



LEA COUNTY BOARD OF COUNTY COMMISSIONERS

SUMMARY FORM

LCBCC MEETING DATE: Thursday, May 23 2013

Submit this summary form to the Finance Director Sherri Bunch [sbunch@leacounty.net](mailto:sbunch@leacounty.net) by:  
**Tuesday, May 7, 2013**

*County Manager Approval ([mqallaqher@leacounty.net](mailto:mqallaqher@leacounty.net)) required for all time sensitive issues that do not meet the above deadline.*

DATE SUBMITTED mmm-dd-yyyy: Monday, May 20, 2013		SUBMITTED BY Name/Title/Dept: Kelli Williams, Recording Secretary, Clerk's Dept.	
SUBJECT: Minutes		ATTACHMENT(S): Draft Minutes 05/09/2013 Budget Workshop; Draft Minutes 05/09/2013 Regular Meeting	
No. of Originals for Signature (Select One): Due in County Manager's Office 2 Days Prior to Meeting Two (2)	Action Requested (Select One): Consideration	Agenda Item Placement (Select One): 01 Commission	

**SUMMARY:**  
Review & Approve Minutes from the May 9, 2012 LCBCC Budget Workshop & Regular Meeting.

Requested Items Needed for Presentation Easels/Laptop/Projector/Etc.: None	See Additional Summary Attached <input type="checkbox"/>
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SUBMITTER'S RECOMMENDATION(S): Approve & Sign Minutes	Submitter's Signature Department Director, Etc.  Kelli Williams <small>Digitally signed by Kelli Williams DN: cn=Kelli Williams, o=Lea County Government, ou=Recording Secretary, Clerk's Department, email=kwilliams@leacounty.net, c=US Date: 2013.05.21 06:49:52 -0500</small>
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FINANCE REVIEW Fiscal Impact/Cost: N/A	Reviewed by Finance Director
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LEGAL REVIEW: N/A	Reviewed by County Attorney
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COUNTY MANAGER REVIEW:	Approved by County Manager to be Placed on Agenda  M. Bunch 5/21/13
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RECORDING SECRETARY'S USE ONLY ~ COMMISSION ACTION TAKEN

Resolution No. _____	Policy No. _____	Ordinance No. _____
File No. _____	Continued To: _____	Referred To: _____
Other: _____	Approved: <i>Kelli Williams</i>	Denied: _____
Comments: _____	5-23-13	



**Minutes of Special Budget Workshop  
Lea County Board of Commissioners  
May 09, 2013**

Chairman Fulfer called the meeting to order at 8:06 a.m. in the Lea County Courthouse.

Commissioners present were, to wit: Commissioner Dale Dunlap District 1, Commissioner Mike Whitehead District 2, Vice Chairman Ron Black District 3, Commissioner Thomas G. Pierce District 4 and Chairman Gregory H. Fulfer District 5.

Also present was County Manager Michael P. Gallagher and Lea County Attorney Lee A. Kirksey.

**ITEM 01: Lea County Fiscal Year 2013 – 2014 Preliminary Budget – Sherri Bunch Finance Director**

- Finance Director Sherri Bunch

Manager Gallagher stated this will give us a big picture overview, the expected revenue, the expenditures, the operating expenditures, and the capital. He stated, we will have a discussion with the Commissioners to see if this is the direction we should be moving. Director Bunch presented a power point presentation explaining the budget for fiscal year 2013-2014. She gave a quick overview of the kind of funds the County has. There are the general funds, the special revenue funds, debt service funds, enterprise funds, fiduciary funds, and permanent funds. She gave an explanation of each of these funds.

**Budget Overview for fiscal year 2013-2014**

She stated as far as the budget goes this year, this is just a quick overview of the totals we have proposed for you. We are proposing total budget revenue of \$69 million that is increased 3.78% from last year. We are proposing total budget expenditures of \$108 million, that is down 1% from last year. Within these two total categories general fund revenues make up 69% of our revenues and general fund makes up 77% of our expenditures. Therefore for our discussion coming up we will focus on the general fund, since that is the majority of our budget.

**General Fund Revenue.**

She stated total revenue for the general fund is estimated almost \$48 million for the next year. That is a 6.5% increase over the prior year's budget. The only thing we are showing a decrease in is services, at \$227,000. That will probably come in about the same. She stated, I tend to budget revenue on a conservative basis. Property tax is up 7.5%, and that includes delinquent tax collections, as well as the local pilt money and federal pilt money we receive. Grants are up this year to \$7.5 million. We are looking at an overall increase of 6.5% in general fund budgeted revenue. She stated \$20 million of our oil and gas production and equipment property tax is 29% of the total fund revenue and makes up 42% of the general fund revenue. Right now we only levy

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10.6 mills of our oil and gas production and equipment property tax. We could levy 11.85. We still have taxing authority of 1.25. Should we choose to levy, that tax we would produce an addition \$2.82 million in revenue. She stated, I am estimating a decrease in the oil and gas production and equipment tax this year. Since oil and gas is so volatile. I tend to be conservative when estimating the revenue.

### **Projected Property Tax Revenue**

She stated property tax is steadily upwards as property tax has risen. Property tax is levied at 7.73 mills, for residential or 10.6 mills for nonresidential. We are mandated to collect 98% and typically we collect 99% of levied property tax.

### **Gross Receipts Tax**

She stated gross receipts tax is not a general fund revenue, but it is a revenue for the County. We have three 1/8ths levied for gross receipts tax. The environmental gross receipts tax is levied and restricted to the functions of water, wastewater, sewer, and solid waste functions. The general revenue gross receipts tax is pledged to service the \$10 million we just used in refunding revenue bonds. The Indigent gross receipts tax is to provide funding only for healthcare for the county. This is a very key funding for us, it helps fund the healthcare for our inmates at the detention facility, also half of our 1/8 goes to the State to service Medicare, and it also service sole community provider.

### **Grant Revenue**

She stated we have received a grant from the legislature for \$500,000 we will apply at your direction to design a possible Judicial Complex and Courthouse remodel. We have some various road projects, the CAP, Co-op, and School bus money that is about \$687,000. We got a federal grant in the amount of \$1 million for the South Hobbs Bypass. The Delaware Basin grant is \$648,000. At the airport the main grant there is the SAI Drainage Channel Grant for \$2.1 million there are also other various FAA and NMDOT grants, for \$2.5 million. Most of those grants are 90% federal or 90% federal and 5% state and we pick up only 5%. Total grant revenue for this fiscal year is estimated at \$7.5 million.

### **General Fund Expenditure Overview**

She stated we are estimating an increase in general fund expenditures overall of 3%. That 3% consists of salaries and benefits by \$1.6 million, operations estimated to be down 2.5%, and capital down 8.5% for total proposed expenditures of \$82 million.

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### **Indigent GRT Revenue/Expenditure Overview**

She stated concerning indigent gross receipts tax, we have a proposed revenue of \$5.5 million, that's up about 17%, salaries & benefits 32.9%, operations are up 3% and total expenditures are estimated at \$6.3 million with an increase of 3.5%.

### **Environmental GRT Revenue/Expenditure Overview**

She stated estimated revenue is up 5%, this is a conservative estimate. Salaries and benefits are up 11%, operations are up 4%, and Capital is down 60.6%, because of the water services which can now be accounted for.

### **Debt service GRT Revenue/Expenditure Overview**

She stated refund of the revenue bond in March is now sitting in the trust fund and will go to pay off those bonds on the call date. Operations are down almost 70%, which will release \$334,780 in cash circulation each fiscal year.

### **LCCA Revenue/Expenditure Overview**

She stated the revenue is down 26%. Revenue is driven by contributions by the cities and the County. The salaries and benefits are down 6.6%. There has been some turnaround so the salaries and the raises have been adjusted accordingly. Capital is down 23.5%. Overall total expenditures are down 11.7% for LCCA.

#### **FY Proposed Budget by Major Category**

Director Bunch stated salaries and benefits are proposed at \$23.6 million. Operations are proposed at \$36 million down 6%, and capital is proposed at \$47 million.

### **Capital Projects**

She stated the total proposed capital projects and equipment is \$47,965,584 with total grant funding of \$8,206,830, so the net expenditure is \$39,758,754. Director Bunch listed the capital projects that are greater than \$150,000 with a proposed total of around \$47 million. There was a general discussion about the capital projects that are listed, but there was no action taken at this time.

### **Proposed Salary and Benefits**

She stated this proposed budget does include five increases in staff. There is an increase in PERA, this increase was made by the legislature. Our contribution for PERA is up \$123,000 for administrative employees and \$23,000 for public safety employees. There has been an increase in health insurance benefits to employees 35.8% to County 13.5% per year. Staff is proposing a cost of living adjustment of 1.7%, so we are asking for a one time pay adjustment for employees of 2% as of July 1<sup>st</sup>. We

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are also proposing a merit increase of 3% based on performance, total proposed salary and benefit increases is \$1.6 million.

### **Estimated Cash Position**

She stated, I am estimating cash balance at the end of the fiscal year to be almost \$80 million. The majority of that is general road and airport which is \$56 million. I am estimating a decrease in all funds of \$2.2 million and a decrease of general road and airport funds of \$649,000. That is a conservative estimate.

### **Reserve Requirements**

Director Bunch stated the Department of Finance Administration requires 3/12s (25%) of general fund operations budget as cash reserve for all municipalities in the State. That would result in \$ 8.7 million, based on the budget that we are proposing that would operate the county with operation not capital for 3 months. If we choose to have 50% or 6 months operations that would be \$17 million, and 9 months or 75 % would be \$26 million. Right now our estimated ending general fund cash balance in our proposed budget is \$15.5 million or 5 months reserve.

She stated we have to have a preliminary budget adopted by the Commission and submitted to the Santa Fe by June 1<sup>st</sup>. Chairman Fulfer stated I think we need to have another budget workshop to submit our questions to you.

The next Special Budget Meeting was set for May 21, 2013 at the Event Center, Ball Room, at 9:00 a.m.

Chairman Fulfer adjourned the meeting at 8:52 a.m.

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Lea County Board of Commissioners  
May 09, 2013

**BOARD OF COUNTY COMMISSIONERS  
LEA COUNTY, NEW MEXICO**

*Gregory H. Fulfer*

**Gregory H. Fulfer, Chairman**

*Ron Black*

**Ron Black, Vice Chairman**

*Mike Whitehead*

**Mike Whitehead, Member**

*Thomas G. Pierce*

**Thomas G. Pierce, Member**

*Dale Dunlap*

**Dale Dunlap, Member**

**ATTEST: Pat Chappelle  
Lea County Clerk**

*Kelli Williams*

**Kelli Williams**

