insurance Fund	173,270	526,000		514,000	185,270
<b>TOTAL</b>		<b>\$ 29,686,222</b>	<b>\$ 80,976,964</b>	<b>\$ (968,315)</b>	<b>\$ 80,798,277</b>	<b>\$ 28,896,594</b>

**CITY OF RIO RANCHO  
UTILITY FUNDS BUDGET SUMMARY  
FOR THE PERIOD 7/1/2016 TO 6/30/2017**

<b>FUND NUMBER AND TITLE</b>	<b>BEG FUND BALANCE</b>	<b>REVENUES</b>	<b>OPERATING TRANSFERS</b>	<b>EXPENDITURE</b>	<b>ENDING FUND BALANCE</b>
501 Department of Utilities	\$ 8,870,137	\$ 41,182,906	(15,498,083)	\$ 25,869,170	8,685,790
512 Equipment Replacement Fund	10,777	-	433,123	443,900	-
532 Debt Service / NMFA Loan	1,229,198	3,000	2,637,555	3,869,753	-
533 Utility 2009 Ref. Debt Service	3,725,441	-	8,909,578	10,829,669	1,805,350
540 CIF Water Operation	800,000	-	4,115,937	3,915,937	1,000,000
542 Water Rights Fund	1,073,208	3,035,000	(1,443,635)	1,204,532	1,460,041
545 Water Impact Fees	1,709,348	421,090	-	12,633	2,117,805
550 CIF Wastewater	-	-	845,525	845,525	-
555 Wastewater - Impact Fees	517,436	296,466	-	8,894	805,008
<b>UTILITY TOTAL</b>	<b>\$ 17,935,545</b>	<b>\$ 44,938,462</b>	<b>\$ -</b>	<b>\$ 47,000,013</b>	<b>\$ 15,873,994</b>

**CITY OF RIO RANCHO  
MULTI-PURPOSE EVENT CENTER FUNDS BUDGET SUMMARY  
FOR THE PERIOD 7/1/2016 TO 6/30/2017**

<b>FUND NUMBER AND TITLE</b>	<b>BEG FUND BALANCE</b>	<b>REVENUES</b>	<b>OPERATING TRANSFERS</b>	<b>EXPENDITURE</b>	<b>ENDING FUND BALANCE</b>
601 Multi - Purpose Event Center Fund	\$ -	\$ 423,774	\$ 718,315	\$ 1,142,089	\$ -
610 MPEC Debt Service Fund	2,951,520	2,053,297	250,000	2,303,297	2,951,520
<b>MPEC TOTAL</b>	<b>\$ 2,951,520</b>	<b>\$ 2,477,071</b>	<b>\$ 968,315</b>	<b>\$ 3,445,386</b>	<b>\$ 2,951,520</b>

**GENERAL FUND FIVE YEAR FINANCIAL PLAN**  
**FY 2017 BUDGET**  
**Final**

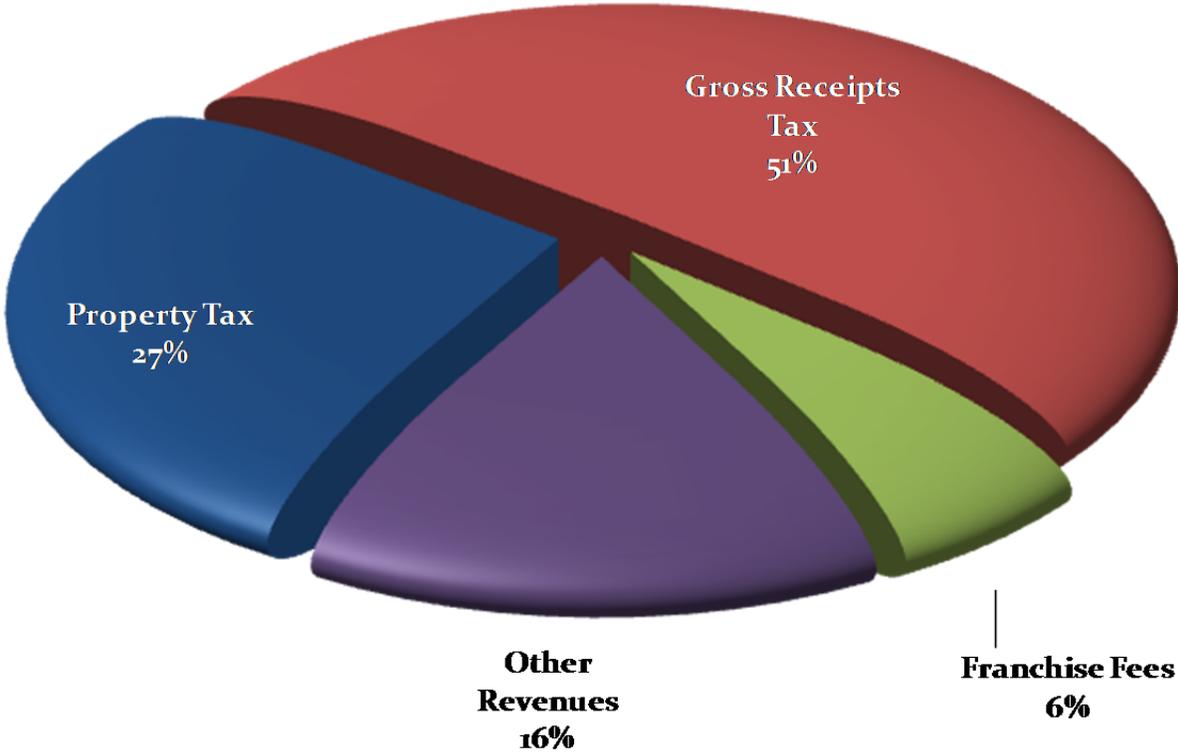
	FY16 Actual	FY 2017* Final	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change	FY 2021 Projected	Change
<b>Sources</b>											
<b>Beginning Fund Balance</b>	11,206,072	11,064,039	-1.3%	8,161,830	-26.2%	8,162,522	0.0%	8,422,640	3.2%	8,659,558	2.8%
<b>Property Tax</b>	14,757,264	15,290,742	3.6%	15,655,809	2.4%	16,074,347	2.7%	16,419,796	2.1%	16,788,011	2.2%
<b>Gross Receipts Tax</b>	29,032,818	28,692,906	-1.2%	30,272,077	5.5%	32,227,161	6.5%	33,969,475	5.4%	35,819,098	5.4%
<b>Franchise Fees</b>	3,446,906	3,462,641	0.5%	3,488,264	0.7%	3,566,977	2.3%	3,686,900	3.4%	3,784,533	2.6%
<b>Licenses &amp; Permits</b>	337,255	313,865	-6.9%	325,808	3.8%	328,281	0.8%	330,478	0.7%	332,388	0.6%
<b>Grants</b>	258,735	170,836	-34.0%	151,500	-11.3%	151,500	0.0%	151,500	0.0%	151,500	0.0%
<b>State Shared Taxes</b>	361,855	361,000	-0.2%	363,888	0.8%	366,799	0.8%	369,733	0.8%	372,691	0.8%
<b>General Government</b>	2,430,497	2,107,503	-13.3%	2,166,108	2.8%	2,227,646	2.8%	2,292,259	2.9%	2,360,073	3.0%
<b>Public Safety</b>	2,560,384	2,314,245	-9.6%	2,345,539	1.4%	2,379,419	1.4%	2,409,539	1.3%	2,435,718	1.1%
<b>Cultural Enrichment</b>	993,336	981,803	-1.2%	1,001,896	2.0%	1,014,297	1.2%	1,025,323	1.1%	1,034,905	0.9%
<b>Fines and Forfeitures</b>	934,336	973,298	4.2%	985,160	1.2%	998,003	1.3%	1,009,420	1.1%	1,019,343	1.0%
<b>Miscellaneous Revenue</b>	2,208,218	1,928,641	-12.7%	1,828,527	-5.2%	1,866,287	2.1%	1,903,845	2.0%	1,946,306	2.2%
<b>Total Recurring Revenues</b>	57,321,604	56,597,480	-1.3%	58,584,576	3.5%	61,200,717	4.5%	63,568,269	3.9%	66,044,566	3.9%
<b>Non-Recurring Revenues</b>		-	0.0%	-	0.0%	-	0.0%	-	0.0%		0.0%
<b>Total Revenues</b>	57,321,604	56,597,480	-1.3%	58,584,576	3.5%	61,200,717	4.5%	63,568,269	3.9%	66,044,566	3.9%
<b>Transfers from Special Funds</b>	2	-	-100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Sources</b>	68,527,678	67,661,519	-1.3%	66,746,406	-1.4%	69,363,239	3.9%	71,990,909	3.8%	74,704,124	3.8%
<b>Uses</b>											
<b>Personal Services</b>	39,765,940	42,524,040	6.9%	42,649,070	0.3%	44,191,722	3.6%	45,471,715	2.9%	46,790,257	2.9%
<b>Materials and Services</b>	10,711,814	11,417,427	6.6%	11,546,336	1.1%	11,746,458	1.7%	11,895,763	1.3%	12,126,942	1.9%
<b>Total Recurring Expenditures</b>	50,477,754	53,941,467	6.9%	54,195,406	0.5%	55,938,180	3.2%	57,367,478	2.6%	58,917,199	2.7%
<b>Non-Recurring Expenditures</b>											
Capital Outlay	87,884	214,844		-		-		-		-	
Other Non-Rec. Expenditures	-	237,268		72,100		-		74,263			
<b>Total Non-Rec. Expenditures</b>	87,884	452,112	414.4%	72,100	0.0%	-	-100.0%	74,263	0.0%	-	0.0%
<b>Total Expenditures</b>	50,565,638	54,393,579	7.6%	54,267,506	-0.2%	55,938,180	3.1%	57,441,741	2.7%	58,917,199	2.6%
<b>Transfers Out</b>	6,245,190	5,106,110	-18.2%	4,316,378	-15.5%	5,002,418	15.9%	5,889,610	17.7%	6,962,982	18.2%
Ending Fund Balance Unreserved	6,853,250	3,629,032	-47.0%	3,640,230	0.3%	3,761,125	3%	3,872,746	3.0%	3,914,176	1.1%
Ending Fund Balance Reserved	4,213,803	4,532,798	7.6%	4,522,292	-0.2%	4,661,515	3.1%	4,786,812	2.7%	4,909,767	2.6%
<b>Total Ending Fund Balance</b>	11,067,053	8,161,830	-26.3%	8,162,522	0.0%	8,422,640	3.2%	8,659,558	2.8%	8,823,943	1.9%
<b>Total Uses</b>	67,877,881	67,661,519	-0.3%	66,746,406	-1.4%	69,363,239	3.9%	71,990,909	3.8%	74,704,124	3.8%
Reserves as % of Expenditures	21.9%	15.0%		15.0%		15.1%		15.1%		15.0%	

\*FY17 has 27 Pay Periods

<b>CITY OF RIO RANCHO</b> <b>GENERAL FUND SUMMARY</b> <b>FOR THE PERIOD 7/1/2016 to 6/30/2017</b>
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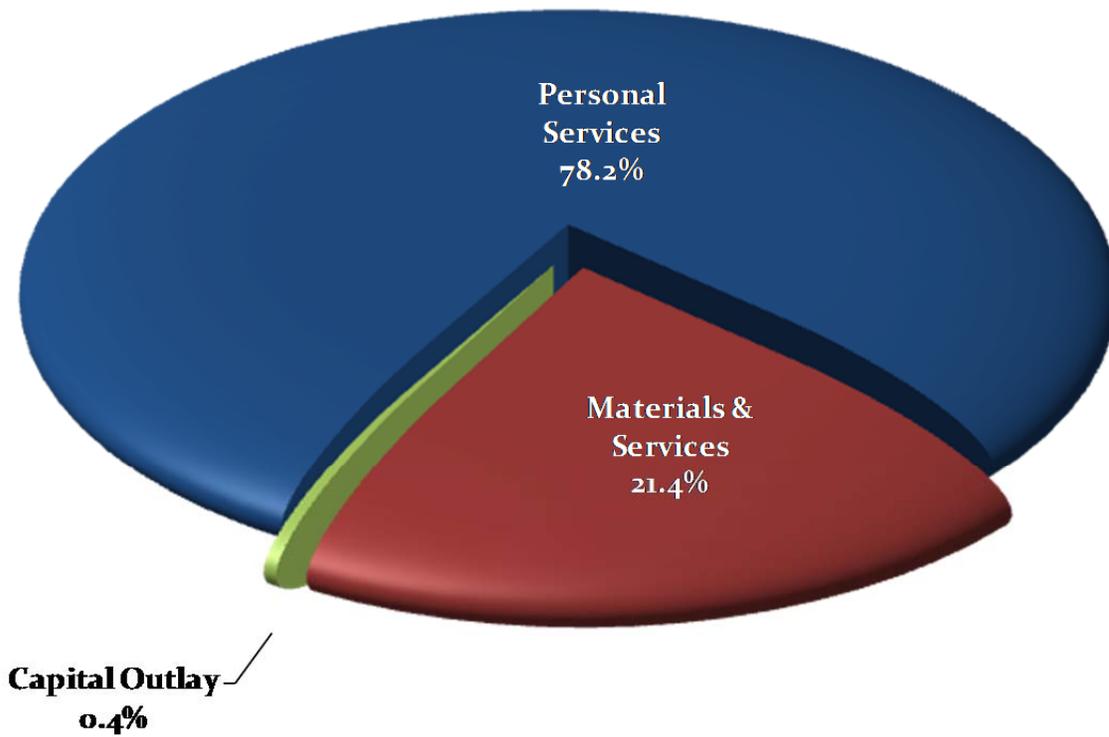
	Adjusted Budget FY2016	Increase (Decrease)	Adopted FY2017	Percentage Change
<b>Beginning Fund Balance</b>	11,206,072	(142,033)	11,064,039	-1.3%
<b>Property Tax</b>	14,971,078	319,664	15,290,742	2.1%
<b>Gross Receipts Tax</b>	27,957,544	735,362	28,692,906	2.6%
<b>Franchise Fees</b>	3,485,659	(23,018)	3,462,641	-0.7%
<b>Licenses &amp; Permits</b>	328,615	(14,750)	313,865	-4.5%
<b>Grants</b>	304,255	(133,419)	170,836	-43.9%
<b>State Shared Taxes</b>	319,063	41,937	361,000	13.1%
<b>General Government</b>	1,970,755	136,748	2,107,503	6.9%
<b>Public Safety</b>	2,374,500	(60,255)	2,314,245	-2.5%
<b>Cultural Enrichment</b>	961,167	20,636	981,803	2.1%
<b>Fines and Forfeitures</b>	1,097,500	(124,202)	973,298	-11.3%
<b>Miscellaneous Revenue</b>	2,253,762	(325,121)	1,928,641	-14.4%
<b>Total Recurring Revenues</b>	56,023,898	573,582	56,597,480	1.0%
<b>Non-Recurring Revenues</b>	-	-	-	0.0%
<b>Total Revenues</b>	56,023,898	573,582	56,597,480	1.0%
<b>Transfers In</b>	2	(2)	-	-100.0%
<b>Total Sources</b>	67,229,972	431,547	67,661,519	0.6%
<b>Personal Services</b>	40,573,844	1,950,196	42,524,040	4.8%
<b>Materials &amp; Services</b>	12,686,316	(1,268,889)	11,417,427	-10.0%
<b>Capital Outlay</b>	87,900	126,944	214,844	144.4%
<b>Other Non-Rec. Expenditures</b>	-	237,268	237,268	100.0%
<b>Total Expenditures</b>	53,348,060	1,045,519	54,393,579	2.0%
<b>Transfers Out</b>	6,255,966	(1,149,856)	5,106,110	-18.4%
<b>Ending Fund Balance Unreserved</b>	3,209,283	419,749	3,629,032	13.1%
<b>Ending Fund Balance Reserved</b>	4,416,663	116,135	4,532,798	2.6%
<b>Total Ending Fund Balance</b>	7,625,946	535,884	8,161,830	7.0%
<b>Total Uses</b>	67,229,972	431,547	67,661,519	0.6%

**FISCAL YEAR 2017  
GENERAL FUND  
Revenue Budget by Category**



<b>Property Tax</b>	<b>15,290,742</b>
<b>Gross Receipts Tax</b>	<b>28,692,906</b>
<b>Franchise Fees</b>	<b>3,462,641</b>
<b>Other Revenues</b>	<b>9,151,191</b>
<b>Total Revenue</b>	<b>\$ 56,597,480</b>

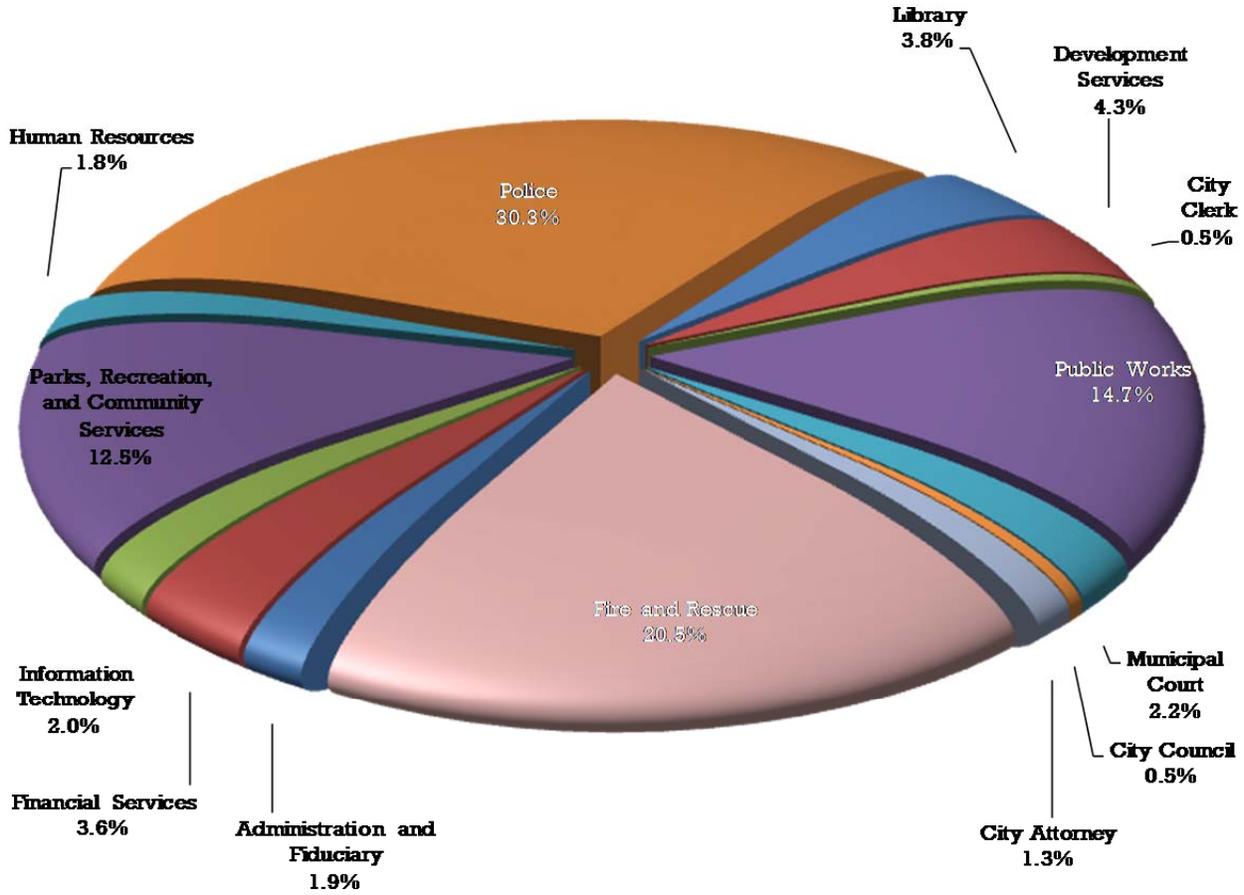
**FISCAL YEAR 2017  
GENERAL FUND  
Expenditure Budget by Category**



<b>Personal Services</b>	<b>\$ 42,524,040</b>
<b>Materials &amp; Services</b>	<b>11,654,695</b>
<b>Capital Outlay</b>	<b>214,844</b>
<b>Total Expenditures</b>	<b><u>54,393,579</u></b>

**Transfers are excluded (\$5,106,110)**

# General Fund Fiscal Year 2017 Department Expenditures



Departments	Budget
Administration and Fiduciary	\$ 1,045,998
Financial Services	1,974,888
Information Technology	1,110,329
Parks, Recreation, and Community Service	6,800,954
Human Resources	969,798
Police	16,483,501
Library	2,084,026
Development Services	2,312,101
City Clerk	264,396
Public Works	7,974,060
Municipal Court	1,221,744
City Council	258,813
City Attorney	719,829
Fire and Rescue	11,173,142
<b>Total</b>	<b>\$ 54,393,579</b>

Transfers are excluded (\$5,106,110)

**Water and Wastewater Utility Five Year Financial Plan**  
**FY2017 Budget**  
**Final Budget**

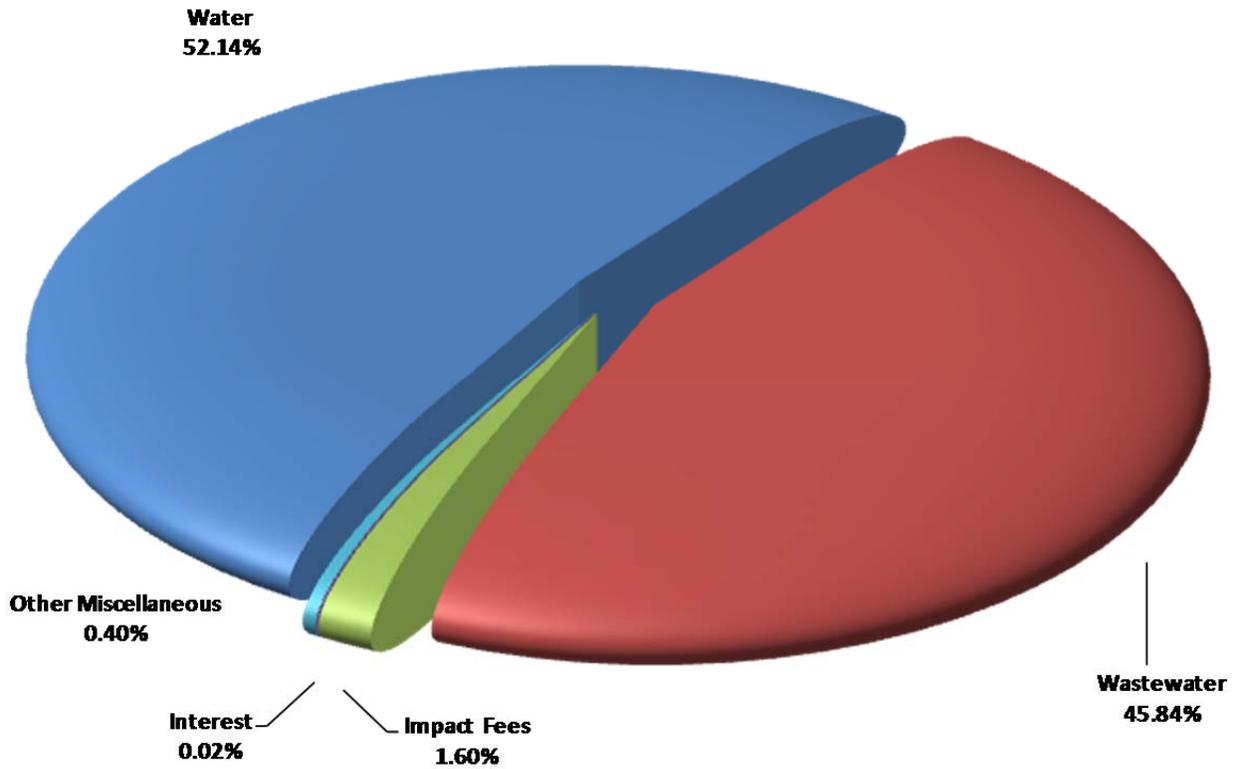
Line No.	Description	2016		2017		2018		2019		2020		2021	
		\$	% Change	\$	% Change	\$	% Change	\$	% Change	\$	% Change	\$	% Change
<b>1</b>	<b>Beginning Balance</b>	<b>10,731,602</b>	<b>15%</b>	<b>8,870,137</b>	<b>-17%</b>	<b>8,685,790</b>	<b>-2%</b>	<b>11,774,896</b>	<b>36%</b>	<b>13,033,170</b>	<b>11%</b>	<b>13,405,531</b>	<b>3%</b>
	<b>Revenues</b>												
	Revenue from Existing Rates												
<b>2</b>	Water	18,777,879	2%	18,774,839	0%	18,810,207	0%	18,847,323	0%	18,883,282	0%	18,918,828	0%
<b>3</b>	Wastewater	18,825,747	4%	20,498,867	9%	20,521,061	0%	20,533,286	0%	20,546,209	0%	20,557,031	0%
<b>4</b>	<b>Total Rate Revenue</b>	<b>37,603,626</b>	<b>3%</b>	<b>39,273,706</b>	<b>4%</b>	<b>39,331,268</b>	<b>0%</b>	<b>39,380,609</b>	<b>0%</b>	<b>39,429,491</b>	<b>0%</b>	<b>39,475,859</b>	<b>0%</b>
<b>5</b>	Transfer from Other Fund	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
<b>6</b>	Miscellaneous Revenue	2,146,625	-13%	1,903,200	-11%	1,903,200	0%	1,903,200	0%	1,903,200	0%	1,903,200	0%
<b>7</b>	Intergovernmental Grants (a)	12,805	-74%	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
<b>8</b>	Interest	11,277	102%	6,000	-47%	6,000	0%	6,000	0%	6,000	0%	6,000	0%
<b>9</b>	<b>Total Revenues</b>	<b>39,774,333</b>	<b>0%</b>	<b>41,182,906</b>	<b>4%</b>	<b>41,240,468</b>	<b>0%</b>	<b>41,289,809</b>	<b>0%</b>	<b>41,338,691</b>	<b>0%</b>	<b>41,385,059</b>	<b>0%</b>
	<b>Revenue Requirements</b>												
	Operation & Maintenance Expense												
<b>10</b>	Water (a)	11,245,355	-7%	13,355,421	19%	12,832,061	-4%	13,304,052	4%	13,793,297	4%	14,300,454	4%
<b>11</b>	Wastewater	8,724,350	-7%	10,361,377	19%	10,731,164	4%	11,097,343	3%	11,476,908	3%	11,870,369	3%
<b>12</b>	Net Roll Forward	2,430,384	N/A										
<b>13</b>	<b>Total O&amp;M Expense</b>	<b>22,400,089</b>	<b>4%</b>	<b>23,716,798</b>	<b>6%</b>	<b>23,563,225</b>	<b>-1%</b>	<b>24,401,395</b>	<b>4%</b>	<b>25,270,205</b>	<b>4%</b>	<b>26,170,822</b>	<b>4%</b>
<b>14</b>	Franchise Fee	753,576	6%	775,330	3%	776,453	0%	777,411	0%	778,360	0%	779,259	0%
<b>15</b>	PILOT - Property Tax	142,590	14%	0	-100%	0	N/A	0	N/A	0	N/A	0	N/A
<b>16</b>	City G&A	1,369,168	3%	1,346,042	-2%	1,399,884	4%	1,455,879	4%	1,514,114	4%	1,574,679	4%
	Debt Service												
	Existing Senior												
<b>17</b>	Water	7,650,074	-2%	7,225,716	-6%	7,238,550	0%	6,895,613	-5%	6,903,263	0%	6,912,038	0%
<b>18</b>	Wastewater	2,550,025	-2%	2,408,572	-6%	2,412,850	0%	2,298,538	-5%	2,301,088	0%	2,304,013	0%
	Existing Subordinate												
<b>19</b>	Water	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
<b>20</b>	Wastewater	712,931	1%	20,305	-97%	20,305	N/A	20,305	0%	20,305	0%	20,305	0%
	Proposed Debt Service												
<b>21</b>	Water	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
<b>22</b>	Wastewater (b)	0	N/A	2,370,275	N/A	2,538,375	7%	3,980,675	57%	3,977,275	0%	3,982,025	0%
<b>23</b>	<b>Total Debt Service</b>	<b>10,913,030</b>	<b>-2%</b>	<b>12,024,868</b>	<b>10%</b>	<b>12,210,080</b>	<b>2%</b>	<b>13,195,130</b>	<b>8%</b>	<b>13,201,930</b>	<b>0%</b>	<b>13,218,380</b>	<b>0%</b>
<b>24</b>	Routine Capital	259,625	-64%	31,000	-88%	0	-100%	0	N/A	0	N/A	0	N/A
	Transfers TO / (FROM)												
<b>25</b>	Water Capital Fund	2,477,910	133%	4,115,937	66%	200,000	-95%	200,000	0%	200,000	0%	200,000	0%
<b>26</b>	Vehicle Replacement Fund	445,642	-51%	433,123	-3%	0	-100%	0	N/A	0	N/A	0	N/A
<b>27</b>	Debt Service Fund (c)	1,861,993	111%	(1,921,370)	-203%	1,720	-100%	1,720	0%	1,720	0%	1,720	0%
<b>28</b>	Wastewater Capital Fund	300,000	N/A	845,525	182%	0	-100%	0	N/A	0	N/A	0	N/A
<b>29</b>	Effluent Fund	712,174	N/A	0	-100%	0	N/A	0	N/A	0	N/A	0	N/A
<b>30</b>	Water Rights Fund	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
<b>31</b>	<b>Total Transfers</b>	<b>5,797,719</b>	<b>103%</b>	<b>3,473,215</b>	<b>-40%</b>	<b>201,720</b>	<b>-94%</b>	<b>201,720</b>	<b>0%</b>	<b>201,720</b>	<b>0%</b>	<b>201,720</b>	<b>0%</b>
<b>32</b>	<b>Total Revenue Requirement</b>	<b>41,635,797</b>	<b>9%</b>	<b>41,367,253</b>	<b>-1%</b>	<b>38,151,361</b>	<b>-8%</b>	<b>40,031,535</b>	<b>5%</b>	<b>40,966,330</b>	<b>2%</b>	<b>41,944,860</b>	<b>2%</b>
<b>33</b>	Annual Surplus (Deficiency)	(1,861,463)	-235%	(184,347)	-90%	3,089,107	-1776%	1,258,274	-59%	372,361	-70%	(559,801)	-250%
<b>34</b>	<b>Ending Balance</b>	<b>5,255,627</b>	<b>-39%</b>	<b>5,488,773</b>	<b>4%</b>	<b>8,440,476</b>	<b>54%</b>	<b>9,555,442</b>	<b>13%</b>	<b>9,778,335</b>	<b>2%</b>	<b>9,062,642</b>	<b>-7%</b>
<b>35</b>	<b>Capital Reserve</b>	<b>3,614,510</b>		<b>3,197,017</b>		<b>3,334,420</b>		<b>3,477,728</b>		<b>3,627,196</b>		<b>3,783,088</b>	
<b>Target Ending Balance -</b>													
<b>36</b>	<b>Total Operations Expense (d)</b>	<b>3,910,000</b>		<b>4,120,000</b>		<b>4,100,000</b>		<b>4,250,000</b>		<b>4,400,000</b>		<b>4,560,000</b>	
	<b>Revenue Bond Debt Service Coverage</b>												
<b>37</b>	Senior (e)	170.2%		161.3%		161.4%		147.5%		140.2%		132.5%	
<b>38</b>	Senior & Subordinate (f)	159.1%		145.2%		144.8%		128.0%		121.7%		115.1%	

**CITY OF RIO RANCHO**

**Water and Wastewater Utility Fund Summary  
7/1/16 TO 6/30/17**

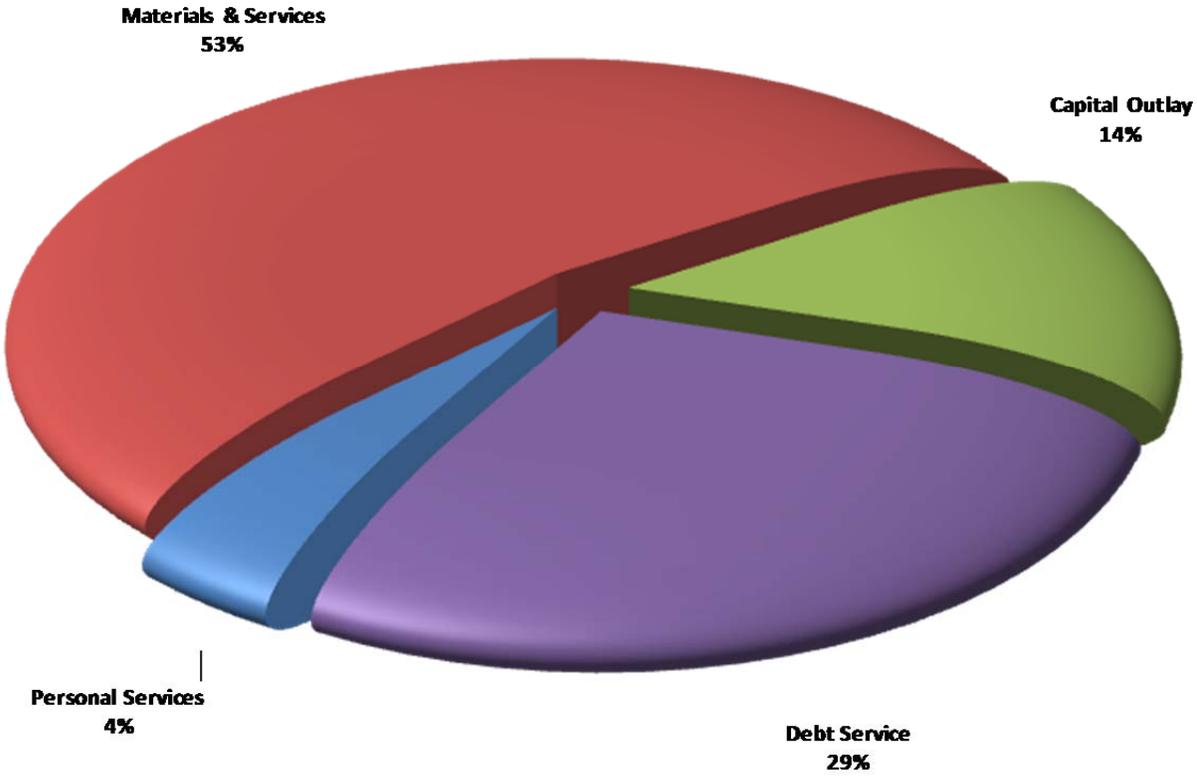
	<b>FY 2016 Adjusted Budget</b>	<b>FY 2017 Final Budget</b>	<b>Percentage Change</b>
Beginning Fund Balance	\$ 23,155,721	\$ 17,935,545	-22.54%
<b>Revenues</b>			
Water	\$ 21,258,330	\$ 20,397,039	-4.05%
Wastewater	19,688,336	20,599,867	4.63%
Impact Fees	666,723	717,556	7.62%
Intergovernmental Grants	11,084,786	-	-100.00%
Interest	11,000	10,000	-9.09%
Other Income	3,320,000	3,214,000	-3.19%
Total Revenues	<u>\$ 56,029,175</u>	<u>\$ 44,938,462</u>	-19.79%
<b>Other Financing Sources</b>			
Bond & Loan Proceeds	\$ 43,414,945	\$ -	-100.00%
Total Other	<u>43,414,945</u>	<u>-</u>	-100.00%
<b>Total</b>	<u><b>\$ 122,599,841</b></u>	<u><b>\$ 62,874,007</b></u>	-48.72%
<b>Expenditures</b>			
Personal Services	\$ 1,930,367	\$ 2,087,298	8.13%
Material and Services	26,259,371	23,774,119	-9.46%
Capital Outlay	32,529,850	6,440,894	-80.20%
Encumbrances & Projects	-	-	N/A
Total Expenditures	<u>\$ 60,719,588</u>	<u>\$ 32,302,311</u>	-46.80%
<b>Other Financing Uses</b>			
Debt Service	\$ 14,112,857	\$ 14,697,702	4.14%
Total Other Financing Uses	<u>\$ 14,112,857</u>	<u>\$ 14,697,702</u>	4.14%
Ending Fund Balance - Unreserved	\$ 6,329,034	\$ 8,411,586	32.90%
Ending Fund Balance - Debt Service	32,542,643	-	-100.00%
Ending Fund Balance - Debt Service Reserve	4,481,209	3,265,391	-27.13%
Ending Fund Balance - Capital Reserve	3,614,510	3,197,017	-11.55%
Ending Fund Balance - ACoE Reserve	800,000	1,000,000	
Total EFB	<u>\$ 47,767,396</u>	<u>\$ 15,873,994</u>	-66.77%
<b>Total</b>	<u><b>\$ 122,599,841</b></u>	<u><b>\$ 62,874,007</b></u>	-48.72%

**FISCAL YEAR 2017  
UTILITY FUNDS  
Revenue Budget by Category**



<b>Water</b>	<b>\$ 23,431,039</b>
<b>Wastewater</b>	<b>20,599,867</b>
<b>Impact Fees</b>	<b>717,556</b>
<b>Interest</b>	<b>10,000</b>
<b>Other Miscellaneous</b>	<b>180,000</b>
<b>Total Revenue</b>	<b><u>\$ 44,938,462</u></b>

**FISCAL YEAR 2017  
UTILITY FUNDS  
Expenditure Budget by Category**



<b>Personal Services</b>	<b>\$ 2,087,298</b>
<b>Materials &amp; Services</b>	<b>25,003,317</b>
<b>Capital Outlay</b>	<b>6,440,894</b>
<b>Debt Service</b>	<b>13,468,504</b>
<b>Total Expenditures</b>	<b><u>\$ 47,000,013</u></b>