
Sierra County

Demographics

Source: Sierra County Chamber of Commerce, Sierra County Economic Development Organization, UNM Bureau of Business and Economic Research

Elevation: 4,260ft

Land Area: 4,180 sq miles

Population: 11,988 (2010)
(-9.7% decrease from 2000)

Percent of Employees by

Industry: (4th Q, 2009)

Health Care/Social Assistance 21%

Retail Trade 14%

Accommodation/ Food Svc 11%

Agriculture, Forestry, Fishing, and

Hunting 9%

Construction 9%

Public Administration 8%

Manufacturing 4%

Other Services 2%

Finance and Insurance 2%

Housing Units:

8,356

(4.3% decrease from 2000)

Schools Population:

3,633

(10.6% decrease from 2000)

Average Annual Unemployment Rate (2010) 6.8%

Persons Under 18 Years Below The Poverty Level (2009)

New Mexico 25.8%

Sierra County 43.5%

Lodger's Tax Receipts FY10 \$4,434

Lodger's Tax Receipts FY09 \$3,856

Walter Armijo, County Commission Chairman

Jan Porter Carrejo, Sierra County Manager

Juan Fuentes, Finance Director, Truth or Consequences

Alan Briley, City Manager, City of Elephant Butte

ISSUES FOR HEARING

Sierra County and Municipalities

Key Economic Indicators—Sierra County

Program Revenues--FY10	\$3.6 million (-15.3% from FY09)
General Revenues--FY10	\$7.9 million (up 23.3% from FY09)
FY10 Property Taxes	\$3.6 million (-.3% from FY09)
FY10 GRT Taxes	\$2.0 million (up 50.0 % from FY09)
Other Taxes	\$1.7 million (up 126.3% from FY09)
General Fund Revenues	\$5.3 million
	(-40.3% under budget)

(Note: Variance to budget due to decreases in intergovernmental grant revenues -66%, GRT taxes -32%)

Primary Government Expenses (all funding sources) FY10

General Government	\$3.0 million (up 12.5% from FY09)
Public Safety	\$3.2 million (-12.5% from FY09)
Health and Welfare	\$2.0 million (-21.4% from FY09)
Culture and Recreation	\$40 thousand (up 20.4% from FY09)
Highways and Streets	\$622 thousand (-32.0% from FY09)
General Fund Expenditures	\$5.0 million (-42% below budget)

Summary: County appears to be stable but cautious. The County experienced a 9.7% decrease in population from 2000 to 2010. Nevertheless, GRT tax revenue is up 50% over 2009, due in part to a new Wal-Mart (in Truth or Consequences) completed in December 2009. **A summary of Sierra County's major capital outlay projects is located at the end of this document.**

Key Concerns: Officials note a significant challenge will be accommodating the increased need for housing and working space as the major initiatives—Copper Flat Mine and the Spaceport—near completion. The County’s landfill closed December 31, 2010, but continues to require resources as the County finalizes the closure.

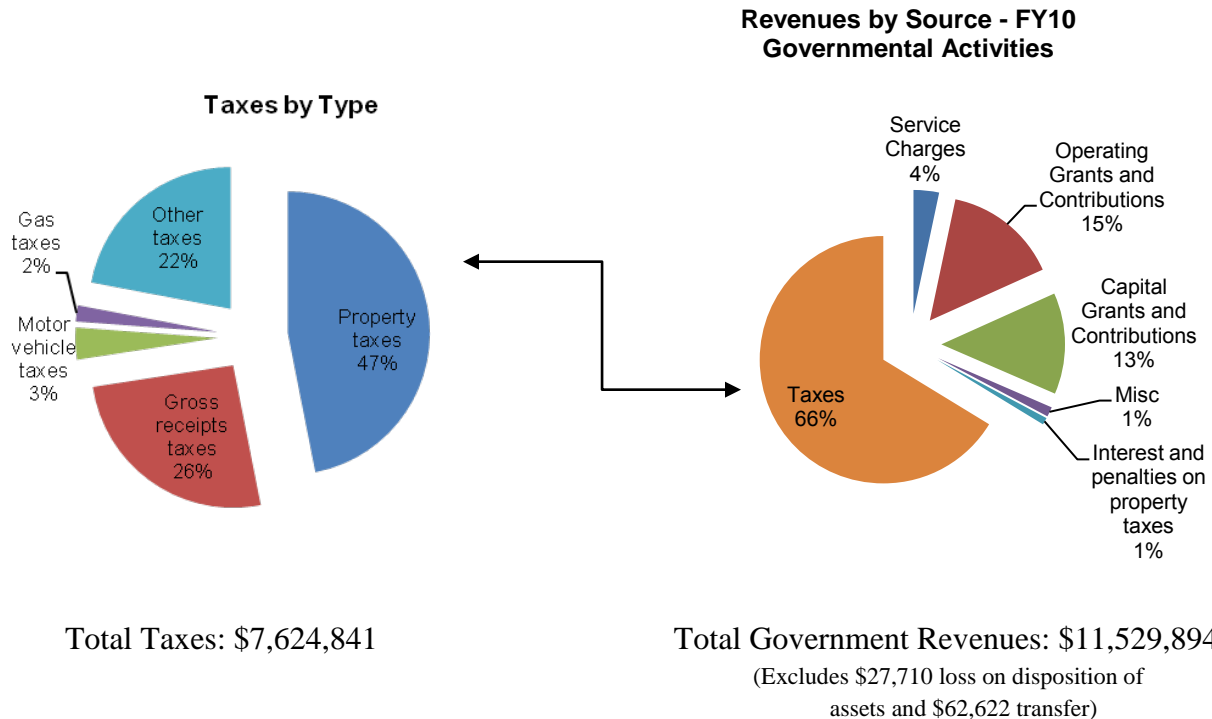
Major Initiatives—Sierra County

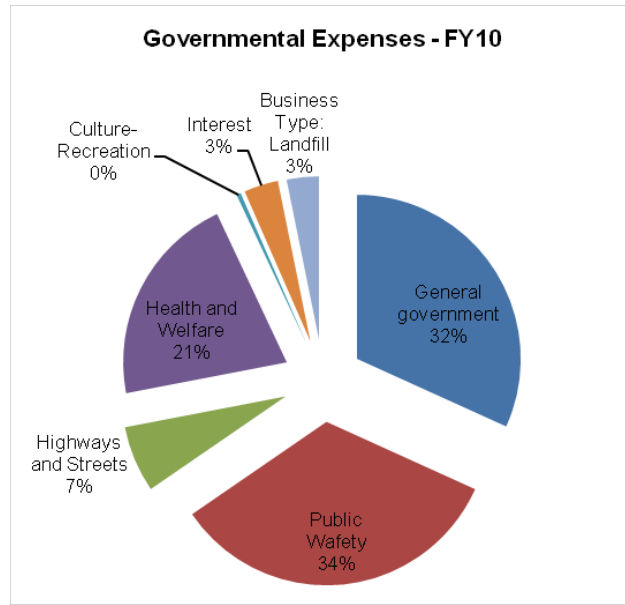
Copper Flat Mine project is located about 27 miles SW of Truth or Consequences in the Hillsboro/Las Animas mining district. Planned production is 36 million pounds of copper per year over the first 13 years of operations. The mine life is estimated at 17 years. Sierra County Chamber of Commerce estimates 450-500 new hires in construction starting in 2013 and another 150-200 permanent positions with the mine opening in 2015. **Timeline:** Prefeasibility study and permitting is underway; Resource/Exploration Drilling 2011/2012; Financing/Construction 2012/2013; Construction/Production 2014/2015.

Spaceport America located on approximately 18,000 acres, 26 miles southeast of Truth or Consequences. The NM Spaceport Authority is required to provide quarterly reports to the LFC. No reports were received during the administration’s transition; however, the Authority is to resume these reports in the near future. The LFC looks forward to executive director Christine Anderson’s presentation of the Authority’s business plan and capital outlay update.

FY10 Revenues and Expenses—Sierra County

(Source: June 30, 2010 Financial Statements)





Total Government Expenses: \$9,509,510

- Sierra County's 2010 Statement of Activities shows \$2,141,036 change in net assets for governmental activities; this is up from \$367,266 in 2009.
- Property taxes for 2010 totaled \$3,575,821, which is down -0.3 percent from 2009, while GRT taxes totaled \$1,957,107 for 2010, up 50% from 2009.
- The landfill in Sierra County was closed December 31, 2010. Operating expenses for the landfill for 2010 were \$304,107; charges for services were \$93,123.

FY10 Budget Discussion—General Fund

- Unreserved general fund balance for FY 2010 is \$641,677 or 12% of actual general fund revenues.
- General fund revenues were below budget by -25% in FY09 and -40% in FY10.
- Expenditures have typically come in lower than budget by double digits: -29% in FY09 and -42% in FY10.
- The County's required general fund reserve is 3/12 of budget expenditures. For FY11 the County had \$1.7 million which exceeded the \$948,311 requirement.

General Fund FY11 Actuals versus Budget* Sierra County		
Revenues	Actuals YTD 03/31/11	% to Budget
Property Tax-FY11	\$1,830,164	73.2%
Property Tax-Delinquent	\$152,486	36.6%
Property Tax-Penalty & Interest	\$74,284	114.3%
Gross Receipts-Local Option	\$367,452	95.7%
Gross Receipts-Infrastructure	\$111,673	93.1%
Gross Receipts-Other Dedication	\$37,299	24.9%
PILT**		0.0%
Intergovernmental-State Shared		
Cigarette Tax	\$190	n/a
Motor Vehicle	\$97,036	71.9%
Small Counties Assistance	\$205,000	99.0%
Licenses and Permits	\$3,904	71.6%
Charges for Services	\$54,209	66.1%
Interest on Investments	\$3,635	16.9%
Misc	\$194,350	131.7%
Total General Fund Revenues	\$3,131,682	61.0%
Expenditures		
Executive Legislative	\$2,838,573	67.4%
Total General Fund Revenues	\$2,838,573	67.4%

Source: DFA 3rd Qtr Report

* FY general fund budget shows \$5.0 million revenues and \$2.8 million expenditures.

**PILT is a federal compensating tax that helps offset losses in property taxes due to nontaxable federal lands within a local government's boundaries. The PILT budget is for \$896,178, received at fiscal year end.

Municipality Demographics

Source: Sierra County Chamber of Commerce and Sierra County Economic Development Organization

Truth or Consequences:

Population: 6,475 (2010)
(-11% decrease from 2000)

Housing Units: 4,226, down from 4,445 in 2000

Full time municipal employees: 110 (2010)

Elephant Butte:

Population: 1,431 (2010)
(2.9% increase from 2000)

Housing Units: 1,316 up from 1,247 in 2000

Full time municipal employees: 5 (2010)

Village of

Williamsburg:

Population: 449 (2010)
(-15% decrease from 2000)

Housing Units: 310 down from 345 in 2000

Full time municipal employees: 1 (2010)

Truth or Consequences

Key Economic Indicators

Program Revenues--FY10	\$11 million (up 7.6% from FY09)
General Revenues--FY10	\$4 million (up 4.3% from FY09)
FY10 Local Effort Taxes	\$1.6 million (up 2.4% from FY09)
FY10 State Shared Taxes	\$2.3 million (up 5.4 % from FY09)
Interest Income	\$73 thousand (up 15% from FY09)
General Fund Revenues	\$3 million (-0.5% under budget)

Primary Government Expenses (all funding sources) FY10

General Government	\$1.7 million (up 3.8% from FY09)
Public Safety	\$3.2 million (-0.2% from FY09)
Public Works	\$2 million (up 33% from FY09)
Culture and Recreation	\$851 thousand (up 47% from FY09)
Health and Welfare	\$281 thousand (-21% from FY09)
General Fund Expenditures	\$5.2 million (9.5% above budget)

Summary: Truth or Consequences has also experienced a decrease in population, down -11% from 2000. However, general revenues from local and state shared taxes and interest income was \$3.4 million or 2.4% over FY09. City officials state the City has a robust tourist trade, contributing to a relatively stable economy. Most residents work in the service industry, with the majority of jobs at local state parks, the resorts and spas that serve the local hot springs, or in area museums and gift shops. There is also a large and growing population of retirees which adds another steady source of money to the economy without significantly impacting the job market.

Key Initiative: Truth or Consequences is particularly interested in having the Spaceport's Welcome Center located within its city limits. According to City staff, Sierra County currently has an MOU with the Spaceport for the Center's location in Truth or Consequences and hopes to have the Center completed within the next two years.

FY10 Budget Discussion—General Fund

- Unreserved general fund balance for FY 2010 was \$887,468 or 30% of actual general fund revenues.
- For the year ended June 30, the City budgeted general fund revenues at \$2,968,405. The actual revenues for the FY10 were \$2,954,352, a deficiency of \$14,053. Local effort taxes were over by \$57,660 and state shared taxes were under budget by \$64,486. Charges for services were under budget by \$9,758. Intergovernmental revenues were under budget by \$1,637, fines and forfeitures were under budget by \$1,434 and finally miscellaneous revenues were over budget by \$6,876.
- General government expenditures showed to be under budget by \$496,314. The major portion was a result of a favorable variance in operating expenses.

General Fund FY11 Actuals versus Budget*		
Truth or Consequences		
Revenues	Actuals YTD 03/31/11	% to Budget
Property Tax-Current Year	\$97,242	82.39%
Franchise Fees	\$68,367	81.90%
GRT-Total	\$724,857	78.03%
Intergovernmental-State Shared:		
Gross Receipts	\$769,960	58.98%
Motor Vehicle	\$17,090	74.36%
Grants total fed, state, local	\$78,114	34.79%
Small Cities Assistance**	\$0	0.00%
Licenses and Permits	\$22,192	77.05%
Service Charges	\$32,472	99.51%
Fines and Forfeits	\$13,097	29.91%
Interest on Investments	\$250	38.82%
Misc	\$64,555	136.24%
Total Revenues	\$2,704,281	65.19%
Expenses		
General	\$1,432,180	69.53%
Public Safety	\$1,024,065	78.57%
Highways & Streets	\$236,781	72.22%
Health & Welfare	\$193,055	78.06%
Culture and Recreation	\$355,856	67.64%
Misc	\$583,062	67.48%
Total Expenses	\$5,257,179	71.16%

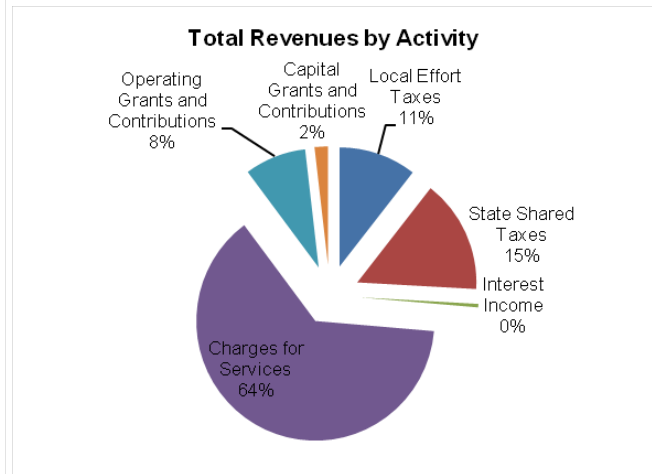
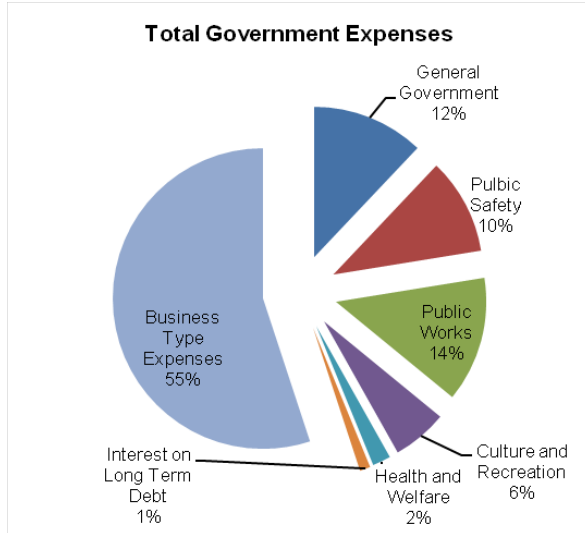
Source: DFA 3rd

* FY general fund budget shows \$3 million revenues and \$5 million expenditures

**includes \$147, 906 Small Cities Assistance not yet received

FY10 Revenues and Expenses—Truth or Consequences

(Source: June 30, 2010 Financial Statements)



Total Expenses: \$14,357,929

Total Revenues: \$ 15,215,399

- The statement of activities from FY10 shows a slight decline in revenue (1%) for the government activities and an increase (\$986,255 or 11%) in the business-type activities compared to FY09. Governmental activities programs and general revenues declined by \$28,295. Increases were noted in operating grants and contributions and decreases in the capital grants and contributions.
- Government activities expenses totaled \$6,452,847, compared to \$5,681,838 over FY 2009. The largest increase in governmental activities expenses occurred within the City's public works (33%) and culture and recreation (46.62%).
- The business-type activities reflect an increase in net assets of \$1,299,829 compared to the increase of \$55,126 in FY09. Business-type revenues for FY10 were \$10,260,405, an increase of \$986,255 over FY09. For June 20, 2010, the City reports business-type expenses of \$7,905,082, or 7% over FY09.

Key Economic Indicators—City of Elephant Butte

Program Revenues--FY10	\$1.6 million (-1.5% from FY09)
General Revenues--FY10	\$713 thousand (-4.1% from FY09)
Property Taxes	\$118 thousand (-6% from FY09)
Gross Receipts Taxes	\$425 thousand (-11% from FY09)
Lodgers Taxes	\$39 thousand (up 38% from FY09)
General Fund Revenues	\$760 thousand (16% above budget)

Primary Government Expenses (all funding sources) FY10

General Government	\$379 thousand (up 8.7% from FY09)
Public Safety	\$170 thousand (up 49% from FY09)
Public Works	\$326 thousand (up 142% from FY09)
Culture and Recreation	\$83 thousand (-9.3% from FY09)
Health and Welfare	\$281 thousand (-21% from FY09)
General Fund Expenditures	\$641 thousand (17% above budget)

Summary:

The City's population was 1,431 for 2010, a 2.9% increase from 2000—the only municipality in Sierra County to see an increase. While property taxes decreased by -6% and gross receipts decreased by -11% from FY09, the City did see a 38% increase in the lodgers tax over FY09. The largest increases in primary government expenses occurred in public safety (up 49% over FY09) and public works (up 142% over FY09). **The City is having trouble financing the completion of its primary initiative to convert the aging septic system to a modern sewer system.**

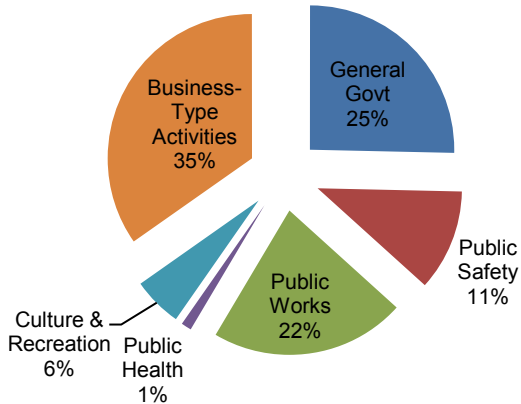
Key Initiative:

The City recently completed Phase III of the project to convert the City's aging septic tanks to sewer lines for a total of \$2.3 million which included ARRA funds and a \$500 thousand loan. A waste-water treatment plant was completed January 2009. Nevertheless, many City parks and residential and commercial residents continue to rely on an antiquated septic system and, according to City officials, the City is unable to take on any more loans.

FY10 Revenues and Expenses—City of Elephant Butte

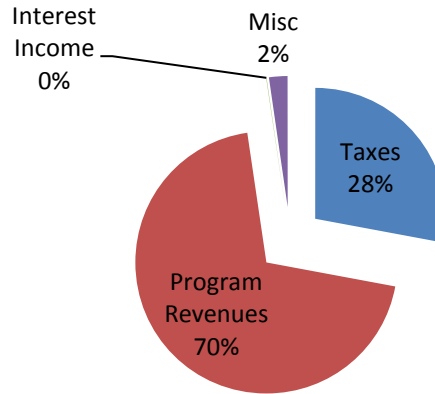
(Source: June 30, 2010 Financial Statements)

Total Government Expenses



Total Government Expenses: \$1,493,767

Total Government Revenues



Total Government Revenues: \$2,356,614

- Sixty-two percent of program revenues are capital grants and contributions, 24% are charges for services (business-type and governmental activities), and 14% are from operating grants and contributions.
- Year-to-date general fund expenditures for 2011 were not available.

Village of Williamsburg

Summary: The tiny Village of Williamsburg has 449 residents, a 15% decrease from 2000. There is only one full time government employee. The primary capital improvement goal is to purchase land and leverage its colonias designation to pursue funds to build a regional collection/transfer station. The Village is on the NM State Auditor’s list of municipalities that had not submitted a 2010 financial audit—due to Williamsburg’s small size and budget, Village staff recently had trouble locating a willing auditor.

Key Initiatives:

- In 2007 the Village held public meetings regarding the future of Williamsburg. Residents desire to preserve the small town feeling yet pursue the growth necessary to reduce the Village’s dependence on outside help. Currently the Village contracts out for maintenance of Mud springs Dam and two flood channels, as well as for solid waste removal.
- The Village’s **primary capital improvement goal** is to purchase land and leverage its colonias designation to pursue funds to build a regional collection/transfer station. The Sierra County landfill is now closed and the Truth or Consequences landfill will close July 2012. The nearest permitted landfill will then be the SW NM Regional landfill in Silver City. The Village of

Williamsburg also plans to replace all existing water and 30+ year-old sewer lines to reduce water line breaks and street repairs.

Finances:

- The community receives modest GRT taxes from its few businesses, gasoline taxes from its three gas stations, and property taxes from just over 200 parcels of property.
- The Village is on the NM State Auditor’s list of municipalities that had not submitted a 2010 financial audit. Village staff explained that their contracted auditor failed to complete his contract for services, and due to Williamsburg’s small size and budget, Village staff had trouble locating another willing auditor. The Village has contracted with a new auditor to begin August 2011.
- The Village did provide a Balance Sheet as of July 7, 2011 showing total assets and liabilities/equity of \$855,523. Unrestricted net assets total \$52,430.

General Fund FY11 Actuals versus Budget* Village of Williamsburg		
Revenues	Revenues	Revenues
Property Tax – Current Year	\$5,207	68.25%
Property Tax – Delinquent	\$419	41.90%
Franchise Fees	\$14,466	180.83%
Gross receipts	\$18,895	52.20%
Intergovernmental –State Shared:		
Gross receipts	\$17,216	68.86%
Cigarette Tax	\$244	n/a
Gas Tax [2 cent]	\$3,744	53.49%
Motor Vehicle	\$1,097	109.70%
Grants – State	\$600	60.00%
Small Counties Assistance*	\$0	0.00%
Licenses and Permits	\$1,319	131.90%
Fines and Forfeits	\$977	97.70%
Interest on Investments	\$431	14.37%
Miscellaneous	\$41,607	577.88%
TOTAL REVENUES	\$125,117	45.37%
EXPENDITURES		
Executive-Legislative	\$4,702	74.63%
Judicial	\$3,235	59.91%
Finance & Administration	\$47,676	93.48%
Public Safety	\$37,798	70.00%
Culture and Recreation	\$5,051	101.02%
Other – Miscellaneous	\$42,586	83.83%
TOTAL EXPENDITURES	\$141,048	81.77%

Source: DFA 3rd Qtr Report

* FY general fund budget shows \$239,547 revenues and \$172,500 expenditures.

Sierra County - Major Outstanding Projects:

- Veterans' Home (VH) Alzheimer and skilled nursing unit. The additional bed capacity will address increased population of veterans with Alzheimer's and Dementia Disease.

Estimated total project cost:	\$30.5 million
Available state funds:	\$ 8.3 million
Federal match (65% of cost):	\$ 15.6 million
SB 218 funds for completion:	\$ 6.5 million

Note: According to VH administrator, the federal grant was awarded March 7, 2011 for the current federal fiscal year; final verification to the federal Veterans' Administration is needed by July 2011; construction required to start within 180 days from date of signing paperwork. Delay could mean dropping to the bottom of the federal priority list if state match is not met; final funding failed in SB 218.

- Sierra County Hospital. Land has been purchased. JPA between Sierra County, City of Elephant Butte, City of T or C, and Village of Williamsburg was executed 11/24/2009 and approved by DFA on 09/03/2010 for the operation and management of the community-owned Sierra County Hospital. Anti-donation conditions have been satisfied. Per Sierra County, the total project cost is approximately \$20 million. The county continues to seek funds for the project.
- Remaining projects are progressing as scheduled. The 2010 General Obligation Bonds sold in June, 2011, and minor balances remain for majority of the projects.