

GENERAL FUND REVENUE

General Fund

The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

Development of this plan was guided in large part by current economic conditions. General Fund Gross Receipts Tax (GRT) revenue flattened through the first nine months of FY 08 compared to the prior fiscal year with growth of only 0.6%. Although property taxes also contribute significantly to the County's overall revenue, existing property is limited to a cost of living growth based on a growth index for state and local governments.

Physical changes (such as home improvements and additions) and changes in allowable uses, such as zoning changes, are not subject to yield control only in the year of the change. As a result, County departments were asked to submit budgets reflecting FY 08 level. Despite these challenges, this plan balances revenues and expenditures for each year of the biennium.

Department growth reflected in the Program Summaries throughout the various sections of the Biennial Budget is due in large to realignment of funding previously located within the General County budget.

The fiscal year 2009 General Fund operating revenue budget totals \$214,892,476, a 1.47% increase over the 2008 adopted budget. For fiscal year 2010, the General Fund Operating revenue projection is \$221,159,709, a 2.83% increase over fiscal year 2009.

Bernalillo County strives to produce conservative, yet realistic revenue projections. To aide in this task, the Finance Division maintains monthly revenue history for prior fiscal years. In addition, staff monitors national, state and local economic conditions, and analyzes internal and external economic factors, including revenue implications of annexations, population growth, building permit data, and developments in Bernalillo County.

Many factors influenced the development of the FY 2009 and 2010 Biennial Budget. As Bernalillo County continues to grow, the County is faced with the challenge of expanding services, current systems, and infrastructure, while conservatively allocating resources. During the previous Biennial Budget, the County began several projects that will continue throughout the FY 09 and 10 Biennial Budget Cycle. For example, the County in an effort to meet its Information Technology Infrastructure

needs began to develop and implement a new financial system. This Enterprise Resource Planning (ERP) implementation includes various financial software upgrades. This software will enable the County to effectively improve its reporting requirements and become more efficient in overall business practices. The first phase of the project involved one year of blueprint, production, and testing, and on July 7, 2008, the County began to utilize the financial system. The change has been positive and an additional expansion is underway to incorporate the budget module, which will benefit budget planning and execution.

Additionally, Fiscal Year 2009 marks the first fiscal year Bernalillo County will operate the Metropolitan Detention Center (MDC) without financial assistance from any outside governmental entity. This is important to mention considering the fiscal impact the jail has on the General Fund. The fiscal impact of the jail has increased significantly over the years as the County received less financial support. MDC has essentially become the County's sole responsibility and resources must be allocated accordingly to maintain this unfunded mandate. The County, by statute must provide a jail. The operation of MDC requires nearly one-third of the General Fund Appropriations.

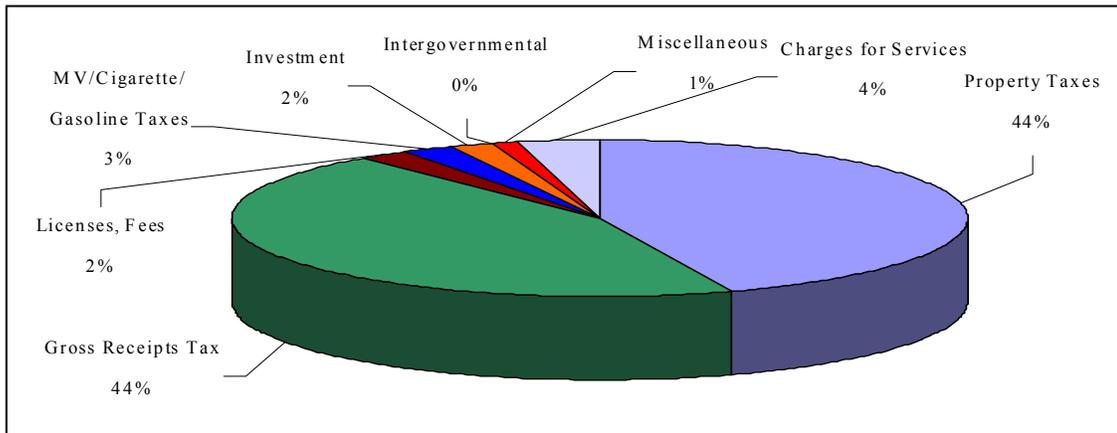
The Board of County Commissioners understands the importance of offering competitive salary and benefits that will help attract and retain the best and brightest employees. While maintaining a balanced budget, the Board of County Commissioners approved the following employee compensation:

- Blue Collar 5% wage increase;
- White Collar 4% wage increase;
- AFSCME (MDC) 7% wage increase;
- IAFF (Fire) 4% increase;
- BCSDA (Sheriff) 4% wage increase;
- Non-represented employees received a four percent (4%) performance incentive increase.

In FY09, property taxes and Gross Receipts Tax (GRT) will account for approximately eighty-eight percent (88%) of total General Fund operating revenues and for FY10 the percentage is expected to increase by approximately one percent (1%).

General Fund Revenue

The following revenue sources support the FY2009 General Fund Operating Budget



	Property Taxes	Gross Receipts	Licenses, Fees	Charges for Services	Investment	Intergovernmental	Miscellaneous/ Non-Recurring	MV/Cigarette/ Gasoline Taxes
FY 05	85,810,892	46,555,197	4,067,066	7,566,811	3,506,996	294,567	8,561,063	5,122,512
FY 06	82,897,016	69,271,778	4,077,811	7,925,739	4,790,299	103,703	10,652,255	6,059,455
FY 07	88,456,577	96,392,976	2,812,803	21,014,398	9,407,114	177,421	4,623,452	5,315,293
FY 08	84,132,129	94,794,894	4,910,100	15,974,174	3,090,000	1,359,621	2,248,504	5,228,494
FY 09	95,071,122	95,742,843	4,727,273	7,573,404	3,890,000	235,463	2,388,312	5,264,059
FY 10	98,685,922	98,615,128	5,002,473	7,066,781	3,890,000	235,463	2,399,883	5,264,059

Property Tax Revenue

In the 2008 tax year, the property base grew by 5.51%. Property revaluations represented a 3.12% increase and new construction grew 2.1%. New construction represents a direct source of new tax revenue for Bernalillo County. The Bureau of Business and Economic Research indicates the outlook for housing is rather weak, with double digit declines in total housing unit authorizations for 2006 and 2007, followed by smaller declines in 2008 and 2009, and small gains in 2010 and 2011.

Tax on revalued property is limited by the yield control formula. The State of New Mexico's yield control adjustment limits the tax revenue increase on all existing property. As valuations increase, rates move in the opposite direction limiting tax increases to approximately the rate of inflation.

New Mexico has a statewide property reassessment program. Non-residential property is assessed as closely as possible to current and correct market value. Residential property should be at current and correct with a limitation of increase of 3% per year.

Tax bills are mailed November 1 each year by the County Treasurer. The first half tax payment is due November 10 and becomes delinquent if not paid by December 10 (each year). The second half is due April 10 and becomes delinquent after May 10 (each year). Recent legislation passed during the 47th Regular Legislative Session enables Class "A", including Bernalillo County, counties the ability to provide tax-payers the option of paying tax bills in ten monthly payments, effective January 1, 2009.

Millage Rate History

Residential

Tax Year ¹	Millage
1998	7.084
1999	6.812
2000	6.964
2001	7.185
2002	7.118
2003	8.154
2004	8.200
2005	7.280
2006	7.211
2007	7.187

Non-Residential

Tax Year ¹	Millage
1998	11.047
1999	11.127
2000	11.682
2001	11.793
2002	11.720
2003	12.747
2004	12.769
2005	10.932
2006	11.748
2007	11.804

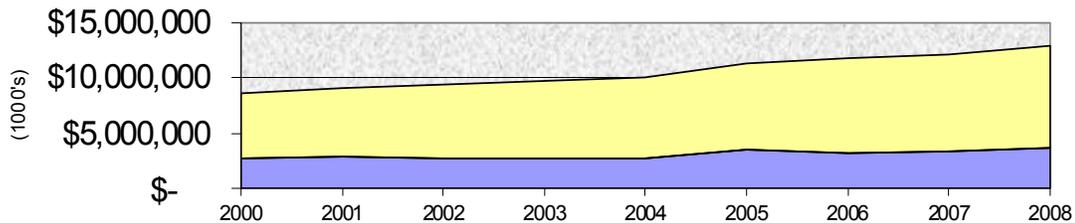
Note:

1. Tax year: October – September

Property tax revenue estimates are based on historical increases in valuations. The source of this increase is new construction and revaluations. The graph below shows that this is a conservative estimate based on historical data.

Bernalillo County Net Taxable Property Values

■ Non-Residential ■ Residential



■ Gross Receipts Tax (GRT) Revenue

New Mexico is one of a minority of states that has a gross receipts tax structure instead of a sales tax. The tax liability belongs to the business instead of the customer. State statute does not prevent a business from recovering the tax cost from the customer as it would any other overhead expense. Passing the tax to the customer at the time of sale is the prevalent practice.

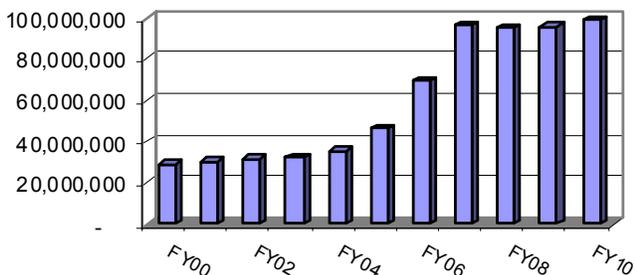
In January 2005, food purchases became exempt from the imposition of GRT. Combined with other past reduc-

tions such as the exemption for prescription drug sales and federal government payments for medical services, the estimated gross receipts taxes have been reduced. The recent decline in the economy also presented a negative fiscal impact. The future economic condition in several markets will impact the County's gross receipts tax revenue. These economic factors will be closely monitored and the County will be diligent in evaluating and allocating its resources.

The approved County GRT rate in Bernalillo County as of January 1, 2007 is 5.8125%. This combined tax rate consists of the following gross receipts tax revenue sources:

<u>Sources of GRT Revenue</u>	<u>Percentage</u> %
County GRT (General Use)	.4375%
County Environmental GRT	.1250%
County Health Care GRT	.1250%
County Correctional Facility GRT	.1250%
State of New Mexico	5.0000%
Total	5.8125%

**Gross Receipts Revenue
FY 2000 to FY 2010**



Planning and preparing for the financial requirements of operating the Metropolitan Detention Center included the enactment of the County Correctional Facility Gross Receipts Tax. The County Commission adopted Ordinance No. 2005-14 enacting a one-eighth of one percent (.125%) gross receipts tax effective July 1, 2006. Revenue from this tax and other General Fund revenue sources is used to fund the Metropolitan Detention Center.

Other General Fund Income

Charges for Services: This income is generated from fees for County related services, including but not limited to Animal Control fees, Probate Court fees, and various Parks and Recreation fees. In addition, Bernalillo County is reimbursed for various services such as Sheriff services provided to the Village of Los Ranchos, janitorial services provided to the City of Albuquerque, and metropolitan court security fees. For fiscal years 2009 and 2010 budgeted revenues are \$7.5 and \$7 million, respectively.

Investment Income: This income is generated from investment activity by the County Treasurer. Investment income is directly related to investment amounts, interest rates, market conditions, investment strategies,

The revenue budget forecast includes an estimated \$95.7 million in GRT revenue for fiscal year 2009 and an estimated \$98.6 for fiscal year 2010. Included in the \$95.7 million is \$19.7 million of projected revenue from the County Correctional Facility Gross Receipts Tax.

In addition to General Fund gross receipts tax, Bernalillo County generates gross receipts tax revenue totaling \$10,000,000 within a Special Revenue Fund. The Health Care Gross Receipts tax can be imposed for a period that ends no later than June 30, 2009.

Government Tax Rates Within New Mexico

- Doña Ana County 7.1250%
- Santa Fe County 7.9375%
- Sandoval County 6.9375%
- Taos County 7.9375%
- San Juan County 7.0000%

Government Tax Rates Outside New Mexico

- City of El Paso, TX 8.2500%
- City of Phoenix, AZ 8.3000%
- City of Colorado Springs, CO 7.4000%
- City of San Antonio, TX 8.1250%
- City of Salt Lake City, UT 6.8000%

and other economic factors. In FY 09 and 10 investment revenues are budgeted at \$3.8 million per year.

Miscellaneous: Miscellaneous revenue includes sales of surplus county property, insurance recoveries, and other miscellaneous revenues that are generated, which by category cannot be allocated to another revenue category.

Inter-Governmental: Inter-Governmental revenue is generated from intergovernmental agreements, excluding grants. These revenues vary in nature depending on the service provided.

Licenses/Fees: Licenses and fees revenue is generated from various sources including parks and recreational services, rental of County property, court services fees, and franchise fees. The significant amount of revenue collected in this category has historically come from zoning and building fees and County Clerk/recording related fees.

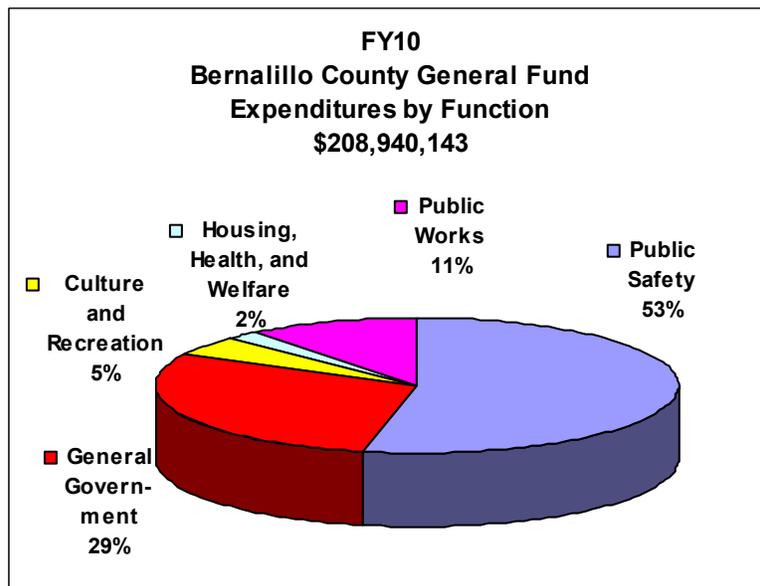
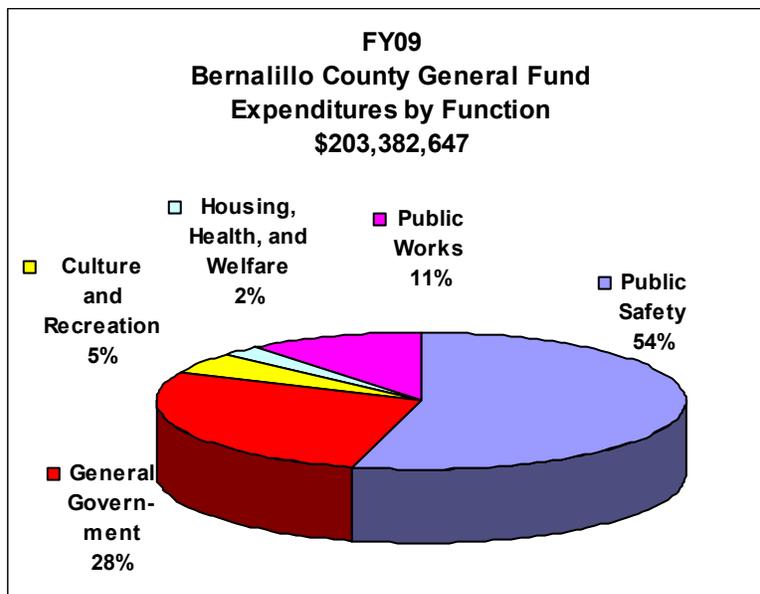
Motor Vehicle, Cigarette, and Gasoline Tax: Budgeted combined revenues for these taxes in FY 2009 and 2010 are \$5,264,059. Motor Vehicle Fees are projected to generate \$3,560,614 of revenue in fiscal years 2009 and 2010. The New Mexico Taxation and Revenue Department, Motor Vehicle Division allocates a

percentage of the motor vehicle fees it collects to each county.

In accordance with 7-1-6.26 NMSA 1978, each county is entitled to receive an amount equal to its proportionate share of miles of public roads maintained through the Gasoline Tax.

The Board of County Commission is required to report by April 1 of each calendar year to the Highway and Transportation Department total mileage of public roads maintained by the County, the name of the public road(s) maintained, route, and location.

General Fund Expenditures



**Bernalillo County
Expenditures by Function
General Fund**

General Government	FY09 Budget	% of Budget	FY10 Budget	% of Budget
Assessor	3,073,248	1.5%	3,073,248	1.5%
Clerk	5,014,174	2.5%	5,014,174	2.4%
Commission	615,252	0.3%	615,252	0.3%
Council of Governments	64,215	0.0%	64,215	0.0%
County Manager	1,266,632	0.6%	1,266,632	0.6%
Economic Development	204,417	0.1%	204,417	0.1%
Finance Division	4,232,299	2.1%	4,232,299	2.0%
Insurance Premiums & Deductibles	4,317,971	2.1%	4,317,971	2.1%
General County	19,656,982	9.7%	23,552,802	11.3%
Human Resources	2,417,664	1.2%	2,417,664	1.2%
Information Technology	6,897,074	3.4%	6,897,074	3.3%
Legal	1,814,303	0.9%	1,814,303	0.9%
Probate Court	183,620	0.1%	183,620	0.1%
Public Information	705,378	0.3%	705,378	0.3%
Real Estate/CIP	601,154	0.3%	601,154	0.3%
Treasurer	2,203,088	1.1%	2,203,088	1.1%
Zoning and Building	3,583,869	1.8%	3,583,869	1.7%
Subtotal	56,851,339	28.0%	60,747,159	29.1%
Public Safety				
Animal Care	1,020,214	0.5%	1,020,214	0.5%
Communications Department	3,242,032	1.6%	3,242,032	1.6%
(1) MDC	55,499,657	27.3%	57,161,333	27.4%
(2) Crime Lab	640,513	0.3%	640,513	0.3%
(3) Public Safety Grant Matches	103,443	0.1%	103,443	0.0%
Fire & Rescue	14,229,090	7.0%	14,229,090	6.8%
Juvenile Detention Center	6,877,834	3.4%	6,877,834	3.3%
Sheriff's Department	27,487,262	13.5%	27,487,262	13.2%
Security Specialists	823,843	0.4%	823,843	0.4%
Subtotal	109,923,889	53.6%	111,585,565	53.4%
Housing, Health and Welfare				
Agriculture Agent	190,295	0.1%	190,295	0.1%
City Bus	1,386,612	0.7%	1,386,612	0.7%
Ditch/Water Safety Task Force	15,000	0.0%	15,000	0.0%
Environmental Health	1,184,248	0.6%	1,184,248	0.6%
Solid Waste	215,000	0.1%	215,000	0.1%
Housing	469,782	0.2%	469,782	0.2%
Social Services	843,375	0.4%	843,375	0.4%
Subtotal	4,304,312	2.1%	4,304,312	2.1%
Culture and Recreation				
City Library	1,138,925	0.6%	1,138,925	0.5%
Parks & Recreation	8,916,365	4.4%	8,916,365	4.3%
Subtotal	10,055,290	4.9%	10,055,290	4.8%
Public Works				
Division Support	1,046,180	0.5%	1,046,180	0.5%
Fleet-Facilities Management	12,910,073	6.3%	12,910,073	6.2%
Operations & Maintenance	3,674,010	1.8%	3,674,010	1.8%
Technical Services	2,571,238	1.3%	2,571,238	1.2%
Infrastructure, Planning & Geo Resource	2,046,316	1.0%	2,046,316	1.0%
Subtotal	22,247,817	10.9%	22,247,817	10.6%
TOTAL EXPENDITURES BY FUNCTION	203,382,647	99.6%	208,940,143	100.0%

(1) MDC total appropriation is \$58,598,053. Additional funding totaling \$3,098,396 is located in the 1/16th Health Care Tax Fund, Legal Department and Information Technology Department. Total increase from FY08 to FY09 is 3.5%.

(2) Represents funding which is budgeted in General County.

(3) No County Match Requested for FY09 by PS departments however, the budget was maintained in the event of requests throughout the year.