August 2014

Dear Citizens:

I respectfully transmit the budget for the City of Rio Rancho for the fiscal year July 1, 2014 through June 30, 2015. I write this letter with cautious optimism about the future of our community and our city government as we finally move beyond the economic recession.

Development of our community and job creation is on the rise. Some highlights of projects currently under construction include: Presbyterian Rust Medical Center's $86 million expansion; Rio at Cabezon 24/7 skilled health care facility; Sandia Laboratory Federal Credit Union; Unser Pavilion Building No. 3 for multiple tenants, including Hangar Prosthetics; Dion's; Walmart Neighborhood Market; and a Presbyterian medical clinic in Enchanted Hills. On the horizon is construction work for TJ Maxx, Bed, Bath & Beyond, Michael's, Kirkland's, Famous Footwear, Petsmart, and Rue 21 at the Plaza at Enchanted Hills; a 7-11 convenience store; and a U-Haul and storage facility.

The national, regional, and local housing markets are also showing signs of renewed strength. In Rio Rancho, earthwork has started on a new subdivision located just off Northern Boulevard. Named Solcito, Phase I will consist of 51 lots and is the first new subdivision to get underway in several years. The Neighborhood by La Vida Llena, a $50 million senior-living project in the Loma Colorado community, is likely to break ground in the coming month or two.
All of these projects are tremendous for Rio Rancho because they mean jobs and revenue generation to fund public services. In addition, activity like this creates a buzz about the community that helps attract more interest from other businesses looking to expand and open new operations or relocate.

For the Fiscal Year 2015 budget, city departments have come together to continue to operate as efficiently as possible and do more with less. As such, the budget includes additional funding for critical areas such as public safety, roads, and employee compensation. I am proud to say that the city is strategically allocating limited resources for several new public safety positions and seasonal workers for street maintenance. Funding has been made available for the city's Geographic Information System (GIS), pavement preservation and water line replacements, and for high priority streets and right-of-way heavy equipment. The budget also includes funding for city employee raises, which is in-line with recent pay study recommendations. All employee

groups will benefit from the funding made available. Lastly, two other highlights in this year's budget is funding for economic development services and the extension of Broadmoor Boulevard to the City Center area, which is in collaboration with the University of New Mexico.

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 12.8 percent, which is slightly below the city's policy target of 15 percent but still adequate for the city's short-term needs. Having these reserves is not only a best practice, but is critical due to the somewhat volatile nature of the city's main revenue, the 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. Going forward, the city will need to remain vigilant with respect to maintaining city revenue and service levels.

In summary, the past five years have been fiscally challenging for city government. However, this year I believe that we are in a position to invest more in our most important assets, our employees, as well as our quality of life and other important areas of need such as our roads and the equipment needed to provide quality services to the public. By doing this, the city will be able to continue to address the strategic priorities of our community over the long term. I want to acknowledge all city staff for their tireless efforts to bring the best public services possible to the community and 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 their support of our great city.

Sincerely,

Greggory D. Hull, Mayor

August 11, 2014

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

Dear Mayor Hull:

In compliance with the City Charter and applicable state statute, I hereby submit to you the Adopted City Budget for Fiscal Year 2015 (FY15).

The Budget for FY15 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 FY15 and the ending fund balance is expected to exceed the City's 15 percent target in FY19.

The FY15 Budget reflects a local economy that is continuing to slowly improve, digging itself out of negative job growth that has hampered the metro area over the last five years. Various signs suggest that the economy is recovering, including a steadily declining unemployment rate, improved housing market indicators, and overall lower foreclosure activity in the area compared to recent years.

Unfortunately, the growth in revenues has not been strong enough to meet all of the funding needs of the City. There continues to be more needs than can be addressed with current resources. This has meant tough budget decisions and allocating our 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

After five consecutive years of negative employment growth in the Albuquerque Metro Area, the Bureau of Business and Economic Research forecasts job growth to reach 1.5 percent in 2014. Sectors leading the job growth include the healthcare and social assistance sector as key provisions of the Affordable Care Act are implemented. In addition, the administrative and waste services sector is forecasted to add 3.9 percent, as temporary employees are added to the job rolls and call centers open and expand. The construction sector should continue to improve in 2014 with a projected 4.5 percent increase, as single-family and multi-family construction picks up. In 2013, the Albuquerque Metro area housing market showed signs of improvement, consistent with the national trend. Rio Rancho housing permits for calendar year 2013, while

still below long-term historical averages, increased 16 percent from 2012 levels. Additionally, foreclosures have fallen from the peak seen in 2009 and were 18.8 percent lower in 2013 compared to 2012.

Labor markets continue to improve, albeit very slowly, following the national trend. The national and regional unemployment rates continue to inch down, with the metro area unemployment rate falling from a high of 8.3 percent in 2010 to 7.1 percent currently. The Bureau of Business and Economic Research expects employment growth to be slow in the metro area over the next 5 years, with employment expected to grow 1.2 percent in 2014, and range between 1.1 percent and 1.3 percent over the five year period. Personal income growth is expected to range between 4.3 percent and 5.5 percent over the same period.

Recent employment developments announced for Rio Rancho include Presbyterian Rust Medical Center that will undergo an $80 million expansion beginning this summer to increase capacity up to 120 more beds and with additional services. The facility's current 658-person workforce is expected to grow by approximately 100 jobs.

Stream Global Services, a business process outsourcing provider, will add 200 workers at its Rio Rancho sales and customer service center to support a telecommunications client. Alliance Data Systems customer care center will add approximately200 employees, expanding the workforce to nearly 700, to support a growing client base.

DHF Technical Products, a precious metals processing company, announced it will open a 25,000-square-foot headquarters and production facility in Rio Rancho that will create 35 new jobs immediately and up to 50 over time.

La Vida Llena will break ground this year on The Neighborhood, an assisted living community that is expected to employ about 120 employees. The $50 million, 200-unit complex will be located on 12 acres at Loma Colorado Drive and Northern Boulevard.

As a result of the economic outlook, General Fund revenue, as detailed below, is expected to grow 4.9 percent. Future increases in the General Fund revenue range from 1.6 percent to 8.0 percent through FY19. The five-year plan reflects state legislative changes to the hold-harmless provision which will be phased out. There is no impact from the phase out in FY15. The changes take effect in FY16 when the impact will be approximately a quarter million dollars, then grows 6% annually over a 15-year period, reaching approximately $1.6 million by year 5 and an estimated $8.5 million by Fiscal Year 2030, at full phase out.

The legislation allows municipalities to impose Gross Receipts Tax (GRT) increments to make up for the phase out of hold-harmless funds. Imposing a 1/8th percent GRT would generate approximately $1.2 million in Fiscal Year 2017, while imposing the maximum 3/8ths percent would generate about $6.5 million by FY 2030. Even with the additional GRT levies, city revenues will still show a deficiency of $1.8 million at full phase out. The loss of this revenue and the need to consider the additional GRT increments is an issue the Governing Body will have to consider in future years.

Expenditure Highlights

Overall, city departments were instructed to keep their budgets at Fiscal Year 2014 levels, except as necessary to address the highest priority needs. Based on some expenditure reductions and modest revenue growth, I have included in the Adopted Budget additional funding for critical areas such as public safety, roads, and employee compensation.

With respect to public safety, the budget includes four new positions: a Crime Analyst, a Communications IT Specialist, a Firefighter EMT 1, and a Firefighter Paramedic. The two Firefighter positions will provide additional ambulance service in peak hours during the day. The budget also includes funding for the implementation of a Police bait car program, the replacement of an animal control truck, and state grant and impact fee funds for ten new police vehicles as part of the City's five-year vehicle replacement plan. The budget also includes funding for a stryker gurney and a refurbished cardiac monitor.

With respect to public works, the budget includes funding for year three of the Citywide Geographical Information System (GIS) program. It also includes $1,000,000 annually for pavement preservation, an increase of $401,174 in materials and services, funding for a storage building and additional equipment, and a new 27.5 ton trailer. Additionally, the streets and right-of-way division will add ten seasonal workers for street maintenance and a part-time assistant to monitor a hotline that will provide citizen support and communication to the Governing Body.

The budget includes a two percent across-the-board salary increase. The increase applies to all employee groups and is intended to address increases in cost of living. This increase also satisfies the recommendation of the recent Pay Study to move employees up in their salary ranges at least one and a half percent per year.

The Adopted Budget includes one user fee increase of $5, from $25 to $30, to the Correction Fee charged by the Municipal Court. The fee is used to pay Sandoval County for detainees held at the County Detention Center. Because the County's rates will increase from $67 to $70 per day effective July 1, 2014, the City's fee increase is necessary to offset the impact of the County's higher charges.

We estimate that the level of spending and the anticipated revenues will provide a reserved fund balance that exceeds 8.3 percent of expenditures, as required by the State of New Mexico. The Adopted Budget anticipates total reserves of 12.8 percent of expenditures, which is a step closer to our policy target of 15 percent.

General Fund

GENERAL FUND REVENUES: $56,396,772

Total General Fund budgeted revenues for FY15 (excluding transfers from other funds) are projected to increase 6.5 percent or $3,448,368 compared to FY14 adjusted budgeted revenues. This increase is primarily attributed to increases in property tax revenues, gross receipts tax revenues, construction-related revenues, and parks and recreation revenues. Also, the budget reflects a 10 percent decrease in fines and forfeiture revenues. The FY15 beginning fund balance is $8,653,792.

The City's single largest revenue source is the gross receipts tax (GRT). The GRT revenue estimate of $27,564,858 (including recurring and non-recurring estimates) accounts for approximately 49 percent of total FY15 General Fund operating revenues. The GRT distribution to the General Fund is projected to increase approximately $2.6 million or 10.6 percent from FY14 levels. The projected growth is a combination of factors. First, the general economy is expected to grow modestly this year. Additionally, construction GRT revenue is projected to increase due to Presbyterian's second tower, La Vida Llena construction, and gains anticipated in the housing construction market. Finally, savings from the refunded GRT bond escrow reserves will produce a one-time increase of $584,450 in FY15.

Property tax revenue, the second-largest revenue source, is estimated to increase 4.8 percent from FY14 levels, with an estimated increase of $615,823. The property tax revenue forecast utilizes the Yield Control Formula established by state statute, which for FY15 generates a total growth factor of 4.1 percent for residential property and 1.5 percent for non-residential property. These total growth factors are applied to the previous year's tax effort (current taxes imposed).

Franchise fees, the third largest revenue source, are projected to be unchanged from last fiscal year, decreasing only 0.3 percent or $12,652. Other major changes to revenue estimates include an increase in construction-related revenue (permits, inspections, etc.), reflecting continued recovery in the housing construction sector and other miscellaneous revenues, based on year-to-date trends.

Parks and Recreation fee revenues are projected to increase 6 percent or $61,169 from FY14 levels due mainly to the addition of two new programs: Tutored by Teachers and Youth Soccer. These programs are intended to be cost neutral, with revenues covering the costs associated with the new programs.

GENERAL FUND EXPENDITURES: $ 54,978,873

Total General Fund expenditures are projected to increase $1,246,597, or 2.3 percent. The Adopted Budget includes several expenditures that are intended to strategically improve the City's ability to provide services in the future. These expenditures include:

- Participating in a performance benchmarking program through the International City/County Managers Association (ICMA). This program allows the City to measure the performance of our employees and programs to other cities throughout the country.
- A statistically valid citizen survey to measure satisfaction with the delivery of City services. This survey can be used to measure the City's progress over time in addressing the concerns of our citizens.
- Additional funding for contracting with an economic development organization. Over the past year the City has worked with Sandoval County and business leaders to revamp the approach to economic development. The budget includes an increase in the City's contribution to this effort from $80,000 to $200,000.

Personal Services: $42,850,558

Personal Services expenditures account for 78 percent of the General Fund operating budget, which requires the City to carefully manage growth in personnel costs. The Adopted Budget includes a two percent salary increase for all employees at a cost of $696,230. The budget also

includes a 0.4 percent increase in the city's share of retirement contributions as mandated by state legislation that became effective July 2013.

The budget includes $372,685 to add several new positions, including one Crime Analyst ($64,083); one Communication Division IT Specialist ($35,268 which is 52% of the cost of this position, while the other 48% is funded by a joint powers agreement); ten seasonal public works positions ($76,947); one part-time assistant for a citizen hotline ($20,744); a Firefighter EMT 1 ($68,472); and a Firefighter Paramedic ($74,615).

Total Personal Services expenditures are projected to increase 3.1 percent or $1,279,147 which includes all activity changes. As in prior years, personnel savings have been factored into the budget based on the average vacancy rate for all City positions.

The City continues to plan for an increasing number of retirees. The FY15 Adopted Budget includes $750,000 to cover the estimated cost of terminal leave payouts for approximately 37 percent of eligible employees, based on recent trends. This number is difficult to estimate due to service credits earned by employees in other participating organizations prior to their employment with the City.

Materials and Services: $12,007,981

Materials and Service expenditures are budgeted to decrease $12,007 or 0.09 percent compared to FY14. The Adopted Budget also continues to reflect overall reductions or flat budgets in various spending areas, including contracts, supplies, conferences, travel and training.

Capital Outlay: $120,334

The Adopted budget includes General Fund investments in capital equipment. This funding provides for replacement of critical equipment to allow for continuity of service to citizens and enhanced efficiency of operations. These funds will be used for a pump at Haynes Pool ($6,060), two front deck mowers ($40,340), a grizzly box G12-4" sieve ($12,995), a chipper ($13,944), a frame with winch and 4" sieve ($7,500), a shop air compressor ($7,500), a hydraulic breaker ($9,995), a gurney ($14,500), and a vehicle for the Police bait program ($7,500).

TRANSFERS TO SPECIAL FUNDS: $3,013,578

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

Multi-Purpose Event Center Fund: $1,074,860
This transfer includes the operating and capital subsidy provided by the General Fund for operating the city's event center, including $90,000 for completing the rigging safety lines project and $15,000 to address ADA items.

Infrastructure Fund: $1,000,000
This transfer is made to fund pavement preservation and rehabilitation activities. This work will provide citizens with improved road surfaces that will extend the useful life of the roads in their neighborhoods.

Promotion and Marketing Fund: $116,965
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: $312,037
This transfer is made to continue the efforts of upgrading city-wide computers and software. This funding includes:

- $132,000 for 33 first responder mobile data terminals (MDTs). This acquisition will replace all MDTs running on the outdated Windows XP operating system.
- $17,000 for the purchase of tablets for the governing body, senior staff, and building inspectors. Using technology advancements enables the city to explore new ways to manage and deliver agendas and other services.
- $86,900 for the purchase of e-Review electronic plan review software. This program will enable us to begin the process of automating plan check and plan review in Development Services.
- $69,788 for citywide document management system upgrades. These upgrades will enable the City to modernize current software to electronic business process management.

Equipment Replacement Fund: $337,837
A description of the proposed uses of these funds is provided on page 8.

City Facility Improvement Replacement Fund: $14,796
A description of the proposed uses of these funds is provided on page 8.

Local Government Correction Fund: $141,672
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 Fee assessed by the Municipal Court. A $5 increase to the Correction Fee is included in the budget to reduce the cost to the General Fund.

RioVison Cable Fund: $14,397
This transfer will fund replacement of six cameras in the Governing Body Chambers and to maintain the current level of service to the public.

Crime Victims Assistance Grant: $1,014
This transfer is made to provide the required City matching funds for this grant.

GENERAL FUND ENDING FUND BALANCE: $7,058,413

The ending Reserved Fund Balance is projected to be $4,581,573, which reflects the state reserve requirement of 8.3 percent of General Fund expenditures. The ending Unreserved Fund Balance, or the additional fund balance above the state minimum, is $2,476,841, for a total Ending Fund Balance of $7,058,413 or 12.8 percent of expenditures. The City's long-term policy target for the Ending Fund Balance is 15 percent. The FY15 Adopted Budget prioritizes funding for critical capital improvements over meeting the ending fund balance policy because failing to address current capital needs will result in more expensive projects in the future.

Special Funds

Special funds are established to account for revenue sources that fund particular functions or projects. A complete list of all special fund activities can be found in the Special Fund section of the budget. Following is a list of significant activities within certain special funds:

Recreation Activities Fund
This self-funded program provides for adult softball, adult recreation programs, classes, and van trips. Revenues of $287,924 are sufficient to cover all of the costs of these activities, including two employees who help run the programs.

Workers Compensation Fund
This fund accounts for transfers from other funds to pay for workers compensation insurance and claims administered by the New Mexico Self Insurers Fund (NMSIF). The FY15 budget includes a Settlements and Claims reduction of 48 percent compared to FY14, based on claims experience and the recommended fund balance by NMSIF. Savings resulting from this reduction are added to the reserves which will help future years. The City continues to make safety training and awareness an important aspect of day-to-day operations in order to minimize injuries.

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 $148,111. Actual revenues from the event in the prior year were sufficient to reduce the general fund subsidy to $5,700 in FY15. This is the lowest subsidy in the history of the Pork and Brew event.

Rio Vision Fund
The Rio Vision fund accounts for cable franchise fees received to operate and promote a government and education television channel. Funding for public access is funded through this fund. Franchise fee revenues have steadily decreased in this fund due to the increasing growth in satellite and dish competition. To make up for this decline, fund balance was used to balance the budget in the past. The fund balance is now depleted and a transfer is necessary to maintain service levels. The budget includes a transfer of $14,397 from the General Fund to replace cameras and to maintain the current level of service to the public.

Local Government Correction Fund
Correction fees are received through the Municipal Court and are budgeted at $300,000 for FY15. Expenditures from this fund are paid for prisoner care provided by Sandoval County, the cost of which increased over the last year due to a fee increase from $67 to $70 effective July 1, 2014. Even after a $5 increase to the City's correction fee, a transfer from the General Fund of $141,672 is still required to cover the estimated charges from the County.

Law Enforcement Fund
Projected resources from the 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, and to pay debt service for the 2010 police vehicle loan.

Traffic Education and Enforcement Fund

Projected resources from fines for DWI checkpoint and safety belt enforcement total $90,000. Funds will be used for materials and services and the purchase of two replacement motorcycles to support traffic activities.

Fire Protection Fund

Projected resources from the state grant pursuant to the Fire Protection Fund Act total $632,762. Funds will be used for materials and services in support of fire protection activities, and to pay debt service for the 2007 and 2010 fire apparatus loans, and the 2013 Fire Administration Building loan.

Summer Lunch Program

The U.S. Department of Agriculture's Summer Food Service Program provides free, nutritious meals and snacks to help children in low-income households get the nutrition they need throughout the summer months. The FY15 summer lunch grant is estimated at $127,116 and is administered by the Department of Parks, Recreation, and Community Services.

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 $717,537 is for special waste collection, loan payment, and maintenance to water wells.

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 FY15 Adopted Budget includes $3,250,000 to begin extending Broadmoor Boulevard north to Paseo del Volcan to improve access to UNM facilities, including the UNM Sandoval Regional Medical Center.

Municipal Road Fund

This fund is supported by state gasoline tax revenue, estimated at $550,000 in FY15. The fund provides for road maintenance supplies and road repairs.

Infrastructure Fund

The FY15 budget includes a transfer of $1,000,000 from the General Fund for pavement preservation. This funding will improve road surfaces in several areas of the City.

Computer Software Replacement Fund

The FY15 budget includes a General Fund transfer of $312,037 for computer replacements and technology upgrades.

Equipment Replacement Fund

The FY15 budget includes a General Fund transfer of $337,837 to fund a parks and recreation truck ($47,500), an animal control truck and box ($51,000), a 27.5 ton trailer ($50,000), fleet equipment for the streets and ROW division ($125,000), and $35,364 for acquiring and equipping two police vehicles.

City Facility Improvement/Replacement Fund
Available resources include $69,716 in cell tower revenue and a transfer of $14,796 from the General Fund to pay for a new storage building for streets and right of ways ($45,732), the Sabana Grande renovation ($42,712), spray-on floor liners for the restrooms at Haynes Pool and the Aquatic Center ($20,763), and a new fence for the Cabezon park pond ($5,000).

Impact Fee - Road Fund
Based on 540 projected single-family starts in FY15 and the expiration of the impact fees moratorium, budgeted revenue is $225,099. These funds will be used for design and analysis of the intersection at Cabezon Boulevard and Western Hills Drive.

Impact Fee - Parks Fund
Based on 540 projected single-family starts in FY15 and the expiration of the impact fees moratorium, budgeted revenue is $91,830. This revenue is not budgeted for a specific project in FY15 and will be added to the ending fund balance for future projects.

Impact Fee - Public Safety
Based on 540 projected single-family starts in FY15 and the expiration of the impact fees moratorium, budgeted revenue is $197,485. These funds will be combined with a state grant to purchase ten police vehicles.

Impact Fee - Drainage
Based on 540 projected single-family starts in FY15 and the expiration of the impact fees moratorium, budgeted revenue is $108,643 that will be used for the Los Milagros Channel project.

Water and Wastewater Utility

The Water and Wastewater Utility provides service to approximately 32,000 customers. Revenue is derived from the sale of water and wastewater services, impact fees, interest and other income. A scheduled rate increase of 7.8 percent will be effective July 1, 2014 and has been included in the projection of water and wastewater revenue. This is the third of five rate increases originally adopted by the Governing Body in January 2013, and subsequently amended in June 2013 and June 2014. Scheduled rate increases of 8.8 percent were reduced to 7.8 percent for FY14, and scheduled rate increases of 9.8 percent were reduced to 7.8 percent for FY15. Rate increases of 7.8 percent are scheduled for July 2015 and July 2016. The additional funding from the rate increases will not only fund operational expenses but will also provide funding for capital expenditures needed to service the Utility's current customers and increase fund balances and debt coverage ratios, making the Utility a more financially solvent enterprise.

In FY15, the Utility continues to fund the replacement of failing polyethylene water service lines that were installed in the 1980's. Replacing these leaking lines will save water resources and reduce recurring maintenance expenses. The Utility also continues to assist with funding for the third year of a five-year plan to expand and improve the Citywide GIS system. When the five-year plan has been fully implemented, the GIS system will provide support for economic development, lead to improvements in the quality of services provided to customers, and provide greater accuracy in locating transportation and utility infrastructure for repair and maintenance, among other benefits.

Utility Revenues: **$45,272,233**

Revenues in FY15 are projected to increase 9.1 percent or $3,777,942, mostly due to the 7.8 percent increase in water and wastewater rates. The budget also projects a 1.6 percent increase in the Utility customer base.

Offsetting this increase is a drop in state appropriations and grant revenue, which have decreased 91.1 percent or $904,899 from FY14. Actual funds received last year included a state appropriation for water service line replacements and a Water Trust Board grant for the Direct Injection facility located south of Well 10 on Northern Boulevard. These grants are not expected to continue in FY15. The budget does include a small FEMA grant for damages sustained from heavy rainfall during summer 2013.

Water and wastewater impact fees are projected to be $623,965 in FY15. The projection reflects the expiration of the impact fee moratorium on September 22, 2014 and approximately 540 new single-family housing starts.

Utility Personal Services: $1,849,910

The Personal Services budget for the Utility is projected to increase by 8.5 percent or $144,417. The budget includes a 2 percent salary increase and a 0.4 percent increase in the city's share of required state retirement contributions. The Utility divisions employ 33.5 full-time employees.

Utility Materials & Services: $21,742,947

Materials and Services are budget to increase 12.8 percent or $2,463,019 compared to FY14. Most of the increase is driven by a change in accounting for well repair and rehabilitation outlays. In prior years, these costs have been classified as "capital outlay" but will now be reported as "repair and maintenance" to more closely match accounting standards. The increase in expenditures also includes additional costs of the operations contract with OMI, tank inspection and cleaning, and arsenic equipment repair.

Utility Capital Outlay: $4,385,536

Capital Outlay in the Utility Fund includes new equipment and capital projects. A detailed list of equipment can be found in the Capital Outlay section of the budget document. Funding for capital projects is provided through a combination of Utility operational revenues, impact fees, grants, loan and bond proceeds, and Environmental Gross Receipts Tax revenue. Capital projects being funded in FY2015 include the following:

- Various equipment ($58,014) and vehicles ($988,416) used in Utility operations.
- Funds in the Water Capital Fund ($1,376,502) will be used for well site security, design and re-drill of Well 13; renovations to water storage tanks; and supervisory, control, and data acquisition (SCADA) improvements.
- Funds in the Water Rights Fund ($1,782,904) are budgeted to purchase water rights. To satisfy the Office of the State Engineer permit requirements, the City must acquire 728 acre feet of water rights in five-year accounting periods.
- Funds in the Wastewater Capital Fund ($179,700) will be used for surveillance upgrades to Wastewater Treatment Plant 6 and SCADA improvements.

The City proposes to issue approximately $40 million in Utility revenue bonds and/or loans to fund various capital projects: 1) re-drill and equip Well 13; 2) rebuild Wastewater Treatment Plant 1; 3) construct a Booster Station at Tank 8; 4) construct a Recycled Water Tank; 5) equip the Aquifer Recharge Injection facility; and 6) re-drill Well 5. A more detailed financing schedule and plan will be developed as the Utility completes the designs for these projects.

Utility Fund Ending Fund Balance

The Utility Fund unreserved ending fund balance is $4,947,347. Based on the estimated revenues, expenditures, and ending fund balance in FY15, the Utility meets the minimum required debt service coverage ratio of 1.15, with a projected coverage ratio of 1.96 for parity bonds and 1.84 for all Utility debt.

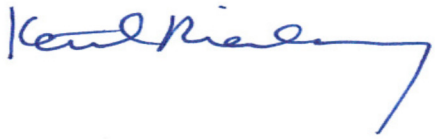
In FY15, the City established a non-growth capital reserve equal to one percent of the total value of capital assets. The reserve will be established pursuant to the financial planning benchmark in the 2012 Rate Study. The reserve will stabilize Utility cash balances from year to year and may be utilized for capital projects as needed through the planning phases of those projects. The capital reserve is projected to increase to $4,518,925 by FY19.

Conclusion

In summary, the Adopted Budget maintains funding for all city services, allocates new funding for critical capital needs (including public safety vehicles, road maintenance, and information technology), provides for a two percent salary increase for all employees, and adds five new employees and ten seasonal employees.

The last four fiscal years have been some of the most fiscally challenging, and many of the capital needs addressed in this budget were necessarily deferred during those times. While the economy is improving, City revenue growth is only modest, leaving many areas still in need of additional funding. Based on the revenue outlook, I will continue to work with the Governing Body to allocate City resources efficiently and strategically to provide the best level of services to our citizens.

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.

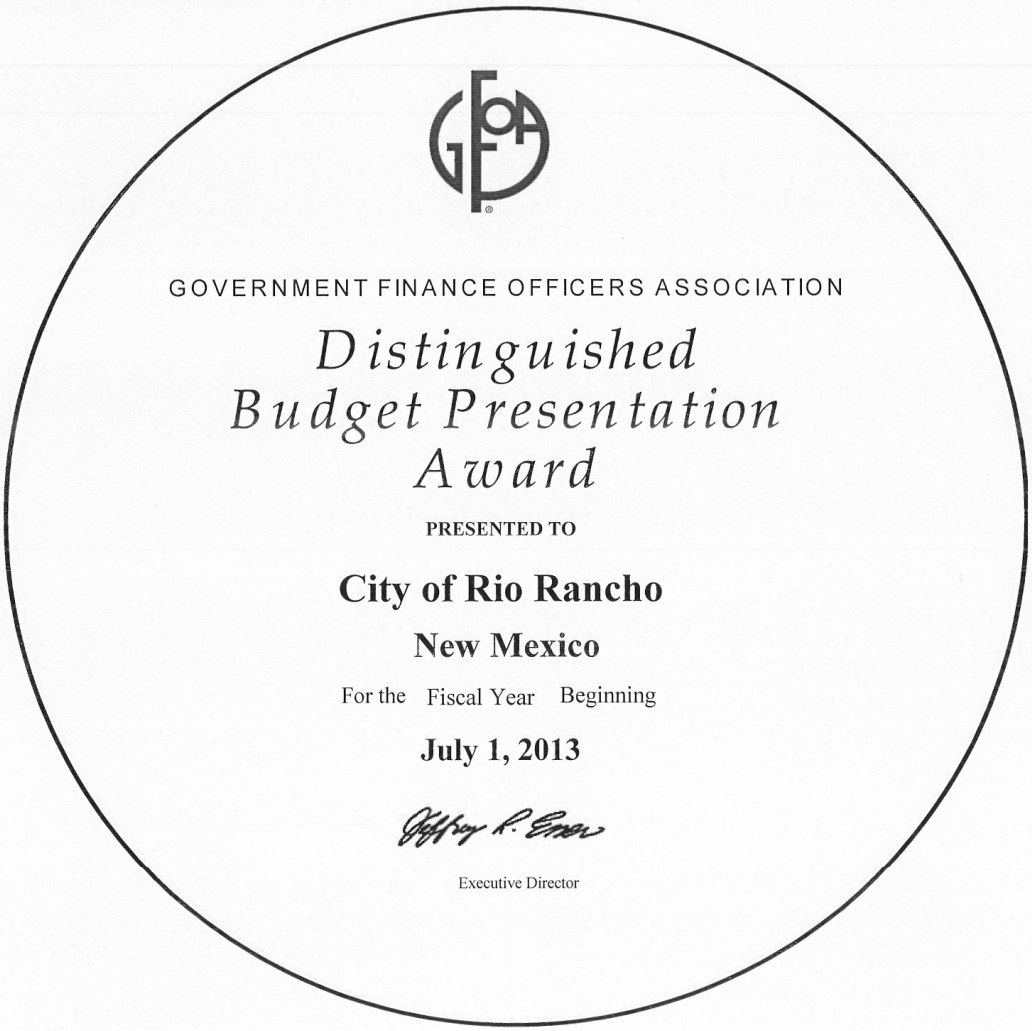
GOAL 2: DEVELOPMENT
Ensure the City has plans and policies in place to attract and create well-planned high-quality, stable, residential, commercial and industrial development.

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, 2013

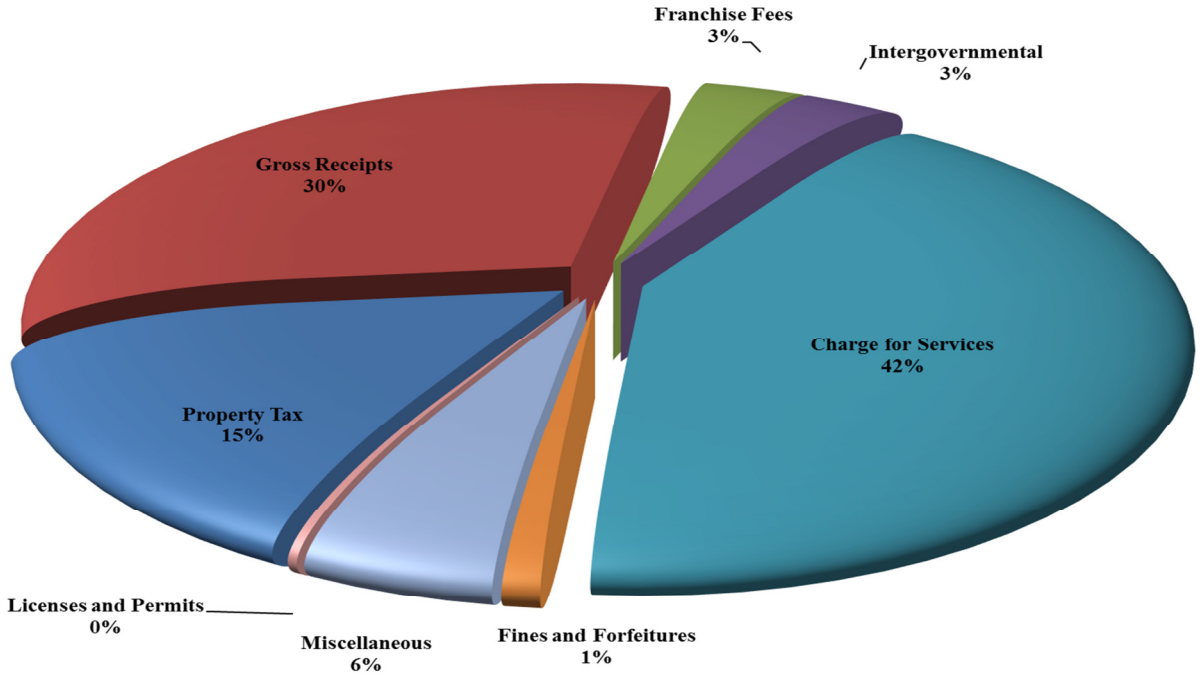
Executive Director

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 1,2013 through June 30, 2014.

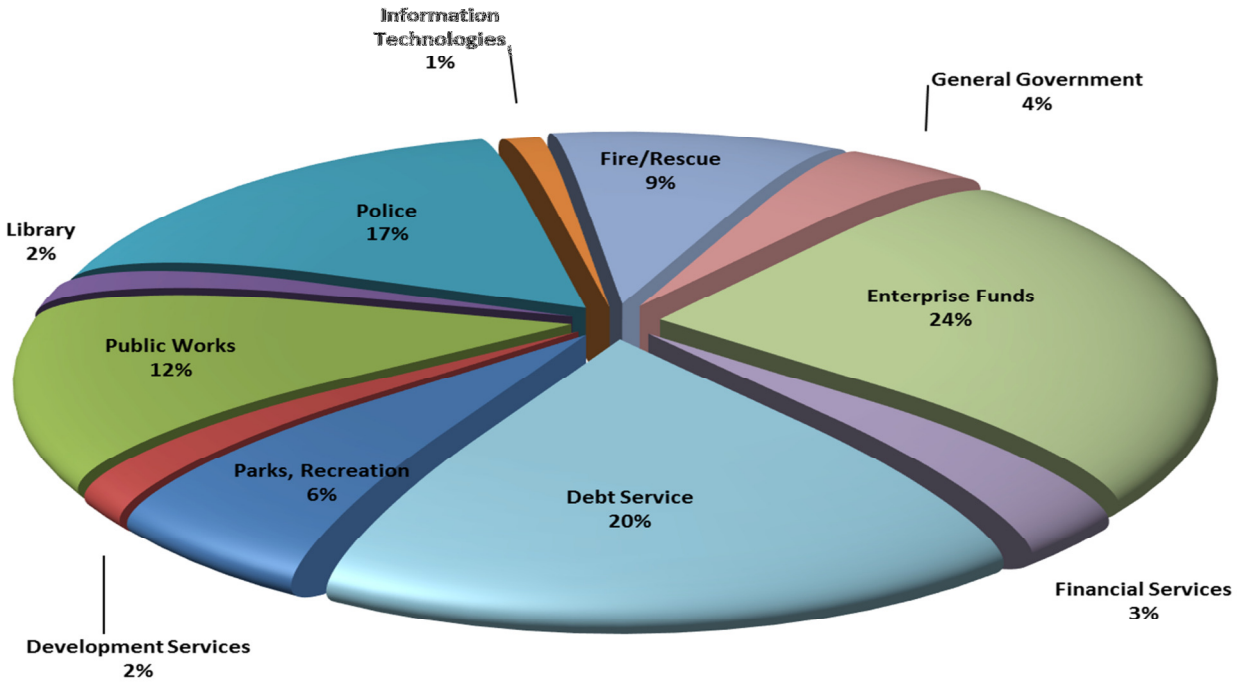
In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current budget (FY 2015) 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 $119,216,136



Where the Money Goes $119,967,047



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

CITY OF RIO RANCHO
GOVERNMENTAL FUNDS BUDGET SUMMARY
FOR THE PERIOD 7/1/2014 TO 6/30/2015

	FUND NUMBER AND TITLE	BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURES	ENDING FUND BALANCE
101	General Fund	8,653,792	56,396,772	(3,013,278)	54,978,873	7,058,413
201	Donation Revenue	2,265	2,250		3,636	879
202	Animal Control Contributions	21,068	30,800		51,868	-
204	Donations ACO/Police	6,857	1,800		8,657	-
206	Recreation Activities	64,542	287,924		315,111	37,355
207	KRRB Grant	-	59,350		59,350	-
212	Workers Compensation Fund	980,937	784,222		524,108	1,241,051
213	Rio Metro Fund	8,378	124,900		133,278	-
215	Senior Center Programs	20,368	9,750		25,581	4,537
216	Senior Center Programs II	13,162	14,568		15,920	11,810
224	Promotions Fund	61,327	114,800	116,965	293,092	-
225	Convention Visitors Bureau	66,111	320,005		342,099	44,017
226	Cable Committee	5,836	115,800	14,397	136,033	-
227	SAD Operations	22,716	-	65,500	66,487	21,729
240	Local Government Correction Fund	(11,408)	300,000	141,672	430,264	-
241	Law Enforcement	13,524	105,600		119,124	-
242	Public Safety Enforcement Aid	24,961			24,961	-
243	Traffic Education	66,613	90,000		133,865	22,748
246	PS Misc. Revenue / Donations Fund	-	3,500		3,500	-
250	Fire Protection	224,348	632,762		704,989	152,121
251	EMS	25	19,200		19,225	-
253	Summer Lunch Program	110,741	127,116		237,857	-
255	E-911 Grant Fund	-	386,200		386,200	-
256	DWI Program	228,534			228,534	-
260	Environmental Gross Receipts	783,850	713,765		717,537	780,078
263	Higher Education GRT	4,092,575	2,217,008		3,250,000	3,059,583
270	Municipal Road	564,886	556,200		714,620	406,466
305	Infrastructure	42,155	352,500	1,000,000	1,352,500	42,155
310	Recreation Development Fund	4	3,162		3,166	-
311	Computer/Software Replacement	1,884		312,037	313,921	-
312	Equipment Replacement	55,569	-	337,837	393,406	-
313	City Facility Improvement/Replace	20,415	81,396	14,796	116,607	-
329	2009 GO Bond Construction	20,338	-		20,338	-
351	Impact Fees - Roads	244,732	225,099		131,822	338,009
352	Impact Fees - Bikeways/Trails	32,655	10,815		324	43,146
353	Impact Fees - Parks	55,431	91,830		2,755	144,506
354	Impact Fees - Public Safety	163,519	197,485		53,725	307,279
355	Impact Fees - Drainage	177,651	108,643		144,401	141,893
363	SAD 6 Debt Service	909,296	763,284	(27,400)	636,058	1,009,122
364	SAD 7A Debt Service	1,005,894	392,633	(27,400)	673,711	697,416
365	SAD 8 Debt Service	298,637	93,117	(10,700)	160,379	220,675
375	HUD-CDBG Fund	-	422,852		422,852	-
376	Crime Victims Assistance II	-	4,126	1,014	5,140	-
401	G.O. Bonds Debt Service	3,409,951	3,568,661		3,829,413	3,149,199
424	Series 2005 GRT Debt Service	189,576	1,358,514		1,548,090	-
425	GRT Refund NMFA Loan	2,667	337,405		340,072	-
426	HP Debt Service Loan Fund	61,385	400,311		432,330	29,366
427	HS Debt Service Loan Fund	32,750	403,949		434,176	2,523
428	PS Vehicle Loan Fund	8,584	245,694		250,562	3,716
706	Solid Waste Indigent Fund	4	17,000		17,004	-
710	RREDC Agency Fund	1,425	10,000	(300)	11,125	-
730	GRIP Fund		106,690		106,690	-
750	Health Self Insurance Fund	2,643,695	5,379,917		5,883,331	2,140,281
751	Dental Self Insurance Fund	81,472	477,178		477,168	81,482
	TOTAL	**$ 25,485,697**	**$ 78,466,553**	**$ (1,074,860)**	**$ 81,685,835**	**$ 21,191,555**

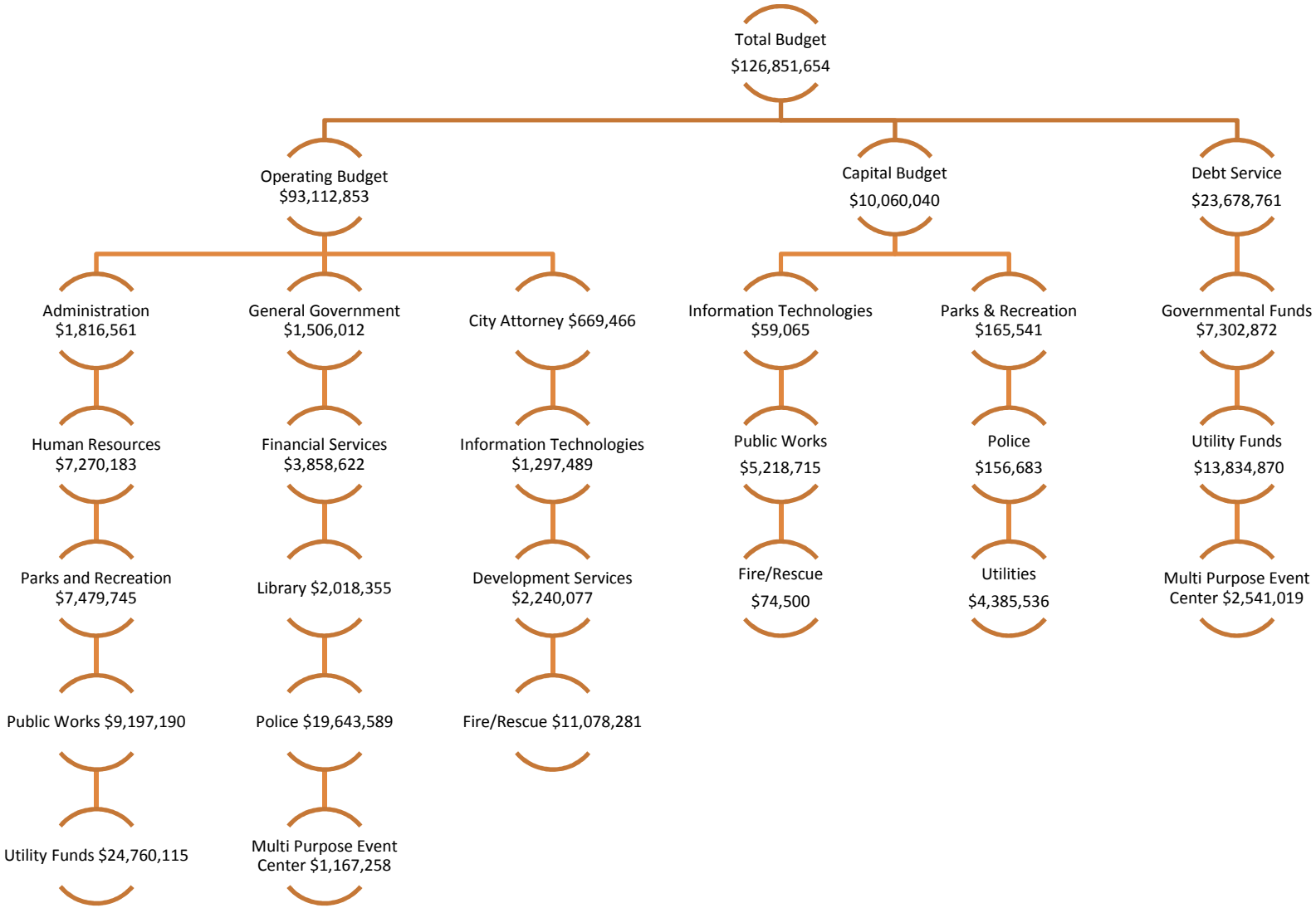
CITY OF RIO RANCHO
UTILITY FUNDS BUDGET SUMMARY
FOR THE PERIOD 7/1/2014 TO 6/30/2015

FUND NUMBER AND TITLE	BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURE	ENDING FUND BALANCE
501 Department of Utilities	$ 4,075,226	$ 41,875,532	$ (14,017,760)	$ 23,630,432	8,302,566
512 Equipment Replacement Fund	76,052	-	912,364	988,416	-
532 Debt Service / NMFA Loan	64,580	6,000	4,210,536	3,051,918	1,229,198
533 Utility 2009 Ref. Debt Service	295	-	15,253,639	10,428,951	4,824,983
534 Utility 2008 Bond Debt	26,883	-	(26,883)		-
536 Debt Service / NMED Loan	1,371,284	-	(1,371,284)	-	-
538 Utility 2005 Bond Debt	1,896,320	-	(1,896,320)		-
539 Utility 2007 Bond Debt	3,225,246	-	(3,225,246)		-
540 CIF Water Operation	600,940	-	1,576,502	1,376,502	800,940
542 Water Rights Fund	1,342,088	2,766,736	(1,160,906)	1,782,904	1,165,014
545 Water Impact Fees	696,671	453,827		13,615	1,136,883
550 CIF Wastewater	367,522	-	-	179,700	187,822
552 Effluent Fund	4,744			-	4,744
555 Wastewater - Impact Fees	283,043	170,138		5,104	448,077
574 UT Ref Bond Construction	21,057	-	(21,057)		-
575 Water/Osmosis Projects	233,585		(233,585)		-
UTILITY TOTAL	**$ 14,285,536**	**$ 45,272,233**	**$ -**	**$ 41,457,542**	**$ 18,100,227**

CITY OF RIO RANCHO
MULTI-PURPOSE EVENT CENTER FUNDS BUDGET SUMMARY
FOR THE PERIOD 7/1/2014 TO 6/30/2015

FUND NUMBER AND TITLE	BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURE	ENDING FUND BALANCE
601 Multi - Purpose Event Centre Fund	$ 11,916	$ 350,000	$ 804,860	$ 1,166,776	$ -
610 MPEC Debt Service Fund	3,420,630	1,731,344	270,000	2,541,501	$ 2,880,473
MPEC TOTAL	**$ 3,432,546**	**$ 2,081,344**	**$ 1,074,860**	**$ 3,708,277**	**$ 2,880,473**
All FUNDS	**$ 43,203,779**	**$ 125,820,130**	**$ -**	**$ 126,851,654**	**$ 42,172,255**

Components of the Total Financial Plan
Fiscal Year 2015



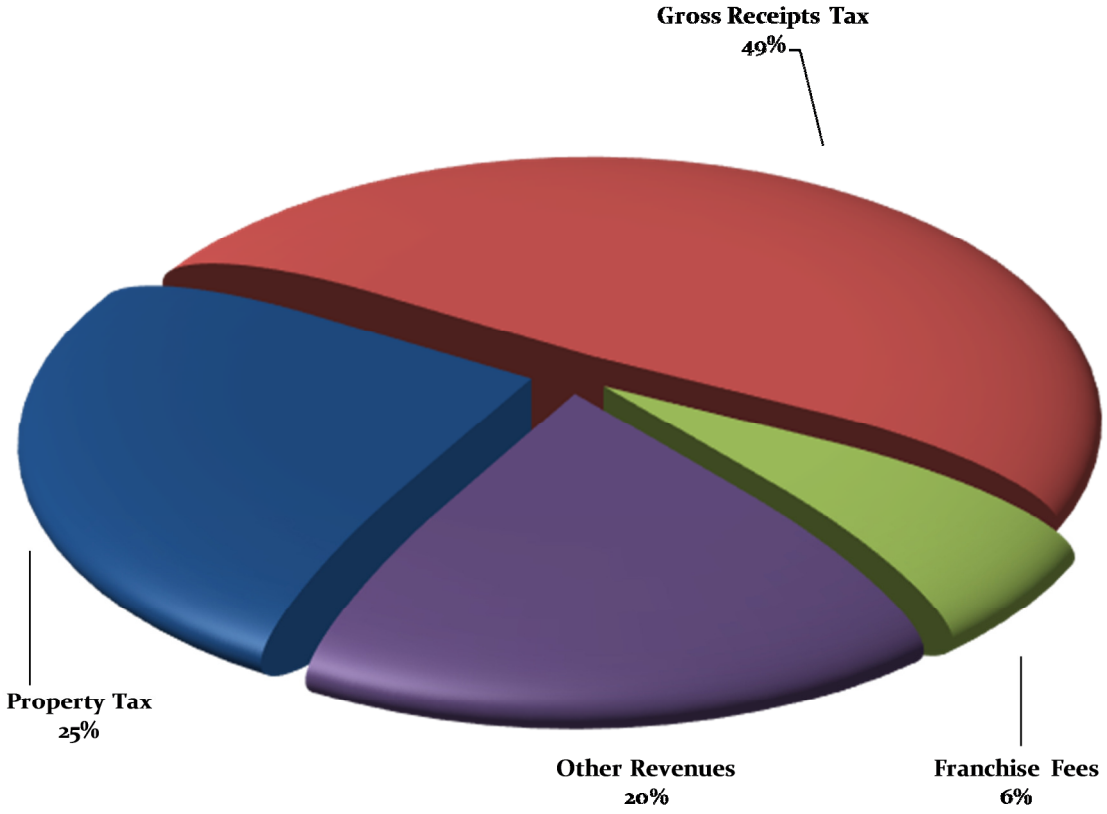
GENERAL FUND FIVE YEAR FINANCIAL PLAN
FY 2015 BUDGET
FINAL

	FY 2014 Adj. Budget	FY 2015 Final	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
Sources											
Beginning Fund Balance	9,844,498	8,653,792	-12.1%	7,058,413	-18.4%	6,399,555	-9.3%	6,913,418	8.0%	8,278,787	19.7%
Property Tax	13,554,033	14,202,036	4.8%	14,424,942	1.6%	14,824,226	2.8%	15,134,660	2.1%	15,451,279	2.1%
Gross Receipts Tax	24,917,415	26,742,024	7.3%	28,782,380	7.6%	30,858,969	7.2%	32,773,510	6.2%	35,832,291	9.3%
Franchise Fees	3,584,726	3,572,074	-0.4%	3,728,101	4.4%	3,841,506	3.0%	3,968,146	3.3%	4,066,625	2.5%
Licenses & Permits	355,668	345,230	-2.9%	351,080	1.7%	357,089	1.7%	361,891	1.3%	366,758	1.3%
Grants	103,594	76,770	-25.9%	76,770	0.0%	76,770	0.0%	76,770	0.0%	76,770	0.0%
State Shared Taxes	324,763	332,250	2.3%	344,876	3.8%	357,981	3.8%	371,584	3.8%	385,704	3.8%
General Government	1,913,936	1,926,700	0.7%	1,992,535	3.4%	2,057,010	3.2%	2,095,625	1.9%	2,134,987	1.9%
Public Safety	2,396,351	2,397,500	0.0%	2,345,299	-2.2%	2,373,852	1.2%	2,396,673	1.0%	2,419,801	1.0%
Cultural Enrichment	1,002,078	1,063,247	6.1%	1,080,830	1.7%	1,098,955	1.7%	1,113,739	1.3%	1,128,816	1.4%
Fines and Forfeitures	1,321,000	1,184,500	-10.3%	1,204,318	1.7%	1,224,673	1.7%	1,240,942	1.3%	1,257,430	1.3%
Miscellaneous Revenue	3,346,040	3,386,977	1.2%	3,432,252	1.3%	3,501,395	2.0%	3,572,784	2.0%	3,646,607	2.1%
Total Recurring Revenues	52,819,604	55,229,308	4.6%	57,763,381	4.6%	60,572,427	4.9%	63,106,324	4.2%	66,767,069	5.8%
Non-Recurring Revenues	128,800	1,167,464	806.4%	2,045,271	75.2%	204,182	-90.0%	-	0.0%	-	0.0%
Total Revenues	52,948,404	56,396,772	6.5%	59,808,652	6.0%	60,776,609	1.6%	63,106,324	3.8%	66,767,069	5.8%
Transfers from Special Funds	23,035	300	-98.7%	300	0.0%	300	0.0%	300	0.0%	300	0.0%
Total Sources	62,815,937	65,050,864	3.6%	66,867,366	2.8%	67,176,464	0.5%	70,020,042	4.2%	75,046,156	7.2%
Uses											
Personal Services	41,571,411	42,850,558	3.1%	43,686,635	2.0%	44,581,617	2.0%	45,538,696	2.1%	46,529,365	2.2%
Materials and Services	11,233,875	11,453,523	2.0%	11,775,847	2.8%	12,141,318	3.1%	12,489,465	2.9%	12,851,279	2.9%
Total Recurring Expenditures	52,805,286	54,304,081	2.8%	55,462,483	2.1%	56,722,935	2.3%	58,028,161	2.3%	59,380,645	2.3%
Non-Recurring Expenditures											
Capital Outlay	140,877	120,334		-		-		-		-	
Other Non-Rec. Expenditures	786,113	554,458		225,700		81,500		255,026		29,000	
Total Non-Rec. Expenditures	926,990	674,792	-27.2%	225,700	-66.6%	81,500	-63.9%	255,026	212.9%	29,000	-88.6%
Total Expenditures	53,732,276	54,978,873	2.3%	55,688,183	1.3%	56,804,435	2.0%	58,283,187	2.6%	59,409,645	1.9%
Transfers Out	1,968,949	3,013,578	53.1%	4,779,628	58.6%	3,458,610	-27.6%	3,458,068	0.0%	2,629,628	-24.0%
Ending Fund Balance Unreserved	2,646,278	2,476,841	-6.4%	1,758,873	-29.0%	2,179,715	23.9%	3,421,855	57.0%	8,056,080	135.4%
Ending Fund Balance Reserved	4,468,434	4,581,573	2.5%	4,640,682	1.3%	4,733,703	2.0%	4,856,932	2.6%	4,950,804	1.9%
Total Ending Fund Balance	7,114,712	7,058,413	-0.8%	6,399,555	-9.3%	6,913,418	8.0%	8,278,787	19.7%	13,006,884	57.1%
Total Uses	62,815,937	65,050,864	3.6%	66,867,366	2.8%	67,176,464	0.5%	70,020,042	4.2%	75,046,156	7.2%
Reserves as % of Expenditures	13.2%	12.8%		11.5%		12.2%		14.2%		21.9%	

CITY OF RIO RANCHO
GENERAL FUND SUMMARY
FOR THE PERIOD 7/1/2014 to 6/30/2015

	Adjusted FY2014	Increase (Decrease)	Adopted FY2015	Percentage Change
Beginning Fund Balance	9,844,498	(1,190,706)	8,653,792	-12.1%
Property Tax	13,554,033	648,003	14,202,036	4.8%
Gross Receipts Tax	24,917,415	1,824,609	26,742,024	7.3%
Franchise Fees	3,584,726	(12,652)	3,572,074	-0.4%
Licenses & Permits	355,668	(10,438)	345,230	-2.9%
Grants	103,594	(26,824)	76,770	-25.9%
State Shared Taxes	324,763	7,487	332,250	2.3%
General Government	1,913,936	12,764	1,926,700	0.7%
Public Safety	2,396,351	1,149	2,397,500	0.0%
Cultural Enrichment	1,002,078	61,169	1,063,247	6.1%
Fines and Forfeitures	1,321,000	(136,500)	1,184,500	-10.3%
Miscellaneous Revenue	3,346,040	40,937	3,386,977	1.2%
Total Recurring Revenues	52,819,604	2,409,704	55,229,308	4.6%
Non-Recurring Revenues	128,800	1,038,664	1,167,464	806.4%
Total Revenues	52,948,404	3,448,368	56,396,772	6.5%
Transfers In	23,035	(22,735)	300	-98.7%
Total Sources	62,815,937	2,234,927	65,050,864	3.6%
Personal Services	41,571,411	1,279,147	42,850,558	3.1%
Materials & Services	11,233,875	219,648	11,453,523	2.0%
Capital Outlay	140,877	(20,543)	120,334	-14.6%
Other Non-Rec. Expenditures	786,113	(231,655)	554,458	-29.5%
Total Expenditures	53,732,276	1,246,597	54,978,873	2.3%
Transfers Out	1,968,949	1,044,629	3,013,578	53.1%
Ending Fund Balance Unreserved	2,646,278	(169,438)	2,476,840	-6.4%
Ending Fund Balance Reserved	4,468,434	113,139	4,581,573	2.5%
Total Ending Fund Balance	7,114,712	(56,299)	7,058,413	-0.8%
Total Uses	62,815,937	2,234,927	65,050,864	3.6%

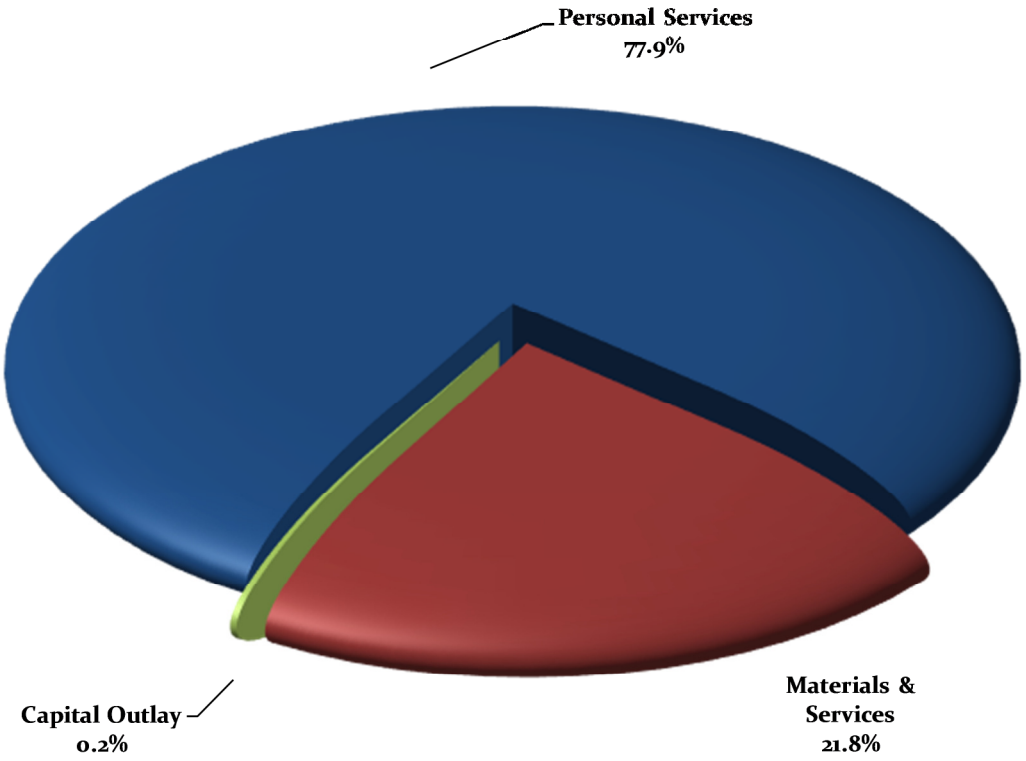
FISCAL YEAR 2015
GENERAL FUND
Revenue Budget by Category



Property Tax		**14,202,036**
Gross Receipts Tax		**27,564,858**
Franchise Fees		**3,572,074**
Other Revenues		**11,057,804**
Total Revenue	**$**	**56,396,772**

Transfer from other funds are excluded ($300)

FISCAL YEAR 2015
GENERAL FUND
Expenditure Budget by Category



Personal Services	**$**	**42,850,558**
Materials & Services	**$**	**12,007,981**
Capital Outlay	**$**	**120,334**
Total Expenditures	**$**	**54,978,873**

Transfers are excluded ($3,013,578)

Water and Wastewater Utility Five Year Financial Plan
FY2015 Budget
Final

Line No.	Description	2014	2015		2016		2017		2018		2019	
		$	$	%	$	%	$	%	$	%	$	%
	Beginning Balance	**11,285,781**	**4,075,226**	**-64%**	**8,302,566**	**104%**	**11,856,863**	**43%**	**17,759,736**	**50%**	**18,046,170**	**2%**
	Revenues											
	Revenue from Existing Rates											
1	Water	19,393,278	21,080,906	9%	22,751,561	8%	24,548,182	8%	24,740,192	1%	24,837,057	0%
2	Wastewater	16,192,800	18,468,686	14%	20,010,779	8%	21,811,618	9%	22,246,797	2%	22,351,455	0%
3	Total Rate Revenue	35,586,078	39,549,592	11%	42,762,340	8%	46,359,800	**8%**	46,986,989	**1%**	47,188,512	0%
4	Transfer from Other Fund	0	486,904	N/A	0	N/A	0	N/A	0	N/A	0	N/A
5	Miscellaneous Revenue	1,851,850	2,232,750	21%	2,242,750	0%	2,262,750	1%	2,282,750	1%	2,292,750	0%
6	State Appropriations & Grants	1,187,744	88,190	-93%	0	N/A	0	N/A	0	N/A	0	N/A
7	Interest	5,000	5,000	0%	6,000	20%	7,000	17%	8,000	14%	9,000	13%
8	**Total Revenues**	**38,630,672**	**42,362,436**	**10%**	**45,011,090**	**6%**	**48,629,550**	**8%**	**49,277,739**	**1%**	**49,490,262**	**0%**
	Revenue Requirements											
	Operation & Maintenance Expense											
9	Water	15,096,732	13,125,900	-13%	13,796,536	5%	14,605,173	6%	15,440,332	6%	16,303,074	6%
10	Wastewater	9,642,416	8,228,499	-15%	8,630,439	5%	9,162,545	6%	9,713,022	6%	10,282,607	6%
11	**Total O&M Expense**	**24,739,148**	**21,354,399**	**-14%**	**22,426,975**	**5%**	**23,767,718**	**6%**	**25,153,354**	**6%**	**26,585,681**	**6%**
12	PILOT	699,344	766,329	10%	828,662	8%	895,717	8%	907,349	1%	910,396	0%
13	PILOT - Property Tax	90,960	125,546	38%	138,100	10%	151,910	10%	167,102	10%	183,812	10%
14	City G&A	1,269,736	1,326,144	4%	1,379,190	4%	1,434,357	4%	1,491,732	4%	1,551,401	4%
	Debt Service											
	Existing Senior											
15	Water	7,871,538	7,889,305	0%	7,880,347	0%	7,866,387	0%	7,880,288	0%	7,866,798	0%
16	Wastewater	2,532,251	2,537,926	0%	2,537,934	0%	2,533,087	0%	2,539,899	0%	2,532,239	0%
	Existing Subordinate											
17	Water	75,985	0	-100%	0	N/A	0	N/A	0	N/A	0	N/A
18	Wastewater (a)	704,867	704,867	0%	2,385,260	238%	2,385,261	0%	2,385,261	0%	2,385,261	0%
	Proposed Senior											
19	Water	0	0	N/A	1,283,800	N/A	1,283,800	0%	2,125,600	66%	2,125,600	0%
20	Wastewater	0	0	N/A	1,142,380	N/A	1,142,380	0%	1,142,380	0%	1,142,380	0%
21	Total Debt Service	11,184,641	11,132,098	0%	15,229,721	37%	15,210,915	0%	16,073,428	6%	16,052,278	0%
22	Routine Capital	1,380,405	58,014	-96%	60,300	4%	62,000	3%	65,500	6%	64,000	-2%
	Transfers TO / (FROM)											
23	Water Capital Fund	4,814,257	1,576,502	-67%	853,729	-46%	870,340	2%	887,451	2%	905,075	2%
24	Vehicle Replacement Fund	336,180	912,364	171%	216,000	-76%	232,000	7%	205,000	-12%	212,000	3%
25	Debt Service Fund (b)	1,720	883,700	51278%	1,720	-100%	1,720	0%	1,720	0%	1,720	0%
26	Wastewater Capital Fund	1,771,859	0	N/A	322,396	N/A	100,000	-69%	4,038,669	3939%	100,000	-98%
27	Effluent Capital Fund	350,000	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
28	Water Rights Fund	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
29	Total Transfers	7,274,016	3,372,566	-54%	1,393,845	-59%	1,204,060	**-14%**	5,132,840	**326%**	1,218,795	-76%
30	**Total Revenue Requiremen**	**46,638,250**	**38,135,096**	**-18%**	**41,456,793**	**9%**	**42,726,677**	**3%**	**48,991,305**	**15%**	**46,566,363**	**-5%**
31	Annual Surplus (Deficiency)	(8,007,578)	4,227,340	-153%	3,554,297	-16%	5,902,873	66%	286,434	-95%	2,923,899	921%
32	**Unreserved Ending Balance**	**3,278,203**	**4,947,347**	**51%**	**8,242,353**	**67%**	**13,865,897**	**68%**	**13,851,415**	**0%**	**16,451,144**	19%
33	**Capital Reserve**	**0**	**3,355,219**		**3,614,510**		**3,893,839**		**4,194,755**		**4,518,925**	
34	**Target Ending Balance - Operations & Maintenance Expense (c)**	**4,070,000**	**3,510,000**		**3,690,000**		**3,910,000**		**4,130,000**		**4,370,000**	
35	**Target Ending Balance - Total Operations Expense (d)**	**4,410,000**	**3,870,000**		**4,070,000**		**4,320,000**		**4,560,000**		**4,810,000**	
	Revenue Bond Debt Service Coverage											
36	Senior (e)	122.1%	196.0%		175.8%		193.8%		176.2%		167.6%	
37	Senior & Subordinate (f)	113.6%	183.5%		148.3%		163.4%		150.1%		142.7%	

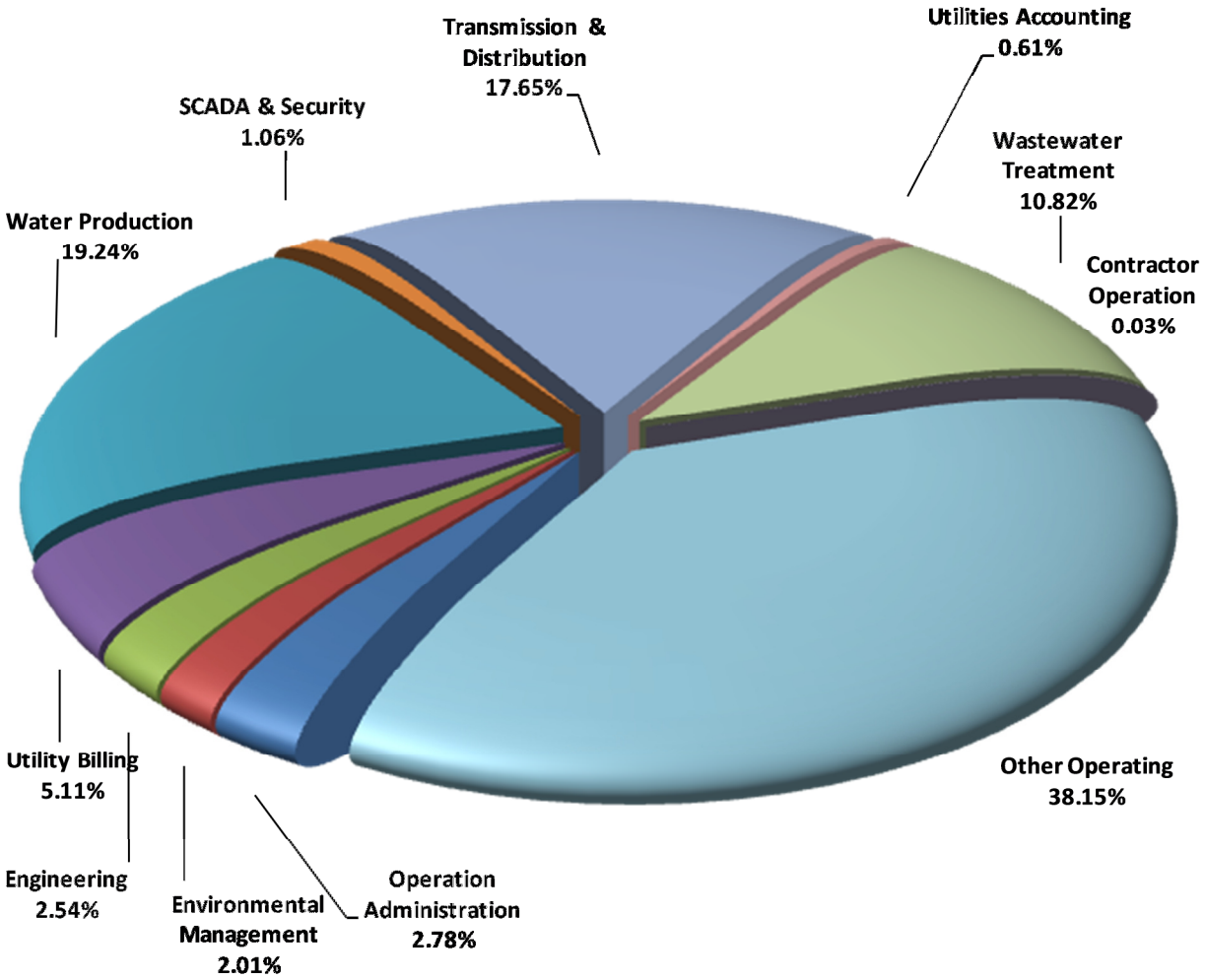
(a) The City has entered into a loan agreement with the New Mexico Environment Department (NMED) in the approximate amount of $25 million. Debt Service on the loan is not due until completion of the construction project which is currently estimated to be completed in FY2015 with debt service beginning FY2016 and will be subordinate to the City's outstanding Series 2004, 2005, 2007, 2009 and 2013 Bonds. The NMED loan will be parity with the City's other NMED and New Mexico Finance Authority (NMFA) loans. The estimated annual debt service on the NMED loan is $1.68 million for a term of 20 years.
(b) Debt Service Transfers have been adjusted to reflect transfers for early payoff of two New Mexico Finance Authority (NMFA) Loan in FY15. NMFA Loan Rio Rancho20 was used to construct a reuse building and transmission lines. $313,681 is the payoff amount for NMFA Loan Rio Rancho20. Rio Rancho Loan 15 was used to for a reverse osmosis treatment facility at Well 12. $872,464 is the payoff amount for NMFA Loan Rio Rancho 15.
(c) Recommended target balance equals 60 days of operations & maintenance expense."
(d) Recommended target balance equals 60 days of total operations expense.
(e) Total revenue less O&M expense, divided by total senior debt service.
(f) Total revenue less O&M expense, divided by total senior and subordinate debt service.

CITY OF RIO RANCHO

Water and Wastewater Utility Fund Summary
7/1/14 TO 6/30/15

	FY 2014 Actual	FY 2015 Final Budget	Percentage Change
Beginning Fund Balance	$ 34,174,011	$ 14,285,536	-58.20%
Revenues			
Water	$ 19,880,054	$ 23,083,656	16.11%
Wastewater	17,118,148	18,548,688	8.36%
Impact Fees	396,811	623,965	57.24%
State Appropriations & Grants	993,088	88,190	-91.12%
Interest	3,047	11,000	260.98%
Other Income	3,103,142	2,916,736	-6.01%
Total Revenues	$ 41,494,291	$ 45,272,233	9.10%
Other Financing Sources			
Bond & Loan Proceeds	$ 4,584,977	$ -	-100.00%
Total Other	$ 4,584,977	$ -	-100.00%
Total	$ 80,253,278	$ 59,557,769	73.72%
Expenditures			
Personal Services	$ 1,705,493	$ 1,849,910	8.47%
Material and Services	19,279,928	21,742,947	12.78%
Capital Outlay	7,061,388	4,385,536	-37.89%
Encumbrances & Projects	9,397,193	-	-100.00%
Total Expenditures	$ 37,444,003	$ 27,978,393	-25.28%
Other Financing Uses			
Debt Service	$ 12,366,377	$ 13,479,149	9.00%
Advanced Refunding Escrow	16,157,362	-	-100.00%
Total Other Financing Uses	$ 28,523,739	$ 13,479,149	-52.74%
Ending Fund Balance - Unreserved	$ 6,535,914	$ 7,525,813	15.15%
Ending Fund Balance - Debt Service	551,480	21,057	-96.18%
Ending Fund Balance - Debt Service Reserve	7,198,142	7,198,138	0.00%
Ending Fund Balance - Capital Reserve	-	3,355,219	N/A
Total EFB	$ 14,285,536	$ 18,100,227	26.70%
Total	$ 80,253,279	$ 59,557,769	-25.79%

FISCAL YEAR 2015
UTILITIES OPERATIONS FUND 501
COST CENTER EXPENDITURES



Operation Administration	657,388
Environmental Management	474,836
Engineering	599,963
Utility Billing	1,207,047
Water Production	4,547,479
SCADA & Security	251,148
Transmission & Distribution	4,170,050
Utilities Accounting	143,235
Wastewater Treatment	2,557,977
Contractor Operation	7,228
Other Operating	9,014,081
	23,630,432

Transfers are excluded ($14,504,664)