

Mid-Year Budget Review Fiscal Year 2010/2011

GENERAL DISCUSSION

Otero County's fiscal year begins on July 1 and ends on June 30 of the following year. At the midway point of each fiscal year, it is customary for the Finance Department to prepare a formal presentation on the status of receipts and disbursements to the Board of County Commissioners.

Although the receipts and disbursements are routinely analyzed in detail throughout the fiscal year, this formal process allows opportunity for the data to be presented to interested parties in a summarized and more logical format. Depending on fluctuations in revenues, it could become necessary to amend the spending plan for the fiscal year to compensate for significant reductions in revenues. As Otero County's revenues are projected conservatively, this is rarely, if ever, necessary.

The detail operating budget is necessary to properly conduct the business of the County, but it is not conducive to a thorough understanding by our policy makers and our constituency. This presentation provides an opportunity to present the budget, receipts and disbursements in a format that allows interested parties to gain a better understanding of how our revenues are generated and how it is spent. Furthermore, at the conclusion of even-numbered calendar years when there may be changes in Elected Officials, this presentation also ensures that the statutorily required 50% of the total departmental budget remains available for expenditure by the incoming official.

WHERE THE MONEY COMES FROM

Charts 1 and 2 are intended to give the reader a basic concept of how Otero County's funding is generated while **Charts 3 - 6** show how it is spent.

As we review **Chart 1**, we can see from the heading that Otero County is projecting revenues totaling \$26,587,298 for the current fiscal year. The sources of the total anticipated revenues are classified into six (6) major categories with Property Tax and Other receipts contributing to over 50% of our total revenue base. As the revenue source classified as "*** Other ***" contributes a significant amount to the total revenues, **Chart 2** sub-categorizes these revenues for further information.

HOW THE MONEY IS SPENT

As we review **Chart 3**, we see that we have budgeted expenditures of \$34,896,201 compared to revenues totaling \$26,587,298 for fiscal year 2010/2011. The decision to adopt a budget spending \$8.3 million more than we are generating in revenues was made with some measure of confidence. There was a sufficient cash carry-over available to support the additional expenses, revenues were projected conservatively and the appropriated expenditures are never spent in entirety.

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The budgeted expenditures classified as Public Works, Elected Officials and Administrative Services are further broken down on **Charts 4, 5 and 6**.

In reviewing **Charts 4 - 6**, we can easily see that the 64% of all expenditures are dedicated to Detention, Fire & EMS, Roads, Law Enforcement and Health Care.

REVENUE PERFORMANCE AT MID-YEAR

Having provided a rough synopsis of where the money comes from and where it goes, we will now review and discuss where we stand at mid-year on our receipts and expenditures.

Charts 7 - 12 reveal three (3) interesting comparisons in assessing our budgetary performance at midyear. While it is extremely beneficial to see how our revenues and expenditures are performing compared to the budgeted amounts, it is also relevant to review how they compare to the 5-year averages and to the amounts for the prior fiscal year. These additional comparisons allow us to identify any anomalies or potential problems.

Roughly speaking, we would expect to be at about 50% of the anticipated revenues and expenditures at this point. However, not all will follow this trend as some occur only once a year. The more significant of these will be discussed later.

Probably the most important aspect of the mid-year budget review is to provide an analysis of how our revenues are performing. As we review **Chart 7**, we see that we have received 51.67% of our total projected revenues as of December 31, 2010.

Requiring further discussion are our Gross Receipts Tax revenues which show to be at 72.42% collected thru December 31. At first glance, it might appear that this revenue source was significantly under-projected. The prior Board of County Commissioners repealed two (2) GRT increments totaling 3/16th of one percent. The revenues from these two (2) increments were budgeted for only eight (8) months as we will receive the last distribution in February 2011. Making the adjustment for this, we would be right at 55.64%.

P.I.L.T. is at zero percent as it is received in entirety in June and Fire & EMS funding shows 100% as it is received in entirety during the first few months of the fiscal year. The revenues classified as “** Other **” are further broken down on **Chart 8**. All these sub-categories are performing within reasonable tolerances. The revenues classified under the “Federal Distributions” sub-category are the Secure Rural Schools and Taylor Grazing Act Distributions which are normally received in entirety during the 2nd half of the fiscal year.

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EXPENDITURE PERFORMANCE AT MID-YEAR

As we review **Charts 9 - 12**, we quite easily see that expenditures are performing within reasonable tolerances at mid-year.

As mentioned above, we must also ensure that at least 50% of the expenditure appropriations remain for expenditure by incoming Elected Officials. On January 1, 2011, two (2) newly elected Commissioners, the Sheriff and Probate Judge took office.

Chart 11 provides a recapitulation of all the elected official departments. The County Clerk has expended slightly over 50% at mid-year. The primary reason for this was the General Election held in November 2010.

The County Treasurer has also expended slightly more than 50%. The primary contributing factor for this overage is the printing of the 2010 tax bills last September.

In conclusion, at the midway point of the fiscal year, we find that Otero County's revenues and expenditures are performing as we would expect.

**COUNTY-WIDE REVENUE SOURCES
BUDGETED
\$26,587,298**

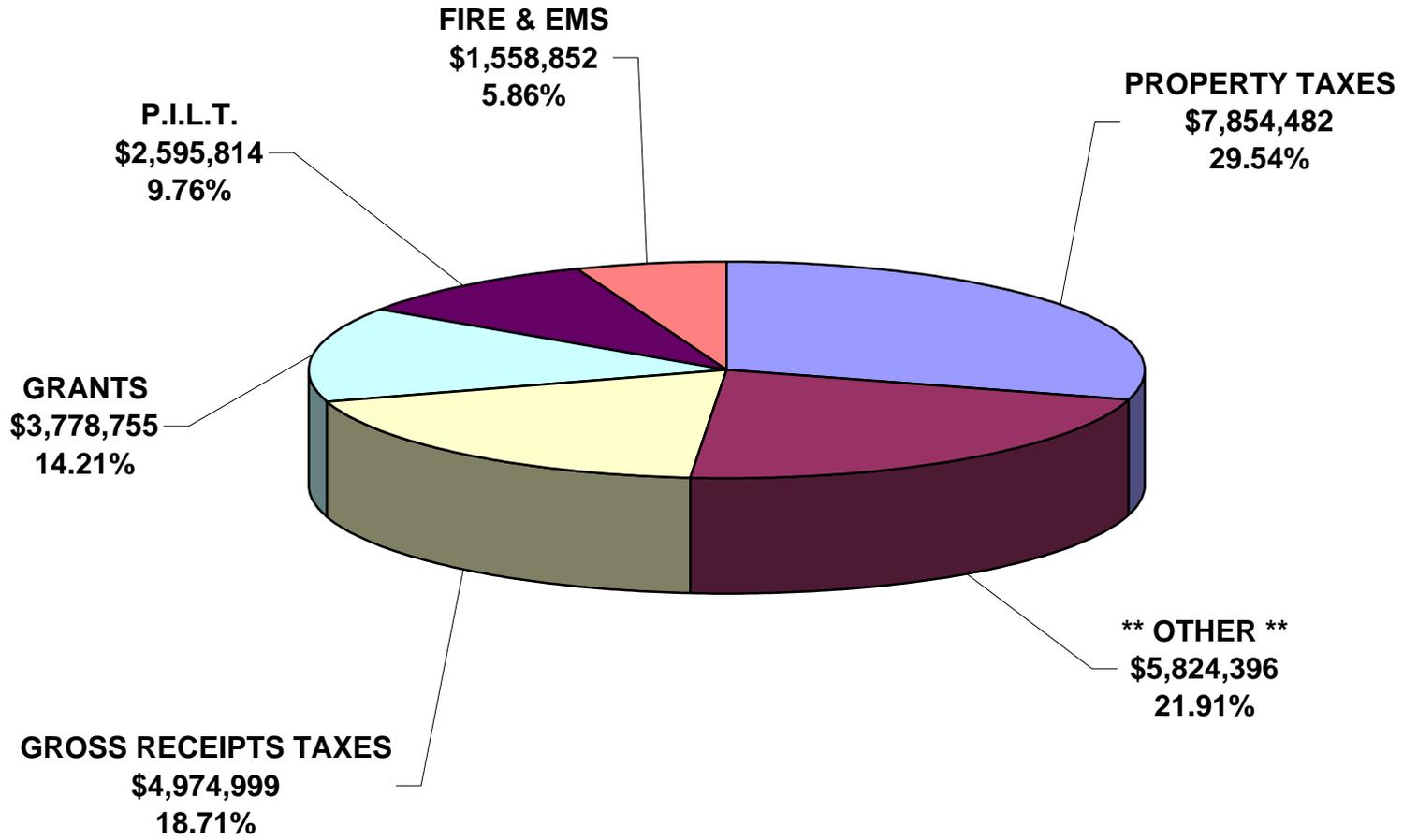


Chart 1

**** OTHER ** REVENUE SOURCES
BUDGETED
\$5,824,396**

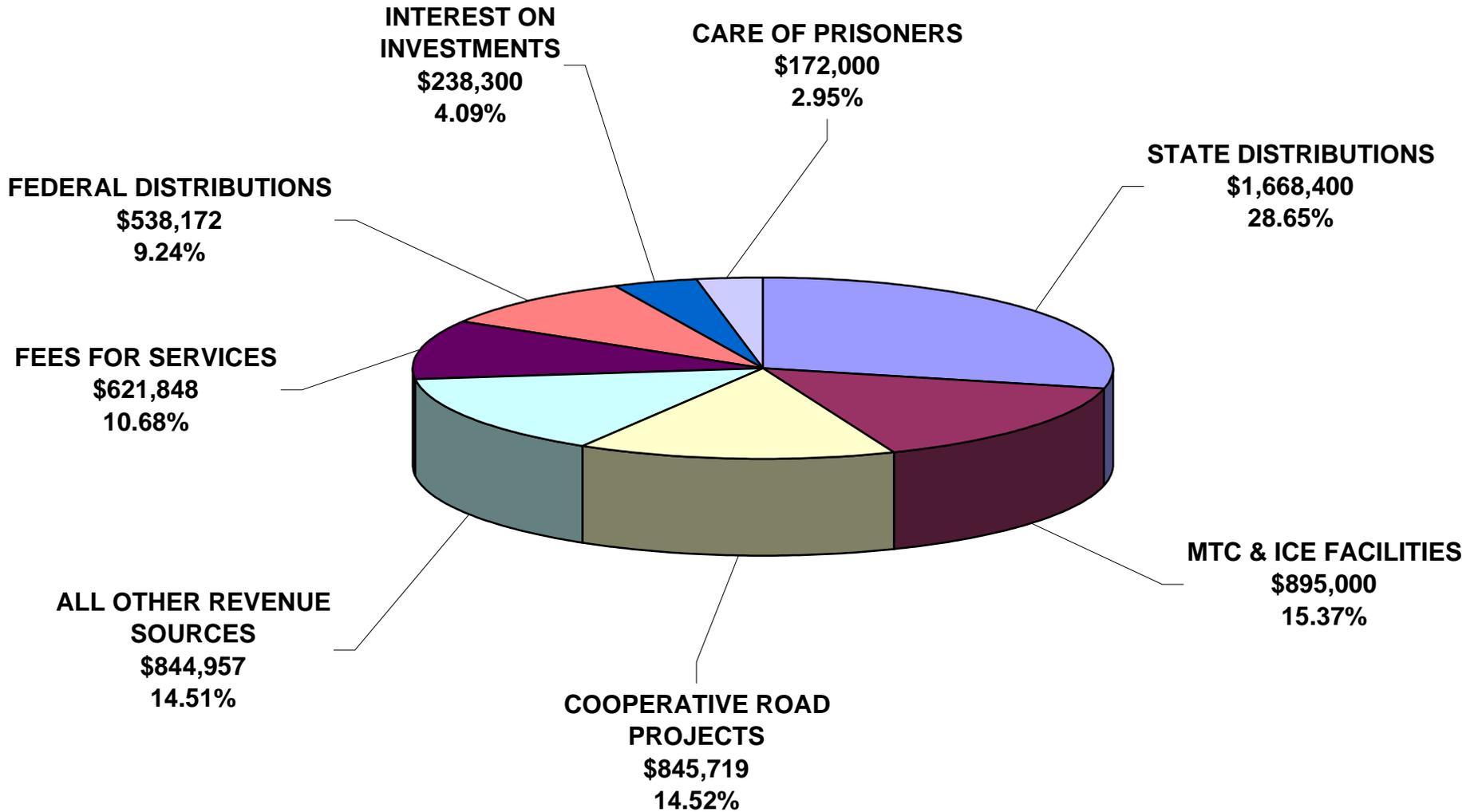


Chart 2

**COUNTY-WIDE EXPENSES
BUDGETED
\$34,896,201**

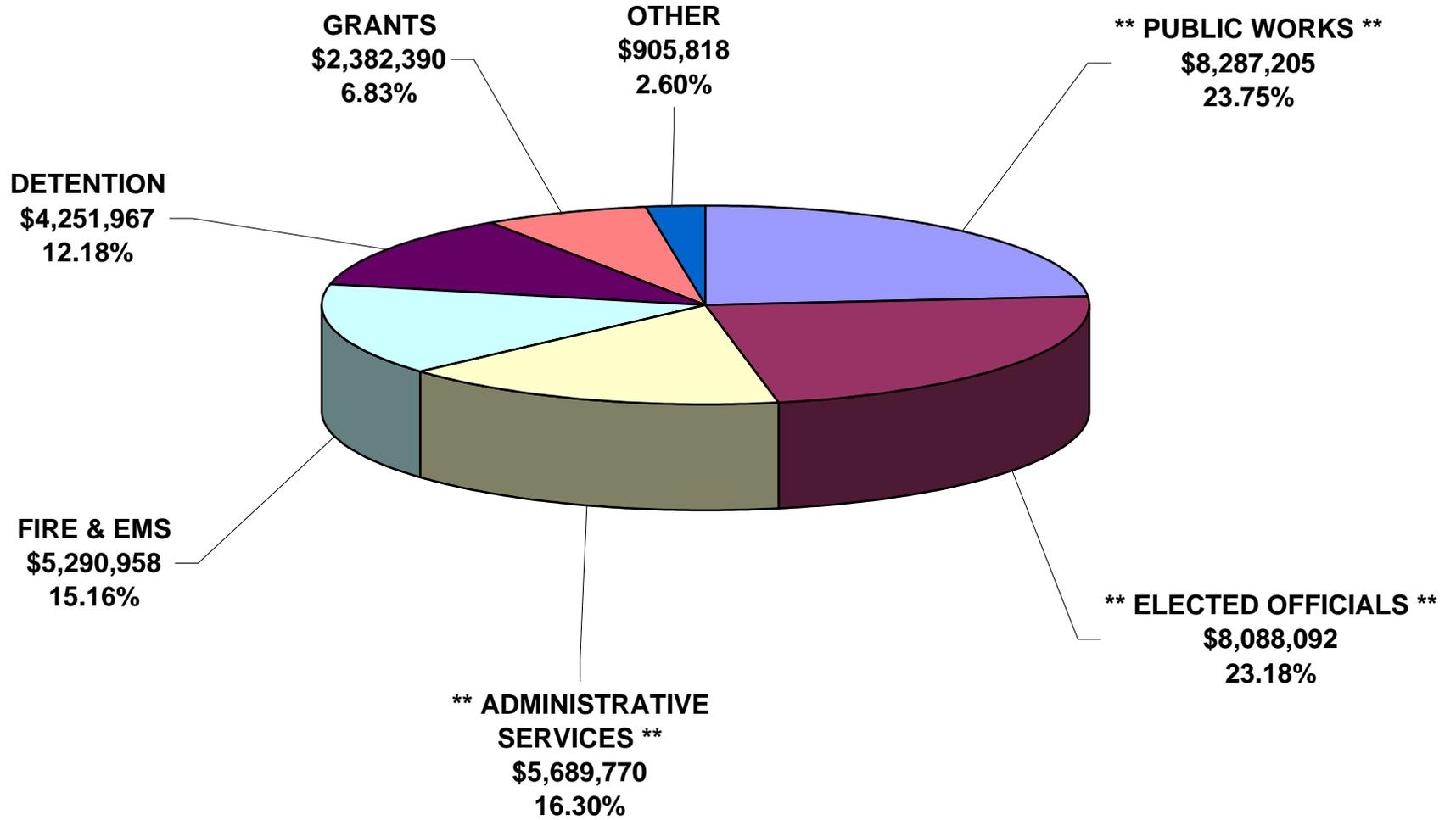


Chart 3

**** PUBLIC WORKS ** EXPENSES
BUDGETED
\$8,287,205**

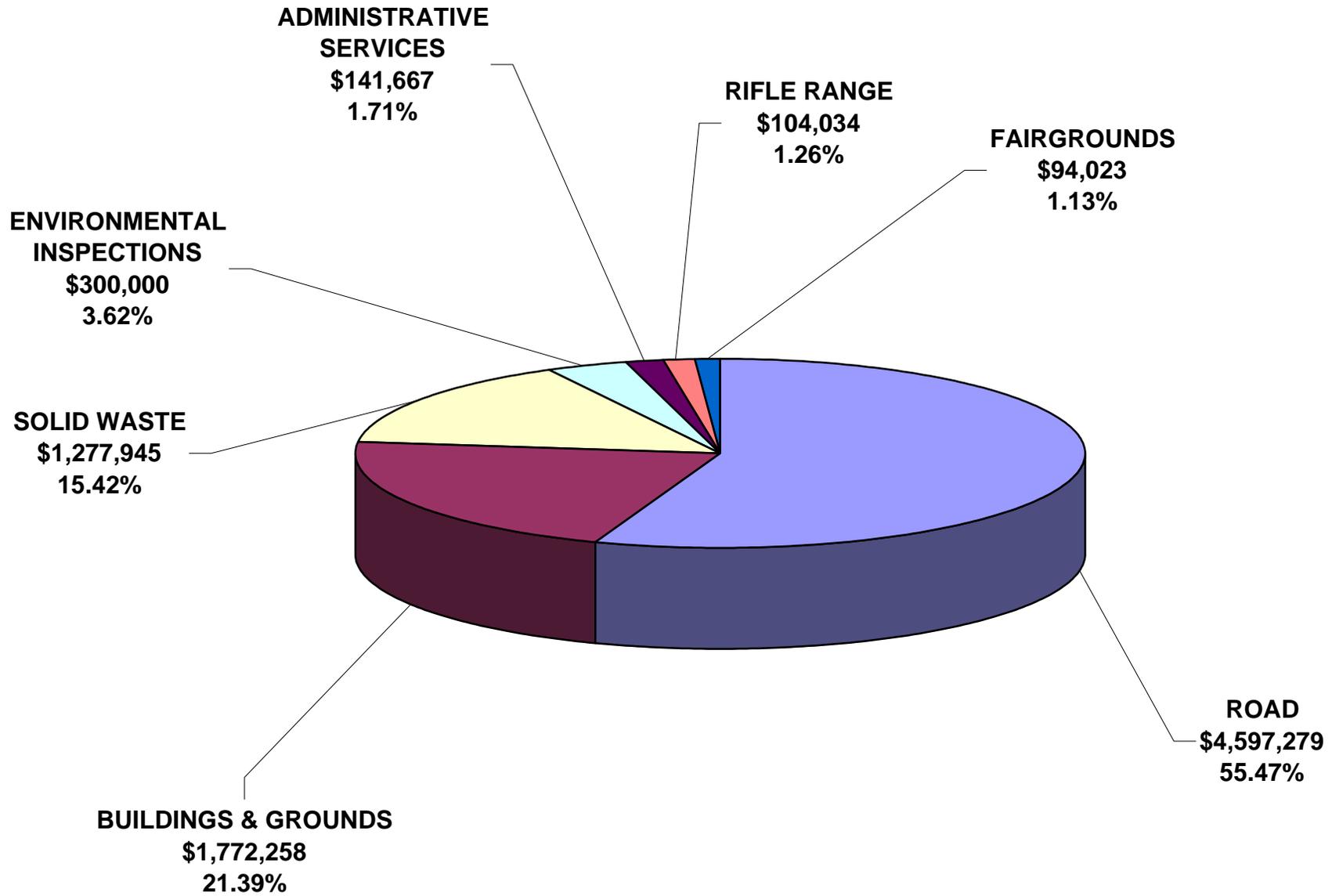


Chart 4

**** ELECTED OFFICIALS ** EXPENSES
BUDGETED
\$8,088,092**

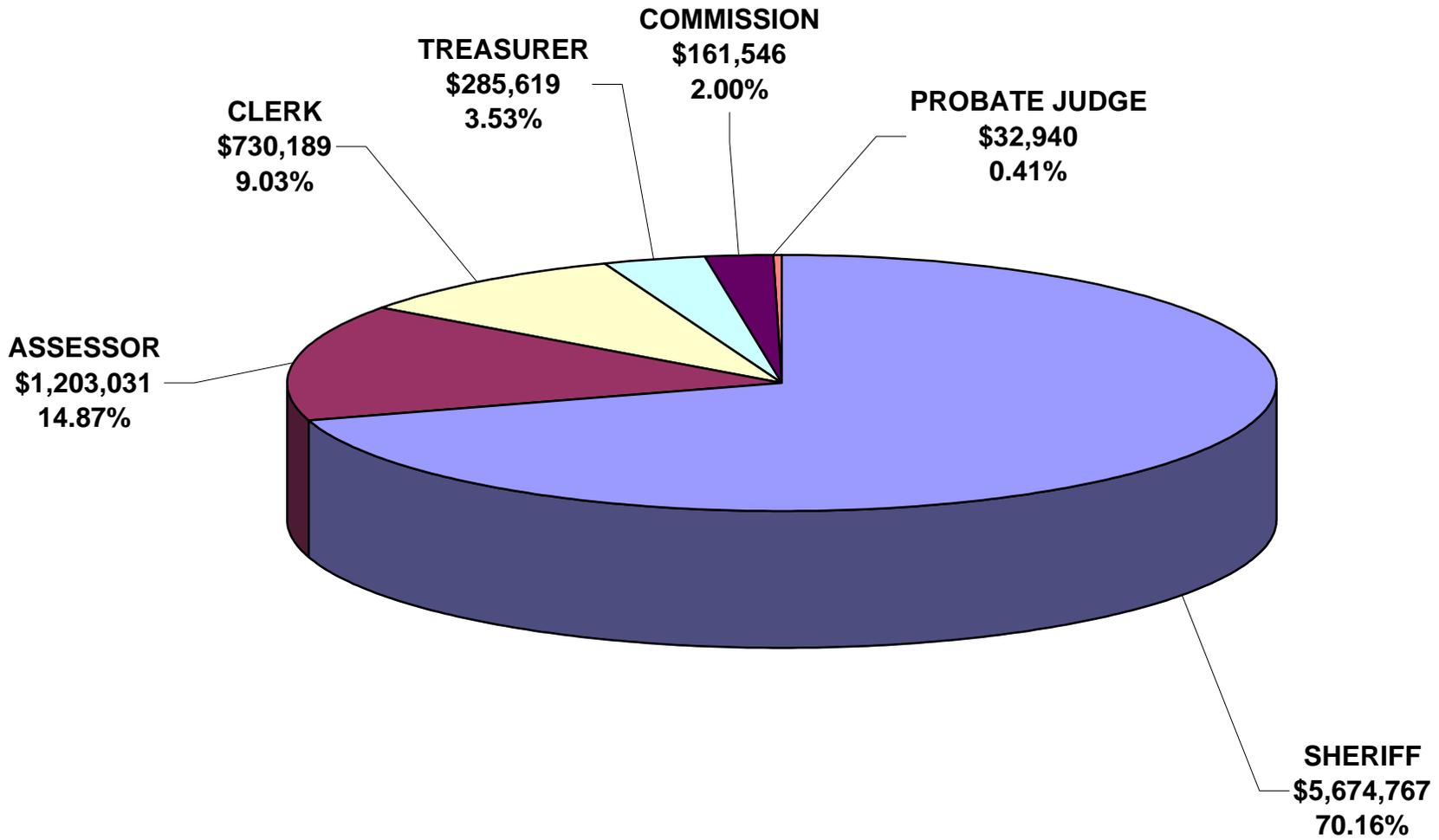


Chart 5

**** ADMINISTRATIVE SERVICES ** EXPENSES
BUDGETED
\$5,689,770**

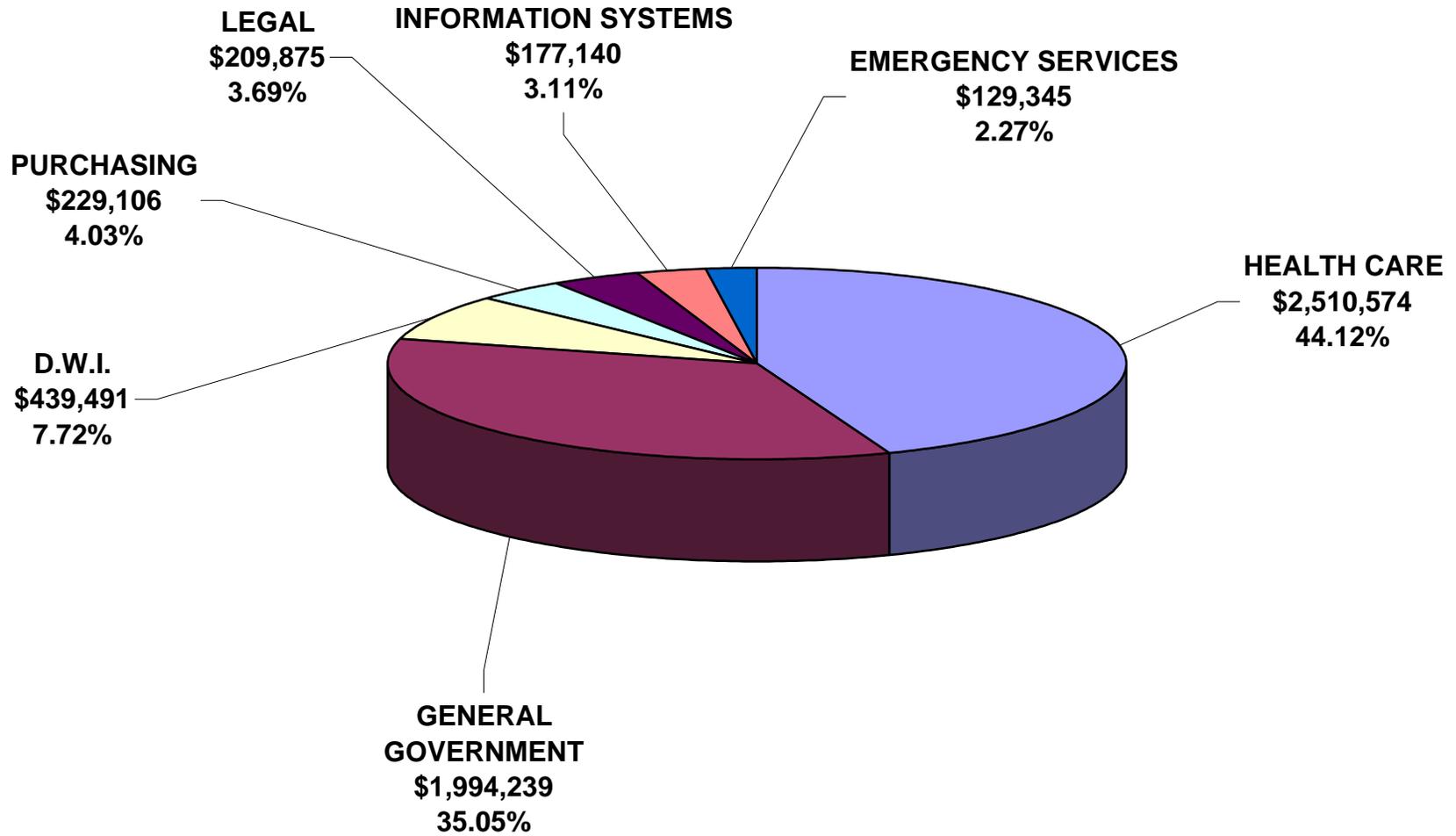


Chart 6

COUNTY-WIDE REVENUES COMPARING YEAR-TO-DATE TO BUDGETED AMOUNT, THIS TIME LAST YEAR AND 5-YEAR AVERAGES

■ CURRENT BUDGET
 ■ RECEIPTS TO DATE
 ■ THIS TIME LAST YEAR
 ■ 5-YEAR AVERAGE

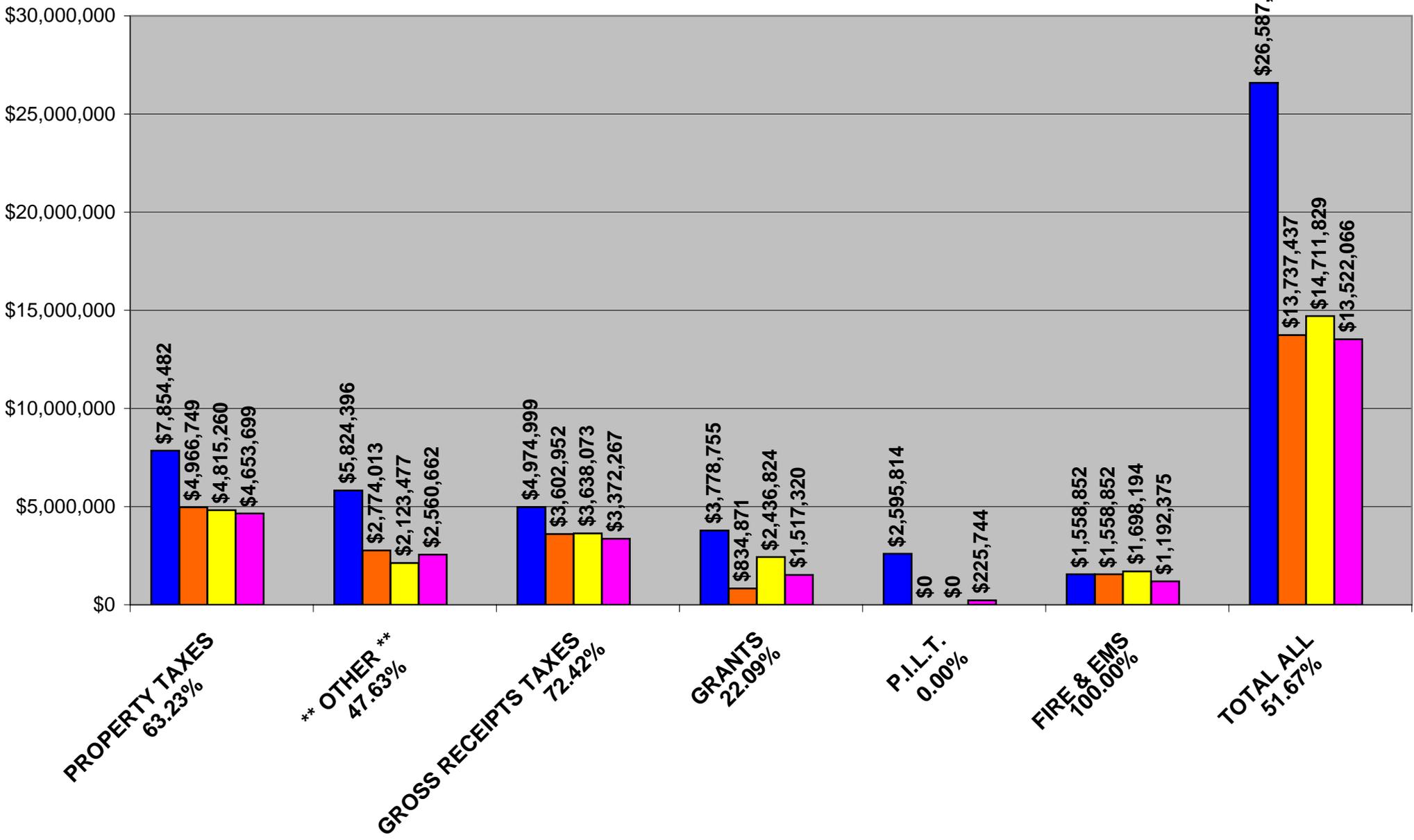


Chart 7

**** OTHER ** REVENUE SOURCES
COMPARING YEAR-TO-DATE TO
BUDGETED AMOUNT, THIS TIME LAST YEAR AND 5-YEAR AVERAGES**

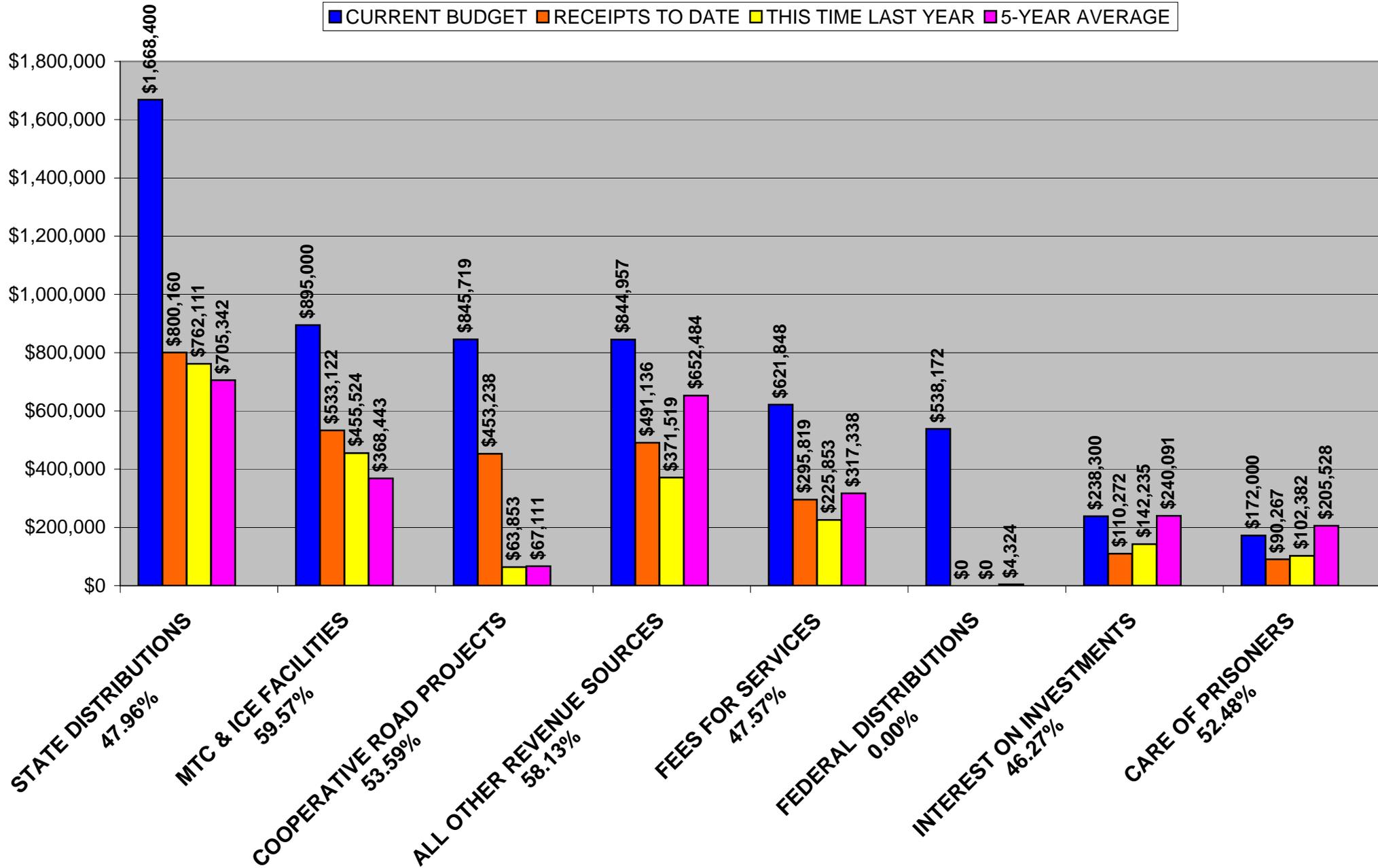


Chart 8

COUNTY-WIDE EXPENSES COMPARING YEAR-TO-DATE TO BUDGETED AMOUNT, THIS TIME LAST YEAR AND 5-YEAR AVERAGES

■ CURRENT BUDGET
 ■ DISBURSEMENTS TO DATE
 ■ THIS TIME LAST YEAR
 ■ 5-YEAR AVERAGE

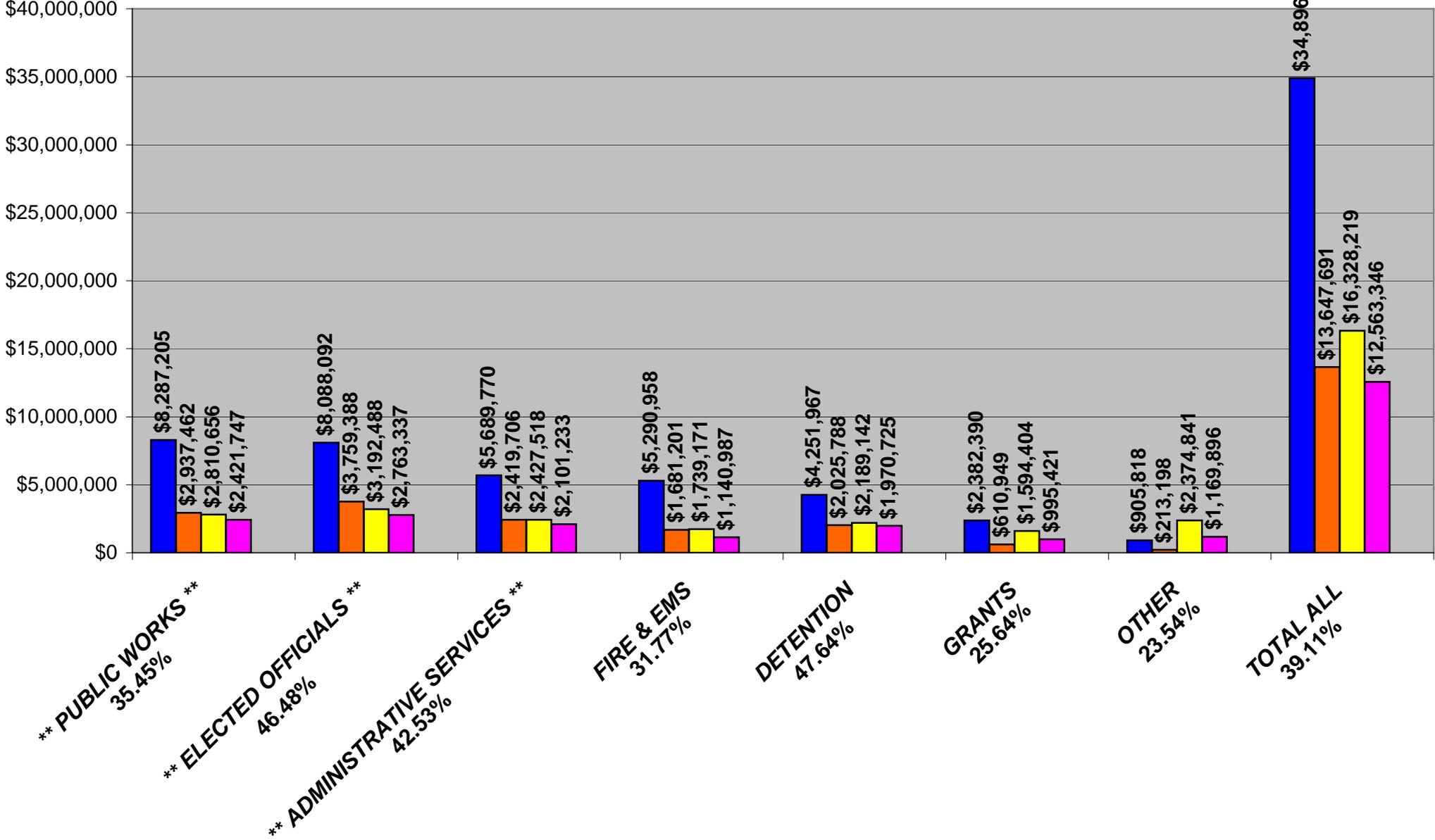


Chart 9

**** PUBLIC WORKS ** EXPENSES
COMPARING YEAR-TO-DATE TO
BUDGETED AMOUNT, THIS TIME LAST YEAR AND 5-YEAR AVERAGES**

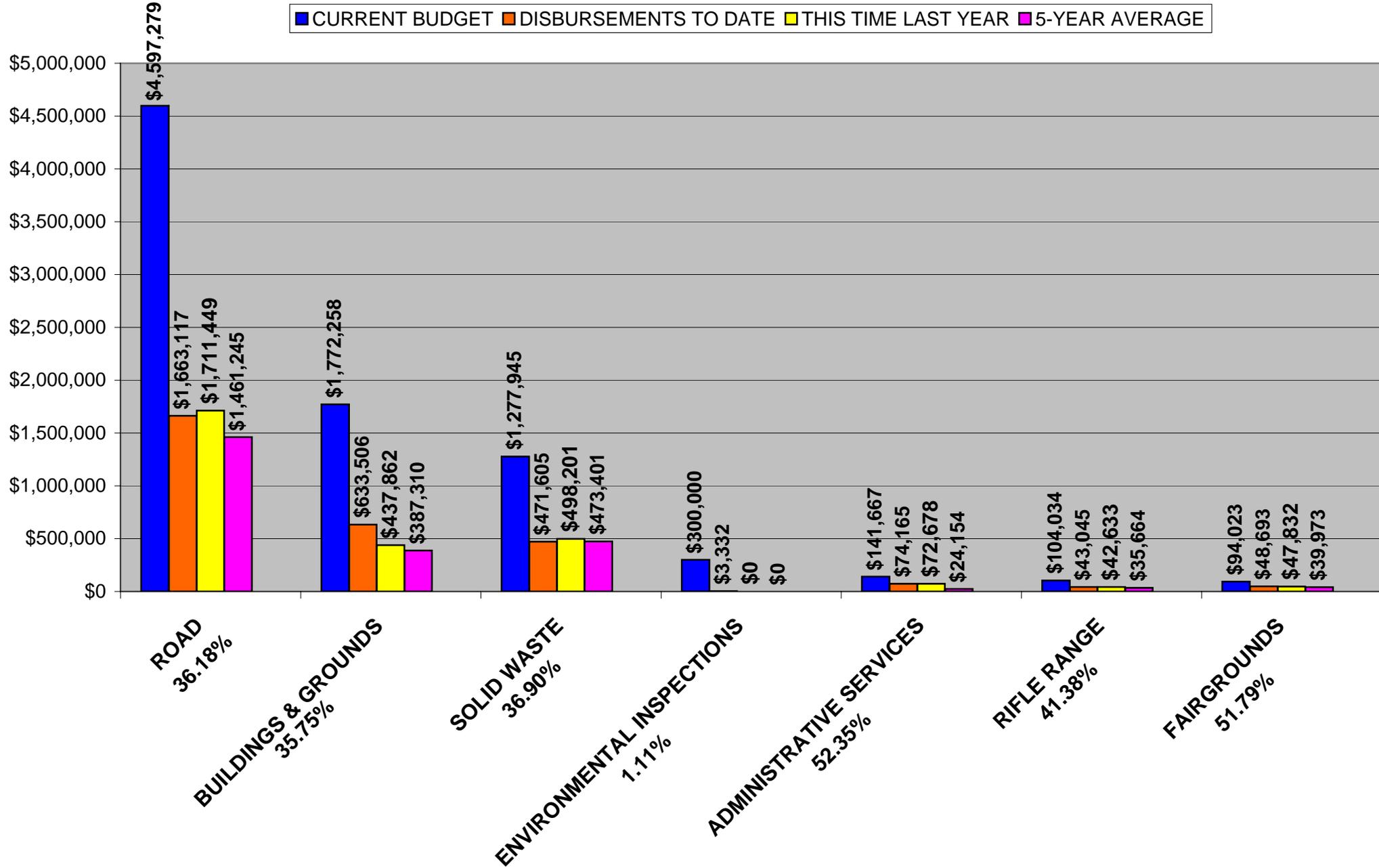


Chart 10

**** ELECTED OFFICIAL ** EXPENSES
COMPARING YEAR-TO-DATE TO
BUDGETED AMOUNT, THIS TIME LAST YEAR AND 5-YEAR AVERAGES**

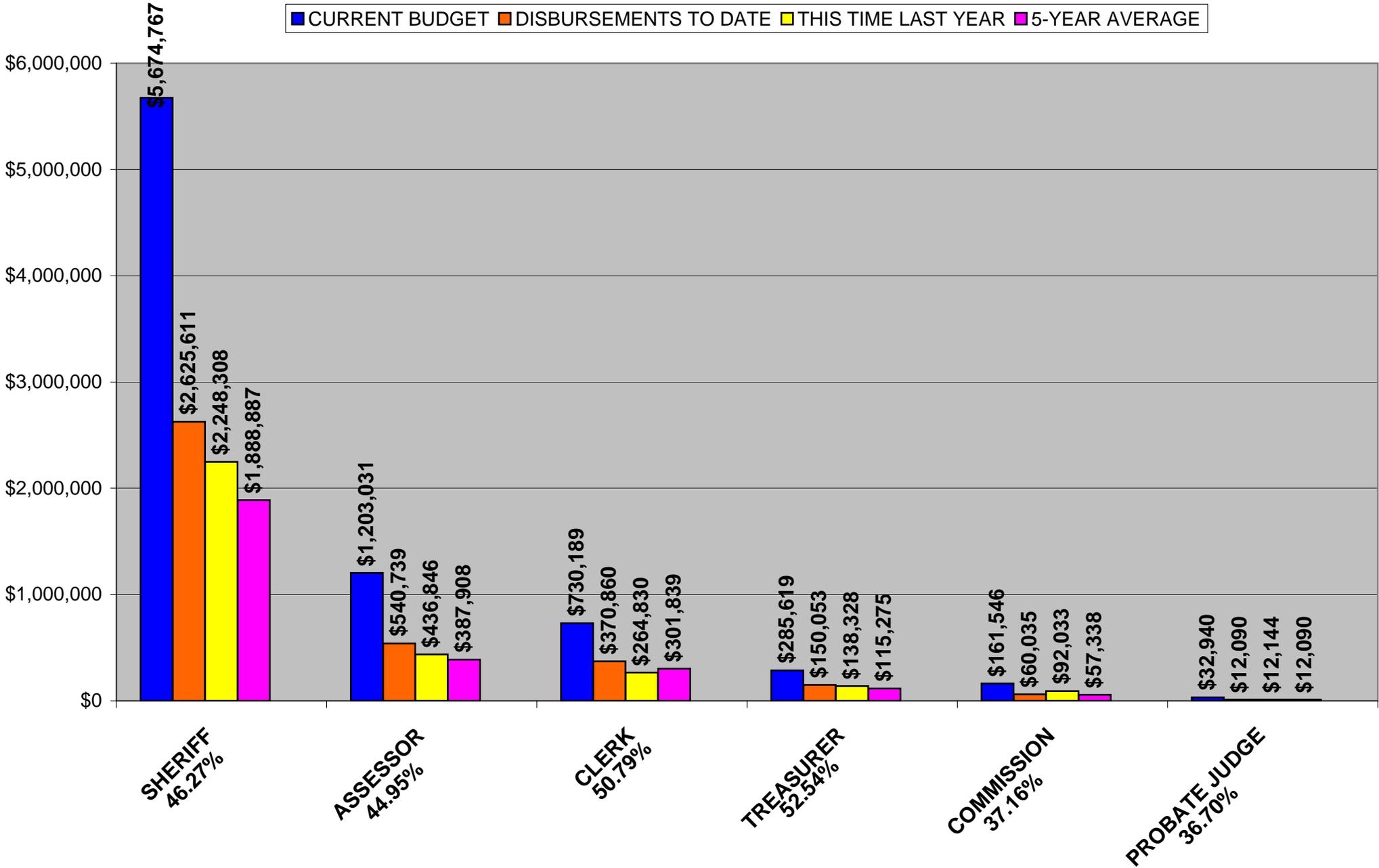


Chart 11

**** ADMINISTRATIVE SERVICES ** EXPENSES
COMPARING YEAR-TO-DATE TO
BUDGETED AMOUNT, THIS TIME LAST YEAR AND 5-YEAR AVERAGES**

■ CURRENT BUDGET ■ DISBURSEMENTS TO DATE ■ THIS TIME LAST YEAR ■ 5-YEAR AVERAGE

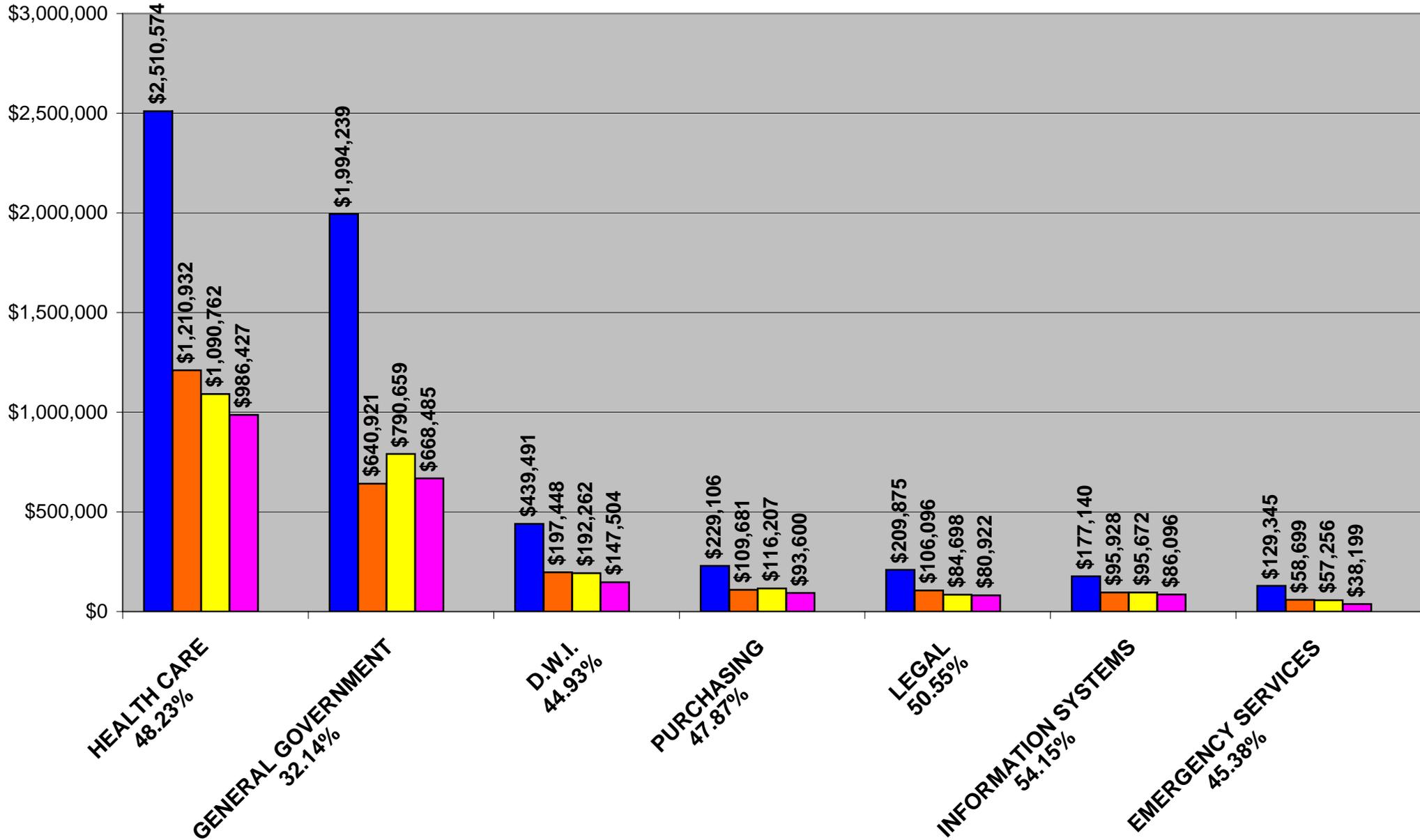


Chart 12