

**CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES**

MEMORANDUM

DATE: June 26, 2015

TO: Mayor Gregory Hull
Council Members: Chuck Wilkins, Dawnn Robinson, Cheryl Everett, Mark Scott,
Shelby Smith, and Lonnie Clayton
Keith Riesberg, City Manager
John Craig, Deputy City Manager

FROM: Dan Olsen, Financial Services Director

SUBJECT: **June Gross Receipts Tax**

Attached is the monthly dashboard for June GRT collections.

Gross Receipts Tax

The City's June GRT distribution to the General Fund totaled \$2,755,117, which is \$455,000 or 19.8 percent above the budget estimate for the month. With twelve months of data, total FY15 collections are \$2.8 million or 11.5 percent above the FY14 amount and have exceeded the City's FY15 revised budget by \$1.2 million or 4.4 percent.

The last few months have been a stark contrast to the first half of the year when sluggish GRT growth caused the City to reduce its FY15 GRT budget estimate by \$1.3 million. Since January, GRT collections have nearly made up that amount, ending the year just \$158,000 short of the *original* FY15 estimate. We are cautiously optimistic that GRT revenues will continue to outpace budget estimates for the next several months, and we will revisit those estimates at the FY16 mid-year budget process.

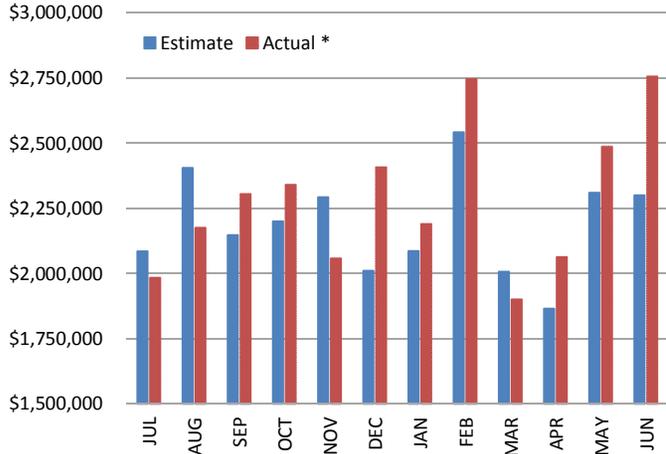
With GRT revenues exceeding budget estimates, the Finance Department strongly recommends that these excess funds be held in the General Fund as reserves against the City's FY17 budget needs. As you may recall from our recent budget discussions, the FY17 budget includes an "extra" pay period due to the timing of the City's two-week pay cycle. The cost of this extra pay period is estimated to be \$1.5 million; therefore, to the extent the City can save money in the General Fund ending fund balance, this additional cost can be more easily covered with reserves without affecting the resources that will be available to fund other priorities.

Following are some highlights from the June GRT data:

- The Retail sector's year-to-date growth rate decreased from 5.8 percent last month to 5.4 percent this month.
- Construction continues to lead all sectors, posting a year-to-date growth rate of 46.4 percent. We believe that some of this growth stems from certain large construction projects currently progressing within the City; however, without access to detailed GRT information we are unable to quantify to what degree this may be true.
- The Utilities/Transportation/Warehousing and Manufacturing sectors continue to decline, falling 13.9 percent and 23.5 percent, respectively, compared to the same period last year.

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY15 Estimate vs. Actual



*YTD through June is \$1.2 million or 4.4% above the revised FY15 estimate

Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years

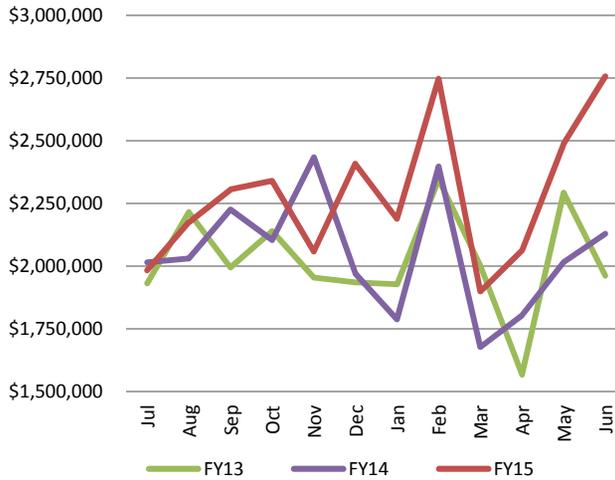
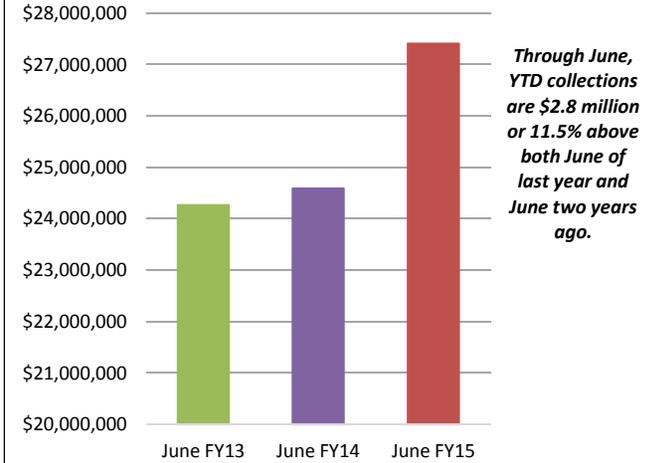


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years



Through June, YTD collections are \$2.8 million or 11.5% above both June of last year and June two years ago.

Chart 4: GRT Distribution by Industry FY15 YTD compared to FY14 YTD

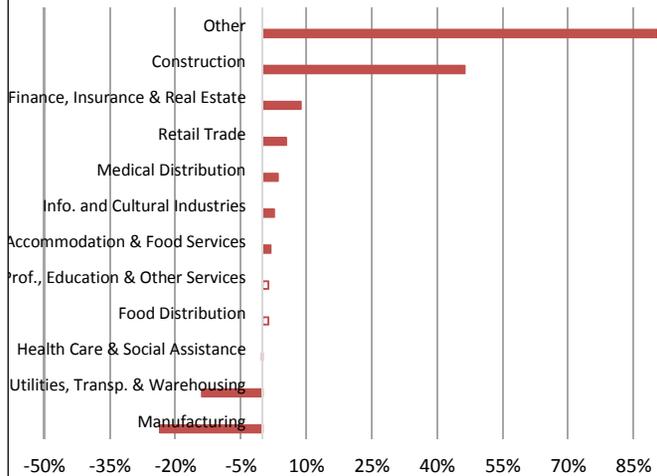


Chart 5: GRT Distribution by Industry FY15 YTD

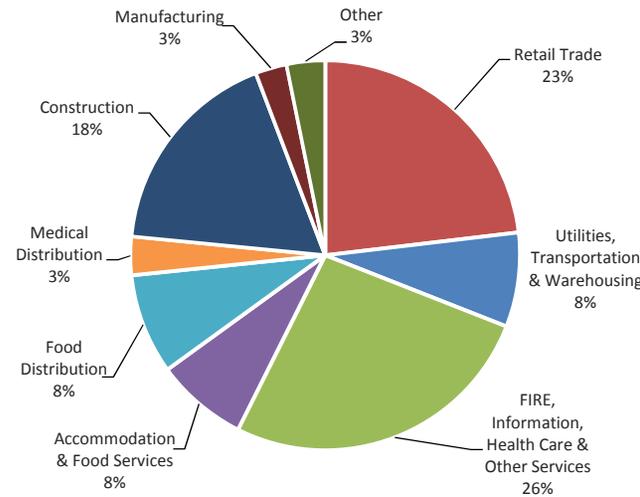


Chart 6: Changing Composition of GRT

