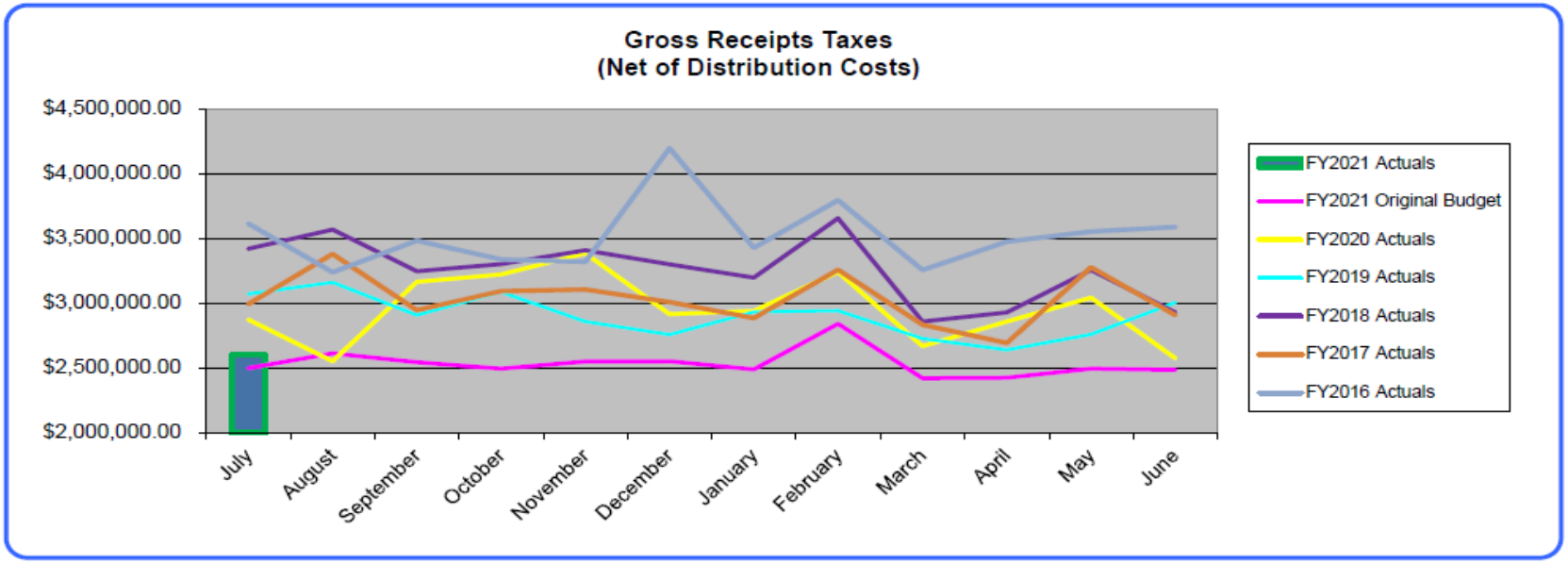
FY 21 Budget Update
And
FY 22 Budget Planning

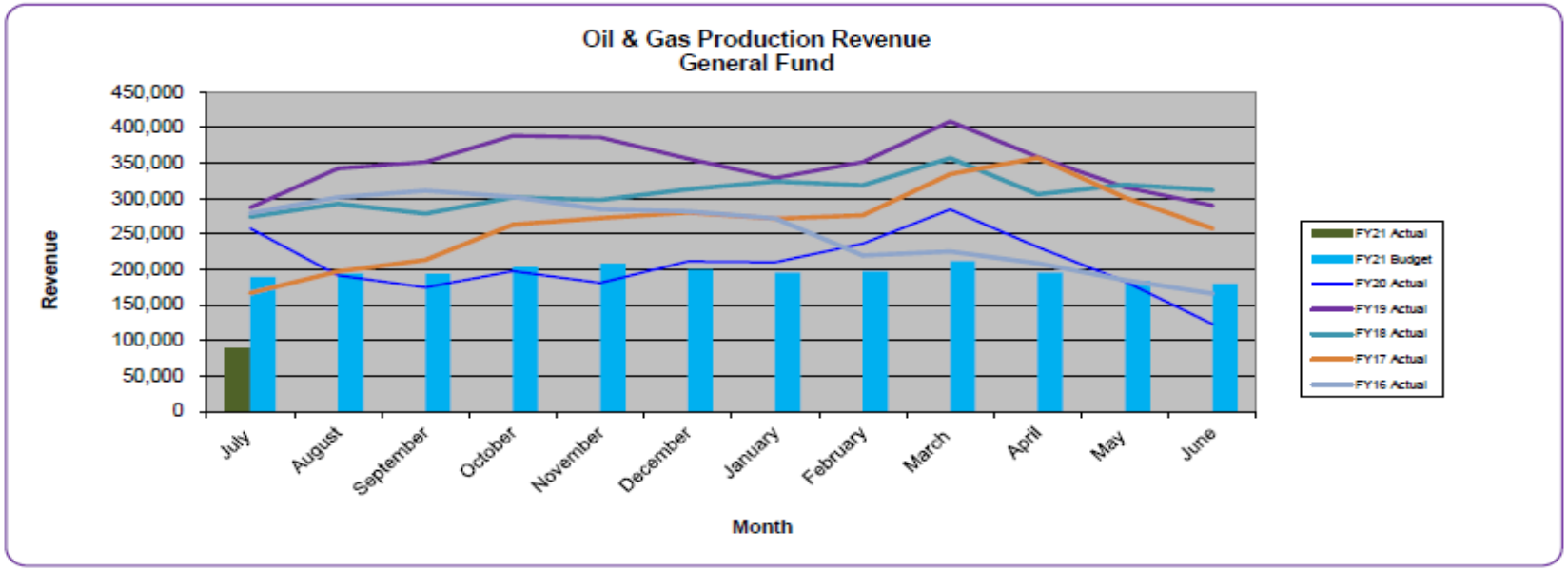
San Juan County Commission Meeting
August 18, 2020



	FY2021 Actuals	FY2021 Original Budget	FY2020 Actuals	FY2019 Actuals	FY2018 Actuals	FY2017 Actuals	FY2016 Actuals
July	$ 2,599,166.53	2,496,667.37	$ 2,872,101.96	3,070,742.27	3,417,956.96	2,991,187.84	3,613,779.44
August		2,610,405.51	2,550,749.19	3,158,922.81	3,566,833.14	3,378,987.65	3,238,055.98
September		2,542,348.23	3,163,447.96	2,905,244.57	3,245,916.10	2,943,328.90	3,480,926.02
October		2,493,191.13	3,221,177.58	3,084,274.29	3,300,956.85	3,090,071.06	3,335,984.87
November		2,548,580.91	3,385,439.64	2,855,699.88	3,406,359.43	3,105,051.16	3,317,011.77
December		2,549,446.34	2,913,075.06	2,755,019.72	3,299,442.48	3,007,693.60	4,196,266.57
January		2,487,121.14	2,939,327.41	2,930,043.22	3,196,226.46	2,882,355.67	3,425,951.39
February		2,840,745.73	3,240,137.34	2,939,658.81	3,654,366.02	3,257,112.97	3,793,342.67
March		2,418,173.98	2,665,883.31	2,724,113.32	2,856,381.59	2,832,137.93	3,253,965.10
April		2,421,308.81	2,857,463.99	2,637,032.13	2,926,223.81	2,691,235.41	3,473,306.16
May		2,492,706.69	3,041,152.28	2,756,544.82	3,255,583.74	3,275,784.37	3,552,827.73
June		2,483,588.16	2,572,238.94	3,004,036.44	2,927,343.28	2,906,233.35	3,587,111.49
Total	$ 2,599,166.53	30,384,284.00	35,422,194.66	34,821,332.28	39,053,589.86	36,361,179.91	42,268,529.19

Percentage of Year Lapsed	8.33%

Percentage of Budget Collected	8.55%



Oil & Gas Production
General Fund

	FY21 Actual	FY21 Budget	FY20 Actual	FY19 Actual	FY18 Actual	FY17 Actual	FY16 Actual
July	$ 87,870.10	189,772.09	257,880.43	287,073.60	274,192.39	166,665.21	279,441.83
August		194,668.66	191,751.15	342,521.95	292,431.01	197,341.92	301,815.30
September		193,734.67	174,626.24	351,299.38	278,894.39	213,435.19	310,881.02
October		203,553.30	197,751.76	388,447.40	301,516.07	263,382.17	302,461.63
November		208,248.55	181,209.81	386,125.67	297,958.28	272,489.72	285,008.53
December		198,807.13	211,632.32	356,229.37	312,934.07	280,280.86	281,961.55
January		195,535.66	210,257.44	328,927.69	324,139.80	271,508.15	271,993.01
February		197,403.68	236,609.30	351,337.05	318,806.84	276,350.78	219,801.89
March		211,826.31	284,429.66	408,381.98	356,803.06	334,534.22	225,535.82
April		195,191.47	231,680.87	358,665.36	305,810.48	357,155.94	208,824.69
May		183,692.40	182,961.17	315,697.12	319,567.28	301,296.34	185,202.92
June		179,614.08	122,680.40	290,089.91	311,935.03	257,892.88	165,909.59
Total	$ 87,870.10	$ 2,352,048.00	2,483,470.55	4,164,796.48	3,694,988.70	3,192,333.38	3,038,837.78

Percentage of Year Lapsed	8.33%
Change from Prior Month	-28.37%
Current Month Change from Prior Year	-65.93%

Percentage of Annual Budget Collected	3.74%
Percent Change YTD From Prior Year	-65.93%
Balance underfunded from FY21 Budget	$ (101,901.99)

San Juan County Gross Receipts by Industry

Industry	Total Gross Receipts YTD 2020	Total Gross Receipts YTD 2021	Taxable Gross Receipts YTD 2020	Taxable Gross Receipts YTD 2021
Agriculture, Forestry, Fishing and Hunting	$ 991,988.95	885,264.36	245,075.31	210,447.53
Mining, Quarrying, and Oil & Gas Extraction	42,496,505.34	31,886,522.11	11,749,835.81	6,698,563.11
Utilities	8,625,042.01	9,577,342.34	7,969,046.65	9,275,698.93
Construction	31,784,802.93	39,714,504.32	24,175,468.39	27,436,913.78
Manufacturing	26,940,831.25	15,336,362.29	13,857,917.82	10,626,327.44
Wholesale Trade	39,137,719.37	24,489,453.45	11,159,759.30	8,566,314.01
Retail Trade	115,730,304.12	118,609,221.15	62,625,427.95	66,225,977.32
Transportaion and Warehousing	33,814,385.15	25,120,088.80	12,735,061.33	5,298,029.39
Information	10,485,352.47	9,228,078.28	9,920,133.34	8,783,212.84
Finance and Insurance	988,126.42	1,186,262.50	568,685.34	1,099,173.49
Real Estate, Rental and Leasing	9,296,828.59	5,777,555.49	5,788,649.41	3,986,188.64
Professional, Scientific, and Technical Services	27,151,130.63	24,858,988.49	17,793,761.89	17,918,371.93
Management of Companies and Enterprises	-	110,426.17	-	110,426.17
Administrative, Support, Waste Management and Remediation Services	4,612,875.58	3,383,731.44	3,704,569.07	2,849,310.98
Educational Services	315,449.62	232,468.54	273,047.97	177,880.49
Health Care and Social Assistance	25,441,330.47	13,727,537.93	12,537,204.25	8,465,873.42
Arts, Entertainment, and Recreation	1,307,605.59	319,536.25	1,057,506.01	310,160.14
Accomodation and Food Services	20,138,607.61	17,454,125.76	18,313,706.80	16,452,848.02
Other Services	32,908,780.83	21,531,251.47	24,662,556.96	15,861,438.87
Public Administration	-	-	-	-
Unclassified Establishments	677,144.53	796,025.27	522,027.83	726,992.61
Non-Reported Industries	8,010,735.84	6,656,408.68	6,666,298.72	5,610,127.22
Total Industries	$ 440,855,547.30	370,881,155.09	246,325,740.15	216,690,276.33

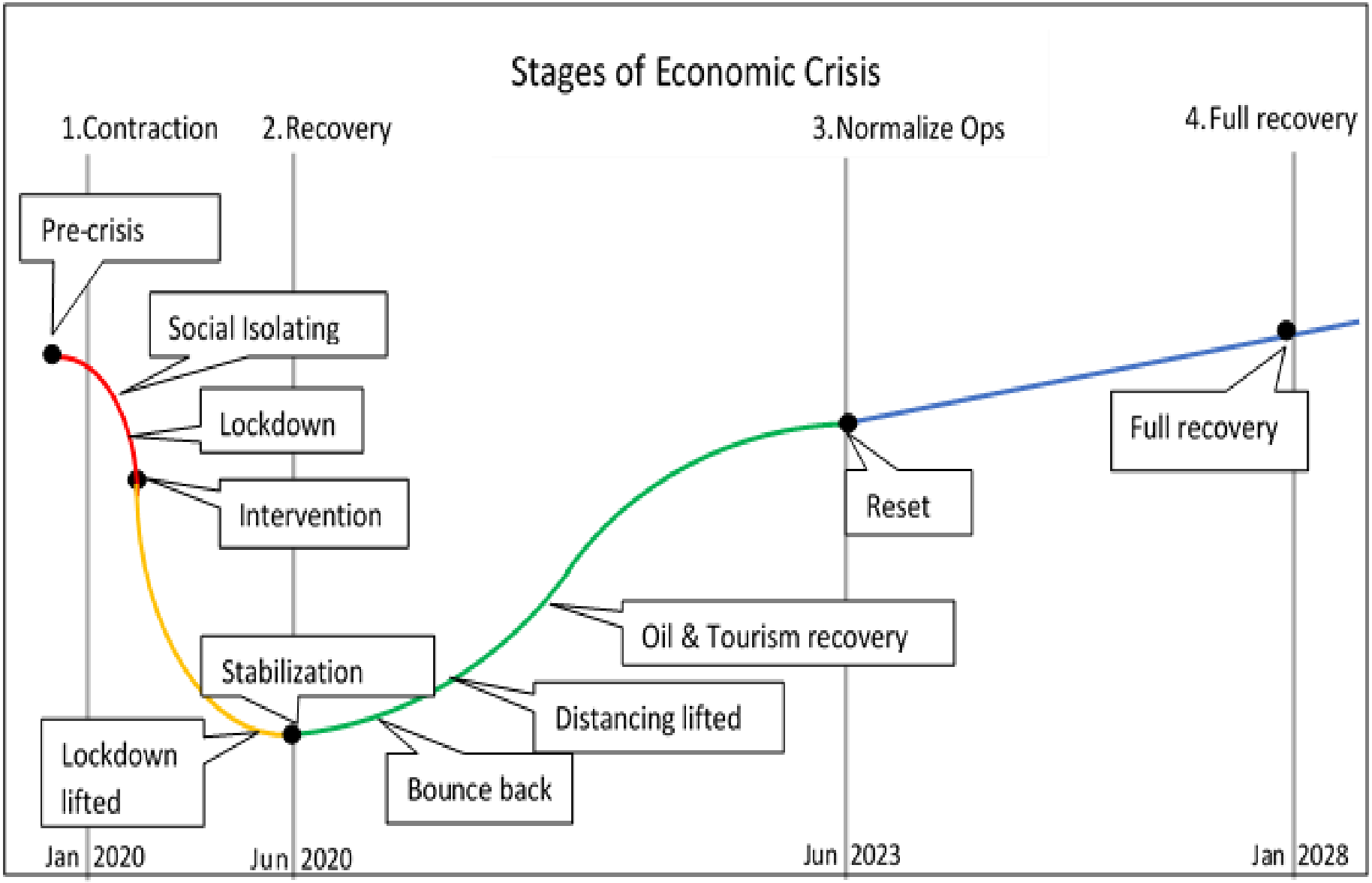
SAN JUAN COUNTY, NEW MEXICO
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 14

	2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arizona Public Service Co.	$372,704,674	1	10.3%	$251,185,618	4	5.2%
Public Service Co. of New Mexico	$215,059,253	2	5.9%	$462,165,417	1	9.6%
Harvest Four Corners llc	$73,793,269	3				
Enterprise Field Service LLC	$64,633,910	4	1.8%	$212,261,437	6	4.4%
El Paso Natural Gas Co	$34,567,989	5	1.0%	$125,609,489	9	2.6%
Salt River Project AG IMP and Power Dist	$32,341,968	6	0.9%			
Farmington, City of	$31,042,309	7	0.9%			
Hilcorp San Juan LP	$28,725,219	8	0.8%			
Mid-America Pipeline Co LLC	$25,947,172	9	0.7%			
Cortez Pipeline Co.	$19,823,022	10	0.5%			
BHP World Mineral				$290,800,296	2	6.1%
San Juan Coal				$263,483,149	3	5.5%
Tucson Electric Power				$162,992,291	7	3.4%
Southern California Edison				$155,080,817	8	3.2%
Williams Field Services				$219,785,459	5	4.6%
Transwestern Pipeline Co				$114,568,678	10	2.4%
Totals	$898,638,785		22.8%	$ 2,257,932,651		47.0%

San Juan County
Budget Balancing Summary FY21 (How did we balance)

		Total All Funds (Does not include Grants)
FY20 Original Budget	$	94,159,195
FY21 Proposed Budget		87,507,665
(Deficit)/Surplus		(6,651,530)
RECURRING EXPENDITURES		
27 Frozen or Eliminated Positions:		1,493,200
11 Unfrozen/Added Positions:		(472,595)
Internet Sales Tax (2020 Session HB6):		473,650
Departmental Additional Operating Expenditure Reductions:		464,752
		1,959,007
SHORT TERM FIX		
2015 Bond Arbitrage Yield Restriction Release (1 yr.):		908,562
Utilizing the rolling GRT Reserve (1 yr.):		937,003
Workers Compensation Premium Decrease (1 yr.):		345,000
Other Operational Changes/reserve balance spend down (1 yr):		404,586
Spend down on capital reserve cash balance (1.5 to 2 yrs. max):		492,901
1/2 HCAP 1/8th GRT to General Fund (1.5 to 2 yrs. max):		1,604,471
		4,692,523
Total recurring and short term fixes:	$	6,651,530

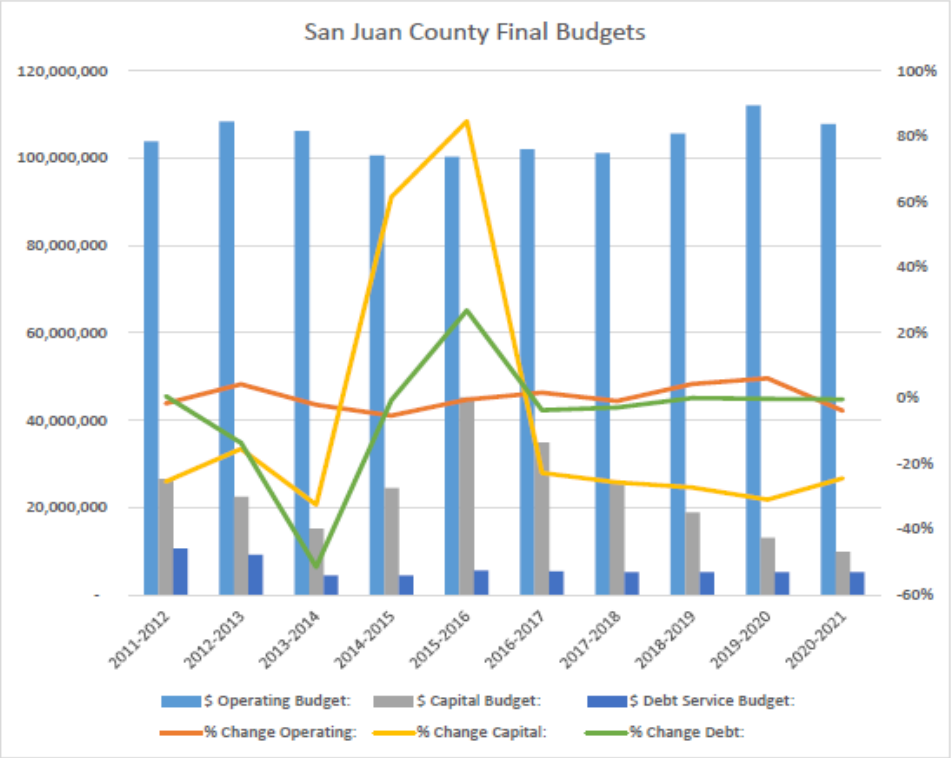

Stages of Economic Crisis
1.Contraction
2.Recovery
3.Normalize Ops
4.Full recovery
Pre-crisis
Social Isolating
Lockdown
Intervention
Stabilization
Lockdown lifted
Bounce back
Distancing lifted
Oil & Tourism recovery
Reset
Full recovery
Jan 2020
Jun 2020
Jun 2023
Jan 2028

SAN JUAN COUNTY
FINAL BUDGET COMPARISON

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
$ Operating Budget:	103,822,179	108,339,334	106,198,463	100,660,288	100,243,656	101,973,533	101,153,831	105,606,571	112,076,611	107,825,284
% Change Operating:	-1.50%	4.35%	-1.98%	-5.21%	-0.41%	1.73%	-0.80%	4.40%	6.13%	-3.79%
$ Capital Budget:	26,557,686	22,477,871	15,178,231	24,505,306	45,231,947	34,940,112	26,001,078	18,920,603	13,071,925	9,888,154
% Change Capital:	-25.40%	-15.36%	-32.47%	61.45%	84.58%	-22.75%	-25.58%	-27.23%	-30.91%	-24.36%
$ Debt Service Budget:	10,619,479	9,181,091	4,457,482	4,431,309	5,620,171	5,415,457	5,265,636	5,271,740	5,265,572	5,248,260
% Change Debt:	0.65%	-13.54%	-51.45%	-0.59%	26.83%	-3.64%	-2.77%	0.12%	-0.12%	-0.33%
Total Budget:	140,999,344	139,998,296	125,834,176	129,596,904	151,095,775	142,329,102	132,420,545	129,798,914	130,414,108	122,961,698
Total Budget % Change:	-6.97%	-0.71%	-10.12%	2.99%	16.59%	-5.80%	-6.96%	-1.98%	0.47%	-5.71%
General Fund Only:	29,989,621	31,024,628	29,776,211	30,479,261	30,178,161	30,270,794	29,661,713	30,537,844	29,972,427	29,626,587
Percent Change:	-6.23%	3.45%	-4.02%	2.36%	-0.99%	0.31%	-2.01%	2.95%	-1.85%	-1.15%

45% of total budget is allocated to Public Safety

76% of total general fund budget is wages and benefits



77 jobs have been eliminated via attrition since 2010.

27 of the 77 since March 1, 2020

Umbrella of County Services

- General Fund (mandated)
  - County Commission - $353,751
  - County Assessor - $956,339
  - County Clerk - $599,395
  - Bureau of Elections - $472,539
  - Sheriff's Office - $12,278,144
  - County Treasurer - $645,727
  - Probate Judge - $59,674

- General Fund (public safety & support depts)
  - Safety - $148,334
  - Emergency Management - $398,503
  - County Executive Office - $590,765
  - General Government - $4,100,665
  - Human Resources - $565,828
  - Information Systems - $966,548
  - Geographic Information Systems - $406,692
  - Finance - $1,214,214
  - Central Purchasing - $418,634
  - Legal - $628,947
  - Parks and Facilities - $3,692,440
  - Health and Social Services - $306,313
  - Community Development - $443,034
  - Youth Employment - $48,905
  - Building Inspection - $339,196
  - Assessor Appraisal Fund - $986,339
  - Roads - $5,577,105
  - Healthcare Assistance - $5,635,338
  - Risk Management - $2,562,760
  - Major Medical - $8,194,624

Umbrella of County Services

- Special Revenue Funds
  - **Corrections - $16,054,745**
  - Alternative Sentencing - $3,084,798
  - **Water Commission - $1,766,636**
  - **Solid Waste - $2,173,400**
  - **Communications Authority - $4,501,813**
  - **Ambulance Fund - $3,963,959**
  - Emergency Medical Services - $74,180
  - Farm and Range - $15,000
  - State Fire Fund - $2,921,465
  - Law Enforcement Protection - $88,601
  - Criminal Justice Training Authority - $260,895
  - Golf Course - $1,103,808
  - Intergovernmental Grants - $13,388,584
  - **Fire Excise Tax - $3,585,527**
  - Juvenile Services - $3,447,883
  - Senior Citizens - $239,748
  - **Clerk Equipment Recording - $117,053**
  - Housing - $1,324,327
  - Communications GRT - $133,150
- Capital Funds - $6,935,113
- Deb Service Fund - $5,248,260

Mandatory or Set by JPA

Known Budgetary Challenges

- Loss of GRT revenue from annexations
  - Environmental and Fire Excise Tax Collections down 58% from 2010
  - City of Farmington anticipated to annex down Hwy. 64 from Andrea Dr. to McGee Park- Estimated loss unknown

- San Juan Generating Station and Mine Property Tax Loss
  - Current property tax production today- $1,545,457
  - Estimated property tax production from CCAE1- $1,266,500
  - Shortfall $278,957 annually

- Hold Harmless Reductions will continue through 2030
  - Annual Loss of $170,000 per year. Cumulative loss through FY 30 of $22,500,000.

- PERA contribution increases for employer and employee of ½% per year starting in FY23
  - Annual Loss of $75,000 per year. Total- $300,000 to San Juan
  - Results in pay decrease for employees without raises

Unknown or uncertain Budgetary Challenges

- Internet Sales Tax Collections in FY 22
  - Receiving $95,000 per month due to HB 6. Collections of local increments start July 2021. Projected revenue is unknown
- Decreased property tax valuations and collections
  - Business closures will lead to less personal property tax
  - Anticipated decline in non-residential valuations
- Projected loss of revenues in excess of estimates for FY 21
  - GRT losses greater than 16%, Oil & Gas production losses greater than 40%
- Loss of PILT funding
  - Budgeted at $2,300,000 for FY 21

Unknown or uncertain Budgetary Challenges

- Success of Economic Development Projects
  - Enchant Energy
  - Renewable Energy projects
  - Rail project / Petrochemical Plant
  - Film
- Continued operation of APS until 2031
  - Total property tax generated today- $3,201,192 / yr.
- Additional Unfunded State or Federal mandates
  - Senate Bill 8 (Body Cams)- $302,880 Recurring cost- $38,652
- Behavioral Health Initiative
  - Funding for initiative beyond grants received to date

San Juan County
Revenue Shortfall Potential Solutions
V. 8/10/2020 for August 18, 2020 Commission Meeting

REVENUES		
Loss Mitigation Factors to Consider	**Offset Duration**	**Estimated Dollars Annually**
Water Reserve Fund Re-Allocation of .375 mills:	**Short Term** - up to 4 years	1,279,335
Implement 1/8th (0.125) GRT unrestricted w/o referendum:	**Long Term** - Recurring	3,319,752
Property Tax Increase of 0.5 Mill:	**Long Term** - Recurring	1,509,867
Change ER 79%/EE 21% allocation to Healthcare Premiums by 1% (78% ER/22% EE):	**Long Term** - Recurring	$65,023

EXPENDITURES		
Loss Mitigation Factors to Consider	**Offset Duration**	**Estimated Dollars Annually**
Freezing positions thru attrition:	**Short/Long Term -** dependent on overall County need	Estimated annual County cost of $67,903 per employee (average)
Furlough all San Juan County Employees 1 day per month (8 hours/day):	**Short Term** - dependent on number of days furloughed	1,629,853
Furlough all Non-Public Safety Employees 1 day per month (8 hours/day):	**Short Term** - dependent on number of days furloughed	1,239,091
Pay Cut of 1%:	**Long Term** - Recurring	348,126
Program/Services Modifications and/or Cuts (via priority based budgeting):	**Long Term** - Recurring	3,152,047

Note: Revenue reductions do not anticipate an estimated loss of $1,545,457 in property tax for closure of PNM. Also does not factor legislation requiring 0.5% employer contributions to PERA over a four year period starting in FY23. Scenarios above would need to be considered to mitigate these additional losses.

SAN JUAN COUNTY NEW MEXICO

Change of prior table of enactment dates to current post HB 479 (and HB 326 fix bill) table of enactment dates (effective 7/1/2020 to 12/31/2020)

Type of Tax	Repealed 7/1/19?	Ordinance Number	Effective Date	SJC Dedication	Sunset or Amendment Date	Rate	Election or Commission Can Impose	Conclusion
County Gross Receipts - 1st 1/8%	Yes	23	Jul-89	General Fund		0.1250%	Commission	Unrestricted w/o referendum
County Gross Receipts - 2nd 1/8%	Yes	24	Jul-89	Indigent Patients		0.1250%	Commission	Unrestricted w/o referendum
County Gross Receipts - 3rd 1/8%	Yes	45	Jul-99	County Juvenile Detention Facility & General Fund		0.1250%	Commission	Unrestricted w/o referendum
County Gross Receipts - 1/16%	Yes	80	Jan-14	County general purposes		0.0625%	Commission	Unrestricted w/o referendum
County Fire Protection Excise Tax	Yes	62	Jul-06	Operational Expenses; Ambulance Services & Independent Fire Districts		0.2500%	Election	Unrestricted with referendum
County Environmental Services Gross Receipts	Yes	25	Jan-91	Environmental Services		0.1250%	Commission	Unrestricted w/o referendum
County Health Care Gross Receipts	No	91	Jan-15	County supported Medicaid fund	Amended 9/21/16 by ordinance No. 96	0.0625%	Commission	Unrepealed no change
County Correctional Facility Gross Receipts	Yes	60	Jul-05	Operating, maintaining, etc. correctional facility; transp. of prisoners; pmt of bonds		0.1250%	Commission	Unrestricted w/o referendum
County Emergency Communications & Emergency Medical & Behavioral Health Services Gross Receipts	No	79	Jul-13	Operation of emergency communication center & EMS		0.1875%	Election	Unrepealed no change
County Hold Harmless Gross Receipts 1/8th	Yes	89	Jan-15	County general purposes		0.1250%	Commission	Unrestricted w/o referendum
County Hold Harmless Gross Receipts 1/8th	Yes	90	Jan-15	County general purposes	Amended 3/15/2016 by Ordinance 97	0.1250%	Commission	Unrestricted w/o referendum
					Total:	**1.4375%**	*Already enacted by the County*	
					State:	5.1250%		
					Combined GRT:	6.5625%		

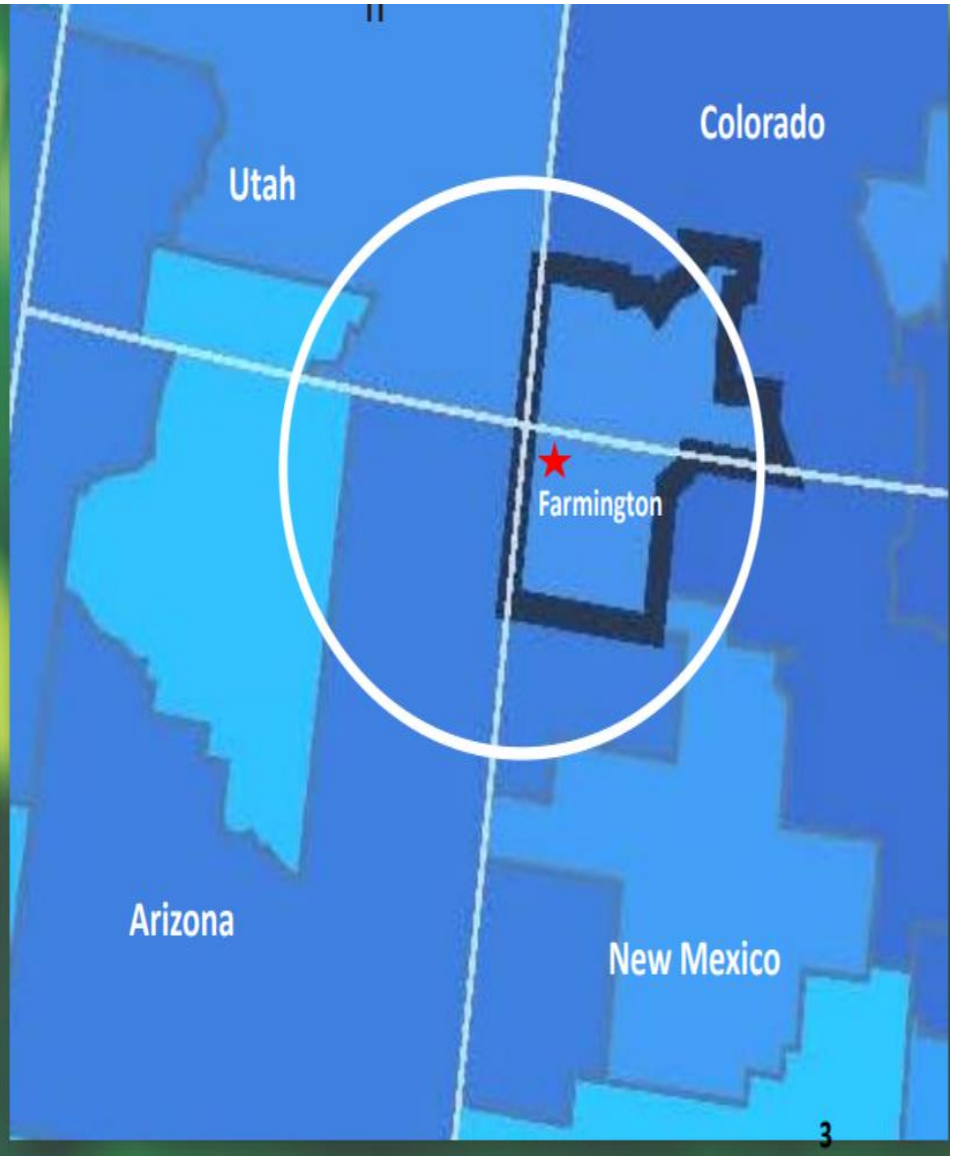
Unless prescribed by County charter for election	0.2500%	Unrepealed no change
Unincorporated Area	0.8125%	Unrestricted w/o referendum (County)
Test to verify summation does not exceed the 1% cap	0.1250%	Unrestricted w/o referendum (County Area)
Test to verify summation does not exceed the .25% referendum total	0.0000%	Unrestricted with referendum (County)
Test to verify summation does not exeed the 0.5% cap	0.2500%	Unrestricted with referendum (County Area)
	1.4375%	

Remaining Tax Authority Available (Post HB479 and HB326 Fix Bill)

Type of Tax	Rate	Election or Commission Can Impose
Unrestricted County GRT w/o referendum (capped at 1%)	0.1250%	Commission
Unrestricted County GRT with referendum (anything above 1% up to 1.25%): Equals remaining 1/16th (0.0625%) for Comm/EMS tax (0.1875% implemented)	0.0625%	Election
Unrestricted County Area (Unincorporated Area) (capped at .5%, anything above .12% increase requires vote)	0.1250%	Election
Total remaining available:	**0.3125%**	

Total Allowed:	1.7500%	Unrestricted caps imposed by HB479 and HB326
Total Enacted:	1.4375%	
Total Available (w/o referendum):	0.1250%	
Total Available (with referendum):	0.1875%	
Difference:	0.0000%	

- According to the US Economic Development Agency, through its Cluster Mapping Project, the Farmington Economic Trade Area (outlined in black) encompasses
  - San Juan County, NM
  - Colorado counties:
    - Archuleta
    - Dolores
    - Hinsdale
    - La Plata
    - Montezuma
    - San Juan
- The economic trade area population is approximately 224,923 people.
- Not included in the trade area, but because of Farmington's proximity and media market extension, the population should include portions of Apache County, AZ and San Juan County, UT (Four Corners) bringing the population to approximately 312,190 people.

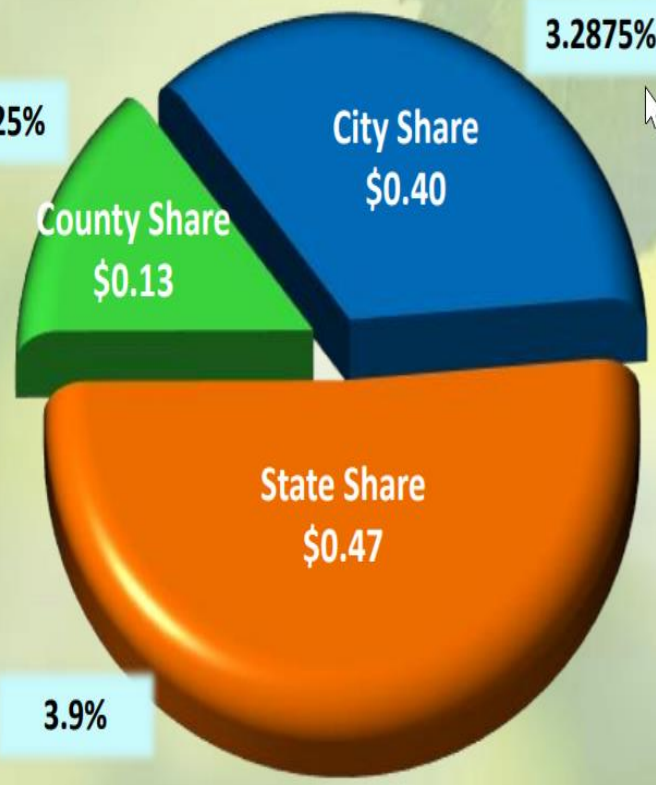


Source: www.clustermapping.us

Credit: City of Farmington

Tax Burden Comparison

For Each $1.00 GRT Collected
8.250%



	Farmington	Albuquerque	Variance Fav./(Unfav.)
Property tax on $200,000 home	1,550	2,783	1,233
GRT tax on $25,000 spending	2,063	1,969	(94)
TOTAL	**$ 3,613**	**$ 4,752**	**$ 1,139**

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Credit: City of Farmington

Comparison of Current GRT Rates

Current Rates

City	Current City GRT Rate
Ruidoso	4.2875%
Raton	3.7875%
Durango, Co	3.5000%
Clovis	3.4125%
Gallup	3.2875%
Carlsbad	3.2875%
Aztec	3.2875%
Farmington	3.2875%
Bloomfield	3.2250%
Las Cruces	3.1625%
Santa Fe	3.0375%
Tucumcari	3.0375%
Rio Rancho	3.0375%
Taos	2.9125%
Roswell	2.9125%
Albuquerque	2.7875%
Hobbs	2.6625%

Current Rates

County		Current County GRT Rate
La Plata	(Durango)	2.0000%
Taos	(Taos)	1.6875%
Santa Fe	(Santa Fe)	1.5000%
Quay	(Tucumcari)	1.4375%
Donna Anna	(Las Crueces)	1.2500%
Bernallillo	(Albuquerque, Rio Rancho)	1.1875%
McKinley	(Gallup)	1.1250%
San Juan	(Farmington, Aztec, Bloomfield)	1.0625%
Chavez	(Roswell)	1.0208%
Curry	(Clovis)	0.8750%
Colfax	(Raton)	0.5833%
Eddy	(Carlsbad)	0.4583%
Lea	(Hobbs)	0.2500%
Lincoln	(Ruidoso)	0.2500%

Current Rates

*State/County/City	Current GRT Rate
Taos	8.5000%
Ruidoso	8.4375%
Santa Fe	8.4375%
Durango, Co	8.4000%
Tucumcari	8.3750%
Las Cruces	8.3125%
Gallup	8.3125%
Raton	8.2708%
Aztec	8.2500%
Farmington	8.2500%
Clovis	8.1875%
Bloomfield	8.1875%
Rio Rancho	8.1250%
Albuquerque	7.8750%
Roswell	7.8333%
Carlsbad	7.6458%
Hobbs	6.8125%

Credit: City of Farmington

GRT Taxability of Household Expenses

0% GRT		0% GRT		Subject to GRT	
Housing (rent, ownership)	20%	Food	7%	Household Utilities, Supply, Furnishing	14%
Insurance & Pensions	12%	Medical	8%	Restaurants & Accommodations	7%
Vehicle Payments	6%			Vehicle Maintenance	5%
Donations	4%			Entertainment	5%
Gasoline	3%			Apparel	3%
Education & Communication	2%			Personal Care & Misc.	3%
Other	1%				
Subtotal	48%	Subtotal	15%	Subtotal	37%

GRT Tax Free = 63%

GRT Tax Base =37%

Source: U.S. Bureau of Labor Statistics (Data for CY2016)

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Recommended Solution

- Imposition of the 1/8th (0.125) unrestricted GRT increment
  - Collections from 300,000 in trade area vs. property owners only
  - Countywide tax not susceptible to municipal annexations
  - Pass through tax for businesses
- Equates to 2.5 cents on a $20 purchase
  - Based on $25,000 of annual spending- $2.60 per month in additional tax burden to the consumer
- Imposition of tax by Sept. 30 NM Tax and Rev deadline
  - Consumers would see increase Jan. 1st of 2021
  - Additional collections would be seen March of 2021
  - Delaying imposition would not allow receipt of collections until Sept of 2021

QUESTIONS?