



# 2020 Popular Annual Financial Report

FISCAL YEAR ENDING JUNE 30, 2020





# BOARD OF COUNTY COMMISSIONERS



**Dean Jackson, Vice Chair**  
District 1



**Rebecca Long, Chair**  
District 2



**Gary Eidson**  
District 3



**Jonathan Sena**  
District 4



**Don Jones**  
District 5

# LEA COUNTY ELECTED OFFICIALS



**Sharla Kennedy**  
Lea County Assessor



**Keith Manes**  
Lea County Clerk



**Sandra Goad**  
Lea County Probate Judge



**Corey Helton**  
Lea County Sheriff



**Susan Marinovich**  
Lea County Treasurer

# LEA COUNTY MANAGEMENT



**Michael Gallagher, ICMA - CM**  
County Manager



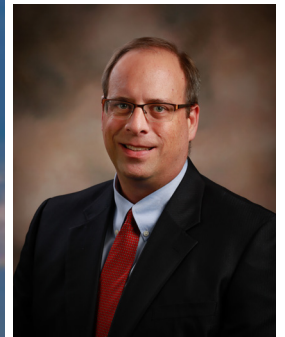
**Corey Needham, P.E.**  
Assistant County Manager



**John Caldwell**  
County Attorney



**Chip Low, CPA CGMA**  
Finance Director



**Craig Bova**  
Human Resources Director



**Angela Martinez**  
LCCA Director



**Lorenzo Velasquez**  
Emergency Management &  
Environmental Services Director



**Ruben Quintana**  
LCDC Warden



**Edmundo Lara**  
Interim Facilities Director



**Kelly Ford**  
DWI & Misdemeanor  
Compliance Director

# COUNTY MANAGER & FINANCE DIRECTOR MESSAGE

To the Board of Commissioners and the Citizens of Lea County New Mexico:

Lea County is pleased to submit to you this Popular Annual Financial Report (PAFR) for the fiscal year 2020. The goal is to provide the citizens of the County with an overview of the county's financial operations in an easy to read format in order to provide a better understanding of Lea County government operations. The PAFR also provide an overview of the demographic and economic activity in Lea County.

The Finance Department has prepared this summary of the financial activities of Lea County as reported in the Comprehensive Annual Financial Report (CAFR). This PAFR includes condensed and limited information from the CAFR and therefore, is a non-GAAP (Generally Accepted Accounting Principles) presentation. The CAFR for this fiscal year was audited by Pattillo, Brown & Hill, LLP and received an unmodified (clean) opinion.

The CAFR provides a detailed look at the County's financial position at June 30, 2020 and the results of operations for the fiscal year. The CAFR includes full financial statements and disclosures for all County funds in accordance with Generally Accepted Accounting Principles (GAAP). Anyone who desires to gain a more thorough understanding of the County's financial position is encouraged to review the CAFR. The CAFR is available to all citizens and can be found on the County's website at <https://www.leacounty.net/p/departments/administration/finance> or in the County Finance Office at 100 N. Main Ave., 4th Floor, Lovington, NM 88260.

The Elected Officials and staff of Lea County are committed to excellence in all areas of County operations and this PAFR reflections those accomplishments and financial results.

Sincerely,



Mike Gallagher, ICMA-CM  
County Manager



Chip Low  
Finance Director

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*Photo Credits: Cindy Wilcox (p. 4), Danette McGuire (p. 6), Julie Parker (p. 8, 10), Ron Black (p.9), and Kala Laughrin (p. 9, 11).  
Publication designed by Jessica Siddall.*





**Lea County Mission Statement:**  
“Lea County shall be results oriented, accountable to the public, with professional and regional leadership focused on economic vitality, healthy lifestyles, quality of life, and safety of the community”

# STRATEGIC FOCUS & PRIORITY AREAS

1

## Accountability

*Lea County is responsible for the public's tax dollars in a fiscally conservative and transparent manner*

2

## Economic Growth & Vitality

*Lea County is a community that has economic growth & diversification*

3

## Infrastructure & Facilities

*The County shall provide a safe, reliable, and efficient transportation network, and county facilities shall be maintained and shall meet the changing needs of the public*

4

## Quality of Life

*Lea County shall have a variety of recreational & cultural amenities with access to convenient & quality healthcare*

5

## Safety

*Lea County shall be a safe community without crime*

Lea County operates under the Commission, County Manager form of government.

County Commission is responsible for, among other things, making policies, passing ordinances, adopting the annual budget, appointing committees, serving as the Board of Finance and the Indigent Board, and hiring the County Manager.

The County Manager is responsible for carrying out the policies and ordinances of the County Commission and overseeing the day-to-day operations of the County coordinating with the Commission, Department Directors as well as the other County Elected Officials (Assessor, Clerk, Probate Judge, Sheriff and Treasurer).

5

Commissioners

## Employees by Service

### Public Works

Road (43.5)  
Airports (4)

### Quality of Life

Event Center (5)  
Fairgrounds (6)

### Trust & Agency

911  
Communications  
Center (29)  
Solid Waste  
Authority (1.6)

### Public Safety

County Sheriff (89)  
Drug Task Force (3)  
DWI/Misdemeanor  
Compliance (13)  
Emergency  
Management (4.7)  
Detention (89)  
Environmental  
Services (9.8)  
Fire protection (3,  
+41 volunteers)

### General Government

Commissioners (5)  
Other (63.4)

Over the past five years  
the County has added  
36 new positions  
including 20 sheriff  
deputies

27,774

passengers  
traveled on  
commercial  
flights

over  
1296

miles of county  
maintained roads

84

responses  
to fire calls

63

cattle guards  
replaced

almost  
\$7.8  
million

spent on Capital  
Improvements

15.6%  
increase

in Property  
Tax Revenue due to  
increased  
property value &  
oil/gas producers  
investment in  
facilities

95,154  
tons

hailed to  
landfill from  
Convenience  
Centers

171

new addresses issued

85

events held - dramatic  
decrease due to COVID-19

80

commissioned law  
enforcement officers

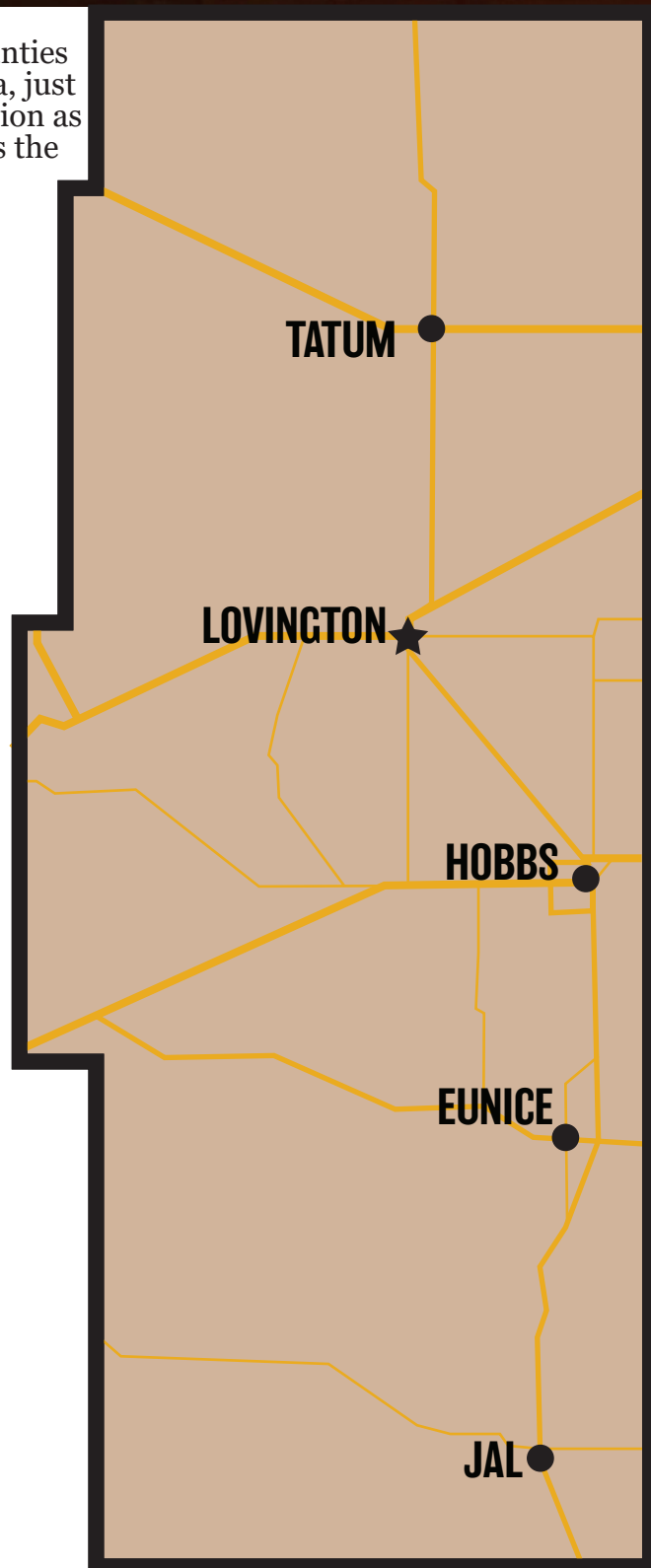
# PROFILE OF LEA COUNTY

- Lea County was created from Eddy and Chaves Counties in 1917 and named for Captain Joseph Calloway Lea, just five years after New Mexico was admitted to the Union as a state. Located in the SE corner of NM and borders the state of Texas on the south and east.
- Land area of approximately 4,400 square miles
- The land ownership is distributed as follows:
  - Private ownership 52%,
  - State Government 31%, and
  - Federal Government 17%.
- Demographics for Lea County\*
  - Estimated population is 69,611, a 7.5% increase from the 2010 Census count of 64,727.
  - Sex: 51.51% male and 48.49% female
  - Ethnicity: 56.8% Hispanic, 37.2% White, 3.8% Black, and 2.2% Other

\*Source: Economic Development Corporation of Lea County

## LEA COUNTY IS...

- Home to five municipalities:
  - Lovington (the County seat)
  - Eunice
  - Hobbs
  - Jal
  - Tatum
- in partnership with the City of Hobbs and the Economic Development Corporation of Lea County to provide commercial jet services for the County
- providing many entertainment options for citizens through the Lea County Event Center and the Lea County Fairgrounds. The annual Lea County Fair & Rodeo is recognized as one of the top fairs in New Mexico.
- providing document recording, property tax assessments, tax collections and probate services through the County Assessor, Clerk, Probate Judge and Treasurer.
- the fiscal agent for four separate legal entities:
  - Lea County Solid Waste Authority,
  - Lea County Communications Authority,
  - Lea County Water Users Association
  - Eddy-Lea Energy





# RECOGNITIONS AND AWARDS FOR LEA COUNTY



Lea County Fair and PRCA Rodeo was awarded "Outstanding Event 2019" and "Outstanding Event Finalist" by the New Mexico Hospitality Association



2 time recipient of the New Mexico Counties and State Auditor "Audit and Accountability Award"



5 time recipient of the GFOA Distinguished Budget Presentation Award

## New Mexico Local Government Accreditation

Lea County Services that have received accreditation:

- Lea County Misdemeanor Probation Compliance
- Lea County Detention Facility
- Lea County Communications Authority



Lorenzo Velasquez, Emergency Management and Environmental Services Director was the recipient of two distinguished awards:

- State of New Mexico Emergency Manager of the Year
- Nor-Lea Hospital "Respect" Award

# HIGHLIGHTS & ACCOMPLISHMENTS

## Major Projects planned for 2020 and beyond

Big Dog Industries has selected Lovington cheese plant as the site of a new facility that specializes in all areas of the hemp market. The projects will bring 125 jobs to Lovington over the next five years. The economic impact to Lea County is estimated to be \$261 million in revenue generated locally. The estimated GRT is over \$68 million to the City of Lovington and \$7.6 million to Lea County. Other new projects planned are a Tornado Car Wash and a hotel.

Covenant Hospital, which recently purchased Lea Regional Medical Center, is planning to build a new \$52 million hospital in Hobbs. Set to open in 2022 the hospital will employee between 200-250 people and include a full range of healthcare services.

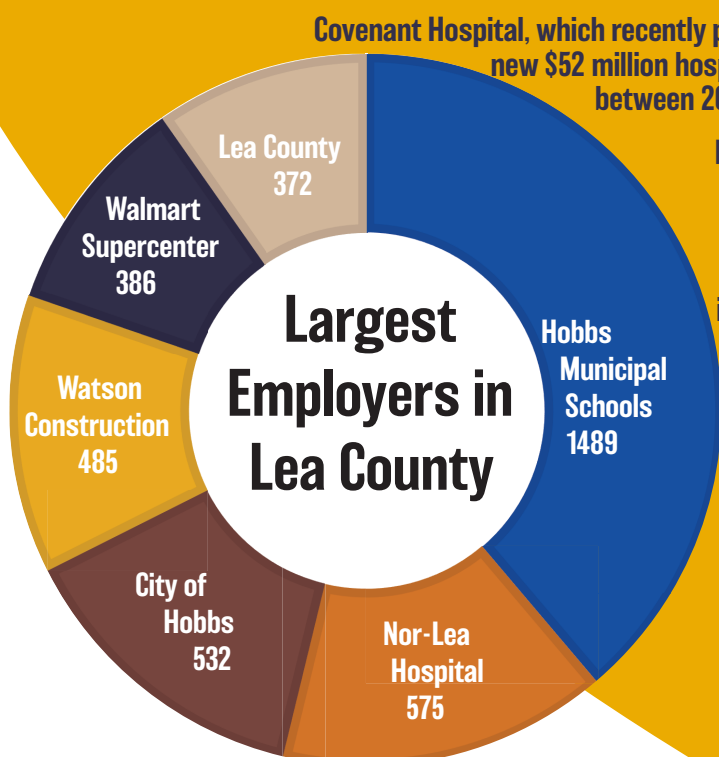
Hobbs Municipal Schools has started construction of the \$46 million Career Technical Education Center that will provide a variety of technical training programs for area students.

Retail projects that are scheduled to open over the next year include the Texas Roadhouse Restaurant, Marshall's, Famous Footwear, PetSmart, Ross Dress for Less & a T-Mobile store.

Several housing sub-divisions under development that will add over 1,000 new homes & several apartment projects are under construction to address the need for housing.

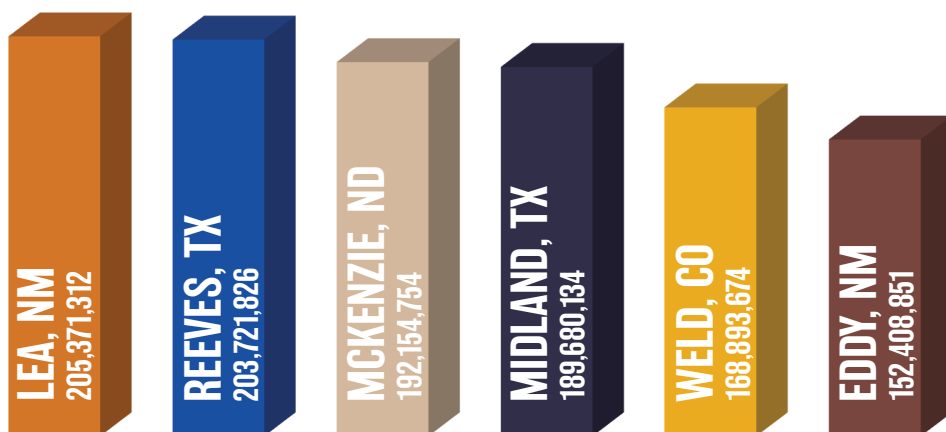
Tip Top Solar Energy is developing a 220 megawatt solar farm west of Jal. The \$215 million project plans to start construction in 2021 and employ 300-400 people during the construction phase.

Lea Regional Airport facilities are expanding the terminal, parking and rebuilding the aprons for up to three gates.



Lea County is part of the Permian Basin, the largest oil and gas producing in the United States and one of the largest in the world.

**Lea County is currently the #1 oil producing County in the US.**



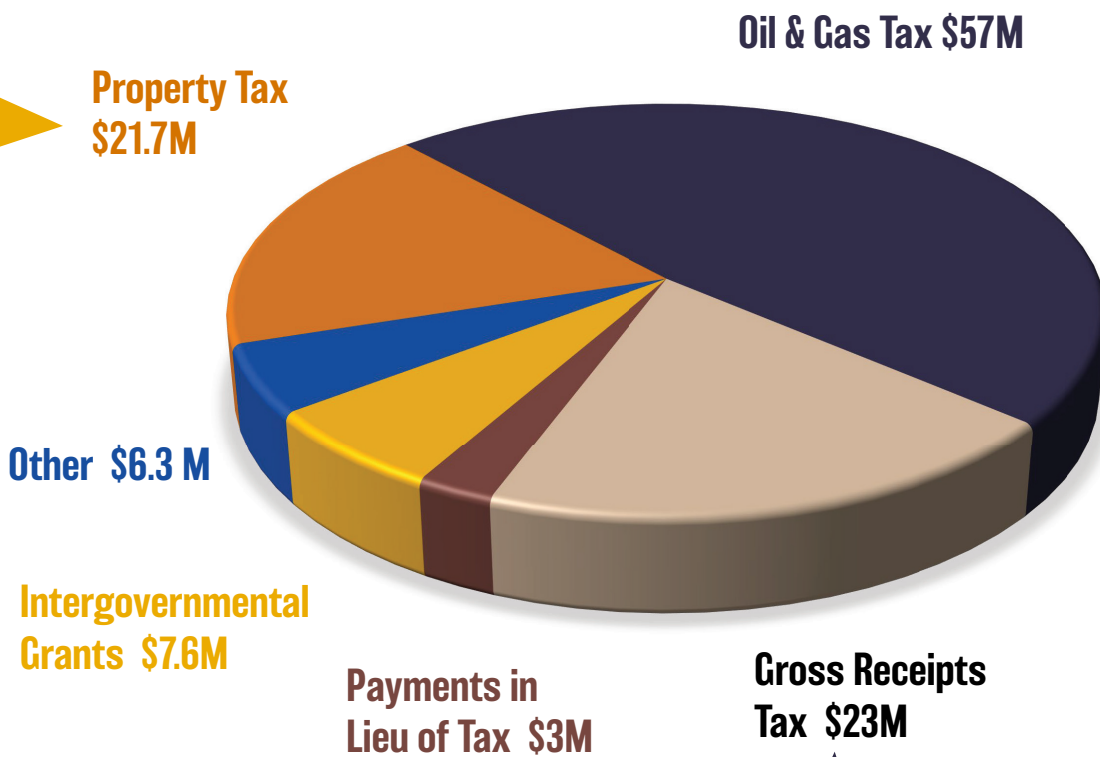
in bbls Source: New Mexico Taxation & Revenue, Texas Railroad Commission, Colorado Oil & Gas Conservation Commission, and North Dakota Oil & Gas Division



# WHERE DOES THE MONEY COME FROM?

Due to increased oil production, Lea County received in excess of **\$17M** in revenue over the budget amount from property taxes (mainly oil & gas taxes).

**REVENUE - \$118,685,520**



## GROSS RECEIPTS TAX - HOW DOES LEA COUNTY COMPARE?



Gross Receipts Tax (CRT) is a tax that is imposed upon the gross receipts of businesses or individuals who sell property or perform services in New Mexico. It is New Mexico's version of a sales tax. The state has a base CRT rate of 5.125% that it collects and then each taxing entity may add local options on top of that. Currently, the rate for Lea County is 5.50%, which is tied with Lincoln County for the lowest rate in the state among counties. CRT revenue in Lea County is heavily dependent upon the rig count. Revenue increases when the rig count is high and decreases when it drops.

# WHERE DOES THE MONEY GO?

## TOTAL EXPENDITURES

**\$96.2  
MILLION**

\$20.2M

General  
Government

General Government - County Commission, Assessor, Clerk, Probate Judge and Treasurer. Also includes the County Manager, County Attorney, Finance Department, Human Resources, Information Technology, Planning & Facilities Management, Other Grants and DWI/Misdemeanor Compliance Administration.

\$25.2M

Public  
Safety

Public Safety - Lea County Sheriff's Office, Lea County Drug Task Force (HIDTA), DWI/Misdemeanor Compliance, Lea County Detention Center, Emergency Management, Farm & Range Management, County and Airport Fire Departments.

\$3.4M

Culture &  
Recreation

Cultural & Recreation - Lea County Fairgrounds, Lea County Fair & Rodeo and the Lea County Event Center.

\$13.9M

Health &  
Welfare

Health & Welfare - Indigent Care Fund and Lea County Convenience Centers.

\$4.3M

Public  
Works

Public Works - Lea County Road Department Maintenance, Lea Regional Airport, Lovington Zip Franklin Airport, Jal Airport and the Water Service Fund.

\$24.2M

Capital  
Outlay

Capital Outlay - Judicial Complex Project (\$1.6m); Lea Regional Terminal Expansion (\$4.8m), Runway & Apron Improvements (\$2.9m); Fairgrounds Improvements (\$3.5m); Road Construction and Equipment (\$6.2m); Other equipment for County operations (\$4.3m).

\$5M

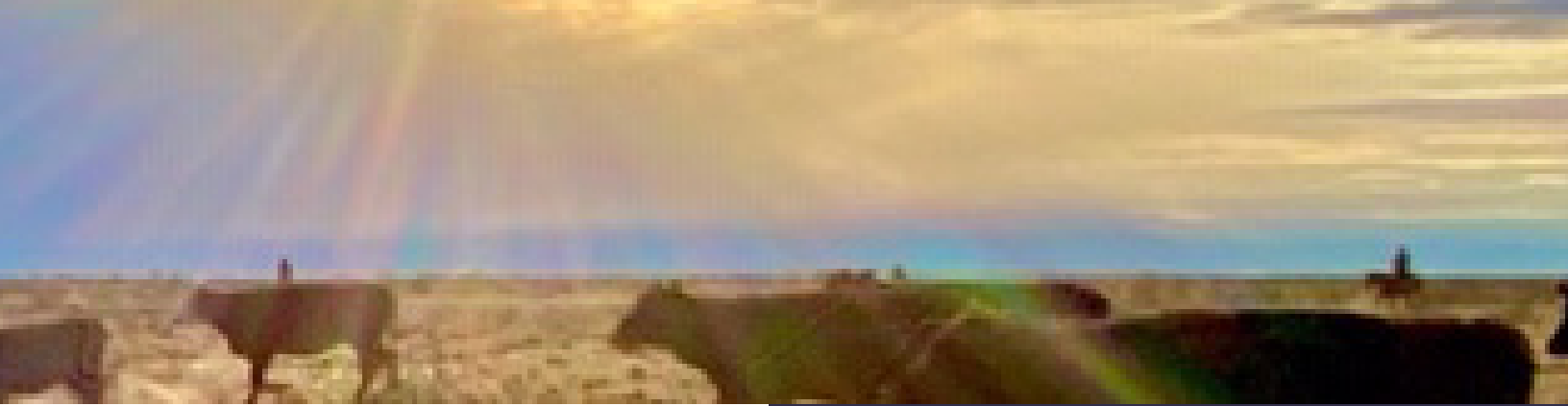
Other

Other- Retirement of all Outstanding County Revenue Bond Debt.

**WE ARE DEBT  
FREE!**

**In December 2019,  
Lea County retired  
all outstanding  
revenue bond debt.**

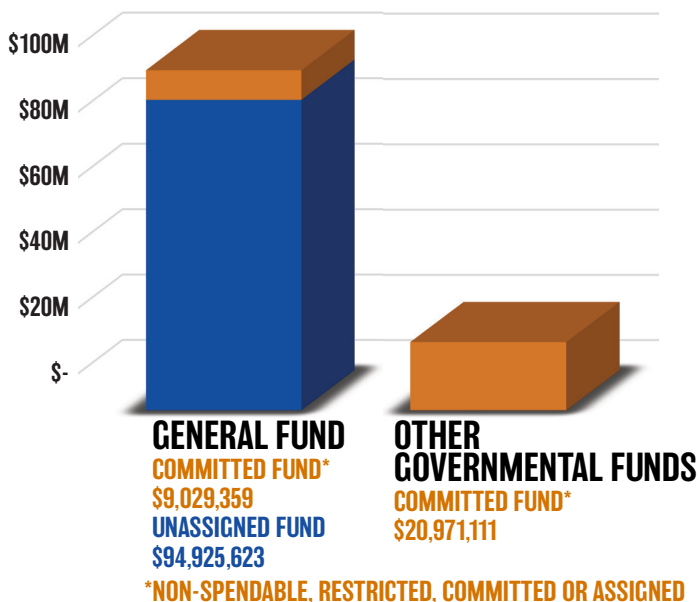
The total cost of retirement was \$4,980,114 plus accrued interest.



Lea County's governmental funds reported combined ending fund balances of \$124,896,734, increasing \$22,446,250 from the prior year.

Approximately 76.0% of this total fund balance amount, \$94,925,623, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$94,925,623, or more than 3x total general fund expenditures.



## Highlights of Lea County Capital Improvements

### Lea Regional Terminal Expansion and Runway & Apron Improvements

Lea County constructed an addition to the terminal that adds additional seating and gates, and also reconstructed the apron area around the terminal and did various upgrade to the runways and taxiways. Total capital improvements for FY 20 was almost \$7.8 million of which \$2.2 million was provided through state and federal grant. The terminal projection is wholly paid for by Lea County with cash reserves.

### Fairgrounds Improvements

The County expended over \$3.5 million in capital improvements during FY 20. This included a new General Services Building and upgrades to restrooms and other facilities. Lea County constructed a new south parking lot at the Fairgrounds at a cost of \$2 million.

### Road Construction and Equipment

The reconstruction project on a portion of Orla Road cost \$1.3 million and reconstruction project on a portion of Legion Road cost \$1.1 million.

### Other equipment for County operations

37 new vehicles were purchased for the County costing \$2.5 million. A new booster pump at the Detention Center cost \$400 thousand.

### Judicial Complex Project

Lea County is nearing completion of a new Judicial Complex to house the New Mexico 5th Judicial District Courts. Construction started in January 2017 and is expected to be complete in early 2021. The County has expended \$37.8 million on the project to date and has budgeted \$5.0 million in FY 21 to finish the project. Lea County has also budgeted \$20.8 million in order to renovate the historic Lea County Courthouse once the Judicial Complex is complete. The County will select a Architect for design service for the Historic Courthouse in the fall and construction is expected to begin in Spring 2021.







Chip Low, CPA CGMA, Finance Director  
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<https://www.leacounty.net/p/departments/administration/finance>