



LEA COUNTY,
NEW MEXICO
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2021

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Introduction Section



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**Board of County Commissioners
County Manager**

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November 29, 2021

To the Chairperson of the Commission, Members of the Commission, and the Citizens of Lea County:

New Mexico state law, Section 12-6-3, NMSA 12978, mandates that the financial affairs of every New Mexico agency be thoroughly examined and audited each year by the State Auditor, personnel of the State Auditor's office designated by the State Auditor, or by independent auditors approved by the State Auditor. A completed set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and rules issued by the State Auditor is due by December 1st each year for the fiscal year ending June 30th. Pursuant to the requirement, we hereby issue the comprehensive annual financial report of Lea County, New Mexico for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of Lea County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of Lea County has established a comprehensive internal control framework that is designed both to protect government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Lea County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Lea County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Lea County's financial statements have been audited by Pattillo, Brown & Hill, L.L.P., as approved by the State Auditor. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lea County for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified (or clean), opinion that Lea County's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report and can be found on page 16 to the financial statements.

The independent audit of the financial statements of Lea County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the

financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal control and legal requirements involving the administration of federal awards. The reports are available with the "Single Audit Reports" section of this report starting on page 30.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal, designed to complement MD&A, starting on page 20, and can be found immediately following the independent auditor's report.

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. The County is located in the Southeast corner of New Mexico and borders the state of Texas on the south and east borders. Lea County is part of the Permian Basin, the largest oil and gas producing basin in the United States and one of the largest in the world. Lea County is currently the #1 oil producing County in the United States having reached that position in December 2019. The County has a land area of approximately 4,400 square miles and a population of 74,455 based upon the outcome of the 2020 Census. The population increased by 15% from the 2010 Census count of 64,727. The land ownership is distributed as follows: Private ownership 52%, State Government 31%, and Federal Government 17%. The County is home to five municipalities: Lovington (the County seat), Eunice, Hobbs, Jal and Tatum.

New Mexico state law, Section 7-37-7 B (1), NMSA 1978, sets the maximum property tax rate a County may charge for general operating purposes at eleven dollars eighty-five cents (\$11.85) for each one thousand dollars (\$1,000) of net taxable value of both residential and non-residential property allocated to the County. Net taxable value is determined to be one third (1/3) of the assessed value of the property. The County rate for FY 21 was seven dollars eleven cents (\$7.11) for residential and ten dollars sixty cents (\$10.60) for non-residential property. The County may also implement certain county local option gross receipts taxes (GRT), some requiring voter approval. The County gross receipt tax rate as of June 30, 2021 is 5.500%, which is comprised of the state rate of 5.125% and the local county options of .375%. The local county options consist of two 1/8 County wide increments and a 1/8 County only (outside municipalities) increment. One of the 1/8 County wide increments is dedicated to fund the County Indigent program. The other two increments are allocated to the General Fund. Lea County is currently tied with one other New Mexico county for the lowest GRT rate. The tax is imposed on sales of both services and intangibles.

Lea County operates under the Commission, County Manager form of government. Policy making and legislative authority are vested in the County Commission consisting of the Commission Chairperson and four other Commission members serving five districts. The County Commission is responsible for, among other things, 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 and Department Directors as well as the other County Elected Officials (Assessor, Clerk, Probate Judge, Sheriff and Treasurer). All County elected officials are elected on a staggered basis to serve four-year terms.

Lea County offers a full range of services, including fire protection, through three volunteer fire stations and one Airport Fire Facility at Lea Regional Airport. Staffing includes a County Fire Marshal along with two paid firefighters and forty-three volunteers. The County also provides for the enjoyment and protection of its citizens through the Sheriff's Office, Road Department, Environmental Services, DWI/Misdemeanor

Compliance, and Detention Center. Lea County provides commercial jet service to Houston and Denver in partnership with the City of Hobbs and the Economic Development Corporation of Lea County. The Lea County Event Center and the Lea County Fairgrounds provide many entertainment options for citizens. The annual Lea County Fair & Rodeo is recognized as one of the top fairs in New Mexico. In addition, the County Assessor, Clerk, Probate Judge and Treasurer provide document recording, property tax assessments, tax collections and probate services.

Lea County is the fiscal agent for three separate legal entities, the Lea County Solid Waste Authority, Lea County Communications Authority and the Lea County Water Users Association. Each of these entities has a board who is responsible for the oversight of the entity.

The annual budget serves as the foundation for Lea County's financial planning and control. The County Commission is required to annually approve and submit an interim budget by June 1st and a final approved budget by July 31st to the New Mexico Department of Finance and Administration (DFA) for their review and approval. The legal level of budgetary control is defined at the fund level, the lowest level of which the County's Management may not reallocate resources or make over expenditures without the approval of the Commission. The appropriated budget is prepared by fund and department. All budget adjustments between line items must be approved by the County Commission. All budget increases and transfers between funds must also be approved by the DFA. The Commission also annually approves the five-year Infrastructure Capital Improvement Plan (ICIP). The capital improvement process entails input from County staff, citizens, social organizations and the community and is submitted to the County Commission for discussion and approval at a regularly scheduled meeting. Both short-term and long-term capital infrastructure needs are identified and prioritized based on existing health and safety hazards, requirement by law, regulation or court mandate, whether it is critical to structural integrity, impact on the operating budget, and scheduling. Potential sources of funding are identified for each project. The County's approved ICIP is then incorporated into the State of New Mexico's capital planning process. The Commission also updates and monitors the Strategic Plan which outlines goals and accomplishments for each department.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy: Lea County is located in the Permian Basin, which is one of the most prolific oil & gas producing basins in the world. As a result, Lea County became the number one (#1) oil producing County in the United States in December 2019 and has held the title each month since. Although the oil industry is highly cyclical and subject to wide swings, it is the main driver for economic activity in the region. When oil prices are strong the area is "booming" and when they collapse it is a "bust". Retail, food service, hospitality, construction, etc. are all dependent upon the activity in the oil industry.

The oil and gas industry is the major contributor to Lea County's revenue base in most years. The County receives revenue from an Oil & Gas Production Revenue Tax that can vary sharply depending on whether the County is in a boom or bust period. For example, oil & gas production revenue went from \$19,597,346 in FY 16 to a record \$52,179,468 in FY 20, an increase of 166%. And despite the County starting the year in a bust period due to the Covid pandemic and subsequent oil price crash, revenue rebounded in the second half of the FY 21 to end at \$47,015,287, second only to FY 20 in total. The County also receives Oil & Gas Equipment Taxes that are based upon the value of oilfield equipment used in Lea County. Property taxes make up the other major source of revenue but are more stable in nature due to state tax statutes.

In order to lessen dependency on the oil industry, the County has worked diligently to diversify the economy and has become a factor in the nuclear energy industry. In 2010, Urenco USA, opened a uranium enrichment facility that employs more than 230 near Eunice, New Mexico. Currently, the Eddy-Lea Energy Alliance, an organization composed of Eddy County, Lea County, the City of Hobbs and the City of

Carlsbad, has signed an agreement with Holtec International to build an interim nuclear waste storage facility near the Eddy and Lea County lines subject to federal licensing approval. The current state and federal administrations are focusing on climate change and are making policy that is highly detrimental to the future of the oil & gas industry. Lea County will continue to monitor future legislation in order to assess the impact to the budget.

The service industry in Lea County was severely impacted by the Covid pandemic and oil price crash. Many local businesses either cut services or in some cases went out of business. However, there were numerous new businesses that opened throughout the County. Two Dollar General stores, Hobbs Buffet, The Paleta Bar, Habaneros Grill, Texas Roadhouse and a Flexsteel Manufacturing facility opened in Hobbs. Jal Welding Supply, Heart and Soul Safety, RK Supply, Foutz and Burleson and the Amity Lodge opened in Jal along with a new dental clinic and physical therapy office.

There are numerous projects under construction in 2021 and beyond. Covenant Hospital is currently constructing a new 109,794 square-foot, 60 bed hospital in Hobbs. The total cost of the project is expected to be \$62 million and will open in the Spring of 2022. Once open, the facility will employ between 200-250 and include a full range of healthcare services. Hobbs Municipal Schools is constructing a \$46 million Career Technical Education Center located at Hobbs High School. The Center will provide a variety of technical training programs for area students. In conjunction with Lea County, Nor-Lea Hospital has started construction on a project to expand their medical clinic located in Hobbs. Hilton has started construction on a new Home2 Suites in Hobbs.

There are also numerous projects in the planning stages for 2021 and beyond. Big Dog Industries has selected Lovington as the site of a new facility that specializes in all areas of the hemp market. The company has plans to bring 125 jobs to Lovington over the next 5 years. The economic impact is projected to be \$261 million in revenue generated locally. Louth Callan Renewables has signed an agreement with the City of Lovington to construct a 300 megawatt solar installation on land in the city's industrial park. Construction is expected to begin by the 4th quarter of 2023. Lovington will also see several new businesses in the future with the construction of a hotel, car wash and retail clothing store. New businesses with plans to open stores in Hobbs during FY 22 include Dunkin Donuts/Baskin Robbins, T-Mobile, Marshalls, Ross Dress for Less, PetSmart, Boot Barn and Famous Footwear.

There are also several housing sub-divisions under development that will add more than 1,000 new homes along with the completion of the Sky View Apartments and an expansion of the Sorrento Apartments.

Southern Lea County will see the construction of a 220 megawatt solar farm west of Jal. Tip Top Solar Energy is developing the \$215 million project and plans to start construction in 2021-2022 and will employ 300-400 people during the construction phase.

Lea County has completed the expansion of the terminal building, and parking lot and rebuilt the aprons at Lea Regional Airport that will enable the County to provide increased air service to Houston and Denver.

As FY 21 began, Lea County was in the midst of severe economic downturn due to the Covid pandemic and the subsequent crash in oil prices and production. Oil & Gas Production Revenue fell 83% on a monthly basis from a record high of \$5.35 million in April 2020 to \$923,543 in July 2020. However, as the year progressed and the oil industry rebounded much faster than projected, Lea County is again seeing record Oil & Gas Production Revenue and greater economic activity. It's a great time to live in Lea County.

Financial Planning: The County has developed a five-year strategic plan that outlines both short-term and long-term goals. The plan was approved by the Commission in April 2016 and is scheduled to be updated

during FY 22. The plan is a result of discussions with elected officials, department directors, local leaders and citizens on how the County can best address the needs of the citizens. A copy of the strategic plan can be obtained on the County website at www.leacounty.net or from the County Manager.

Due to the volatility of revenue sources associated with the oil and gas industry, Lea County prepares a five-year General Fund financial forecast based upon current conditions along with future revenue and expenditures assumptions. This allows County officials to evaluate the long-term impact of those assumptions and guide them in making better informed budget decisions. The County Commission is required by the State to annually prepare a five-year Infrastructure Capital Improvement Plan (ICIP) prioritizing capital projects and identifying potential funding sources. The top five ICIP projects approved for the 2022-2026 ICIP cycle include:

Project	Project Cost	Funded to Date	Funding Not Yet Funded
Lea County Courthouse Remodel	\$ 29,363,000	\$ 22,863,000	\$ 6,500,000
Detention Center Renovation Project	22,200,000	5,700,000	16,500,000
ISO Fire Improvements	2,500,000	1,500	1,000,000
Technology Infrastructure	1,330,000	80,000	1,250,000
Battle Axe Road Reconstruction	\$ 8,230,000	\$ 1,530,000	\$ 6,700,000

Cash Management: The state DFA requires New Mexico counties to maintain a cash balance in the General Fund of at least 3/12th (25%) of the General Fund's budgeted expenditures and a 1/12th (8.3334%) reserve for county road funds in order to maintain adequate cash flow until the next significant property tax collection. Effective July 1, 2021, the County has enacted a local option to establish a local General Fund reserve of one year of General Fund's budgeted expenditures plus one year of budgeted transfers for operations. The County also established a capital reserve of fifteen percent (15%) of total budgeted capital. At June 30, 2021, the County had required reserves of \$9,306,107 and \$1,459,720 for the General Fund and Road Fund, respectively. The County also had \$54,994,020 reserved for local option General Fund reserves and \$10,357,045 reserved for capital. Based upon on the ending General Fund balance at June 30, 2021 of \$150,145,846.75, the County had funds available in excess of required and local reserves of \$74,028,955. The County Commission elected to establish these local reserves to protect against sudden swings in revenue caused by price changes in the oil industry as was seen in late FY 20 and early FY21.

Awards and Acknowledgments: Lea County received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation award for the FY 20 Program Budget. Entities that receive the Distinguished Budget award are considered those who have prepared the highest quality budget documents. This is the 6th year that the County has received the GFOA budget award.

A Certificate of Achievement is valid for a period of one year only. Lea County believes that our current budget continues to meet the Distinguished Budget Presentation award program's requirements and we are submitting the budget to the GFOA to determine its eligibility for another certificate.

Lea County received the Audit & Accountability Award Mid-Size Counties for FY 19. The award is given annually by the New Mexico Office of State Auditor and the New Mexico Association of Counties. The County also received the award for the FY 18 fiscal year.

Lea County is submitting this Comprehensive Annual Financial Report for consideration of the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2021. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This is the second year that Lea County has sought this GFOA award.

We would like to express our appreciation to each member of the Finance Department, Assessor's Department and Treasurer's office that assisted and contributed to the preparation of this report. This final report would not have been possible without their dedication and professionalism. We also extend our appreciation to the County Commission for their continued support in maintaining the highest standards making it possible to meet the needs of Lea County's citizens and visitors.

Respectfully submitted,

A handwritten signature in blue ink, reading "Mike Gallagher".

Mike Gallagher, ICMA-CM
County Manager

A handwritten signature in blue ink, reading "Chip Low".

Chip Low, CPA CGMA
Finance Director



Dean Jackson
Vice Chair

District **1**

District One covers northern Lea County from Crossroads and going south to northern parts of Lovington.

Commissioner Jackson came to government service by way of the Lea County Fair & Rodeo Board, filling an unexpired term by appointment, and then was reappointed to two more terms. After terming out of the fair board, he was asked to run for Lea County Board of Commissioners and took the opportunity. In the past, he has also served as vice-president of Future Farmers of America.

He notes one of his greatest accomplishments as a commissioner was helping remove the management company Spectra from the Fairgrounds and Event Center and returning county staff to those facilities. He's also proud to have worked to get more sheriff's deputies on the street.

One of Commissioner Jackson's goals is to help the State of New Mexico to understand what a gem Lea County is and to highlight how the county is a major benefactor to the state. His priorities are to run the county conservatively with taxpayers' money and to keep personal opinion and leadership opinion separate when making decisions on the county's behalf. He feels that not taking on new burdens at the taxpayers' expense is important to that conservation.

After graduating from Lovington High School, Dean attended Texas Tech University and returned



home to Lovington. Although his boot shop has been open full time since 1980, he also considers ranching to be his second job. Dean describes himself as "Lovington, born and bred," and as a fourth generation Lea Countian, he plans to always make Lovington his home. He and his beautiful wife, Kirestie (pronounced Kristy), have two sons as well as Fancy the dog. He also wants his constituents to know that they can call him at any time.



Rebecca Long
Chair

District **2**

District Two begins at Avenue D in Lovington and continues south to Joe Harvey Boulevard in Hobbs.

Although this is her first publicly elected position, Commissioner Long is no stranger to public service. Past posts include her appointment to the New Mexico State Personnel Board by then-Governor Suzanna Martinez; president of Lea County Women's Network; president of Lea County Republican Women, and vice-president, president-elect, president and past president of New Mexico Counties. She currently serves on the New Mexico Counties executive board, as a representative for District 6 to the National Association of Counties and on the Environment, Energy and Land Use steering committee.



Being fiscally responsible with and responsible for taxpayers' money is

one of her main priorities as a commissioner. She is especially proud of being able to help the Sheriff's Department add eighteen positions to the department and a noise ordinance established in District Two. She also believes that it is important to solve existing problems in a timely manner so as not to leave them for the next team of commissioners.

One of her most important goals entails working with other commissioners across the state to forestall upcoming bills in the state legislature that will be financially devastating to all thirty-three counties.

After graduating from Lovington High School, Rebecca attended West Texas State University, but returned home to Lovington to open her insurance agency at the age of nineteen. She relocated her agency to Hobbs a year later and has been a resident there since. She is also a patent-holding inventor. She and her husband, Steve Matlock, are proud grandparents and she enjoys spending time boating, camping and reading the occasional murder mystery. Commissioner Long is appreciative of her constituents for their support and faith in allowing her to be their representative.



Gary Eidson

District **3**

District Three covers a majority of north Hobbs, with some sections south of Bender and south of Sanger.

Commissioner Eidson history of service includes the Lea County Planning & Zoning Board, the University of the Southwest Board of Trustees, and as president of the Hobbs Municipal Schools Board of Education.

Commissioner Eidson has been especially pleased to serve as a liaison for the board of commissioners to the judicial complex building to help move the project forward. He's also proud to be involved in helping fund the Career and Technical Education (CTE) program facility.

As a commissioner, his priorities are to make sure law enforcement is well-funded and staffed, to get the judicial complex completed and occupied, and to see through the courthouse remodel. In the future, he would also like to see updates to the Lea County Event Center, help form a beneficial partnership between Lea County and CTE program and maintenance of roads.

Gary was born and raised in Hobbs and graduated from Hobbs High School. Following graduation from New Mexico State University



with a degree in engineering, he resided in Midland, Texas, for ten years before moving back to Hobbs to become part of John West Engineering. He also owns and sporting goods store that deals in guns, ammunition and custom orders. His is married and has one daughter and one son. Gary is an avid hunter, former avid golfer and enjoys action movies.

Gary wants his constituents to know that he cares about Lea County and would like to be able to make it an enjoyable place for citizens, whether that means offering more recreational opportunities or helping draw businesses to county that would help with that.



Jonathan Sena

District **4**

District Four includes sections of northwest Hobbs, central Hobbs and eastern Hobbs down to McCasland Road.

Commissioner Sena interest in public service was sparked when his elementary school art teacher encouraged him to send his art project to the White House. The response he received from then-President Reagan laid the foundation for his future. He has served as an intern for Senator Pete Domenici, a travel assistant for Congressman Steve Pearce and worked with New Mexico State Representative Shirley Tyler. In 2008 he was elected to the City of Hobbs District 2 seat where he served three terms. He is currently serving his second term as a Lea County Commissioner.

The Commissioner counts upgrades to the Lea County Regional Airport, advancement of the Career and Technical Education project, funding for a veteran's memorial, funding for new fencing at Everglade Cemetery, partnering with Carlsbad on a massive road project between Lea and Eddy counties and new playground equipment at Taylor Elementary in Hobbs as some of his notable accomplishments as a county commissioner.

Commissioner Sena especially enjoys working young people. He notes that community projects are sometimes a bit more of a challenge in a multicultural and diverse district such as the one he was elected to represent.

He finds that it's important to find philosophical common ground with other commissioners to positively move forward as this facilitates leveraging resources further than any one group or entity going it alone.

He looks forward to working toward the completion of the judicial complex, renovation of the historical courthouse, upgrades and renovations to Event Center and continuing to move forward the County's partnership with Covenant and its clinic on north Dal Paso.

Jonathan was born Roswell but considers Hobbs his hometown and resides with his wife Valeria and their daughter Camila. He graduated from the Victory Center Christian Academy, and holds and accounting degree from University of the Southwest and MBA from Eastern New Mexico University. He has worked at his parents' small business for seventeen years as a youth pastor.

Jonathan would like his constituents to know that cares deeply for his district and county and he's here to listen to make sure their voices are heard.



Pat Sims

District **5**

District Five starts near Highway 62-180 at the Eddy County line and continues to the east until Dal Paso. From there it continues south until it eventually extends to the Texas stateline and continues to the southern countyline where it borders the Texas stateline. The district is populated by small oil towns, and is predominately oilfield service, ranching and agriculture.

Commissioner Sims first came to public service with Lea County by way of the Lea County Housing Board. He was later appointed to the Fair Board and then elected county commissioner.

He has also served in many capacities at Eunice Methodist Church, including lay leader, council chair and as a member of the finance board.

Commissioner Sims is especially proud of being able to play a part in improving entertainment at the Lea County fair during his time on the Fair board. Although he states that the acronyms used in county government sometimes present a challenge, he finds the most fulfilling part of being a commissioner is being able to directly assist citizens with any questions and requests for information in a one-on-one manner.

During his time his tenure, Commissioner Sims intends to practice responsible spending without compromising the maintenance and improvement of county roads and supporting law enforcement and fire entities. Ensuring that water systems are made more dependable and doing everything he can to keep New Mexico as the #2 oil producer in the nation are just two of his goals.

Pat was born and raised in Eunice. After spending six years living in Lubbock, he returned to Eunice and has lived there since. He graduated with honors from South Plains College, earning an associates degree in petroleum technology.

His first job was at a hardware store in Eunice. He worked on his family's ranch for several years until eventually taking on leadership of the ranch. He is also a small oil operator and invests in real estate rental.

Pat's family includes two sons, girlfriend Tonya, three corgis and a cat. In his down time, he enjoys hunting, fishing, off-road racing and racing trophy trucks in Baja Mexico.

Commissioner Sims shared that he's spends quite a bit of time being a politician, more than he realized would be involved when he was first elected. Learning the ins and outs and daily workings of government has inspired him to encourage constituents to register to vote and then follow up at the polls. He states that the strength of the county rests upon it's citizens exercising the voices, regardless of who they cast their ballot for.



BOARD OF COUNTY COMMISSIONERS

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



Chip Low, CPA CGMA
Finance Director



John Caldwell
County Attorney

LEA COUNTY MANAGEMENT



Craig Bova
Human Resources Director



Angela Martinez
LCCA Director



Ruben Quintana
LCDC Warden



Edmundo Lara
Interim Facilities Director



Lorenzo Velasquez
Emergency Management &
Environmental Services
Director



Kelly Livingston
DWI & Misdemeanor
Compliance Director



Robert Lathrop
Directory of Information
Technology



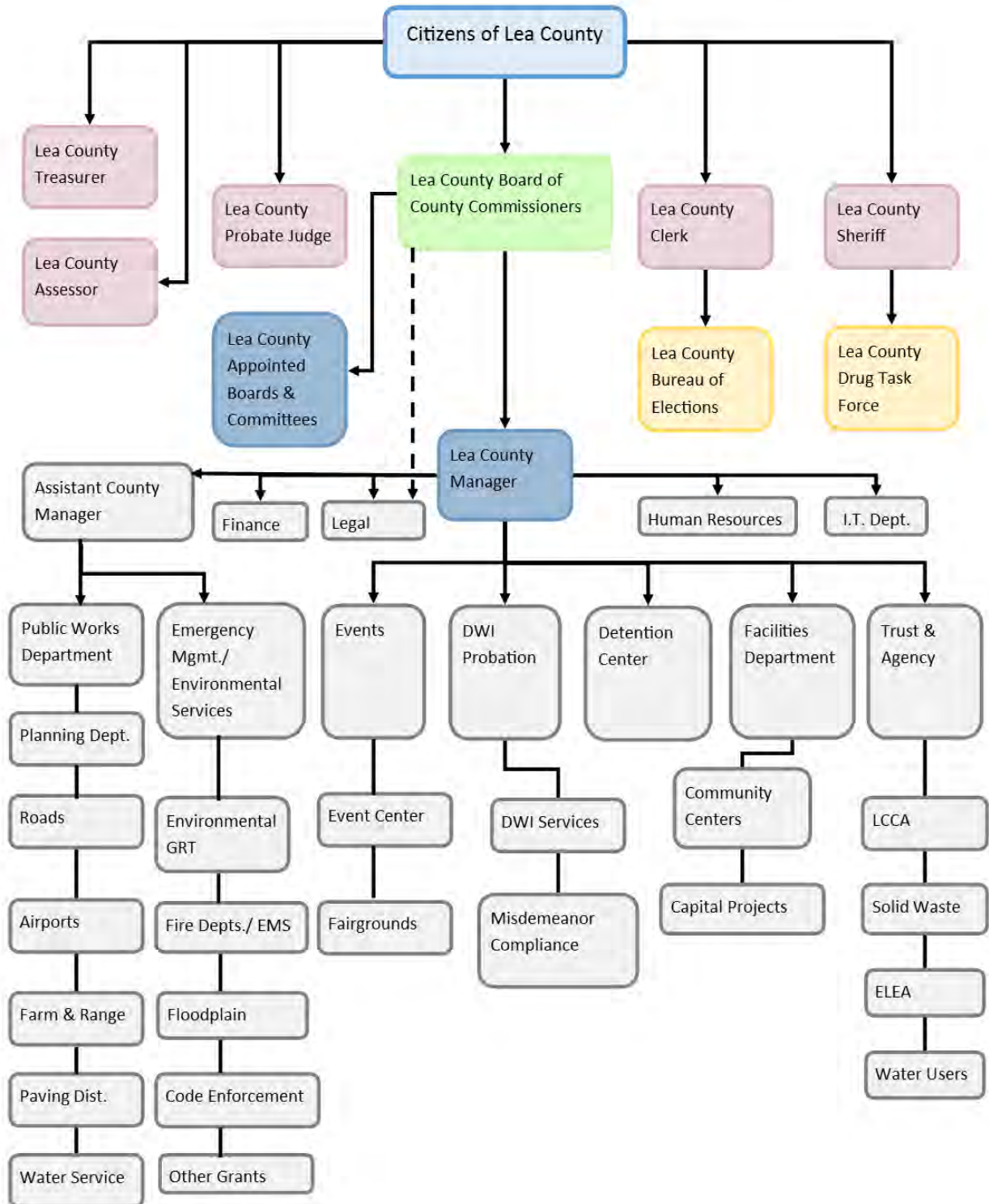
Monica Russell
Event Center Director



Jim Kemp
Fairgrounds General Manager



Lea County Organization Chart



Financial Section





Independent Auditors' Report

To Brian S. Colón, Esq.
New Mexico State Auditor

The County Commission
Lea County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Lea County, New Mexico (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of A Matter

As discussed in Note 23. To the financial statements, during the year ended June 30, 2021, the County adopted new accounting guidance, Government Accounting Standards Statement 84, Fiduciary Activities. The beginning balance of net position has been restated due to the implementation. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Schedules of the County's Proportionate Share of the Net Pension Liability and Net OPEB Liability*, and *Schedules of County Contributions* on pages 95-97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and

other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the other disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 29, 2021

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. Captain Lea was the first Mayor of Roswell and the father of the New Mexico Military Institute.



Lea County, New Mexico

Management Discussion and Analysis

June 30, 2021

As management of Lea County, we offer readers of Lea County's financial statements this narrative overview and analysis of the financial activities of Lea County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our [letter of transmittal](#), which can be found at the beginning of this report.

Financial Highlights

- The assets and deferred outflows of Lea County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$363,540,649 (*net position*). Of this amount, \$101,428,296 was reported as *unrestricted net position*.
- Total net position increased by \$55,932,055 due to the increase in revenue generated from increased activity in the oil and gas industry. The County has a history of conservative budgeting which recognizes the volatility of oil and gas revenue and the need for strong cash reserves.
- Total expenditures decreased by \$14,338,875 from the prior year due to cost cutting measures implemented during the Covid pandemic and subsequent oil price crash. The County did not issue any debt during the fiscal year and continues to be debt free.
- As of the close of the current fiscal year, Lea County's governmental funds reported combined ending fund balances of \$170,756,225, increasing \$45,859,491 from the prior year. Approximately 87.2% of this total fund balance amount, \$148,910,057, is available for spending at the government's discretion (*unrestricted fund balance*).
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$148,910,057, or more than 5x total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lea County's basic financial statements. Lea County's basic financial statements consist of three components: 1.) government-wide financial statements, 2.) fund financial statements, and 3.) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Lea County's finances, in a manner similar to the private-sector business. These statements consist of the statement of net position and the statement of activities.

The *Statement of Net Position* presents information on all of Lea County's assets and deferred outflows, liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of Lea County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Lea County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Lea County include general government, public safety, public works, health and welfare, culture and recreation, and environmental. Lea County has a water service system to provide water to industrial sites located in the County. During the current fiscal year, there were no businesses that were purchasing water from the County.

Lea County, New Mexico

Management Discussion and Analysis

June 30, 2021

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lea County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Lea County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The County has one proprietary fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Lea County maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road Fund, Indigent Fund and Detention Center Fund, all of which are considered to be major funds. Governmental fund balances are classified as *non-spendable, restricted, committed, assigned, or unassigned*. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report.

Lea County adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate budget compliance.

Proprietary and Internal Service Funds

Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. Lea County had one proprietary fund at the end of the current fiscal year.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Lea County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Lea County uses a fiduciary fund mainly to distribute property taxes, including oil and gas equipment and production taxes, collected on behalf of municipalities, schools, college and conservancy/irrigation/water districts.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Lea County, New Mexico

Management Discussion and Analysis

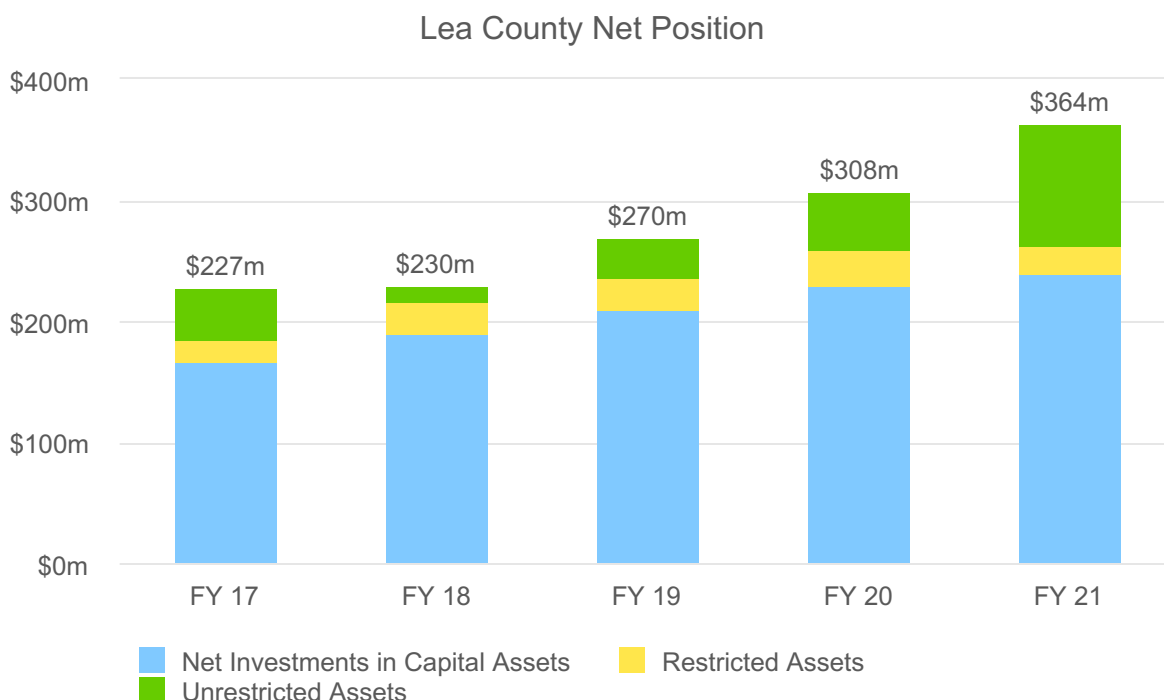
June 30, 2021

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that further support the information in the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lea County, total assets and deferred outflows exceeded liabilities and deferred inflows by \$363,540,649 at the close of the most current fiscal year. Below is a chart indicating the net position changes over the last five fiscal years.



In FY 21, 66.1% of Lea County's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding (net of unspent proceeds). Lea County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The amount over the net position is due to the required reporting of the County's proportion of net pension and OPEB liabilities totaling \$60.82 million at June 30, 2021. Although Lea County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should also be noted that Lea County has no outstanding debt at June 30, 2021.

Lea County, New Mexico
Management Discussion and Analysis
June 30, 2021

Lea County's Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Cash & Cash Equivalents	\$153,603,782	\$106,884,400	\$ 341,191	\$ 342,496	\$153,944,973	\$107,226,896
Investments	11,673,024	17,806,897	—	—	11,673,024	17,806,897
Receivables	10,584,939	4,039,288	—	—	10,584,939	4,039,288
Capital Assets	237,343,176	230,173,938	2,923,009	2,923,009	240,266,185	233,096,947
Total Assets	413,204,921	355,981,514	3,264,200	3,265,505	416,469,121	359,247,019
Deferred Outflows - Pension Related	15,307,242	8,599,634	—	—	15,307,242	8,599,634
Deferred Outflows - OPEB Related	5,284,088	2,845,206	—	—	5,284,088	2,845,206
Total Deferred Outflows	20,591,330	11,444,840	—	—	20,591,130	11,444,840
Current Liabilities	4,887,109	3,413,091	—	1,305	4,887,109	3,414,396
Long-term Liabilities	61,583,898	50,998,529	—	—	61,583,898	50,998,529
Total Liabilities	66,471,007	54,411,620	—	1,305	66,471,007	54,412,925
Deferred Inflows - Pension Related	350,270	1,006,707	—	—	350,270	1,006,707
Deferred Inflows - OPEB Related	6,698,525	7,663,633	—	—	6,698,525	7,663,633
Total Deferred Inflows	7,048,795	8,670,340	—	—	7,048,795	8,670,340
Net Investment in Capital Assets	237,343,176	227,250,929	2,923,009	2,923,009	240,266,185	230,173,938
Restricted Assets	21,846,168	29,971,111	—	—	21,846,168	29,971,111
Unrestricted Assets	101,087,105	47,122,354	341,191	341,191	101,428,296	47,463,545
Total Net Position	\$360,276,449	\$304,344,394	\$ 3,264,200	\$ 3,264,200	\$363,540,649	\$307,608,594

An additional portion of Lea County's net position, \$21,846,168, represents resources that are subject to external restrictions on how they may be used (restricted net position). The remaining balance of \$101,428,296 represents unrestricted net position.

Net position increased by \$55,932,055 representing a 18.18% increase from the prior fiscal year. That is in line with the 13.91% increase over last year increase of \$37,574,847. This is reflective of the County's commitment to conservative management.

Lea County, New Mexico

Management Discussion and Analysis

June 30, 2021

Governmental and Business-type Activities

The following table provides a summary of the County's operations for the year ended June 30, 2021.

Lea County's Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	
Revenues:							
Program Revenues							
Charges for Services	\$ 3,560,104	\$ 3,976,086	\$ —	\$ —	\$ 3,560,104	\$ 3,976,086	
Operating Grants & Contributions	5,874,933	5,883,342	—	—	5,874,933	5,883,342	
Capital Grants & Contributions	3,262,918	1,732,322	—	—	3,262,918	1,732,322	
General Revenue							
Property Taxes	26,487,711	21,546,626	—	—	26,487,711	21,546,626	
Oil & Gas Taxes	63,106,009	56,997,759	—	—	63,106,009	56,997,759	
Gross Receipts Taxes	15,504,127	23,048,517	—	—	15,504,127	23,048,517	
Gas/Motor Vehicle Taxes	297,959	263,467	—	—	297,959	263,467	
Sale of Capital Assets	—	—	—	—	—	—	
Payments in Lieu of Taxes	3,024,065	3,026,191	—	—	3,024,065	3,026,191	
Investment Earnings	521,104	1,508,323	—	—	521,104	1,508,323	
Miscellaneous	1,032,146	670,110	—	—	1,032,146	670,110	
Total Revenues	122,671,076	118,652,743	—	—	122,671,076	118,652,743	
Expenses:							
General Government	21,522,923	25,135,132	—	—	21,522,923	25,135,132	
Public Safety	24,644,412	30,084,368	—	—	24,644,412	30,084,368	
Culture & Recreation	1,930,907	3,397,402	—	—	1,930,907	3,397,402	
Health & Welfare	10,992,138	14,520,642	—	—	10,992,138	14,520,642	
Public Works	7,648,641	7,787,998	—	—	7,648,641	7,787,998	
Capital Outlay	—	—	—	—	—	—	
Interest - Long Term Debt	—	150,424	—	—	—	150,424	
Business Type Activities	—	—	—	1,930	—	1,930	
Total Expenses	66,739,021	81,075,966	—	1,930	66,739,021	81,077,896	
Change in Net Position	55,932,055	37,576,777	—	(1,930)	55,932,055	37,574,847	
Net Position Beginning	304,344,394	266,767,617	3,264,200	3,266,130	307,608,594	270,033,747	
Net Position Ending	\$ 360,276,449	\$ 304,344,394	\$ 3,264,200	\$ 3,264,200	\$ 363,540,649	\$ 307,608,594	

Governmental activities increased Lea County's net position by \$55,932,055. Key elements of this increase are as follows:

Revenues: Revenues in FY21 increased from FY20 by 3.39%.

- Property taxes increased by 22.93% to \$26,487,711. This is due to increased property values and more investment by oil and gas producers in facilities.
- Oil & Gas Production and Equipment Tax revenue increased by 10.71% to \$63,106,009. This is due to the increase in oil & gas production that resulted in Lea County becoming the #1 oil producing county in the nation.

Lea County, New Mexico

Management Discussion and Analysis

June 30, 2021

- Gross Receipts Tax Revenue (GRT) fell by \$7,544,390 to \$15,504,127, a decrease of 32.7%. This was due to the impact of the COVID-19 pandemic and the subsequent crash in oil prices. GRT in Lea County is highly dependent upon the oil rig count which fell from an average of 50 operating per month down to the teens.
- Payments in Lieu of Taxes (PILT) - PILTSS are composed of two types, federal and local. The federal government owns approximately 31% of the land in Lea County and has agreed to pay an annual PILT. The other type of PILT comprises payments due from companies that have agreed to a payment in lieu of taxes in order to invest in Lea County. PILTs received in 2021 were in line with those received in 2020.
- Other revenues decreased by \$590,691. This is mainly due to a lower investment income due to lower interest rates.

Although the year began in the depths of the COVID-19 pandemic and subsequent oil price crash, revenues rebounded at a much quicker pace than forecasted and resulted in a slight increase in overall revenue for the year when compared with 2020.

Expenses: Expenses decreased by 17.68% from the prior fiscal year.

- Due to the COVID-19 pandemic and subsequent oil price crash, Lea County was forced to make drastic cuts to operating expenditures. 36 open positions were frozen and no COLA or merit increases were allowed. All departments were charged with cutting 10-20% from operating budgets and to curtail operations.
- The County retired all outstanding debt in the prior year resulting in the elimination of interest expense..
- Lea County is required to remit 116% of Indigent Gross Receipts Taxes received in the prior year to the State of New Mexico to provide care for indigents in the state. GRT revenue decreased drastically during the early part of the pandemic resulting in a lower transfer to the state during the current year. This resulted in Health & Welfare expenditures to decrease by 24.2% to \$10,992,138.

Due to the uncertainty of the long-term impact on revenue caused by the pandemic and oil price crash, Lea County elected to decrease expenditures in all areas of the County budget. This resulted in a substantial decrease in County expenditures. Although the oil industry rebounded much sooner than forecasted which resulted in revenue returning to pre-pandemic levels, the County continued to maintain a conservative position on expenditures which resulted in a strong increase in net position at year end.

Business-type activities had no operating revenue or expenses in the current year. Lea County is developing an industrial park and has installed a water system to provide water to potential tenants. There were no businesses purchasing water from Lea County during the current fiscal year. The current net position includes \$2,923,009 of net capital investment in water system infrastructure.

Financial Analysis of the Government's Funds

As noted earlier, Lea County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Lea County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Lea County's financing requirements. In particular, unrestricted fund balance (consisting of committed, assigned, and unassigned balances) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Lea County's governmental funds reported combined ending fund balances of \$170,756,225, an increase of \$45,859,491 in comparison with the prior fiscal year's fund balance. The increase is attributable to the rebound in revenue from activity in the oil and gas industry and the rebound in oil production along with the budget cuts caused by the COVID-19 pandemic. Additionally, due to the volatility in the oil and gas industry and the potential for sudden price drops, the County is very conservative when budgeting and works to maintain substantial reserves.

Lea County, New Mexico

Management Discussion and Analysis

June 30, 2021

Approximately 87.2% of this total amount, or \$148,910,057 constitutes unrestricted fund balance which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for the following purposes: General Fund (\$7,542,266), Road (\$4,474,973), and other purposes (\$9,828,929). A detailed listing of governmental fund balances by classification in accordance with GASB 54 can be found in Note 1 – Summary of Significant Accounting Policies.

The General Fund is the chief operating fund of Lea County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$148,910,057, while total fund balance reached \$156,452,323. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents more than 5 times the total of General Fund expenditures.

The fund balance of the General Fund increased by \$52,497,341, primarily due to the increase in revenue associated with the oil and gas industry and conservative expense budgeting.

Major Funds

Other key governmental-type funds (major funds), other than the General Fund, include the Road Fund, Indigent Fund and the Detention Fund.

The **Road Fund** accounts for all of the revenues and expenditures of the County Road Department. Lea County maintains over 1,200 miles of roadways of which approximately 50% is paved. The County receives funding from the state to help offset the costs of road maintenance. During FY 21, Lea County invested more than \$10.7 million in reconstructing roads throughout the County.

The **Indigent Fund** accounts for the expenditures providing care for indigent persons in the County. The fund is funded by a 1/8th GRT increment that generated \$6,876,071 in FY 21. The County is required to remit two payments to the state each year that are based upon GRT received in the prior year. One remittance is a payment for Medicaid services of 50% of the prior year GRT received. The other remittance that is required is for the Safety Net Care Pool and is 66% of the prior year GRT received. Those required payments were \$4,201,792 and \$5,602,389, respectively. Lea County had to transfer \$3,550,448 from the General Fund to cover the required payments.

The **Lea County Detention Center** houses detainees being held for court appearances or serving short term sentences. Lea County also has agreements with other Counties to provide housing for prisoners as needed on a per diem basis. The Detention Center has an agreement with the federal government to house federal inmates on a temporary basis with a per diem basis. During the FY 21 fiscal year, the Detention Center had an operating deficit of \$6,838,900 that was covered by transfers from the General Fund.

General Fund Budgetary Highlights

During the fiscal year, the County Commission approved adjustments to the County's budget. The Finance Department strives to complete budget adjustments on an as needed basis to help keep the budget up-to-date and maintain services to the County. The General Fund's final amended revenue estimates were \$4,387,062 more than the original estimates and the expenditure budget was \$3,480,502 more than the original expenditure budget. The main budgetary highlights can be summarized as follows:

- The General Fund received more revenues from property taxes (mainly oil & gas taxes) than was originally budgeted due to increased oil production in the County and a faster than expected rebound in oil prices. The amount received in excess of the budget was \$49,297,380.
- General Fund expenditures were \$5,319,459 less than budgeted. Due to the level of activity and pay in the oil industry, the County has trouble maintaining full staffing levels. The County typically only expends about 90% of budgeted payroll. The Commission also budgets funding for projects with other local governments that may not come to fruition in the current year.

Lea County, New Mexico
Management Discussion and Analysis
June 30, 2021

Capital Asset and Debt Administration

Capital Assets

Lea County's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$237,343,176 (net of accumulated depreciation) as compared to \$227,250,929 in the prior fiscal year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, bridges and construction in progress. The County also has \$2,923,009 invested a water system that is accounted for in business-type activities.

Major capital asset projects completed during the current fiscal year included the following:

- Completion of the Lea Regional Airport Terminal expansion project at a cost of \$7,898,238.
- Reconstruction project on the apron area at Lea Regional Airport at a cost of \$1,300,028.
- Expansion of the parking area at Lea Regional Airport at a cost of \$709,057.
- Remodel and expansion of the Sheriff's Office at a cost of \$1,566,586.
- Completion of the new Lea County Judicial Complex at a cost of \$41,202,326.
- Completion of the General Services Building at the Fairgrounds at a cost of \$3,026,676.
- Campbell/Red Road Reconstruction at a cost of \$3,950,037.

	Lea County's Capital Assets (net of depreciation)				Total FY 21	Total FY 20
	Governmental Activities		Business-Type Activities			
	FY 21	FY 20	FY 21	FY 20		
Buildings	\$99,177,493	\$50,248,969	\$0	\$0	\$99,177,493	\$50,248,969
Infrastructure	99,097,858	94,811,262	—	—	99,097,858	94,811,262
Land	9,519,442	9,519,442	—	—	9,519,442	9,519,442
Machinery & Equipment	8,540,950	5,301,521	—	—	8,540,950	5,301,521
Other Improvements	4,818,092	5,105,698	—	—	4,818,092	5,105,698
Vehicles	6,821,723	6,839,650	—	—	6,821,723	6,839,650
Water Rights	—	—	575,000	575,000	575,000	575,000
Construction in Progress	9,367,618	55,424,387	2,348,009	2,348,009	11,715,627	57,772,396
Total	\$237,343,176	\$227,250,929	\$2,923,009	\$2,923,009	\$240,266,185	\$230,173,938

Additional information on Lea County's capital assets can be found in Note 10 - Changes in Capital Assets.

Lea County, New Mexico

Management Discussion and Analysis

June 30, 2021

Long-Term Debt

Lea County had no outstanding debt during the FY 21 fiscal year and has no plans to issue any debt during FY 22.

More information concerning outstanding debt and compensated absences can be found in Note 11.

Credit Ratings

At the time of retirement, Lea County's Series 2013 Refunding Bonds were rated A1 by Moody's.

Debt Limitations

New Mexico state statutes limit the amount a county may issue in general obligations bonds to 4% of the total assessed value of the property within the county. Lea County's total assessed value at the close of the current fiscal year was \$7,334,490,186. Thus, Lea County's legal debt limit is \$293.38 million. Lea County had no general obligations bonds outstanding at the close of the current fiscal year.

Economic Factors and Next Year's Budget and Tax Rates

- The rebound in oil price and production following the COVID-19 pandemic allowed the County to raise General Fund revenue estimates by approximately 23% for the FY 22 budget. However, the current political climate focusing on the elimination of fossil fuels places a large degree of uncertainty in future revenue streams. Therefore, the County maintains a very conservative approach to budgeting and long-term planning.
- The implemented property tax rate continues to be \$10.60 per thousand dollars of valuation.
- The sales tax rate from July 1, 2020 to June 30, 2021 remained at 5.50%. Lea County shares the lowest rate of any County in the state with one other County.
- Oil and gas revenues were budgeted at 41% of the FY 21 actual revenue received. Although revenues rebounded substantially over the course of FY 21, the current economic and political environment pertaining to the oil and gas industry forces the County to remain cautious with revenue estimates. The oil and gas industry is very volatile and subject to global political and economic factors outside the control of Lea County.
- The County Commission approved a 2% COLA and a 3% merit raise for all County employees for the FY 22 budget year. The County continues to maintain 36 frozen positions and will continue to monitor the current economic situation with plans to review staffing as the year progresses.
- The County continues to maintain the same level of benefits for employees in FY 22. Health insurance premiums are paid 95% by the County and 5% by the employer for family coverage. The County pays 100% of employee coverage. The County also pays 100% of the employer share of retirement contributions along with 50% of the employee share.
- The County has been notified by the U.S. Treasury that it has been awarded almost \$14 million in American Recovery Plan Act funding. The County is working on plans on how best to utilize that funding in the coming fiscal period.
- All of these factors were considered in preparing Lea County's operating budget for the 2021 fiscal year as well as planning for the FY 22 budget process and beyond.

Lea County, New Mexico
Management Discussion and Analysis
June 30, 2021

Requests for information

This financial report is designed to provide a general overview of Lea County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lea County Finance Director, 100 N. Main Ave., Lovington, NM 88260.

Basic Financial Statements



Government-Wide Financial Statements



STATE OF NEW MEXICO
LEA COUNTY
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current:</i>			
Cash and cash equivalents	\$ 153,603,782	341,191	153,944,973
Investments	11,673,024	-	11,673,024
Property tax receivables	552,996	-	552,996
Due from other governments	9,614,134	-	9,614,134
Other receivables	417,809	-	417,809
<i>Total current assets</i>	<u>175,861,745</u>	<u>341,191</u>	<u>176,202,936</u>
<i>Noncurrent assets:</i>			
Capital assets, net accumulated depreciation	237,343,176	2,923,009	240,266,185
<i>Total noncurrent assets</i>	<u>237,343,176</u>	<u>2,923,009</u>	<u>240,266,185</u>
<i>Total assets</i>	<u>413,204,921</u>	<u>3,264,200</u>	<u>416,469,121</u>
DEFERRED OUTFLOWS			
Pension related	15,307,242	-	15,307,242
OPEB related	5,284,088	-	5,284,088
<i>Total deferred outflows</i>	<u>20,591,330</u>	<u>-</u>	<u>20,591,330</u>
<i>Total assets and deferred outflows</i>	<u>\$ 433,796,251</u>	<u>3,264,200</u>	<u>437,060,451</u>

STATE OF NEW MEXICO
LEA COUNTY
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	3,889,226	-	3,889,226
Accrued payroll liabilities	744,805	-	744,805
Current portion of compensated absences	253,078	-	253,078
<i>Total current liabilities</i>	<u>4,887,109</u>	<u>-</u>	<u>4,887,109</u>
<i>Noncurrent liabilities:</i>			
Long term portion of compensated absences	759,234	-	759,234
Net pension liability	44,816,747	-	44,816,747
Net OPEB liability	16,007,917	-	16,007,917
<i>Total noncurrent liabilities</i>	<u>61,583,898</u>	<u>-</u>	<u>61,583,898</u>
<i>Total liabilities</i>	<u>66,471,007</u>	<u>-</u>	<u>66,471,007</u>
DEFERRED INFLOWS			
Pension related	350,270	-	350,270
OBEP related	6,698,525	-	6,698,525
<i>Total deferred inflows</i>	<u>7,048,795</u>	<u>-</u>	<u>7,048,795</u>
NET POSITION			
Net investment in capital assets	237,343,176	2,923,009	240,266,185
Restricted for:			
Special revenues	21,846,168	-	21,846,168
Debt Service	-	-	-
Unrestricted	101,087,105	341,191	101,428,296
<i>Total net position</i>	<u>360,276,449</u>	<u>3,264,200</u>	<u>363,540,649</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 433,796,251</u>	<u>3,264,200</u>	<u>437,060,451</u>

STATE OF NEW MEXICO
LEA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 21,522,923	1,775,195	875,649	-
Public safety	24,644,412	1,706,730	2,576,590	-
Culture and recreation	1,930,907	9,939	-	-
Health and welfare	10,992,138	-	-	-
Public works	7,648,641	68,240	2,422,694	3,262,918
Capital Outlay	-	-	-	-
Interest relating to long-term debt	-	-	-	-
Total Governmental Activities	66,739,021	3,560,104	5,874,933	3,262,918
Business-type Activities:				
Water service proprietary fund	-	-	-	-
Total Business-type Activities	-	-	-	-
	\$ 66,739,021	3,560,104	5,874,933	3,262,918

General Revenues:

Property taxes
Payment in lieu of taxes
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position - beginning as previously stated

Net position - ending

**Net (Expenses) Revenues and
Changes in Net Position
Primary Government**

Governmental Activities	Business-type Activities	Total
(18,872,079)	-	(18,872,079)
(20,361,092)	-	(20,361,092)
(1,920,968)	-	(1,920,968)
(10,992,138)	-	(10,992,138)
(1,894,789)	-	(1,894,789)
-	-	-
-	-	-
<u>(54,041,066)</u>	<u>-</u>	<u>(54,041,066)</u>
-	-	-
-	-	-
<u>(54,041,066)</u>	<u>-</u>	<u>(54,041,066)</u>
105,025,979	-	105,025,979
3,024,065	-	3,024,065
521,104	-	521,104
1,401,973	-	1,401,973
<u>109,973,121</u>	<u>-</u>	<u>109,973,121</u>
55,932,055	-	55,932,055
<u>304,344,394</u>	<u>3,264,200</u>	<u>307,608,594</u>
<u>\$ 360,276,449</u>	<u>3,264,200</u>	<u>363,540,649</u>

Lea County, the southeastern-most county of New Mexico's 33 counties, is situated on the far western edge of the Llano Estacado. Southern New Mexico represents the best of the "high desert," with its blue skies and warm sunshine.



Fund Financial Statements



STATE OF NEW MEXICO
LEA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund 401	Road 402	Indigent Fund 406
ASSETS			
<i>Current:</i>			
Cash and temporary investments	\$ 138,572,968	4,831,927	1,554,191
Investments	11,572,879	-	-
Receivables			
Property taxes receivable	552,996	-	-
Receivable from other governments	7,322,811	107,851	661,803
Other receivables	389,194	-	-
<i>Total current assets</i>	<u>\$ 158,410,848</u>	<u>4,939,778</u>	<u>2,215,994</u>
LIABILITIES AND FUND BALANCE			
<i>Current liabilities:</i>			
Accounts payable	\$ 1,020,290	410,882	1,400,837
Accrued payroll liabilities	466,746	53,923	-
<i>Total current liabilities</i>	<u>1,487,036</u>	<u>464,805</u>	<u>1,400,837</u>
DEFERRED INFLOWS			
Unavailable revenue	471,489	-	-
<i>Total deferred inflows</i>	<u>471,489</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)			
Nonspendable:			
Restricted	7,542,266	4,474,973	815,157
Unassigned	148,910,057	-	-
<i>Total fund balance (deficit)</i>	<u>156,452,323</u>	<u>4,474,973</u>	<u>815,157</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 158,410,848</u>	<u>4,939,778</u>	<u>2,215,994</u>

See Notes to Financial Statements

Detention Facility 418	Nonmajor Governmental Funds	Total Governmental Funds
1,184,777	7,459,919	153,603,782
-	100,145	11,673,024
-	-	552,996
150,526	1,371,143	9,614,134
9,890	18,725	417,809
<u>1,345,193</u>	<u>8,949,932</u>	<u>175,861,745</u>
77,119	980,098	3,889,226
158,178	65,958	744,805
<u>235,297</u>	<u>1,046,056</u>	<u>4,634,031</u>
-	-	471,489
-	-	471,489
1,109,896	7,903,876	21,846,168
-	-	148,910,057
<u>1,109,896</u>	<u>7,903,876</u>	<u>170,756,225</u>
<u>1,345,193</u>	<u>8,949,932</u>	<u>175,861,745</u>

STATE OF NEW MEXICO
LEA COUNTY
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 170,756,225
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	237,343,176
Defined benefit pension and OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	20,591,330
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Property taxes	471,489
Long-term liabilities, are not due in the current period and, therefore, are not reported in the funds	
Net pension liability	(44,816,747)
Net OPEB liability	(16,007,917)
Compensated absences	(1,012,312)
Defined benefit pension and OPEB plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,048,795)</u>
Total net position	\$ <u><u>360,276,449</u></u>

Today, Lea County flourishes not only in oil and gas, renewable energy and nuclear industry, but also in agriculture, cattle, the dairy industry, and is the home to a state correctional institution.



LEA COUNTY
DETENTION CENTER

LEA COUNTY
Lea
DETENTION CENTER

STATE OF NEW MEXICO
LEA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund 401	Road 402	Indigent Fund 406
<i>Revenues:</i>			
Property, sales, and miscellaneous taxes	\$ 98,349,222	-	6,875,651
Payment in lieu of taxes	3,024,065	-	-
Licenses and permits	105,142	-	-
Intergovernmental:			
Federal	35,464	495,903	-
State	840,185	1,720,449	-
Charges for services	890,612	-	-
Investment earnings	521,104	-	-
Miscellaneous	1,165,107	2,057	420
<i>Total revenues</i>	<u>104,930,901</u>	<u>2,218,409</u>	<u>6,876,071</u>
<i>Expenditures:</i>			
Current			
General government	16,239,197	-	-
Public safety	11,754,050	-	-
Culture and recreation	-	-	-
Health and welfare	816,189	-	10,198,959
Public works	-	3,059,148	-
Capital outlay	-	10,747,727	-
<i>Total expenditures</i>	<u>28,809,436</u>	<u>13,806,875</u>	<u>10,198,959</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>76,121,465</u>	<u>(11,588,466)</u>	<u>(3,322,888)</u>
<i>Other financing sources (uses):</i>			
Transfers in	-	14,700,000	3,550,448
Transfers out	(23,624,124)	-	-
<i>Total other financing sources (uses)</i>	<u>(23,624,124)</u>	<u>14,700,000</u>	<u>3,550,448</u>
 Net change in fund balances	 52,497,341	 3,111,534	 227,560
Fund balances (deficit)- beginning of year	<u>103,954,982</u>	<u>1,363,439</u>	<u>587,597</u>
Fund balances (deficit) - end of year	<u>\$ 156,452,323</u>	<u>4,474,973</u>	<u>815,157</u>

See Notes to Financial Statements

Detention Facility 418	Nonmajor Governmental Funds	Total Governmental Funds
-	-	105,224,873
-	-	3,024,065
-	117,027	222,169
-	2,275,961	2,807,328
125,686	3,644,203	6,330,523
1,590,270	1,079,222	3,560,104
-	-	521,104
183	54,895	1,222,662
<u>1,716,139</u>	<u>7,171,308</u>	<u>122,912,828</u>
18,120	1,138,441	17,395,758
8,280,741	3,068,109	23,102,900
-	1,912,726	1,912,726
-	-	11,015,148
-	857,049	3,916,197
256,178	8,706,703	19,710,608
<u>8,555,039</u>	<u>15,683,028</u>	<u>77,053,337</u>
<u>(6,838,900)</u>	<u>(8,511,720)</u>	<u>45,859,491</u>
7,725,486	11,945,000	37,920,934
-	(14,296,810)	(37,920,934)
<u>7,725,486</u>	<u>(2,351,810)</u>	<u>-</u>
886,586	(10,863,530)	45,859,491
<u>223,310</u>	<u>18,767,406</u>	<u>124,896,734</u>
<u>1,109,896</u>	<u>7,903,876</u>	<u>170,756,225</u>

**STATE OF NEW MEXICO
LEA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ 45,859,491
Net pension expense	(332,452)
Net OBEP expense	525,481

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures	19,684,051
Depreciation expense	(9,548,941)
Loss on disposal of capital assets	(42,863)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in unearned revenue related to the property taxes receivable	(198,894)
Increase in accrued compensated absences	(13,818)
Principal payments on notes	-

Change in net position	\$ <u><u>55,932,055</u></u>
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STATE OF NEW MEXICO
 LEA COUNTY
 GENERAL FUND (401)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ 40,449,996	41,675,315	92,038,416	50,363,101
Payment in lieu of taxes	2,900,000	2,900,000	3,024,065	124,065
Licenses and permits	50,250	50,250	105,142	54,892
Intergovernmental:				
Federal	-	37,397	35,464	(1,933)
State and local	407,900	472,865	840,185	367,320
Charges for services	381,000	430,225	890,612	460,387
Investment earnings	487,025	487,025	521,104	34,079
Miscellaneous	259,480	3,269,636	1,165,107	(2,104,529)
<i>Total revenues</i>	<u>44,935,651</u>	<u>49,322,713</u>	<u>98,620,095</u>	<u>49,297,382</u>
Expenditures				
Current				
General government	17,033,407	19,903,402	15,759,870	4,143,532
Public safety	12,324,784	12,853,363	11,754,050	1,099,313
<i>Total expenditures</i>	<u>30,169,066</u>	<u>33,649,568</u>	<u>28,330,109</u>	<u>5,319,459</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>14,766,585</u>	<u>15,673,145</u>	<u>70,289,986</u>	<u>54,616,841</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	68,114,497	69,137,414	(23,624,124)	(92,761,538)
<i>Total other financing sources (uses)</i>	<u>68,114,497</u>	<u>69,137,414</u>	<u>(23,624,124)</u>	<u>(92,761,538)</u>
Net changes in fund balances	\$ <u>82,881,082</u>	<u>84,810,559</u>	46,665,862	<u>(38,144,697)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			6,310,806	
Adjustments to expenditures			(479,327)	
Net Change in Fund Balances (GAAP Basis)			\$ <u>52,497,341</u>	

STATE OF NEW MEXICO
LEA COUNTY
ROAD FUND (402)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Intergovernmental				
Federal	-	-	495,903	495,903
State	1,931,070	1,931,070	1,703,292	(227,778)
Miscellaneous	-	-	2,057	2,057
<i>Total revenues</i>	<u>1,931,070</u>	<u>1,931,070</u>	<u>2,201,252</u>	<u>270,182</u>
Expenditures				
Current				
Public works	4,021,030	4,021,030	2,688,766	1,332,264
Capital outlay	12,591,168	13,211,168	10,747,727	2,463,441
<i>Total expenditures</i>	<u>16,612,198</u>	<u>17,232,198</u>	<u>13,436,493</u>	<u>3,795,705</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(14,681,128)</u>	<u>(15,301,128)</u>	<u>(11,235,241)</u>	<u>4,065,887</u>
Other financing sources (uses):				
Transfers in	14,734,952	15,434,952	14,700,000	(734,952)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>14,734,952</u>	<u>15,434,952</u>	<u>14,700,000</u>	<u>(734,952)</u>
Net changes in fund balances	\$ <u>53,824</u>	<u>133,824</u>	<u>3,464,759</u>	<u>3,330,935</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			17,157	
Adjustments to expenditures			(370,382)	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 3,111,534</u>	

STATE OF NEW MEXICO
LEA COUNTY
INDIGENT FUND (406)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ 2,500,072	2,500,072	6,696,275	4,196,203
Miscellaneous	500	500	420	(80)
<i>Total revenues</i>	<u>2,500,572</u>	<u>2,500,572</u>	<u>6,696,695</u>	<u>4,196,123</u>
Expenditures				
Current				
Health and welfare	11,928,000	12,016,000	8,798,202	3,217,798
<i>Total expenditures</i>	<u>11,928,000</u>	<u>12,016,000</u>	<u>8,798,202</u>	<u>3,217,798</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,427,428)</u>	<u>(9,515,428)</u>	<u>(2,101,507)</u>	<u>7,413,921</u>
Other financing sources (uses):				
Transfers in	9,450,000	9,450,000	3,550,448	(5,899,552)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,450,000</u>	<u>9,450,000</u>	<u>3,550,448</u>	<u>(5,899,552)</u>
Prior year cash required to balance budget	105,250	105,250	-	(105,250)
Net changes in fund balances	<u>\$ 127,822</u>	<u>39,822</u>	<u>1,448,941</u>	<u>1,409,119</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			179,376	
Adjustments to expenditures			(1,400,757)	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 227,560</u>	

STATE OF NEW MEXICO
 LEA COUNTY
 DETENTION FACILITY - SPECIAL REVENUE FUND (418)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	150,000	150,000	125,686	(24,314)
Charges for services	1,783,212	1,783,212	1,491,237	(291,975)
Miscellaneous	500	500	183	(317)
<i>Total revenues</i>	<u>1,933,712</u>	<u>1,933,712</u>	<u>1,617,106</u>	<u>(316,606)</u>
Expenditures				
Current				
General government	100,000	100,000	18,120	81,880
Public safety	9,246,453	9,815,923	8,437,658	1,378,265
Capital outlay	5,600,000	5,600,000	256,178	5,343,822
<i>Total expenditures</i>	<u>14,846,453</u>	<u>15,515,923</u>	<u>8,711,956</u>	<u>6,803,967</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,912,741)</u>	<u>(13,582,211)</u>	<u>(7,094,850)</u>	<u>6,487,361</u>
Other financing sources (uses):				
Transfers in	13,200,000	13,200,000	7,725,486	(5,474,514)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,200,000</u>	<u>13,200,000</u>	<u>7,725,486</u>	<u>(5,474,514)</u>
Prior year cash balance budgeted	<u>504,804</u>	<u>504,804</u>	-	(504,804)
Net changes in fund balances	<u>\$ 792,063</u>	<u>122,593</u>	<u>630,636</u>	<u>508,043</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			99,033	
Adjustments to expenditures			<u>156,917</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 886,586</u>	

STATE OF NEW MEXICO
LEA COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2021

Water Service
Enterprise Fund (675)

ASSETS

Current Assets

Cash and cash equivalents

\$ 341,191

Total current assets

341,191

Noncurrent Assets

Capital assets:

Land and improvements, not being depreciated

575,000

Construction in progress, not being depreciated

2,348,009

Total noncurrent assets

2,923,009

Total assets

3,264,200

LIABILITIES

Current Liabilities

Accounts payable

-

Other liabilities

-

Total liabilities

-

NET POSITION

Net investment in capital assets

2,923,009

Unrestricted

341,191

Total net position

\$ 3,264,200

STATE OF NEW MEXICO
 LEA COUNTY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET POSITION - PROPRIETARY FUND
 Year Ended June 30, 2021

	Water Service Enterprise Fund (675)
Operating Revenues	
Charges for services	\$ -
Total operating revenues	-
Operating Expenses	
Operating expenses	-
Total operating expenses	-
(Loss) income before contributions and transfers	-
Transfers	
Transfers, out	-
Change in net position	-
Net position, beginning of year	3,264,200
Net position, end of year	\$ 3,264,200

STATE OF NEW MEXICO
LEA COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2021

	Water Service Enterprise Fund (675)
Cash Flows From Operating Activities	
Cash received from customers and others	\$ -
Cash paid for goods and services	(1,305)
Net cash provided by operating activities	<u>(1,305)</u>
Cash Flows From Non-Capital Financing	
Activities Operating transfers, net	-
Net cash used by non-capital financing activities	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(1,305)
Cash and restricted cash and cash equivalents, beginning of year	<u>342,496</u>
Cash and restricted cash and cash equivalents, end of year	<u><u>\$ 341,191</u></u>
Reconciliation of Operating (Loss) Income to Net	
Cash Provided by Operating Activities	
Operating (loss) income	\$ -
Adjustments to operating (loss) income to	
net cash provided by operating activities:	
Change in assets and liabilities:	
Capital assets	-
Accounts payable	(1,305)
Net cash provided by operating activities	<u><u>\$ (1,305)</u></u>

STATE OF NEW MEXICO
 LEA COUNTY
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2021

	Balance June 30, 2021
ASSETS	
Cash and cash equivalents	\$ 25,998,720
Property taxes receivable	<u>1,387,108</u>
<i>Total assets</i>	\$ <u><u>27,385,828</u></u>
NET POSITION	
Net position	\$ <u>27,385,828</u>
<i>Total net position</i>	\$ <u><u>27,385,828</u></u>

STATE OF NEW MEXICO
 LEA COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial Funds</u>
Increases	
Taxes collected on behalf of taxing entities	\$ 198,128,775
Bonds received	7,590
Inmate funds received	614,172
Communication fees	2,863,718
Solid waste fees	3,612,529
Treasurer fees	283,461
County clerk fees	<u>668,349</u>
<i>Total increases</i>	<u>206,178,594</u>
 Decreases	
Taxes disbursed to taxing entities	193,201,796
Bonds refunded	7,893
Inmate disbursements	595,971
Operational expenses	<u>5,963,524</u>
<i>Total decreases</i>	<u>199,769,184</u>
 <i>Net increase (decrease) in fiduciary net position</i>	 <u>6,409,410</u>
 Net positions, beginning	 -
Prior period adjustment (Note 23)	<u>20,976,418</u>
Net positions, beginning as restated	<u>20,976,418</u>
 Net positions, ending	 \$ <u><u>27,385,828</u></u>

See Notes to Financial Statements

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lea County (the County), New Mexico was created in accordance with Section 40-3-1 NMSA 1978 Compilation on September 25, 1916. The powers of the County are exercised by an elected Board of County Commissioners. During general elections in the State of New Mexico, a County Treasurer, County Clerk, Probate Judge, County Sheriff, County Assessor, and County Commissioners are elected. The County is operated by a County Manager, who is appointed by the County Commissioners.

The County assesses, collects, and distributes all property taxes, records property, and legal documents, provides law enforcement services, health and social services, culture and recreation, tourist promotion and maintains County roads.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise financial accountability. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Lea County Fair Board

The Lea County Fair Board is appointed by the Lea County Commissioners. The Lea County Commissioners provide facilities for the annual fair and rodeo and the finances required over and above the resources provided by the fair and rodeo. The operations of the fairgrounds are incorporated into the general fund of the County and reported therein. The County does not have any component units.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report, except for County fiduciary funds, information on all of the activities of the County. The effect of interfund transfers and other internal activity has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental Activities are supported mainly by taxes and intergovernmental revenues and are reported separately from the business-type activities, which are supported by fees and charges for services provided.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund meets the criteria as a major governmental fund. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include other Special Revenue, Capital Projects, Debt Service and Permanent funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented within Combining and Individual Fund Statements and Schedules.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue, and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met. Derived tax revenues are recognized when the underlying exchange transaction takes place.

Revenues are classified as program revenues and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, and grants not restricted to specific programs and investment earnings.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund-level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unearned revenue. Those revenues susceptible to accrual include interest revenues, franchise taxes, gross receipts taxes, charges for services, and grants from other governments.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Indirect expenses of the County are not allocated among functional activities on the statement of activities on the government-wide presentation. Instead, depreciation and other indirect expenses are reported as a part of general government, and interest on long-term debt is reported as a separate line item.

The County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The County reports deferred inflows of resources in the government wide financial statements for inflows received, but not recognized as revenue until future years subject to time restrictions. In the governmental funds, the County recognizes deferred inflows of resources for property taxes and time restricted grants that are not considered available.

The government reports the following major governmental funds:

The General Fund (401) is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues, and investment of idle funds. Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

The Road Fund (402) is used to account for funds used to maintain County roads, included but not limited to administration, operation, maintenance, and capital outlay. Authorized by sections 6-623, 7-1-6-19, 67-3-82.2, and Chapter 113, Laws of 1992, NMSA.

The Indigent Fund (406) is used to account for the payment of indigent hospital costs. Financing is provided by gross receipts tax and is restricted to indigent claims as authorized by Section 27-5-5, NMSA 1978 and County policy.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

The Detention Facility Fund (418) is used to account for the revenues and expenditures related to the operation of the Lea County Detention Center. This fund is authorized by Resolution No. 14-JUL-030R.

Other fund types include proprietary funds and fiduciary funds, which are considered as non-major funds. Non-major funds include special revenue funds, capital projects funds, debt service funds and permanent funds.

Proprietary funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The County reports the following proprietary fund types:

The Water Service Enterprise Fund (675) is used to account for provision of water and sewer services for which a fee is charged to external users for goods. The activity reported in this fund is reported as business-type activity in the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Service Enterprise fund includes charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County has only custodial funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds. Custodial funds do not involve a formal trust agreement.

Budgetary Information

Budgets are adopted on the cash basis, which is not in accordance with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, debt service, permanent funds, and proprietary funds. All annual appropriations lapse at the fiscal year-end.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information (Continued)

The County Manager is responsible for preparing the budget from requests submitted by department directors. The preliminary budget is submitted to a budget committee for approval and then the comprehensive budget package is brought before the County Commissioners for approval by resolution.

The proposed budget is then submitted by June 1 to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a preliminary budget by July 1 with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding.

Increases or decreases in the budget of a fund or transfers of appropriations between funds must be presented to the County Commission for approval by resolution and must subsequently have DFA approval. Amendments made to the original budget are included in the budgetary comparison statements of this report, which reflect actual to budget. Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level.

The following funds do not have legally adopted budgets:

Correction Fees – 415	Revolving Loan Fund - 421
Paving Districts – 416	Tire Recycling - 426
Jal CDBG Wastewater – 433	

Cash and Cash Equivalents

Cash and cash equivalents in the financial statements, including the statement of cash flows presented for proprietary funds, includes amounts on demand deposits, as well as short-term investments with a maturity date within twelve months of the date acquired by the County.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the County is required to collateralize an amount equal to one-half of the public money in excess of insured funds at each financial institution. Deposits in overnight repurchase agreements are required to be covered by pledged collateral equal to 102% of the deposit. All of the County's depositories were in compliance with collateral requirements.

Receivables and Payables

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time eligibility requirements established by the provider have been met.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (Continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible amounts.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources." Immaterial amounts of inventory are not recorded by the County. Inventory items are expensed when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, software and infrastructure assets are reported in the government-wide financial statements. Capital assets such as equipment are defined, per Section 12-6-10 NMSA 1978, as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned roads and bridges. Information technology equipment, including software, is capitalized in accordance with NMAC 2.20.1.9 C (5).

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	50
Buildings	25-40
Landfill	25
Roads	25
Equipment and Furniture	5-15
Vehicles	5-15
Computer Hardware	5

The County has retroactively reported all major general infrastructure assets in accordance with GASB 34.

Compensated Absences

A liability for unused vacation and sick time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- 1) Leave or compensation is attributable to services already rendered
- 2) Leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements.

The County's permanent, full-time employees accrue 3.75 hours of vacation per pay period (biweekly) from date of employment to five years of service, 4.75 hours per pay period from 6 years to 10 years of service, 5.75 hours per pay period from 11 years to 15 years of service, and 6.75 hours per pay period for 16 or greater years of continuous employment. Upon termination from County employment, an employee shall be entitled to payment of up to 240 hours of accrued but unused hours of vacation.

The County's permanent, full-time employees accrue sick leave at the rate of eight 3.75 hours per pay period (biweekly) from date of employment to 10 years of service and 4.75 hours per pay period for 11 or greater years of continuous employment. Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who terminates employment of the County shall receive no compensation for accrued sick leave. Amounts of accrued vacation leave are accrued in the government-wide financial statements.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under the governmental activities statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position includes net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets, consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position are balances with constraints placed on their use that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. A further classification of restricted net position exists for those balances included in permanent endowments or permanent fund principal amounts. These net balances are classified as either expendable or nonexpendable. Nonexpendable net position includes those that are required to be retained in perpetuity. Unrestricted net position consists of net balances that do not meet the definition of "restricted" or "invested in capital assets."

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring and non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets

Restricted assets are assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2021.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

1. **Non-spendable Fund Balance:** Non spendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories or fixed assets) or is legally marked for a specific use.
2. **Restricted Fund Balance:** Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.
3. **Committed Fund Balance:** Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Lea County Board of Commissioners.
4. **Assigned Fund Balance:** Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Lea County Manager or designee. Such assignment may change and may never be budgeted or may result in expenditures in future periods of time.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. **Unassigned Fund Balance:** Unassigned fund balance shall include amounts available for any legal purpose. The unassigned fund balance shall be the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

Lea County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category on the government-wide statement of net position. It is the County's contributions subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period. This will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four items, of which one item, deferred property taxes, arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property taxes, is reported only in the governmental funds balance sheet. Grants restricted by time are reported in the government-wide statement of net position and in the governmental fund's financial statements. Net difference between projected and actual investment earnings on pension plan investments and the change of assumptions related to the pension plan are also deferred inflows. These amounts will be amortized and recognized in future years.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. CASH AND CASH EQUIVALENTS

The County utilizes pooled accounts for their funds. The general, special revenue and custodial funds are all in one account and the capital projects and debt service funds are in their own accounts. Separate accounts also exist for the county clerk, probate clerk, inmate trust, and detention bond, related funds.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one-half of the amount on deposit with the institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, County, or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the County. Time deposits, savings deposits, and interest-bearing accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate.

At June 30, 2021, the financial institution balances of the County's unrestricted deposits were \$181,337,652 including cash held as fiduciary of \$25,998,720. Total cash and cash equivalents balance per the financial institutions of \$31,757,780 consisted of demand deposits, repurchase agreements and certificates of deposit and \$156,402,751 is a money market held by a brokerage firm. Of the demand deposits and certificates of deposit, \$1,500,000 was covered by federal depository insurance and

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

\$25,699,235 was covered by collateral held in joint safekeeping by a third party. A money market account of \$156,402,751 was held at a brokerage firm and is covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000.

	Lea County State Bank	First American Bank	Pioneer Bank	Wells Fargo Bank	Western Commerce Bank	Total
Deposits in Bank						
Cash deposits	\$ 201,814	-	-	6,039,962	-	6,241,776
Repurchase agreements	-	-	-	6,822,879		6,822,879
CDs	9,343,125	3,000,000	2,000,000	-	4,350,000	18,693,125
Total amounts on deposit	9,544,939	3,000,000	2,000,000	12,862,841	4,350,000	31,757,780
Less: FDIC insurance	(250,000)	(250,000)	(250,000)	(500,000)	(250,000)	(1,500,000)
Total uninsured public funds	9,294,939	2,750,000	1,750,000	12,362,841	4,100,000	30,257,780
Collateral requirement – 50%	4,647,470	1,375,000	875,000	3,019,981	2,050,000	11,967,451
Collateral requirement – 102%	-	-	-	6,959,337	-	6,959,337
Total required collateralization	\$ 4,647,470	1,375,000	875,000	9,979,318	2,050,000	18,926,788
Amount collateralized	\$ 6,916,105	2,750,000	1,386,446	12,362,841	2,283,843	25,699,235

Total amounts on deposit at financial institutions	\$ 31,757,780
Less: Repurchase	(6,822,879)
Money market held at brokerage firm	156,402,751
Total amounts on deposit	181,337,652
Less, reconciling items	1,394,959
Plus, petty cash	1,000
	\$ 179,943,693

Total cash and cash equivalents per Statement of Financial Position	\$ 153,944,973
Cash and cash equivalents Custodial Funds	25,998,720
	\$ 179,943,693

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to them. The County does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$9,974,816 of the County's bank balance of \$31,757,780 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent. As of June 30, 2021, \$156,402,751 of the County's money market held by a brokerage firm was exposed to custodial credit risk because it was uninsured and uncollateralized.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. INVESTMENTS

New Mexico State Statutes authorize the County to invest in direct obligations of the United States or securities that are backed by the full faith and credit of the United States Government or agencies guaranteed by the U.S. Government. The County does not have an additional investment policy that further limits its investments. State statute also authorizes the County to invest in bonds or negotiable securities of the U. S., the State of New Mexico, or any county, municipality or school County which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not

defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. The County does not have an additional investment policy that further limits its investments. At June 30, 2021, Lea County had long-term investments with Moreton Capital Markets, and Lea County State Bank of \$4,750,000 and \$100,145 respectively. The \$4,850,145 in investments approximates the fair value.

Custodial Credit Risk – In the case of investments, this is the risk that in the event of a market failure, the County's investments may not be returned to them. The County does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$4,850,145 of the County investment balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Quality Risk – State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. A total of 99% of the investment balance is held at Moreton Capital Markets.

GASB Statement No. 72 requires investment to be presented at fair value. This statement provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Basis of Fair Value Measurement –

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
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STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. INVESTMENTS (CONTINUED)

Level 2	Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the County's assets held at fair value as of June 30, 2021:

Investment Assets at Fair Value as of June 30, 2021				
	Level 1	Level 2	Level 3	Total
Investment in				
Morton Capital	\$ 4,750,000	-	-	4,750,000
Wells Fargo repurchase agreement	6,822,879	-	-	6,822,879
Lea County State Bank	100,145	-	-	100,145
Total Assets at fair value	\$ 11,673,024	-	-	11,673,024

The County utilized the market approach to value its investments. GASB Statement No. 72 defines the market approach as using market prices and other information obtained from market transactions with similar or identical assets or liabilities.

NOTE 4. PROPERTY TAXES

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments, November 10th and April 10th. The taxes become delinquent in December of the year in which the tax bill was prepared and mailed, and in May of the following year. Fund financial statements are kept on a modified accrual basis of accounting. Hence, accounting principles generally accepted in the United States of America require recognition of property taxes when they are considered both measurable and available for the fund financial statements. Therefore, the delinquent property taxes are not recorded as revenue in the fund financial statements until they become both "measurable" and "available" to finance expenditures of the fiscal period.

Government-wide financial statements are kept on a full accrual basis of accounting. Hence, accounting principles generally accepted in the United States of America require recognition of property taxes when the taxes are levied. The delinquent property taxes are recorded as revenue in the government-wide financial statements in the period of levy.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. OTHER RECEIVABLES

Other receivables at June 30, 2021 are considered to be fully collectible and are composed as follows:

		Governmental Activities
Other Receivables:		
Fees	\$	139,584
Refunds		220,364
Misc.		57,861
Totals	\$	<u>417,809</u>

NOTE 6. DUE FROM OTHER GOVERNMENTS

The amounts due from other governments at June 30, 2021 are considered to be fully collectible and are composed of the following:

		Governmental Activities
Gross Receipts Tax	\$	7,928,069
Motor Vehicle Tax		71,398
Gas Tax		36,452
Grants Receivable		1,427,688
Detention Facility Fees		150,526
Totals	\$	<u>9,614,134</u>

NOTE 7. DUE TO/FROM OTHER FUNDS AND TRANSFERS

Due to/from other funds consists of monies which were transferred between governmental funds to support the Lea County Event Center and fund activities. The County expects these amounts to be repaid.

There were no individual fund interfund receivables and payable balances at June 30, 2021.

The due to and due from balances and transfers were made as a result of the County utilizing pooled cash and related expenses being made in one fund and paid from another. In addition, some revenues, such as gross receipts taxes, are recognized in one fund and transferred to other funds to pay for expenditures.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. DUE TO/FROM OTHER FUNDS AND TRANSFERS (CONTINUED)

Transfers for the year ended June 30, 2021 were as follows:

Transfers Out:

General Fund – 401:

To Road Fund - 402	\$ 14,700,000
To Farm & Range Fund - 403	75,000
To Indigent Fund - 406	3,550,448
To Airport Fund - 409	170,000
To DWI Fund - 412	200,000
To Detention Fund - 418	7,725,486
To Capital Projects Fund - 430	5,500,000
To Lea Regional Airport Fund – 454	2,500,000
To County Airports - 455	150,000
To Fairgrounds – 460	2,200,000
To Lea County Event Center - 463	1,050,000
To County Fire Fund – 618	100,000

Total Transfers Out	37,920,934
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STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. DUE TO/FROM OTHER FUNDS AND TRANSFERS (CONTINUED)

Transfers In:

Road Fund - 402	
From General Fund- 401	(14,700,000)
Indigent Fund - 406	
From General Fund	(3,550,448)
Detention Fund - 418	
From General Fund- 401	(7,725,486)
Farm and Range Fund - 403	
From General Fund- 401	(75,000)
Airport Fire Fund – 409	
From General Fund - 401	(170,000)
DWI Fund - 412	
From General Fund- 401	(200,000)
Lea Regional Airport Fund- 454	
From General Fund- 401	(2,500,000)
County Airports Fund- 455	
From General Fund- 401	(150,000)
Fairgrounds Airport - 460	
From General Fund – 401	(2,200,000)
Lea County Event Center Fund- 463	
From General Fund- 401	(1,050,000)
County Fire Fund- 618	
From General Fund – 401	(100,000)
Capital Projects Fund - 430	
From General Fund - 401	(5,500,000)
Total Transfers In	<u>(37,920,934)</u>
Total Governmental Activities Transfers	<u>\$ -</u>

NOTE 8. RISK OF LOSS

The County is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters.

Lea County Board of Commissioners is insured with OneBeacon's Insurance carrier Atlantic Specialty Insurance Company. Atlantic Specialty Insurance Company has an AM Best rating of A XI as reaffirmed August 13, 2014. Daniels Insurance Agency Inc. acts as a Broker in secure coverage for Lea County as directed through a Request for Proposal, which was awarded in June 2011. The County

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8. RISK OF LOSS (CONTINUED)

insures itself against losses such as General Liability, Employment Practices Liability, Public Official Liability, Law Enforcement Liability and Excess Liability limits. Those limits generally start at \$1,050,000 per occurrence with a \$5,000,000 excess limit. The Commissioners also insure owned assets for physical damages losses such as Property, Autos, Machinery and Equipment.

The County participates in the New Mexico County Insurance Authority Workers Compensation Pool. The pool is self-insured for workers' compensation claims up to \$300,000. Above that amount, the pool maintains an Excess Employers' Reinsurance Policy.

Insurance settlements have not exceeded insurance coverage for any of the past five fiscal years.

NOTE 9. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10. CHANGES IN CAPITAL ASSETS

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital Assets, not depreciated:					
Land	\$ 9,519,443	-	-	-	9,519,443
Construction in progress	55,424,387	8,943,821	-	(55,000,589)	9,367,619
Total not depreciated	<u>64,943,830</u>	<u>8,943,821</u>	<u>-</u>	<u>(55,000,589)</u>	<u>18,887,062</u>
Capital Assets, depreciated:					
Buildings	84,201,164	5,618,979	-	46,063,961	135,884,104
Other Improvements	8,081,484	-	-	-	8,081,484
Furniture and Equipment	19,878,618	2,433,495	(219,982)	1,976,844	24,068,975
Infrastructure	121,049,833	1,050,686	-	6,959,784	129,060,303
Vehicles	16,616,894	1,637,070	(278,123)	-	17,975,841
Total depreciated	<u>249,827,993</u>	<u>10,740,230</u>	<u>(498,105)</u>	<u>55,000,589</u>	<u>315,070,707</u>
Total Capital Assets	<u>314,771,823</u>	<u>19,684,051</u>	<u>(498,105)</u>	<u>-</u>	<u>333,957,769</u>
Accumulated Depreciation:					
Buildings	33,952,199	2,754,410	-	-	36,706,609
Other Improvements	2,975,786	287,606	-	-	3,263,392
Furniture and Equipment	14,577,096	1,147,326	(196,393)	-	15,528,029
Infrastructure	26,238,570	3,723,875	-	-	29,962,445
Vehicles	9,777,243	1,635,724	(258,849)	-	11,154,118
Total depreciation	<u>87,520,894</u>	<u>9,548,941</u>	<u>(455,242)</u>	<u>-</u>	<u>96,614,593</u>
Total Capital Assets	\$ <u>227,250,929</u>	<u>10,135,110</u>	<u>(42,863)</u>	<u>-</u>	<u>237,343,176</u>

Depreciation expense for the year ended June 30, 2021 was charged to the following functions and funds:

General Government	\$ 4,128,708
Health and Welfare	18,181
Public Works	3,734,451
Public Safety	<u>1,667,601</u>
Total depreciation expense: governmental activities	<u>\$ 9,548,941</u>

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10. CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Used in Business-type Activities:				
Capital Assets, not depreciated:				
Land	\$ 575,000	-	-	575,000
Construction in progress	2,348,009	-	-	2,348,009
Total not depreciated	<u>\$ 2,923,009</u>	<u>-</u>	<u>-</u>	<u>2,923,009</u>

In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function.

NOTE 11. LONG-TERM DEBT

Long-term liability for the year ended June 30, 2021 was as follows:

	June 30, 2020	Additions	Deletions	June 30, 2021	Due Within One Year
Compensated Absences	998,494	954,544	(940,726)	1,012,312	253,078
Total Long-Term Debt	<u>\$ 998,494</u>	<u>954,544</u>	<u>(940,726)</u>	<u>1,012,312</u>	<u>253,078</u>

Compensated Absence: Employees of the County are able to accrue a limited amount of vacation during the year. The compensated absences liability increased \$13,818 from the prior year. The General Fund is typically used for liquidation of compensated absences.

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description. The Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Audit Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Benefits provided. Benefits are generally available at age 65 with five or benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee contributions increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Contributions. See PERA's compressive annual financial report for contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY20						
	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
Coverage Plan						
STATE PLAN						
State Plan 3	7.42%	8.92%	17.24%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.65%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.8%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.8%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.3%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 – 5						
Municipal Police Plan 1	7.0%	8.5%	10.65%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.65%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	19.15%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.15%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	19.15%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.65%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	18.15%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.90%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.90%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.90%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	17.24%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.37%	3.0%	3.0%	90%

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the County reported a liability of \$44,816,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

PERA Fund Municipal General Division. At June 30, 2020, the County's proportion was 1.3077%, which was a decrease of 0.0304%, from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,243,931. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 732,844	-
Changes in assumptions	489,280	-
Net difference between projected and actual earnings on pension plan investments	4,835,937	-
Changes in proportion and differences between County's contributions and proportionate share of contributions	439,157	350,270
County's contributions subsequent to the measurement date	<u>1,159,478</u>	<u>-</u>
Total	\$ <u>7,656,696</u>	<u>350,270</u>

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$1,159,478 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	1,998,316
2022		1,655,253
2024		1,306,795
2025		1,186,584
2026		-
Thereafter		-

PERA Fund Municipal Police Division. At June 30, 2020, the County's proportion was 2.1391%, which was an increase of 0.2497%, from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,237,551. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,067,619	-
Changes in assumptions	435,063	-
Net difference between projected and actual earnings on pension plan investments	3,153,426	-
Changes in proportion and differences between County's contributions and proportionate share of contributions	2,004,883	-
County's contributions subsequent to the measurement date	<u>989,555</u>	<u>-</u>
Total	\$ <u><u>7,650,546</u></u>	<u><u>-</u></u>

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$989,555 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	2,507,465
2022		1,981,823
2024		1,397,506
2025		774,197
2026		-
Thereafter		-

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization period	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPD-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2017 (economic)

STATE OF NEW MEXICO
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JUNE 30, 2021

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the Board use in the June 30, 2019 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.50%	5.90%
Risk Reduction & Mitigation	19.50%	1.00%
Credit Oriented Fixed Income	15.00%	4.20%
Real Assets	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.0%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal General Division			
County's proportionate share of the net pension liability	\$ 37,861,883	26,444,667	16,977,495
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal Police Division			
County's proportionate share of the net pension liability	\$ 26,365,706	18,372,080	11,829,725

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's financial reports.

Payables to the pension plan: At June 30, 2021 the County had no outstanding contributions to the pension plan and therefore, had no payables reported as of June 30, 2021.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial report. The report is available on PERA's website at www.nmpera.org.

NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description - Employees for the County are provided with OPEB through the Retiree Health Care Fund (the Fund) - a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided – The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Employees covered by benefit terms – At June 30, 2020, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	<u>154,177</u>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal fire	1,966
Educational Retirement Board	49,492
	<u>91,082</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the County were \$540,275 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2021, the County reported a liability of \$16,007,917 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The County’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2020. At June 30, 2020, the County’s proportion was 0.38124 percent.

For the year ended June 30, 2021, the County recognized OPEB income of \$440,359. At June 30, 2021 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	2,842,577
Changes in assumptions	3,142,469	2,842,897
Changes in proportion	1,813,649	1,013,051
Net difference between projected and actual earnings on OPEB plan investments	87,294	-
Employer contributions subsequent to the measurement date	240,676	-
Total	\$ 5,284,088	6,698,525

Deferred outflows of resources totaling \$240,676 represent County contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2022	\$	(1,078,888)
2023		(831,028)
2024		(179,455)
2025		109,266
2026		324,992
Total	\$	<u>(1,655,113)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions:

Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Inflation	2.50% for ERB members; 2.25% for PERA members

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Projected payroll increases	3.25% to 13.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB member: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females). PERA members: RP-2014 Combined Healthy Mortality.

Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity – large cap	7.1
Non U.S. – emerging markets	10.2
Non U.S. – developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity – small/mid cap	7.1

Discount Rate – The discount rate used to measure the Fund’s total OPEB liability is 2.86% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2041, resulting in a blended discount rate of 2.86%.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

<u>1% Decrease (1.86%)</u>	<u>Current Discount Rate (2.86%)</u>	<u>1% Increase (3.86%)</u>
\$ <u>19,897,907</u>	<u>16,007,917</u>	<u>13,001,357</u>

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ <u>13,139,506</u>	<u>16,007,917</u>	<u>18,183,683</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2020.

Payables changes in the net OPEB liability. At June 30, 2021, the County did not accrue any payables for OPEB.

OPEB plan fiduciary net positions: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NMRHCA's audited financial statements for the year ended June 30, 2020.

NOTE 14. DEFERRED COMPENSATION PLAN

The State of New Mexico offers state, local government, and school County employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees and those local government and school County employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14. DEFERRED COMPENSATION PLAN (CONTINUED)

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the participants in the plan.

There are employees that are making contributions to the Deferred Compensation Plan. Neither the County nor the State of New Mexico made any contributions to the Deferred Compensation Plan. All contributions withheld from participant's wages by the County have been paid to the New Mexico Employees' Retirement Association, which administers the plan.

NOTE 15. CONTINGENT LIABILITIES

Grants and Agreements – Amounts received or receivable from grant agencies and others are subject to audit and adjustment, principally by the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor and others cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Economic Development Agreement – Lea County entered into an economic development agreement dated October 19, 2010, with the Economic Development Corporation of Lea County, Inc. (EDC) to unconditionally guaranty on behalf of EDC any and all amounts that EDC may be required to pay to the Air Carrier pursuant to the revenue guaranty or other provisions of the Air Services Contract, and subject to the limitation that the first \$250,000 due to Air Carrier under revenue guarantee provisions during the first twelve month period of Air Service shall not be guaranteed by the County.

The County has provided EDC with an irrevocable standby letter of credit for \$900,000 as guaranty for performance of this agreement and stand by letter of credit will remain in effect for the term of the Air Services Contract. No amounts were charged against the letter of credit during fiscal year 2021.

Lea County contributed \$523,051 to EDC under the above described agreement for the fiscal year ended June 30, 2021.

NOTE 16. CONDUIT DEBT OBLIGATION

The County Issued Industrial Revenue Bonds (IRBs) totaling \$4,111,000,000 for projects as follows:

LES – the County issued \$4,000,000,000 in IRBs to provide funds to finance the acquisition, construction, and installation of an expansion to the national enrichment facility project. Final maturity date of the bonds is January 22, 2034. The bonds are secured by a security agreement and a collateral pledge of the Lease to the Purchaser.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16. CONDUIT DEBT OBLIGATION (CONTINUED)

Intrepid Potash-New Mexico LLC – the County issued \$40,000,000 in IRBs to provide funds to finance the acquisition and construction of an industrial revenue bond manufacturing and processing facility to be used by Intrepid Potash-New Mexico. Final maturity date of the bonds is February 1, 2032. The bonds are secured by all tangible personal property located in Lea County, New Mexico used in connection with manufacturing and processing of potash including but not necessarily limited to all the costs of which are financed or reimbursed with the proceeds of the Lea County, New Mexico, Taxable Industrial Revenue Bond.

Wildcat Wind LLC - the County issued \$51,000,000 in IRBs in connection with a Wind Energy Generating Facility. Final maturity date of the bonds is March 1, 2032. The bonds are secured by all tangible personal property located in Lea County, New Mexico used in connection with wind generation of electricity but not necessarily limited to all personal property installed or located at the Project Site for use as part of the Project.

Jut Demonstration Inc. - the County issued \$20,000,000 in IRBs to provide funds to finance the acquisition, construction, and installation of an industrial development project. Final maturity date of the bonds is March 20, 2032. The bonds are secured by all the Debtor's right, title, and interest in and to the Project Property and the Lease and Purchase Agreement.

The County has no liability for the IRBs in the event of default by the borrowers. Accordingly, the bonds are not reported as liabilities in the County's financial statements.

NOTE 17. TAX ABATEMENTS

The County enters into property tax abatement agreements with local businesses under the County Industrial Revenue Bond Act, Chapter 4, Article 59 NMSA 1978 as amended and Article VIII, Section 3 of the State Constitution and NMSA 1978, Section 7-36-3. The County Industrial Revenue Bond Act authorizes counties to acquire, own, lease or sell projects for the purpose of promoting industry and trade by inducing manufacturing, industrial and commercial enterprises to locate or expand in the state.

For the fiscal year ended June 30, 2021, the County abated property taxes under the County Industrial Revenue Bond Act including the following tax abatement agreements:

DCP Midstream, LP was granted an 80% Ad Valorem Property Tax Exemption, to construct facilities to process natural gas. The amount of the exemption will be an 80% reduction off the tax due that would have been applicable for each tax year. The abatement of property taxes for fiscal year 2021 was \$209,217 with a \$447,180 PILT due to the County. Lea County is the only entity that is foregoing revenue under this agreement.

Wildcat Wind LLC was granted a 30% Ad Valorem Property Tax Exemption, to construct wind power generating facilities. The amount of the exemption will be a 30% reduction off the tax due that would have been applicable for each tax year. The abatement of property taxes for fiscal year 2021 was

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 17. TAX ABATEMENTS (CONTINUED)

\$146,238 with a \$253,386 PILT due to the County. Lea County is the only entity that is foregoing revenue under this agreement.

Sun Edison was granted a 33.3% Ad Valorem Property Tax Exemption, to construct facilities to generate electric power. The amount of the exemption will be a 33.3% reduction off the tax due that would have been applicable for each tax year. The abatement of property taxes for fiscal year 2021 was \$116,495 with a \$745,535 PILT due to the County. Lea County is the only entity that is foregoing revenue under this agreement.

Middle Daisy was granted a 100% Ad Valorem Property Tax Exemption, to construct a solar panel plant. The amount of the exemption will be a 100% reduction off the tax due that would have been applicable for each tax year. The abatement of property taxes for fiscal year 2021 was \$22,210 with a \$38,484 PILT due to the County. Lea County is the only entity that is foregoing revenue under this agreement.

AEM Wind, LLC was granted a PILT in an amount equal to 30% of the total property tax due, to construct wind power generating facilities. The amount of the exemption will be a 30% reduction off the tax due that would have been applicable for each tax year. The abatement of property taxes for fiscal year 2021 was \$80,115 with a \$417,765 PILT due to the County. Lea County is the only entity that is foregoing revenue under this agreement.

Louisiana Energy Services, LLC was granted a 80% Ad Valorem Property Tax Exemption to construct additional improvements to existing structures for the enrichment of uranium to be used to generate electricity. The amount of the exemption will be an 80% reduction off the tax due that would have been applicable for each tax year. The abatement of property taxes for fiscal year 2021 was \$34,893 with a \$88,664 PILT due to the County. Lea County is the only entity that is foregoing revenue under this agreement.

NOTE 18. JOINT POWERS AGREEMENTS

The County entered into a joint powers agreement with all municipalities in Lea County for the Lea County Water Users Association (Association) on September 23, 1997. The agreement automatically renews for an additional two years unless terminated by the Executive Board. The purpose of the agreement is to enact a water management plan for the citizens of Lea County. The County is designated the fiscal agent of the Association and is responsible for 45.8% of the proposed funding needed for the Association. The County remitted \$1,274 to the Association in the fiscal year ended June 30, 2021.

The County along with the City of Hobbs formed a joint powers agreement regarding the cleanup and Land Office. The purpose of the agreement is to allocate financial responsibility of the costs to be incurred in connection with cleanup. The County's responsibility is to contract with the Lea County Solid Waste Authority, as necessary, for the services of hauling trash and debris.

**STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18. JOINT POWERS AGREEMENTS (CONTINUED)

Costs involved in the project are to be allocated, with the County responsible for paying 25%. The County must also invoice the party responsible for the illegal disposal, Occidental/Permian Limited Partnership ("Oxy"), for another 25% of the disposal costs. Expenditures for the County are not to exceed \$15,000 without prior written consent of all parties involved. The agreement became effective November 17, 2003, and either party to the agreement can terminate participation by providing thirty days written notice.

The County also established a joint powers agreement with the Hobbs Municipal School County, City of Hobbs, New Mexico Junior College, City of Lovington, Eunice Municipal School County, Tatum Municipal School County and Jal Municipal School County for the purpose of enabling the parties involved to benefit from substantial savings in the procurement of similar services, construction, or tangible personal property. The agreement became effective November 17, 2003, and any party to the agreement can terminate participation by providing thirty days written notice. Any of the participating agencies may act as the Lead Agency whereby that agency shall contact the remaining participating agencies to determine if they are willing to participate in a bid or proposal for quote to be prepared by the Lead Agency.

On July 25, 2006, the County entered into a joint power's agreement with the Southeastern New Mexico Economic Development County/COG. The purpose of the agreement is to facilitate economic development in the region through planning, development, legislative, and strategizing services. The agreement is indefinite in term.

The County established a joint powers agreement with the Eddy-Lea Energy Alliance on July 29, 2006. The goal of this agreement is to evaluate a site for use by the Global Nuclear Energy Partnership and the United States Department of Energy. This is hoped to bring new, higher-wage jobs to the area and strengthen the economic base of the region. The agreement is perpetual but may be terminated with the written consent of all voting members. The agreement shall terminate at the discretion of the contracting parties.

The County established a joint powers agreement with the City of Hobbs on January 4, 2010 to further the public interest and protect the safety, health and welfare of the people of Hobbs, New Mexico and Lea County, New Mexico and to define the role of the City and County in establishing a joint Emergency Communications Center, namely, the joint management and operations of an emergency communications County.

On May 30, 2013, the County established a joint planning agreement with the Commissioner of Public Lands of the State of New Mexico to explore opportunities to jointly plan or master plan state trust lands within the County boundaries but outside of any extra zoning jurisdiction in the County. Planning objectives and prioritization of planning efforts will be identified by a joint planning committee appointed by the Commissioner and the County. The right to terminate this agreement resides with the County and the Commissioner.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18. JOINT POWERS AGREEMENTS (CONTINUED)

On April 28, 2016, the County established a joint powers agreement with the Lea County Communication Authority, City of Hobbs, City of Lovington, City of Jal, City of Eunice, and the City of Tatum to operate and maintain a P25 800 MHz radio system to more effectively and efficiently provide radio and communication services. The agreement will remain in effect, subject to written amendments, until terminated by a party.

NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The implementation of the Statement was postponed by Statement No. 95 to reporting periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The County has implemented this statement and fiduciary funds are reported in compliance with GASB Statement No. 84.

In August 2018, the GASB issued Statement No. 90, an amendment of Statements No. 14 and No. 61, Majority Equity Interests. The implementation of Statement No. 90 was postponed by Statement No. 95. The new effective date is for reporting periods beginning after December 15, 2019. Statement No. 90 modifies previous guidance for reporting a government's majority equity interest in a separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. There are no equity interests, and the implementation of this Statement had no effect on the County's financial statements.

NOTE 20. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2021.

GASB Statement No. 87, Leases

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

GASB Statement No. 91, Conduit Debt Obligations.

GASB Statement No. 92, Omnibus 2020

GASB Statement No. 93, Replacement of Interbank Offered Rates

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 20. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

NOTE 21. SUBSEQUENT EVENTS

The entity has evaluated subsequent events through November 19, 2021, the date which the financial statements were available to be issued. As of the report date, November 19, 2021, no subsequent events were identified by management.

NOTE 22 – COVID-19

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to cause market fluctuations. Business continuity and financial markets, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

NOTE 23 – PRIOR PERIOD ADJUSTMENT

In the implementation of GASB Statement No. 84 relating to the presentation of fiduciary activities, the County adjusted the beginning net position of the custodial funds. The beginning balance of the custodial funds was established to be \$20,976,418, being presented as a prior period adjustment in the Statement of Changes in Fiduciary Net Position.



Required Supplementary Section

Lea
COUNTY
new mexico

STATE OF NEW MEXICO
 LEA COUNTY
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 JUNE 30, 2021

		Pension Liability For Last 10 Fiscal Years* (Dollars in Thousands)					
		30-Jun					
Fiscal Year		2020	2019	2018	2017	2016	2015
Measurement Date		2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset)		3.45%	3.00%	3.00%	2.79%	2.77%	2.56%
County's Proportionate Share of Net Pension Liability (Asset)	\$	44,817	37,120	32,318	25,634	31,279	18,881
County's Covered Payroll	\$	17,392	17,392	15,100	15,259	14,613	13,436
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		257.69%	213.43%	214.03%	167.99%	214.05%	140.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		66.36%	70.52%	71.13%	73.74%	69.18%	76.99%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
JUNE 30, 2021

Last Ten Fiscal Years* General Division (Dollars in Thousands)							
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,160	1,208	1,076	1,115	1,679	2,319	1,456
Contributions in Relation to the Contractually Required Contribution	1,160	1,866	1,676	1,736	1,679	2,319	1,456
Contribution Deficiency (Excess)*	\$ -	(658)	(600)	(621)	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
JUNE 30, 2021

	Last Ten Fiscal Years* Police Dision (Dollars in Thousands)						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 990	966	725	678	795	1,609	957
Contributions in Relation to the Contractually Required Contribution	1,249	1,220	918	859	795	1,609	957
Contribution Deficiency (Excess)*	\$ (259)	(254)	(193)	(181)	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
June 30, 2021

New Mexico Retiree Health Care Authority
For Last 10 Fiscal Years*
(Dollars in Thousands)

		30-Jun		
	Fiscal Year	2020	2019	2018
	Measurement Date	2019	2018	2017
County's Proportion of the Net OPEB liability (Asset)		0.38124%	0.40493%	0.35257%
County's Proportionate Share of Net OPEB Liability (Asset)	\$	16,007,917	13,129,405	15,977,320
County's Covered Payroll	\$	16,386,139	16,897,440	14,686,823
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Its Covered Payroll		97.69%	77.70%	108.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		16.50%	18.92%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for available years.

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
June 30, 2021

New Mexico Retiree Health Care Authority
Last Ten Fiscal Years*
(Dollar Amounts in Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 540,275	524,206	557,200	1,119,575
Contributions in Relation to the Contractually Required Contribution	<u>540,275</u>	<u>524,206</u>	<u>550,397</u>	<u>561,902</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	<u>-</u>	<u>6,803</u>	<u>557,673</u>
Employer's covered payroll	\$ 16,717,323	16,386,139	16,897,440	15,299,052
Contributions as a percentage of covered payroll	3.23%	3.20%	3.26%	3.80%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for available years.

STATE OF NEW MEXICO
LEA COUNTY
NOTES TO PENSION AND OPEB REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 30, 2020 report is available at <http://www.nmpera.org/>

Retiree Health Care Authority (RHCA). In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, , changes in assumptions and differences between expected and actual experience include adjustments resulting from a decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.



Supplementary Section



Lea
COUNTY
new mexico

Nonmajor Government Funds



STATE OF NEW MEXICO
LEA COUNTY
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2021

SPECIAL REVENUE FUNDS

Farm and Range Fund (403) - To account for funds collected under the Taylor Grazing Act for the control of animals specified in Section 6-11-6 NMSA 1978.

Community Centers (404) - To account for revenues from cigarette tax restricted for the maintenance of County parks as specified in Section 7-12-15 NMSA 1978.

Clerk's Recording & Filing (405) - To account for equipment recording fees that shall be expensed for rent, purchase lease, or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office. The fund is authorized by Section 14-8-12.2, NMSA 1978.

Maljamar Fire Department (407) - To account for the operations of the County's fire departments. Financing is provided by the State Fire Protection Fund and is restricted to fire protection use as authorized by Section A-53-4, NMSA 1978.

Knowles Fire Department (408) - To account for the operations of the County's fire departments. Financing is provided by the State Fire Protection Fund and is restricted to fire protection use as authorized by Section A-53-4, NMSA 1978.

Airport Fire Department (409) - To account for the operations of the County's fire departments. Financing is provided by the State Fire Protection Fund and is restricted to fire protection use as authorized by Section A-53-4, NMSA 1978.

Monument Fire Department (410) - To account for the operations of the County's fire departments. Financing is provided by the State Fire Protection Fund and is restricted to fire protection use as authorized by Section A-53-4, NMSA 1978.

Environmental Gross Receipts Tax (411) - To account for revenues provided by one-eighth of one percent of County environmental services gross receipts tax imposed by County Ordinance #59.

DWI Grant (412) - To account for funds received from the state of New Mexico to be spent on the DWI program. The fund is authorized by Sections 11-6A-1 through 11-6A-6, NMSA 1978.

Correction Fees (415) - To account for funds from the state of New Mexico that are restricted to providing care for prisoners in the County detention facility. The fund is authorized by Section 33-3-5, NMSA 1978.

Paving Countys (416) - To account for funds expended in engineering and construction of pavement on Piedras Drive, Baggett Drive and Sandcastle Subdivision. The County chose the Petition Method 4-55A-3(2) to create the County. The fund was authorized by Section 4-55A-1 to 4-55A-43, NMSA 1978.

STATE OF NEW MEXICO
LEA COUNTY
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2021

SPECIAL REVENUE FUNDS (CONTINUED)

Revolving Loan Fund (421) - To account for the loan funds received under the 1986 Community Development Block Grant Program (CDBG) #86-C-NR-I-04-GA-091.

EMPG Reimbursement (424) – To account for salary reimbursement for the 2015 Emergency Management Performance Grant Program issued by the NM Department of Homeland Security and Emergency Management. The grant was used to support activities essential to the ability of states, territories, and urban areas to prepare for, prevent and respond to terrorist attacks and other all-hazards events. 2015 Federal Grant No. EMW-2015-EP-00066-S01 CDFA No. 97.042.

Tire Recycling (426) – To account for the 2015-2016 Recycling and Illegal Dumping Grant expenditures awarded from the State of New Mexico Environment Department. Fund was awarded to reimburse Lea County for development costs to establish a recycling facility for used motor oil. Grant # 16NT-03.

Other Grants (431) -To account for grants and grant expenditures that are subject to tracking requirements and authorized by various grant agreements.

Jal CDBG Wastewater (433) - To account for revenues and expenditures under the Community Block Development Grant #86-C-NR-1-04-GA-091.

Lea Region Airport (454) - is used to account for revenues and expenses related to the operation of the Lea County Region Airport as per 49 CFR Section 18 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

County Airport Fund (455) - is used to account for revenues and expenses related to the operation of the County Airports as per 49 CFR Section 18 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

Lea County Fairgrounds Fund (460) - was established by resolution to account for revenues and expenses related to the operation of the County's fairgrounds.

Event Center (463) – Special revenue fund established by resolution to account for revenues and expenses related to the operation of the Event Center.

Property Valuation Fund (499) - To account for revenues provided by 2 percent of the property taxes received by the County to be used for appraisal programs presented by the County Assessor and approved by the majority of the County Commissioners. The fund is authorized by Section 7-38-38.1 NMSA 1978.

**STATE OF NEW MEXICO
LEA COUNTY
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2021**

SPECIAL REVENUE FUNDS (CONTINUED)

EMS Knowles (604) - To account for funds received from the state of New Mexico to be spent on emergency medical services equipment and operations for the Emergency Medical Services Departments as authorized by 24A-1.

Law Enforcement Protection Grant (605) - To account for the state funds received for law enforcement training and equipment as specified in Section 29-13-1, NMSA 1978.

Lea County Drug Task Force (HIDTA) (609) - Special revenue fund established by resolution to account for revenues and expenditures related to education and local enforcement of the drug program. This program is financed with federal grants aiming to ameliorate High Intensity Drug Trafficking Areas.

EMS Maljamar (613) - To account for funds received from the state of New Mexico to be spent on emergency medical services equipment and operations for the Emergency Medical Services Departments as authorized by 24A-1.

County Fire Marshall (618) - To account for the revenue and expenses of the Office of the County Fire Marshal established per Lea County Resolution 11-JUN026R and funded by the New Mexico State Fire Marshal's Office.

Fire Excise Tax (619) - To account for revenues provided by the imposition of an excise tax to one-fourth of one percent of gross receipts of businesses doing business in the County. The excise tax was approved by the electorate of the County on July 12, 1990, with the tax effective January 1, 1991. The funds are to be used to finance capital outlay costs of Lea County's independent fire Countys. This fund is authorized by Sections 7-20E, NMSA 1978.

EMS Monument (621) - To account for funds received from the state of New Mexico to be spent on emergency medical services equipment and operations for the Emergency Medical Services Departments as authorized by 24A-1.

CAPITAL PROJECT FUND

Capital Projects Fund (430) is used to account for the funds committed by the County Commission for capital improvement projects to benefit Lea County. This fund is authorized by Resolution No. 14-JUL-30R

DEBT SERVICE FUND

Gross Receipts Debt Service (658) – To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources provided by gross receipts tax revenue bonds.

Lea County's history has been one of change and growth. The original settlers of this area would find it hard to believe that Lea County has become so populated and plays a vital role in the production of some of the nation's energy resources.



STATE OF NEW MEXICO
LEA COUNTY
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2021

	Farm and Range 403	Community Centers 404	Clerk's Recording & Filing 405
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 22,836	4,988	215,495
Investments	-	-	-
Receivables			
Receivable from other governments	-	-	-
Other receivables	-	-	18,550
<i>Total current assets</i>	<u>\$ 22,836</u>	<u>4,988</u>	<u>234,045</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	1,508	541
Accrued payroll liabilities	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>1,508</u>	<u>541</u>
<i>Deferred inflows:</i>			
Unavailable revenue	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	-
Restricted	22,836	3,480	233,504
Unassigned	-	-	-
<i>Total fund balance (deficit)</i>	<u>22,836</u>	<u>3,480</u>	<u>233,504</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 22,836</u>	<u>4,988</u>	<u>234,045</u>

See Notes to Financial Statements

Malijmar Fire District 407	Knowles Fire District 408	Airport Fire 409	Monument Fire District 410	Enviromental Gross Receipts Tax 411
248,932	165,665	47,348	140,968	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
248,932	165,665	47,348	140,968	-
4,585	825	3,055	5,454	-
-	-	2,102	-	-
4,585	825	5,157	5,454	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
244,347	164,840	42,191	135,514	-
-	-	-	-	-
244,347	164,840	42,191	135,514	-
248,932	165,665	47,348	140,968	-

STATE OF NEW MEXICO
LEA COUNTY
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2021

	DWI 412	Correction Fees 415	Paving Districts 416
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 479,600	-	2,538
Investments	-	-	-
Receivables			
Receivable from other governments	186,050	-	-
Other receivables	-	-	-
<i>Total current assets</i>	<u>665,650</u>	<u>-</u>	<u>2,538</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	73,296	-	-
Accrued payroll liabilities	28,284	-	-
<i>Total current liabilities</i>	<u>101,580</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows:</i>			
Unavailable revenue	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	-
Restricted	564,070	-	2,538
Unassigned	-	-	-
<i>Total fund balance (deficit)</i>	<u>564,070</u>	<u>-</u>	<u>2,538</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 665,650</u>	<u>-</u>	<u>2,538</u>

See Notes to Financial Statements

Revolving Loan Fund 421	EMPG Reimbursement 424	Tire Recycling 426	Other Grants 431	Jal CDBG Wastewater 433
960	16,562	-	285,918	21,882
100,145	-	-	-	-
-	-	-	7,662	-
-	-	-	-	-
101,105	16,562	-	293,580	21,882
-	-	-	830	-
-	1,050	-	-	-
-	1,050	-	830	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
101,105	15,512	-	292,750	21,882
-	-	-	-	-
101,105	15,512	-	292,750	21,882
101,105	16,562	-	293,580	21,882

STATE OF NEW MEXICO
LEA COUNTY
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2021

	Lea Region Airport 454	County Airports 455	Lea County Fairgrounds 460
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1,697,876	106,794	1,093,806
Investments	-	-	-
Receivables			
Receivable from other governments	698,212	291,852	-
Other receivables	-	-	-
<i>Total current assets</i>	<u>\$ 2,396,088</u>	<u>398,646</u>	<u>1,093,806</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ 58,059	325,753	104,267
Accrued payroll liabilities	<u>2,561</u>	<u>2,561</u>	<u>9,887</u>
<i>Total current liabilities</i>	<u>60,620</u>	<u>328,314</u>	<u>114,154</u>
<i>Deferred inflows:</i>			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	-
Restricted	2,335,468	70,332	979,652
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balance (deficit)</i>	<u>2,335,468</u>	<u>70,332</u>	<u>979,652</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 2,396,088</u>	<u>398,646</u>	<u>1,093,806</u>

See Notes to Financial Statements

Lea County Event Center 463	Property Valuation Fund 499	EMS Knowles 604	Law Enforcement Protection Grant 605	High Intensity Drug Trafficking Areas Funds 609
545,571	1,267,394	24,743	1,918	213,263
-	-	-	-	-
-	-	-	-	187,367
175	-	-	-	-
545,746	1,267,394	24,743	1,918	400,630
31,042	598	-	-	128,425
8,488	3,392	-	-	7,633
39,530	3,990	-	-	136,058
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
506,216	1,263,404	24,743	1,918	264,572
-	-	-	-	-
506,216	1,263,404	24,743	1,918	264,572
545,746	1,267,394	24,743	1,918	400,630

STATE OF NEW MEXICO
LEA COUNTY
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2021

	EMS Maljamar 613	County Fire Marshall 618	Fire Excise Tax 619
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 6,994	87,848	-
Investments	-	-	-
Receivables			
Receivable from other governments	-	-	-
Other receivables	-	-	-
<i>Total current assets</i>	<u>\$ 6,994</u>	<u>87,848</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	1,194	-
Accrued payroll liabilities	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>1,194</u>	<u>-</u>
<i>Deferred inflows:</i>			
Unavailable revenue	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	-
Restricted	6,994	86,654	-
Unassigned	-	-	-
<i>Total fund balance (deficit)</i>	<u>6,994</u>	<u>86,654</u>	<u>-</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 6,994</u>	<u>87,848</u>	<u>-</u>

See Notes to Financial Statements

EMS Monument 621	Total Non-Major Special Revenue Funds	Capital Projects Capital Projects 430	Debt Service Gross Receipts Debt Service 658	Total Non-Major Funds
1,017	6,700,916	759,003	-	7,459,919
-	100,145	-	-	100,145
-	-	-	-	-
-	1,371,143	-	-	1,371,143
-	18,725	-	-	18,725
1,017	8,190,929	759,003	-	8,190,929
-	739,432	240,666	-	980,098
-	65,958	-	-	65,958
-	805,390	240,666	-	805,390
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,017	7,385,539	518,337	-	7,903,876
-	-	-	-	-
1,017	7,385,539	518,337	-	7,903,876
1,017	8,190,929	759,003	-	8,190,929

STATE OF NEW MEXICO
LEA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Farm and Range 403	Community Centers 404	Clerk's Recording & Filing 405
Revenues			
Property, sales, and miscellaneous taxes	\$ -	-	-
Payment in lieu of taxes	-	-	-
Licenses and permits	-	-	117,027
Intergovernmental:			
Federal	14,558	-	-
State	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>14,558</u>	<u>-</u>	<u>117,027</u>
Expenditures			
Current			
General government	-	-	12,848
Public safety	118,561	-	-
Culture and recreation	-	16,971	-
Public works	-	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>118,561</u>	<u>16,971</u>	<u>12,848</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(104,003)</u>	<u>(16,971)</u>	<u>104,179</u>
Other financing sources (uses):			
Transfers in	75,000	-	-
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	<u>75,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(29,003)	(16,971)	104,179
Fund balances (deficit) - beginning of year	<u>51,839</u>	<u>20,451</u>	<u>129,325</u>
Fund balances (deficit) - end of year	\$ <u><u>22,836</u></u>	<u><u>3,480</u></u>	<u><u>233,504</u></u>

See Notes to Financial Statements

Malijmar Fire District 407	Knowles Fire District 408	Airport Fire 409	Monument Fire District 410	Enviromental Gross Receipts Tax 411
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
83,920	88,582	-	93,244	-
-	-	-	-	-
-	-	-	-	-
<u>83,920</u>	<u>88,582</u>	<u>-</u>	<u>93,244</u>	<u>-</u>
-	-	-	-	-
30,342	35,334	144,911	57,938	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>30,342</u>	<u>35,334</u>	<u>144,911</u>	<u>57,938</u>	<u>-</u>
<u>53,578</u>	<u>53,248</u>	<u>(144,911)</u>	<u>35,306</u>	<u>-</u>
-	-	170,000	-	-
-	-	-	-	(7,958,758)
-	-	170,000	-	(7,958,758)
53,578	53,248	25,089	35,306	(7,958,758)
<u>190,769</u>	<u>111,592</u>	<u>17,102</u>	<u>100,208</u>	<u>7,958,758</u>
<u>244,347</u>	<u>164,840</u>	<u>42,191</u>	<u>135,514</u>	<u>-</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	DWI 412	Correction Fees 415	Paving Districts 416
Revenues			
Property, sales, and miscellaneous taxes	\$ -	-	-
Payment in lieu of taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental:			
Federal	-	-	-
State	946,242	-	-
Charges for services	116,460	-	-
Miscellaneous	2,856	-	-
<i>Total revenues</i>	<u>1,065,558</u>	<u>-</u>	<u>-</u>
Expenditures			
Current			
General government	-	-	-
Public safety	1,057,802	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>1,057,802</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,756</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	200,000	-	-
Transfers out	-	(823,196)	-
<i>Total other financing sources (uses)</i>	<u>200,000</u>	<u>(823,196)</u>	<u>-</u>
Net changes in fund balances	207,756	(823,196)	-
Fund balances (deficit) - beginning of year	<u>356,314</u>	<u>823,196</u>	<u>2,538</u>
Fund balances (deficit) - end of year	<u>\$ 564,070</u>	<u>-</u>	<u>2,538</u>

See Notes to Financial Statements

Revolving Loan Fund 421	Revolving EMPG Reimbursement 424	Tire Recycling 426	Other Grants 431	Jal CDBG Wastewater 433
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	593,601	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	593,601	-
-	-	-	-	-
-	-	-	553,052	-
-	35,789	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	35,789	-	553,052	-
-	(35,789)	-	40,549	-
-	-	-	-	-
-	-	(1,800)	-	-
-	-	(1,800)	-	-
-	(35,789)	(1,800)	40,549	-
101,105	51,301	1,800	252,201	21,882
101,105	15,512	-	292,750	21,882

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Lea Region Airport 454	County Airports 455	Lea County Fairgrounds 460
Revenues			
Property, sales, and miscellaneous taxes	\$ -	-	-
Payment in lieu of taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental:			
Federal	614,474	171,569	-
State	1,542,469	141,157	-
Charges for services	68,240	-	209,745
Miscellaneous	-	-	31,818
<i>Total revenues</i>	<u>2,225,183</u>	<u>312,726</u>	<u>241,563</u>
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	1,278,257
Public works	411,987	445,062	-
Capital outlay	2,437,381	-	325,168
<i>Total expenditures</i>	<u>2,849,368</u>	<u>445,062</u>	<u>1,603,425</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(624,185)</u>	<u>(132,336)</u>	<u>(1,361,862)</u>
Other financing sources (uses):			
Transfers in	2,500,000	150,000	2,200,000
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,500,000</u>	<u>150,000</u>	<u>2,200,000</u>
Net changes in fund balances	1,875,815	17,664	838,138
Fund balances (deficit) - beginning of year	<u>459,653</u>	<u>52,668</u>	<u>141,514</u>
Fund balances (deficit) - end of year	<u>\$ 2,335,468</u>	<u>70,332</u>	<u>979,652</u>

See Notes to Financial Statements

Lea County Event Center 463	Property Valuation Fund 499	EMS Knowles 604	Enforcement Protection Grant 605	High Intensity Drug Trafficking Areas Funds 609
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,475,360
-	-	5,006	61,400	-
9,939	674,838	-	-	-
-	-	-	-	20,221
9,939	674,838	5,006	61,400	1,495,581
-	572,541	-	-	-
-	-	2,524	60,932	1,480,529
617,498	-	-	-	-
-	-	-	-	-
-	-	-	-	-
617,498	572,541	2,524	60,932	1,480,529
(607,559)	102,297	2,482	468	15,052
1,050,000	-	-	-	-
-	-	-	-	-
1,050,000	-	-	-	-
442,441	102,297	2,482	468	15,052
63,775	1,161,107	22,261	1,450	249,520
506,216	1,263,404	24,743	1,918	264,572

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	EMS Maljamar 613	County Fire Marshall 618	Fire Excise Tax 619
Revenues			
Property, sales, and miscellaneous taxes	\$ -	-	-
Payment in lieu of taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental:			
Federal	-	-	-
State	-	88,582	-
Charges for services	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	-	88,582	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	43,447	-
Culture and recreation	-	-	-
Public works	-	-	-
Capital outlay	-	207,162	-
<i>Total expenditures</i>	-	250,609	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	(162,027)	-
Other financing sources (uses):			
Transfers in	-	100,000	-
Transfers out	-	-	(75,283)
<i>Total other financing sources (uses)</i>	-	100,000	(75,283)
Net changes in fund balances	-	(62,027)	(75,283)
Fund balances (deficit) - beginning of year	6,994	148,681	75,283
Fund balances (deficit) - end of year	6,994	86,654	-

See Notes to Financial Statements

EMS Monument 621	Total Non-Major Special Revenue Funds	Capital Projects Capital Projects 430	Debt Service Gross Receipts Debt Service 658	Total Non-Major Funds
-	-	-	-	-
-	-	-	-	-
-	117,027	-	-	117,027
-	2,275,961	-	-	2,275,961
-	3,644,203	-	-	3,644,203
-	1,079,222	-	-	1,079,222
-	54,895	-	-	54,895
-	7,171,308	-	-	7,171,308
-	1,138,441	-	-	1,138,441
-	3,068,109	-	-	3,068,109
-	1,912,726	-	-	1,912,726
-	857,049	-	-	857,049
-	2,969,711	5,736,992	-	8,706,703
-	9,946,036	5,736,992	-	15,683,028
-	(2,774,728)	(5,736,992)	-	(8,511,720)
-	6,445,000	5,500,000	-	11,945,000
-	(8,859,037)	-	(5,437,773)	(14,296,810)
-	(2,414,037)	5,500,000	(5,437,773)	(7,851,810)
-	(5,188,765)	(236,992)	(5,437,773)	(10,863,530)
1,017	12,574,304	755,329	5,437,773	18,767,406
1,017	7,385,539	518,337	-	7,903,876

See Notes to Financial Statements

Special Revenue Funds



STATE OF NEW MEXICO
 LEA COUNTY
 FARM AND RANGE - SPECIAL REVENUE FUND (403)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ 20,000	20,000	14,558	(5,442)
State	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>14,558</u>	<u>(5,442)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	<u>118,561</u>	<u>118,561</u>	<u>118,561</u>	<u>-</u>
<i>Total expenditures</i>	<u>118,561</u>	<u>118,561</u>	<u>118,561</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(98,561)</u>	<u>(98,561)</u>	<u>(104,003)</u>	<u>(5,442)</u>
Other financing sources (uses):				
Transfers in	100,000	100,000	75,000	(25,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>75,000</u>	<u>(25,000)</u>
Prior year cash balance budgeted	<u>-</u>	<u>-</u>		
Net changes in fund balances	<u>\$ 1,439</u>	<u>1,439</u>	<u>(29,003)</u>	<u>(30,442)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (29,003)</u>	

STATE OF NEW MEXICO
LEA COUNTY
COMMUNITY CENTERS- SPECIAL REVENUE FUND (404)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Payment in lieu of taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Culture and recreation	70,670	70,670	16,971	53,699
Capital outlay	100,000	100,000	-	100,000
<i>Total expenditures</i>	<u>170,670</u>	<u>170,670</u>	<u>16,971</u>	<u>153,699</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(170,670)</u>	<u>(170,670)</u>	<u>(16,971)</u>	<u>153,699</u>
Other financing sources (uses):				
Transfers in	171,571	171,571	-	(171,571)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>171,571</u>	<u>171,571</u>	<u>-</u>	<u>(171,571)</u>
Prior year cash balance budgeted	<u>-</u>	<u>-</u>		
Net changes in fund balances	\$ <u>901</u>	<u>901</u>	<u>(16,971)</u>	<u>(17,872)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			\$ <u>(16,971)</u>	

STATE OF NEW MEXICO
LEA COUNTY
CLERK RECORDING & FILING - SPECIAL REVENUE FUND (405)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 100,000	100,000	107,262	7,262
<i>Total revenues</i>	<u>100,000</u>	<u>100,000</u>	<u>107,262</u>	<u>7,262</u>
Expenditures				
Current				
General government	148,368	148,368	12,976	135,392
<i>Total expenditures</i>	<u>148,368</u>	<u>148,368</u>	<u>12,976</u>	<u>135,392</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(48,368)</u>	<u>(48,368)</u>	<u>94,286</u>	<u>142,654</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year cash balance budgeted	121,209	121,209		
Net changes in fund balances	<u>\$ 72,841</u>	<u>72,841</u>	<u>94,286</u>	<u>21,445</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			9,765	
Adjustments to expenditures			<u>128</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 104,179</u>	

STATE OF NEW MEXICO
LEA COUNTY
MALJAMAR FIRE DISTRICT - SPECIAL REVENUE FUND (407)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
State	\$ 75,062	75,062	83,920	8,858
<i>Total revenues</i>	<u>75,062</u>	<u>75,062</u>	<u>83,920</u>	<u>8,858</u>
Expenditures				
Current				
Public safety	80,454	80,454	26,491	53,963
<i>Total expenditures</i>	<u>80,454</u>	<u>80,454</u>	<u>26,491</u>	<u>53,963</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,392)</u>	<u>(5,392)</u>	<u>57,429</u>	<u>62,821</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year cash required to balance budget	<u>191,503</u>	<u>191,503</u>		
Net changes in fund balances	\$ <u><u>186,111</u></u>	<u><u>186,111</u></u>	<u>57,429</u>	<u>(128,682)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>(3,851)</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>53,578</u></u>	

STATE OF NEW MEXICO
 LEA COUNTY
 KNOWLES FIRE DISTRICT- SPECIAL REVENUE FUND (408)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	79,232	79,232	88,582	9,350
<i>Total revenues</i>	<u>79,232</u>	<u>79,232</u>	<u>88,582</u>	<u>9,350</u>
Expenditures				
Current				
Public safety	84,924	84,924	35,966	48,958
<i>Total expenditures</i>	<u>84,924</u>	<u>84,924</u>	<u>35,966</u>	<u>48,958</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,692)</u>	<u>(5,692)</u>	<u>52,616</u>	<u>58,308</u>
Other financing sources (uses):				
Transfers in	5,700	5,700	-	(5,700)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,700</u>	<u>5,700</u>	<u>-</u>	<u>(5,700)</u>
Prior year cash balance budgeted	<u>113,049</u>	<u>113,049</u>		
Net changes in fund balances	<u>\$ 8</u>	<u>8</u>	<u>52,616</u>	<u>52,608</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>632</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 53,248</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
AIRPORT FIRE - SPECIAL REVENUE FUND (409)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:	\$			
Federal	-	-	-	-
State	-	-	-	-
<i>Total revenues</i>	-	-	-	-
Expenditures				
Current				
Public safety	285,954	312,530	143,170	169,360
<i>Total expenditures</i>	285,954	312,530	143,170	169,360
<i>Excess (deficiency) of revenues over expenditures</i>	(285,954)	(312,530)	(143,170)	169,360
Other financing sources (uses):				
Transfers in	300,000	300,000	170,000	(130,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	300,000	300,000	170,000	(130,000)
Prior year cash balance budgeted	19,446	19,446		
Net changes in fund balances	\$ 33,492	6,916	26,830	19,914
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(1,741)	
Net Change in Fund Balances (GAAP Basis)			\$ 25,089	

See Notes to Financial Statements

STATE OF NEW MEXICO
 LEA COUNTY
 MONUMENT FIRE DISTRICT - SPECIAL REVENUE FUND (410)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	83,401	83,401	93,244	9,843
<i>Total revenues</i>	83,401	83,401	93,244	9,843
Expenditures				
Current				
Public safety	89,393	89,393	55,139	34,254
<i>Total expenditures</i>	89,393	89,393	55,139	34,254
<i>Excess (deficiency) of revenues over expenditures</i>	(5,992)	(5,992)	38,105	44,097
Other financing sources (uses):				
Transfers in	30,000	30,000	-	(30,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	30,000	30,000	-	(30,000)
Prior year cash balance budgeted	-	-		
Net changes in fund balances	\$ 24,008	24,008	38,105	14,097
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(2,799)	
Net Change in Fund Balances (GAAP Basis)			\$ 35,306	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
ENVIRONMENTAL GROSS RECEIPTS TAX - SPECIAL REVENUE FUND (411)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Payment in lieu of taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	7,815,924	7,815,924	(7,958,758)	(15,774,682)
<i>Total other financing sources (uses)</i>	7,815,924	7,815,924	(7,958,758)	(15,774,682)
Prior year cash balance budgeted	-	-		
Net changes in fund balances	\$ 7,815,924	7,815,924	(7,958,758)	(15,774,682)
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			\$ (7,958,758)	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
DWI - SPECIAL REVENUE FUND (412)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:	\$			
Federal	-	-	-	-
State	576,976	576,976	818,683	241,707
Charges for services	-	-	116,460	116,460
Miscellaneous	-	-	2,856	2,856
<i>Total revenues</i>	<u>576,976</u>	<u>576,976</u>	<u>937,999</u>	<u>361,023</u>
Expenditures				
Current				
Public safety	<u>1,074,671</u>	<u>1,173,422</u>	<u>1,047,792</u>	<u>125,630</u>
<i>Total expenditures</i>	<u>1,074,671</u>	<u>1,173,422</u>	<u>1,047,792</u>	<u>125,630</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(497,695)</u>	<u>(596,446)</u>	<u>(109,793)</u>	<u>486,653</u>
Other financing sources (uses):				
Transfers in	-	-	200,000	200,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Prior year cash balance budgeted	<u>182,117</u>	<u>182,117</u>		
Net changes in fund balances	\$ <u><u>(315,578)</u></u>	<u><u>(414,329)</u></u>	<u>90,207</u>	<u><u>504,536</u></u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			127,559	
Adjustments to expenditures			<u>(10,010)</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>207,756</u></u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
EMPG REIMBURSEMENT - SPECIAL REVENUE FUND (424)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:	\$			
Federal	-	-	-	-
State	50,731	50,731	-	(50,731)
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,731</u>	<u>50,731</u>	<u>-</u>	<u>(50,731)</u>
Expenditures				
Current				
Public safety	37,526	37,526	35,504	2,022
<i>Total expenditures</i>	<u>37,526</u>	<u>37,526</u>	<u>35,504</u>	<u>2,022</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,205</u>	<u>13,205</u>	<u>(35,504)</u>	<u>(48,709)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	\$ <u>13,205</u>	<u>13,205</u>	<u>(35,504)</u>	<u>(48,709)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(285)	
Net Change in Fund Balances (GAAP Basis)			\$ <u>(35,789)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
OTHER GRANTS - SPECIAL REVENUE FUND (431)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	57,350	644,900	612,616	(32,284)
<i>Total revenues</i>	<u>57,350</u>	<u>644,900</u>	<u>612,616</u>	<u>(32,284)</u>
Expenditures				
Current				
General government	78,685	666,235	552,290	113,945
<i>Total expenditures</i>	<u>78,685</u>	<u>666,235</u>	<u>552,290</u>	<u>113,945</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,335)</u>	<u>(21,335)</u>	<u>60,326</u>	<u>81,661</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year cash balance budgeted	<u>225,592</u>	225,592		
Net changes in fund balances	\$ <u>204,257</u>	<u>204,257</u>	<u>60,326</u>	<u>(143,931)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			(19,015)	
Adjustments to expenditures			<u>(762)</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u>40,549</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
LEA COUNTY AIRPORTS - SPECIAL REVENUE FUND (454)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Intergovernmental:				
Federal	1,326,875	1,400,875	614,474	(786,401)
State	4,224,875	4,542,912	1,227,161	(3,315,751)
Charges for services	129,200	129,200	68,240	(60,960)
<i>Total revenues</i>	<u>5,680,950</u>	<u>6,072,987</u>	<u>1,909,875</u>	<u>(4,163,112)</u>
Expenditures				
Current				
Public works	580,066	580,066	411,987	168,079
Capital outlay	10,609,000	11,013,000	3,180,624	7,832,376
<i>Total expenditures</i>	<u>11,189,066</u>	<u>11,593,066</u>	<u>3,592,611</u>	<u>8,000,455</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,508,116)</u>	<u>(5,520,079)</u>	<u>(1,682,736)</u>	<u>3,837,343</u>
Other financing sources (uses):				
Transfers in	5,160,000	5,160,000	2,500,000	(2,660,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,160,000</u>	<u>5,160,000</u>	<u>2,500,000</u>	<u>(2,660,000)</u>
Prior year cash balance budgeted	<u>880,612</u>	<u>880,612</u>		
Net changes in fund balances	\$ <u>532,496</u>	<u>520,533</u>	<u>817,264</u>	<u>296,731</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			315,308	
Adjustments to expenditures			<u>743,243</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u>1,875,815</u>	

STATE OF NEW MEXICO
LEA COUNTY
COUNTY AIRPORTS - SPECIAL REVENUE FUND (455)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Payment in lieu of taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	15,000	15,000	20,874	5,874
State	20,000	20,000	-	(20,000)
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>20,874</u>	<u>(14,126)</u>
Expenditures				
Current				
Public works	225,316	225,316	120,869	104,447
Capital outlay	140,000	140,000	-	140,000
<i>Total expenditures</i>	<u>365,316</u>	<u>365,316</u>	<u>120,869</u>	<u>244,447</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(330,316)</u>	<u>(330,316)</u>	<u>(99,995)</u>	<u>230,321</u>
Other financing sources (uses):				
Transfers in	350,000	350,000	150,000	(200,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>350,000</u>	<u>350,000</u>	<u>150,000</u>	<u>(200,000)</u>
Net changes in fund balances	\$ <u>19,684</u>	<u>19,684</u>	<u>50,005</u>	<u>30,321</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			291,852	
Adjustments to expenditures			(324,193)	
Net Change in Fund Balances (GAAP Basis)			\$ <u>17,664</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
LEA COUNTY FAIRGROUNDS - SPECIAL REVENUE FUND (460)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	100,000	100,000	-	(100,000)
Charges for services	35,000	35,000	209,745	174,745
Miscellaneous	48,000	48,000	31,818	(16,182)
<i>Total revenues</i>	<u>183,000</u>	<u>183,000</u>	<u>241,563</u>	<u>58,563</u>
Expenditures				
Current				
Culture and recreation	911,897	911,897	1,610,194	(698,297)
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	751,833	751,833	325,168	426,665
<i>Total expenditures</i>	<u>1,663,730</u>	<u>1,663,730</u>	<u>1,935,362</u>	<u>(271,632)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,480,730)</u>	<u>(1,480,730)</u>	<u>(1,693,799)</u>	<u>(213,069)</u>
Other financing sources (uses):				
Transfers in	1,600,000	1,800,000	2,200,000	400,000
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,600,000</u>	<u>1,800,000</u>	<u>2,200,000</u>	<u>400,000</u>
Prior year cash balance budgeted	<u>-</u>	<u>-</u>		
Net changes in fund balances	\$ <u>119,270</u>	<u>319,270</u>	<u>506,201</u>	<u>186,931</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			331,937	
Net Change in Fund Balances (GAAP Basis)			\$ <u>838,138</u>	

STATE OF NEW MEXICO
 LEA COUNTY
 LEA COUNTY EVENT CENTER - SPECIAL REVENUE FUND (463)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 228,700	228,700	9,764	(218,936)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>228,700</u>	<u>228,700</u>	<u>9,764</u>	<u>(218,936)</u>
Expenditures				
Current				
Culture and recreation	-	905,753	615,183	290,570
Capital outlay	-	363,819	-	363,819
<i>Total expenditures</i>	<u>-</u>	<u>1,269,572</u>	<u>615,183</u>	<u>654,389</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>228,700</u>	<u>(1,040,872)</u>	<u>(605,419)</u>	<u>435,453</u>
Other financing sources (uses):				
Transfers in	1,400,000	1,400,000	1,050,000	(350,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,050,000</u>	<u>(350,000)</u>
Prior year cash balance budgeted	<u>-</u>	<u>-</u>		
Net changes in fund balances	<u>\$ 1,628,700</u>	<u>359,128</u>	<u>444,581</u>	<u>85,453</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			175	
Adjustments to expenditures			(2,315)	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 442,441</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
PROPERTY VALUATION - SPECIAL REVENUE FUND (499)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 417,706	417,706	674,838	257,132
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>417,706</u>	<u>417,706</u>	<u>674,838</u>	<u>257,132</u>
Expenditures				
Current				
General government	<u>716,032</u>	<u>716,032</u>	<u>572,628</u>	<u>143,404</u>
<i>Total expenditures</i>	<u>716,032</u>	<u>716,032</u>	<u>572,628</u>	<u>143,404</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(298,326)</u>	<u>(298,326)</u>	<u>102,210</u>	<u>400,536</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year cash balance budgeted	<u>1,164,062</u>	<u>1,164,062</u>		
Net changes in fund balances	<u>\$ 865,736</u>	<u>865,736</u>	<u>102,210</u>	<u>(763,526)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>87</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 102,297</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
EMS KNOWLES - SPECIAL REVENUE FUND (604)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	5,000	5,000	5,006	6
<i>Total revenues</i>	5,000	5,000	5,006	6
Expenditures				
Current				
Public safety	5,000	5,000	2,524	2,476
<i>Total expenditures</i>	5,000	5,000	2,524	2,476
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	2,482	2,482
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net changes in fund balances	\$ -	-	2,482	2,482
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			\$ 2,482	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
LAW ENFORCEMENT GRANT - SPECIAL REVENUE FUND (605)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Federal	\$ -	-	-	-
State	61,400	61,400	61,400	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>61,400</u>	<u>61,400</u>	<u>61,400</u>	<u>-</u>
Expenditures				
Current				
Public safety	<u>61,400</u>	<u>61,400</u>	<u>60,932</u>	<u>468</u>
<i>Total expenditures</i>	<u>61,400</u>	<u>61,400</u>	<u>60,932</u>	<u>468</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>468</u>	<u>468</u>
Other financing sources (uses):				
Transfers in	500	500	-	(500)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Prior year cash balance budgeted	<u>-</u>	<u>-</u>		
Net changes in fund balances	\$ <u><u>500</u></u>	<u><u>500</u></u>	<u>468</u>	<u>(32)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>468</u></u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
 LEA COUNTY
 HIGH INTENSITY DRUG TRAFFICKING AREAS - SPECIAL REVENUE FUND (609)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ 1,434,603	1,593,763	1,503,542	(90,221)
State	-	-	-	-
Miscellaneous	-	-	20,221	20,221
<i>Total revenues</i>	<u>1,434,603</u>	<u>1,593,763</u>	<u>1,523,763</u>	<u>(70,000)</u>
Expenditures				
Current				
Public safety	<u>1,440,821</u>	<u>1,600,381</u>	<u>1,493,054</u>	<u>107,327</u>
<i>Total expenditures</i>	<u>1,440,821</u>	<u>1,600,381</u>	<u>1,493,054</u>	<u>107,327</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,218)</u>	<u>(6,618)</u>	<u>30,709</u>	<u>37,327</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year cash balance budgeted	<u>27,085</u>	<u>27,085</u>		
Net changes in fund balances	<u>\$ 20,867</u>	<u>27,085</u>	<u>30,709</u>	<u>3,624</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			(28,182)	
Adjustments to expenditures			<u>12,525</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 15,052</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
EMS MALJAMAR - SPECIAL REVENUE FUND (613)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	-	-	-	-
<i>Total revenues</i>	-	-	-	-
Expenditures				
Current				
Public safety	6,993	6,993	-	6,993
<i>Total expenditures</i>	6,993	6,993	-	6,993
<i>Excess (deficiency) of revenues over expenditures</i>	(6,993)	(6,993)	-	6,993
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Prior year cash balance budgeted	6,994	6,994		
Net changes in fund balances	\$ <u>1</u>	<u>1</u>	-	<u>(1)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			\$ <u>-</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
COUNTY FIRE MARSHALL - SPECIAL REVENUE FUND (618)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	279,232	279,232	88,582	(190,650)
<i>Total revenues</i>	279,232	279,232	88,582	(190,650)
Expenditures				
Current				
Public safety	79,232	79,232	52,099	27,133
Capital outlay	3,300,000	3,300,000	207,162	3,092,838
<i>Total expenditures</i>	3,379,232	3,379,232	259,261	3,119,971
<i>Excess (deficiency) of revenues over expenditures</i>	(3,100,000)	(3,100,000)	(170,679)	2,929,321
Other financing sources (uses):				
Transfers in	3,300,000	3,300,000	100,000	(3,200,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	3,300,000	3,300,000	100,000	(3,200,000)
Prior year cash balance budgeted	-	-		
Net changes in fund balances	\$ 200,000	200,000	(70,679)	(270,679)
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			8,652	
Net Change in Fund Balances (GAAP Basis)			\$ (62,027)	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
FIRE EXCISE TAX - SPECIAL REVENUE FUND (619)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ 4,000	4,000	-	(4,000)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Expenditures				
Current				
Public safety	<u>357,000</u>	<u>257,000</u>	<u>-</u>	<u>257,000</u>
<i>Total expenditures</i>	<u>357,000</u>	<u>257,000</u>	<u>-</u>	<u>257,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(353,000)</u>	<u>(253,000)</u>	<u>-</u>	<u>253,000</u>
Other financing sources (uses):				
Transfers in	300,000	300,000	-	(300,000)
Transfers out	<u>-</u>	<u>75,283</u>	<u>(75,283)</u>	<u>(150,566)</u>
<i>Total other financing sources (uses)</i>	<u>300,000</u>	<u>375,283</u>	<u>(75,283)</u>	<u>(450,566)</u>
Prior year cash balance budgeted	<u>75,283</u>	<u>75,283</u>		
Net changes in fund balances	\$ <u><u>22,283</u></u>	<u><u>197,566</u></u>	<u>(75,283)</u>	\$ <u><u>(272,849)</u></u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>(75,283)</u></u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
LEA COUNTY
EMS MONUMENT - SPECIAL REVENUE FUND (621)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Federal	\$ -	-	-	-
State	5,000	5,000	-	(5,000)
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Expenditures				
Current				
Public safety	5,000	5,000	-	5,000
<i>Total expenditures</i>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u>-</u>	

See Notes to Financial Statements

Capital Projects Fund



STATE OF NEW MEXICO
LEA COUNTY
CAPITAL PROJECTS FUND (430)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ -	-	-	-
State	1,963,000	1,963,000	-	(1,963,000)
<i>Total revenues</i>	1,963,000	1,963,000	-	(1,963,000)
Expenditures				
Current				
Capital outlay	33,603,760	33,691,094	5,655,941	28,035,153
<i>Total expenditures</i>	33,603,760	33,691,094	5,655,941	28,035,153
<i>Excess (deficiency) of revenues over expenditures</i>	(31,640,760)	(31,728,094)	(5,655,941)	26,072,153
Other financing sources (uses):				
Transfers in	30,900,755	30,900,755	5,500,000	(25,400,755)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	30,900,755	30,900,755	5,500,000	(25,400,755)
Prior year cash balance budgeted	914,944	914,944		
Net changes in fund balances	\$ 174,939	87,605	(155,941)	(243,546)
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(81,051)	
Net Change in Fund Balances (GAAP Basis)			\$ (236,992)	

Debt
Service
Fund



STATE OF NEW MEXICO
LEA COUNTY
GROSS RECEIPTS DEBT SERVICE - DEBT SERVICE FUND (658)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property, sales, and miscellaneous taxes	\$ -	-	482,427	482,427
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	482,427	482,427
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health & Welfare	-	-	-	-
Public Works	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	482,427	482,427
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	4,955,346	4,955,346	(5,437,773)	(10,393,119)
<i>Total other financing sources (uses)</i>	4,955,346	4,955,346	(5,437,773)	(10,393,119)
Prior year cash balance budgeted	-	-		
Net changes in fund balances	\$ 4,955,346	4,955,346	(4,955,346)	(9,910,692)
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			(482,427)	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			\$ (5,437,773)	

See Notes to Financial Statements

Enterprise Funds



STATE OF NEW MEXICO
LEA COUNTY
WATER SERVICE AND SOLID WASTE (675) - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ -	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	-	-	-	-
OPERATING EXPENSES				
Operating expenses	148,434	148,434	-	148,434
<i>Total operating expenditures</i>	148,434	148,434	-	148,434
<i>Operating income (loss)</i>	(148,434)	(148,434)	-	148,434
NONOPERATING REVENUES (EXPENSES):				
Capital outlay	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-
Income (loss) before transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Prior year cash balance budgeted	342,496	342,496	-	(342,496)
Change in net position	\$ 194,062	194,062	-	(194,062)



Supporting Schedules

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Lea County State Bank	First American Bank	Pioneer Bank	Wells Fargo Bank	Western Commerce Bank	Total
Deposits in Bank or Savings and Loan						
Cash deposits	\$ 201,814	-	-	6,039,962	-	6,241,776
Repurchase agreement	-	-	-	6,822,879	-	6,822,879
Certificates of deposits	9,343,125	3,000,000	2,000,000	-	4,350,000	18,693,125
Total amounts on deposit	9,544,939	3,000,000	2,000,000	12,862,841	4,350,000	31,757,780
Less: FDIC insurance	(250,000)	(250,000)	(250,000)	(500,000)	(250,000)	(1,500,000)
Total uninsured public funds:	9,294,939	2,750,000	1,750,000	12,362,841	4,100,000	30,257,780
Collateral requirement - 50%	4,647,470	1,375,000	875,000	3,019,981	2,050,000	11,967,451
Collateral requirement - 102%	-	-	-	6,959,337	-	6,959,337
Total required collateralization	\$ 4,647,470	1,375,000	875,000	9,979,318	2,050,000	18,926,787

Pledged Collateral						
Type of security and security number	CUSIP Number	Maturity Date				
2 ALAMOGORDO NM 4%	011446GX3	8/1/2033	\$	649,254		649,254
2 RIO RANCHO NM 3.0%	767171QE4	8/1/2021		902,232		902,232
2 GRANTS & CIBOLA NM 2.5%	388240HC0	10/1/2023		256,860		256,860
2 HOBBS NM SD 3.5%	433866FZ8	9/15/2022		223,647		223,647
2 LAS CRUCES NM JT UT 5.0%	517496ES0	6/1/2023		1,451,216		1,451,216
2 LAS CRUCES NM SD 3.0%	517534TA1	8/1/2022		617,808		617,808
2 LEA COUNTY NM PSD 2%	521513CT6	3/15/2022		500,645		500,645
2 LOVING NM ISD 4.25%	547413CX0	7/15/2023		323,877		323,877
2 LOS ALAMOS NM PSD 3%	54422NFE1	8/1/2021		300,744		300,744
2 NEW MEXICO MILITARY 4.0%	647183BR2	6/1/2027		926,917		926,917
2 ROSWELL NM ISD 4.0%	778550JW4	8/1/2023		554,907		554,907
2 UNIV NM VALENCIA CNTY 4%	914696ET2	8/1/2022		207,998		207,998
1 FHLB LOS LUNAS SD 1 NM 2%	545562QY9	7/15/2024		818,576		818,576
1 FHLB GNMA 15YR	3620AQXB4	2/15/2025		39,814		39,814
1 FHLB CLOVIS MUN SD #1 NM	189414JB2	8/1/2025		913,311		913,311
1 FHLB DONA ANA CO NM 32	257579DE9	9/1/2032		505,123		505,123
1 FHLB FNMA 20 YR	31418BPS9	4/1/2035		741,632		741,632
1 FHLB GNMA II 30YR	36189MA57	10/20/2045		305,411		305,411
1 FHLMC PARTN CTF	3128HDY52	7/1/2032		16,332		16,332
1 FHLMC PARTN CTF	3128JRN2	9/1/2035		33,516		33,516
1 FHLMC PARTN CTF	31295N6D5	9/1/2032		25,561		25,561
1 FHLMC PARTN CTF	31349S4E0	7/1/2034		228,192		228,192
1 FHLMC PARTN CTF	31349SF32	12/1/2033		136,189		136,189
1 FHLMC PARTN CTF	31349UDH8	11/1/2034		17,609		17,609
1 FHLMC PARTN CTF	31349UEU8	11/1/2034		192,309		192,309
1 FHLMC PARTN CTF	31349UHD3	1/1/2035		19,421		19,421
1 FNMA	3138ASYU0	10/1/2026		174,449		174,449
1 FNMA	31390NZV7	7/1/2032		58,090		58,090
1 FNMA	31403VWN5	1/1/2034		29,538		29,538
1 FNMA	31406BQD5	1/1/2035		44,325		44,325
1 FNMA	31408ALJ7	12/1/2035		28,804		28,804
1 FNMA	31412BWG3	9/1/2036		23,657		23,657
1 GNMA II POOL #060562	36225CTU0	12/20/2031		45,072		45,072
1 FNMA	3140X84P9	1/1/2031		232,573		232,573
1 FNMA	3140E8NP9	2/1/2031		60,809		60,809
3 FN-30 FM2306	3140X5R47	1/1/2050		6,959,337		6,959,337
3 FMAC FEPC	3131XL2S5	3/1/2043		779,303		779,303
3 FMAC FEPC	3132ASD36	7/1/2045		139,259		139,259
3 FMAC FEPC	3132A9RD1	8/1/2045		1,075,798		1,075,798
3 FMAC FEPC	3133KGU48	10/1/2049		389,053		389,053
3 FNMA FNMS	3140FCTG3	2/1/2047		628,145		628,145
3 FNMA FNMS	3140J6GJ0	5/1/2047		1,023,593		1,023,593
3 FNMA FNMS	3140J8X32	10/1/2038		560,347		560,347
3 FNMA FNMS	31418B3U	5/1/2036		951,105		951,105
3 FMAC	3138MSCU1	2/1/2043		546,100		546,100
3 FMAC	3140HBVV6	10/1/2049		300,000		300,000
1 SBAP Series 2016-20D	83162CX57	4/1/2036			599,942	599,942
1 FNMA Pool #BM3720	3140J8D26	12/1/2030			873,490	873,490
1 FNMA Pool #705683	31401D6U0	10/1/2033			14,069	14,069
1 FNMA Pool #888407	31410GAG8	9/1/2036			61,506	61,506
1 FNMA Pool #g05256	3128M7E51	3/1/2039			58,091	58,091
1 FNMA Pool #AC2952	31417MH63	9/1/2039			179,613	179,613
1 FNMA Pool #MA0819	31417Y4D6	7/1/2041			85,646	85,646
1 FNMA Pool #MA1515	31418AVH8	8/1/2043			411,486	411,486
Totals:	\$ 6,916,105	3,323,867	1,366,446	13,352,040	2,283,843	27,242,301
Total under (over) pledged:	(2,268,636)	(1,948,867)	(491,446)	(3,372,722)	(233,843)	(8,315,514)
Name and Location of Safe keeper:						
1 Federal Home Loan Bank Dallas, TX		2 The Independent Bankers Bank Dallas, TX		3 BNY Mellon New York, NY		

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2021

Account Type	Account Name	Lea County State Bank	First American Bank	Pioneer Savings Bank	Wells Fargo	Western Commerce Bank	Moreton Capital Markets	Totals
Cash and Cash								
Equivalents								
Checking	Lea County Treasurer	\$ 147,076						147,076
Checking	Lea County Escrow Account	52,570						52,570
Checking	Lea County Treasurer EFTPS	2,168						2,168
CD	Lea County Treasurer		1,000,000					1,000,000
CD	Lea County Treasurer		1,000,000					1,000,000
CD	Lea County Treasurer		1,000,000					1,000,000
CD	Lea County Treasurer	2,000,000						2,000,000
CD	Lea County Treasurer	2,000,000						2,000,000
CD	Lea County Treasurer	1,000,000						1,000,000
CD	Lea County Treasurer	1,000,000						1,000,000
CD	Lea County Treasurer	1,000,000				2,000,000		3,000,000
CD	Lea County Treasurer	1,443,125				850,000		2,293,125
CD	Lea County Treasurer	900,000				1,000,000		1,900,000
CD	Lea County Treasurer					500,000		500,000
CD	Lea County Treasurer			1,000,000				1,000,000
CD	Lea County Treasurer			1,000,000				1,000,000
Checking	Lea County Treasurer				3,636,483			3,636,483
Savings	Lea County Treasurer				2,362,934			2,362,934
Checking	Detention				40,545			40,545
Money Market	Lea County Treasurer						156,402,751	156,402,751
	Total on Deposit	9,544,939	3,000,000	2,000,000	6,039,962	4,350,000	156,402,751	181,337,652
	Reconciling Items	18,227	-	-	(1,411,718)	(750)	(718)	(1,394,959)
Total Reconciled Cash and Cash Equivalents		\$ 9,563,166	3,000,000	2,000,000	4,628,244	4,349,250	156,402,033	179,942,693
Petty Cash								1,000
Total Cash June 30, 2021								179,943,693
Less: Custodial Funds								(25,998,720)
Combined Cash Balance Sheet Total June 30, 2021								\$ 153,944,973

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2021

Account Type	Account Name	Lea County State Bank	First American Bank	Pioneer Savings Bank	Wells Fargo	Western Commerce Bank	Moreton Capital Markets	Totals
Investments								
Treasury Strip Repurchase	Lea County Treasurer	\$ 100,145	-	-	-	-	-	100,145
Agreement Repurchase	Lea County Treasurer	-	-	-	6,822,879	-	-	6,822,879
Agreement CD	Lea County Treasurer Escrow Account Lea County Treasurer	- -	- -	- -	- -	- -	- 4,750,000	- 4,750,000
		\$ <u>100,145</u>	<u>-</u>	<u>-</u>	<u>6,822,879</u>	<u>-</u>	<u>4,750,000</u>	<u>11,673,024</u>

Lea County is located in the
Southeast corner of New Mexico
and borders the state
of Texas on the
south and east
borders. Lea County
is part of the
Permian Basin



STATE OF NEW MEXICO
LEA COUNTY
TAX ROLL RECONCILIATION - CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2021

Property taxes receivable, beginning of year	\$	2,601,597
Changes to tax roll:		
Net tax charges to treasurer for tax year 2020		80,173,314
Decrease in net tax charges 2011-2020		-
Adjustments:		
Less roll-off of 2010 taxes on ten year schedule		-
Net increase/(decrease) of taxes receivable		-
Unknown increase in receivable		5,395
Total receivable prior to collections		<u>82,780,306</u>
Collections for fiscal year ended June 30, 2021		<u>(80,840,202)</u>
Property taxes receivable at June 30, 2021	\$	<u><u>1,940,104</u></u>
Property taxes are reported as follows		
Governmental funds:		
County portion	\$	552,996
Agency portion		<u>1,387,108</u>
Total property taxes receivable	\$	<u><u>1,940,104</u></u>
Property taxes receivable by years:		
2011-2019	\$	583,972
2020		<u>1,356,132</u>
	\$	<u><u>1,940,104</u></u>

STATE OF NEW MEXICO
LEA COUNTY
TREASURERS PROPERTY TAX SCHEDULE
June 30, 2021

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Undistr. At Year End	County Receivable At Year-End
LEA COUNTY:							
Operations							
2011 - 2019	\$ 139,493,831	1,399,795	139,330,524	2,687,615	139,297,048	33,476	163,307
2020	26,059,160	25,669,471	25,669,471	24,907,122	24,907,122	762,349	389,689
Total	165,552,991	27,069,266	164,999,995	27,594,737	164,204,170	795,825	552,996
CITY OF LOVINGTON							
2011 - 2019	3,540,014	25,368	3,518,976	40,821	3,516,417	2,559	21,038
2020	490,180	463,937	463,937	449,306	449,306	14,631	26,243
Total	4,030,194	489,305	3,982,913	490,127	3,965,723	17,190	47,281
CITY OF EUNICE							
2011 - 2019	1,561,296	(1,840,376)	1,557,876	15,534	1,557,516	360	3,420
2020	214,190	2,055,594	205,594	195,735	195,735	9,859	8,596
Total	1,775,486	215,218	1,763,470	211,269	1,753,251	10,219	12,016
CITY OF HOBBS							
2011 - 2019	22,480,524	100,704	22,444,435	163,226	22,436,181	8,255	36,089
2020	3,101,081	3,005,049	3,005,050	2,940,089	2,940,089	64,960	96,031
Total	25,581,605	3,105,753	25,449,485	3,103,315	25,376,270	73,215	132,120
CITY OF JAL							
2011 - 2019	1,407,778	31,931	1,405,643	36,556	1,405,223	420	2,135
2020	235,846	229,165	229,165	199,627	199,627	29,538	6,681
Total	1,643,624	261,096	1,634,808	236,183	1,604,850	29,958	8,816
TOWN OF TATUM							
2011 - 2019	244,536	3,705	243,954	4,684	243,941	12	582
2020	26,646	25,547	25,547	24,516	24,516	1,032	1,099
Total	271,182	29,252	269,501	29,200	268,457	1,044	1,681
NEW MEXICO JUNIOR COLLEGE							
2011 - 2019	67,697,722	674,748	67,616,719	1,293,159	67,599,871	16,848	81,003
2020	12,608,357	12,415,035	12,415,035	12,046,396	12,046,396	368,639	193,322
Total	80,306,079	13,089,783	80,031,754	13,339,555	79,646,267	385,487	274,325
NOR LEA							
2011 - 2019	13,990,769	117,284	13,962,282	348,832	13,956,458	5,824	28,487
2020	2,406,812	2,361,327	2,361,327	2,231,003	2,231,003	130,324	45,485
Total	16,397,581	2,478,611	16,323,609	2,579,835	16,187,461	136,148	73,972
JAL HOSPITAL							
2011 - 2019	5,926,575	159,511	5,925,531	267,073	5,925,257	273	1,044
2020	2,008,435	2,000,721	2,000,721	1,946,956	1,946,956	53,766	7,714
Total	7,935,010	2,160,232	7,926,252	2,214,029	7,872,213	54,039	8,758
EUNICE HOSPITAL							
2011 - 2019	2,519,731	31,669	2,518,251	53,040	2,518,120	131	1,480
2020	549,106	540,536	540,536	524,911	524,911	15,625	8,570
Total	3,068,837	572,205	3,058,787	577,951	3,043,031	15,756	10,050

STATE OF NEW MEXICO
LEA COUNTY
TREASURERS PROPERTY TAX SCHEDULE (CONTINUED)
June 30, 2021

	Property Taxes Levied	Collected In Current Year	Collected To-Date	Distributed In Current Year	Distributed To-Date	Undistr. At Year End	County Receivable At Year-End
STATE OF NEW MEXICO							
2011 - 2019	20,944,936	194,143	20,918,590	369,551	24,320,883	5,995	26,346
2020	3,754,300	3,691,458	3,691,458	3,582,165	173,877	109,293	62,842
Total	24,699,236	3,885,601	24,610,048	3,951,716	24,494,760	115,288	89,188
LOVINGTON SCHOOL							
2011 - 2019	29,207,587	297,511	29,129,634	366,879	29,114,258	15,376	77,953
2020	4,730,527	4,604,802	4,604,802	4,521,758	4,521,758	83,044	125,725
Total	33,938,114	4,902,313	33,734,436	4,888,637	33,636,016	98,420	203,678
EUNICE SCHOOL							
2011 - 2019	15,051,961	224,948	15,041,778	376,839	15,040,833	945	10,183
2020	3,291,962	3,240,687	3,240,687	3,146,978	3,146,978	93,709	51,275
Total	18,343,923	3,465,635	18,282,465	3,523,817	18,187,811	94,654	61,458
HOBBS SCHOOLS							
2011 - 2019	82,031,349	452,504	81,914,944	691,712	81,887,211	27,734	116,405
2020	12,403,320	12,101,957	12,101,958	11,883,286	11,883,286	218,671	301,362
Total	94,434,669	12,554,461	94,016,902	12,574,998	93,770,497	246,405	417,767
JAL SCHOOLS							
2011 - 2019	10,234,914	325,550	10,232,807	545,086	10,232,256	551	2,107
2020	4,098,052	4,082,467	4,082,467	3,972,848	3,972,848	109,619	15,585
Total	14,332,966	4,408,017	14,315,274	4,517,934	14,205,104	110,170	17,692
TATUM SCHOOLS							
2011 - 2019	4,230,027	26,531	4,227,567	401,554	4,226,766	801	2,460
2020	1,416,623	1,413,026	1,413,026	1,228,878	1,228,878	184,148	3,597
Total	5,646,650	1,439,557	5,640,593	1,630,432	5,455,644	184,949	6,057
NONRENDERED							
2011 - 2019	166,971	6,770	166,737	6,685	166,613	123	234
2020	28,823	28,787	28,787	28,405	28,405	383	36
Total	195,794	35,557	195,524	35,090	195,018	506	270
1% ASSESSOR							
2011 - 2019	3,273,626	17,357	3,263,927	22,733	3,257,111	6,816	9,699
2019	553,008	540,728	540,728	516,524	516,524	24,204	12,280
Total	3,826,634	558,085	3,804,655	539,257	3,773,635	31,020	21,979
TOTALS							
2011 - 2019	424,004,147	2,249,653	423,420,175	7,691,579	426,701,963	126,499	583,972
2019	77,976,428	78,470,294	76,620,296	74,346,503	70,938,215	2,273,794	1,356,132
GRAND TOTAL	\$ 501,980,575	80,719,947	500,040,471	82,038,082	497,640,178	2,400,293	1,940,104

Presumed paid after ten years per Section 7-38-81(C) NMSA 1978

Lea County has completed the expansion of the terminal building, and parking lot and rebuilt the aprons at Lea Regional Airport that will enable the County to provide increased air service to Houston and Denver.



LEA COUNTY NEW MEXICO
MEMORANDUMS OF UNDERSTANDING & JOINT POWERS AGREEMENTS
FISCAL YEAR 2021

Participants with Lea County	Party Responsible for Operations	Description of Agreement	Dates of Agreement (Approval by DFA)	Total Amount of Project	County Portion	County Contribution FY2021	Audit Responsibility	Fiscal Agent	Government reporting revenues & expenditures
City of Hobbs City of Lovington City of Eunice City of Jal Town of Tatum	Lea County	Created the Lea County Solid Waste Authority to provide landfill and waste management services for the Citizens of Lea County.	04/18/1995 Automatic Renewal	Unknown	N/A	Dumping Fees	Lea County	Lea County	Lea County
City of Hobbs City of Lovington City of Eunice City of Jal Town of Tatum	Lea County	Created the Lea County Water User's Association to enact a water management plan for the Citizens of Lea County	09/23/1997 Automatic Renewal	Unknown	45.8% of funding	\$ 1,274	Lea County	Lea County	Lea County
City of Hobbs	Both Parties	Cleanup and disposal of trash illegally dumped	11/17/2003	Unknown	25% not to exceed \$15,000 without prior consent	None	Both Parties	Both Parties	Both Parties
Hobbs Municipal Schools City of Hobbs New Mexico Junior College City of Lovington Eunice Municipal Schools Tatum Municipal Schools Jal Municipal Schools	All Parties	Cooperative Purchasing	11/17/2003	Unknown	N/A	None	All Parties	All Parties	All Parties
Southeastern New Mexico Council of Governments	Both Parties	Facilitate regional economic development	07/25/2006 Indefinite term	Unknown	N/A	\$ 29,500	Both Parties	Both Parties	Both Parties

LEA COUNTY NEW MEXICO
MEMORANDUMS OF UNDERSTANDING & JOINT POWERS AGREEMENTS
FISCAL YEAR 2021

Participants with Lea County	Party Responsible for Operations	Description of Agreement	Dates of Agreement (Approval by DFA)	Total Amount of Project	County Portion	County Contribution FY2021	Audit Responsibility	Fiscal Agent	Government reporting revenues & expenditures
City of Hobbs City of Carlsbad County of Eddy	Appointed Board	Created the Eddy Lea Energy Alliance to promote nuclear energy development in Eddy and Lea Counties.	07/29/2006 Termination at the discretion of the contracting parties	Unknown	25% of expenditures	\$ 25,000	Appointed Board	Lea County	Lea County
City of Hobbs	Lea County	Created the Lea County Communication s Authority to provide 911 emergency services for Lea County	01/04/2010; revised 06/02/2017 Indefinite terms	Unknown	50% of operating and capital expenses	\$ 1,430,234	Lea County	Lea County	Lea County
Commissioner of Public Lands	Both Parties	Jointly plan or master plan state trust lands within the County outside of any extra zoning jurisdiction	5/30/2013	Unknown	N/A	N/A	Both Parties	Both Parties	Both Parties
Lea County Communications Authority City of Hobbs City of Lovington City of Jal City of Eunice Town of Tatum	All Parties	Operate and maintain a P25 800MHz radio system	4/18/2016	Unknown	County owned radios	N/A	All Parties	All Parties	All Parties
INTERGOVERNMENTAL AGREEMENTS									
Children's Court 5th Judicial District D.A. Public Defender Lea County Sheriff Lovington School District	All Parties	Establish the Lea County Juvenile Justice Continuum	2/1/2013	Unknown	N/A	N/A	All Parties	All Parties	All Parties

LEA COUNTY NEW MEXICO
MEMORANDUMS OF UNDERSTANDING & JOINT POWERS AGREEMENTS
FISCAL YEAR 2021

Participants with Lea County	Party Responsible for Operations	Description of Agreement	Dates of Agreement (Approval by DFA)	Total Amount of Project	County Portion	County Contribution FY2021	Audit Responsibility	Fiscal Agent	Government reporting revenues & expenditures
Lovington Municipal Schools	Both Parties	Education services for juvenile offenders	9/17/2020	Unknown	N/A	N/A	Both Parties	Both Parties	Both Parties
United States Marshals Service Fugitive Task Force	Both Parties	Joint effort to investigate and apprehend local, state and federal fugitives	8/13/2020	Unknown	N/A	N/A	Both Parties	Both Parties	Both Parties
Department of Energy Waste Isolation Pilot Plant	Both Parties	Interface and coordination responsibilities for emergency response	4/23/2020	Unknown	N/A	N/A	All Parties	All Parties	All Parties
NMSU Agricultural & Home Extension	NMSU	County Extension Services	07/01/2019 Annual Renewal	\$ 103,912	100 %	\$ 103,912	Both Parties	Both Parties	Both Parties
USDA Soil & Water Conservation	USDA	Soil & Water Conservation	11/3/2070	\$ 62,400	\$ 62,400	\$ 62,400	Both Parties	Both Parties	Both Parties
USDA	USDA	Wildlife Control	07/01/2019 Annual Renewal	\$ 56,160	\$ 56,160	\$ 56,160	Both Parties	Both Parties	Both Parties
City of Eunice	Eunice	Waste Hauling Assistance	07/01/2019 Annual Renewal	Unknown	\$ 72,000	\$ 72,000	Both Parties	Both Parties	Both Parties
City of Jal	Jal	Waste Hauling Assistance	07/01/2019 Annual Renewal	Unknown	\$ 72,000	\$ 72,000	Both Parties	Both Parties	Both Parties
City of Lovington	Lovington	Waste Hauling Assistance	07/01/2019 Annual Renewal	Unknown	\$ 72,000	\$ 72,000	Both Parties	Both Parties	Both Parties
Town of Tatum	Tatum	Waste Hauling Assistance	07/01/2019 Annual Renewal	Unknown	\$ 72,000	\$ 72,000	Both Parties	Both Parties	Both Parties

LEA COUNTY NEW MEXICO
MEMORANDUMS OF UNDERSTANDING & JOINT POWERS AGREEMENTS
FISCAL YEAR 2021

Participants with Lea County	Party Responsible for Operations	Description of Agreement	Dates of Agreement (Approval by DFA)	Total Amount of Project	County Portion	County Contribution FY2021	Audit Responsibility	Fiscal Agent	Government reporting revenues & expenditures
City of Eunice	Eunice	Assistance for Fire, Ambulance and other services	07/01/2019 Annual Renewal	\$ 125,000	\$ 125,000	\$ 125,000	Both Parties	Both Parties	Both Parties
City of Hobbs	Hobbs	Assistance for Fire, Ambulance and other services	07/01/2019 Annual Renewal	\$ 625,000	\$ 625,000	\$ 625,000	Both Parties	Both Parties	Both Parties
City of Jal	Jal	Assistance for Fire, Ambulance and other services	07/01/2019 Annual Renewal	\$ 112,500	\$ 112,500	\$ 112,500	Both Parties	Both Parties	Both Parties
City of Lovington	Lovington	Assistance for Fire, Ambulance and other services	07/01/2019 Annual Renewal	\$ 300,000	\$ 300,000	\$ 300,000	Both Parties	Both Parties	Both Parties
Town of Tatum	Tatum	Assistance for Fire, Ambulance and other services	07/01/2019 Annual Renewal	\$ 87,500	\$ 87,500	\$ 87,500	Both Parties	Both Parties	Both Parties
City of Hobbs	Lea County	Rent Agreement for the District Attorney's Office	07/01/2019 Annual Renewal	\$84,000 annually plus utilities	100 %	\$ 99,557	Both Parties	Both Parties	Both Parties
Nor-Lea Hospital District	Nor-Lea	Medical Services for Lea County Detention Center Detainees	7/1/2019	\$ 840,000	\$ 840,000	\$ 840,000	Both Parties	Both Parties	Both Parties
City of Hobbs	EDC of Lea County	Air Service/ Subsidy for Commercial Air Service	8/20/2020	\$2,300,000	\$ 1,150,000	\$ 523,051	Both Parties	Both Parties	Both Parties

LEA COUNTY NEW MEXICO
MEMORANDUMS OF UNDERSTANDING & JOINT POWERS AGREEMENTS
FISCAL YEAR 2021

Participants with Lea County	Party Responsible for Operations	Description of Agreement	Dates of Agreement (Approval by DFA)	Total Amount of Project	County Portion	County Contribution FY2021	Audit Responsibility	Fiscal Agent	Government reporting revenues & expenditures
Eddy County	Eddy County	Design & Rehab of Campbell & Red Roads	8/20/2020	Unknown	\$ 3,932,937	\$ 3,932,937	Eddy County	Eddy County	Eddy County
Quay County	Lea County	Housing of inmates at the Detention Center	9/17/2020	Unknown	Unknown	Unknown	Lea County	Lea County	Lea County
Eddy County	Lea County	Housing of inmates at the Detention Center	12/10/2020	Unknown	Unknown	Unknown	Lea County	Lea County	Lea County
US General Services Administration	TSA	Lease Space at Lea Regional Airport	12/10/2020	\$ 121,724	\$ —	\$ —	Lea County	Lea County	Lea County



Statistical Section



Statistical Section

This part of Lea County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue sources, property taxes and gross receipts taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.

LEA COUNTY NEW MEXICO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government Governmental Activities										
Net investment in capital assets	107,712,350	116,773,950	118,112,044	127,194,161	150,473,595	164,111,476	187,147,314	206,937,499	227,250,929	237,343,176
Restricted	3,829,740	71,283	108,223	179,612	21,613,202	17,732,761	27,255,699	26,154,219	29,971,111	23,333,261
Restricted permanent fund	1,353,125	1,353,125	1,353,125	—	—	—	—	—	—	—
Unrestricted (deficit)	68,617,598	75,233,579	90,401,359	84,066,992	39,247,861	42,239,673	12,367,459	33,675,899	47,122,354	99,600,012
Total governmental activities net position	181,512,813	193,431,937	209,974,751	211,440,765	211,334,658	224,083,910	226,770,472	266,767,617	304,344,394	360,276,449
Business-Type Activities										
Net investment in capital assets	—	—	—	2,637,508	2,923,009	2,923,009	2,923,009	2,923,009	2,923,009	2,923,009
Unrestricted Assets	—	719,913	2,304,844	1,770,065	1,462,606	354,786	354,707	343,121	341,191	341,191
Total business-type activities position	—	719,913	2,304,844	4,407,573	4,385,615	3,277,795	3,277,716	3,266,130	3,264,200	3,264,200
Total Net Position	181,512,813	194,151,850	212,279,595	215,848,338	215,720,273	227,361,705	230,048,188	270,033,747	307,608,594	363,540,649

LEA COUNTY NEW MEXICO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	27,737,524	24,129,806	27,111,830	35,499,112	21,252,934	22,302,652	18,549,274	18,712,334	25,135,132	21,522,923
Public safety	13,958,529	15,488,604	16,100,559	8,112,584	17,992,983	20,597,132	23,505,422	25,235,684	30,084,368	24,644,412
Culture and recreation	3,872,048	4,978,268	6,102,803	4,533,268	2,047,566	2,230,950	3,150,253	3,349,472	3,397,402	1,930,907
Health and welfare	5,064,828	5,294,354	4,985,881	4,704,778	10,410,992	7,211,055	7,217,969	10,911,550	14,520,642	10,992,138
Public works	846,127	729,718	722,667	1,742,184	8,197,010	6,890,108	8,083,337	8,514,005	7,787,998	7,648,641
Capital Outlay	—	—	—	—	—	27,749	—	792,526	—	—
Loss on disposition of assets	—	—	—	—	457,731	100,229	—	—	—	—
Interest on long-term debt	527,968	638,723	196,131	181,498	179,217	150,001	134,901	120,481	150,424	—
Total governmental activities expenses	52,007,024	51,259,473	55,219,871	54,773,424	60,538,433	59,509,876	60,641,156	67,636,052	81,075,966	66,739,021
Business-type Activities:										
Water service proprietary fund	—	—	93,947	17,773	21,958	56,254	79	11,586	1,930	—
Total Governmental & Business-type activities expense	52,007,024	51,259,473	55,313,818	54,791,197	60,560,391	59,566,130	60,641,235	67,647,638	81,077,896	66,739,021
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	7,098,651	9,611,227	9,949,777	8,981,833	3,442,798	1,059,635	1,075,282	2,101,053	2,154,996	1,775,195
Public Safety	10,184	5,191	—	1,718	306,116	2,358,188	2,238,491	2,261,738	1,449,685	1,706,730
Culture and recreation	—	—	182,336	—	—	—	1,068,836	315,002	185,369	9,939
Health and welfare	—	—	—	—	—	—	—	—	—	—
Public works	241,527	438,798	—	212,121	—	—	178,652	209,276	186,036	68,240
Operating grants and contributions	3,021,357	2,941,790	2,772,014	3,825,193	4,783,811	5,855,562	6,577,695	5,315,545	5,883,342	5,874,933
Capital grants and contributions	723,157	904,578	268,122	2,560,754	1,916,522	7,431,152	280,647	425,880	1,732,322	3,262,918
Total governmental activities program revenues	11,094,876	13,901,584	13,172,249	15,581,619	10,449,247	16,704,537	11,419,603	10,628,494	11,591,750	12,697,955

**LEA COUNTY NEW MEXICO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type Activities:										
Charges for services		—	1,413	7,878	4,501	—	—	—	—	—
Operating grants and contributions		—	475,000	25,000	—	—	—	—	—	—
Water service proprietary fund		—	476,413	32,878	4,501	—	—	—	—	—
Net (Expense)/Revenue		(40,912,148)	(36,881,476)	(42,108,691)	(39,205,077)	(50,111,144)	(42,861,593)	(49,221,632)	(57,019,144)	(54,041,066)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes (see Schedule 4)										
Property taxes		11,449,078	12,301,844	13,286,760	14,360,743	15,978,645	16,462,835	17,776,009	18,634,296	26,487,711
Gross receipts taxes		12,221,686	13,583,359	15,488,554	18,093,847	10,070,902	10,103,026	15,154,566	22,534,132	15,504,127
Gas/Motor vehicle taxes		304,340	325,180	308,043	348,811	311,359	359,764	370,488	369,900	297,959
Franchise taxes									—	—
Oil & gas taxes		24,202,546	23,038,185	31,072,987	27,438,261	19,597,346	23,101,563	33,731,130	48,706,163	63,106,009
Cigarette taxes									—	—
Payments in lieu of taxes (Note 1)						3,267,767	3,640,614	3,056,061	4,056,216	3,024,065
Loss on defeasance									—	—
Investment earnings (Note 1)						217,366	40,763	123,055	1,947,898	521,104
Sale of capital assets		(82,051)	(94,534)	(270,616)	226,535	—	854,460	—	—	—
Miscellaneous		387,795	366,479	418,383	445,446	539,694	—	675,316	756,098	1,032,146
Total governmental activities		48,483,394	49,520,513	60,304,111	60,913,643	49,983,079	54,563,025	70,886,625	97,004,703	109,973,121
Transfers to custodial Funds		—	—	—	—	—	60,000	—	—	—
Changes in Net Position										
Governmental activities		7,571,246	12,639,037	18,195,420	21,708,566	(128,065)	11,641,432	21,664,993	39,985,559	55,932,055

Note (1) Breakout not available for 2011-2015

Information gathered from the Statement of Activities.

LEA COUNTY NEW MEXICO
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

(accrual basis of accounting)

Function/Program	Program Revenues									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government Governmental Activities:										
General government	9,922,039	12,678,627	12,030,389	11,729,746	4,895,047	2,365,026	1,717,817	2,765,006	2,765,337	2,650,844
Public safety	839,428	714,047	942,386	861,799	2,677,705	4,807,925	4,819,210	4,763,116	3,933,371	4,283,320
Culture and recreation	15,254	14,516	11,526	12,311	15,970	—	1,068,836	415,002	185,369	9,939
Health and welfare	10,000	—	—	—	—	—	—	—	—	—
Public works	612,495	819,574	495,991	3,326,574	3,171,884	9,891,350	4,184,228	3,055,270	4,707,673	5,753,852
Capital Outlay	—	—	—	—	—	—	—	—	—	—
Interest on long-term debt	—	—	—	—	—	—	—	—	—	—
Total governmental activities	11,399,216	14,226,764	13,480,292	15,930,430	10,760,606	17,064,301	11,790,091	10,998,394	11,591,750	12,697,955
Function/Program										
Business-type Activities	—	476,413.00	32,878.00	4,501.00	—	—	—	—	—	—
Total Program Revenues By Function	11,399,216	14,703,177	13,513,170	15,934,931	10,760,606	17,064,301	11,790,091	10,998,394	11,591,750	12,697,955

Information gathered from the Statement of Activities.

Lea County became the number one (#1) oil producing County in the United States in December 2019 and has held the title each month since. Although the oil industry is highly cyclical and subject to wide swings, it is the main driver for economic activity in the region.



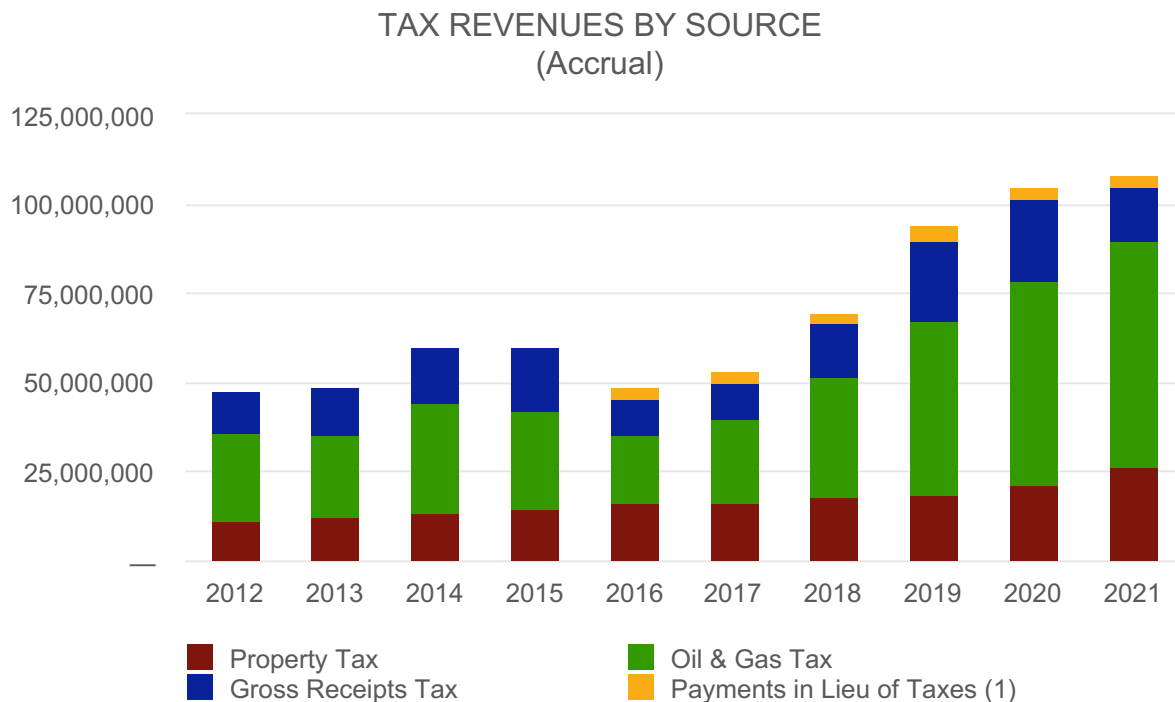
**LEA COUNTY NEW MEXICO
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

Fiscal Year	Property Tax	Oil & Gas Tax	Gross Receipts Tax	Payments in Lieu of Taxes (1)	Total Taxes
2012	11,449,078	24,202,546	12,221,686	—	47,873,310
2013	12,301,844	23,038,185	13,583,359	—	48,923,388
2014	13,286,760	31,072,987	15,488,554	—	59,848,301
2015	14,360,743	27,438,261	18,093,847	—	59,892,851
2016	15,978,645	19,597,346	10,070,902	3,267,767	48,914,660
2017	16,462,835	23,101,563	10,103,026	3,640,614	53,308,038
2018	17,776,009	33,731,130	15,154,566	3,056,061	69,717,766
2019	18,634,296	48,706,163	22,534,132	4,056,216	93,930,807
2020	21,546,626	56,997,759	23,048,517	3,026,191	104,619,093
2021	26,487,711	63,106,009	15,504,127	3,026,191	108,124,038
Percent Change 2012-2021	131.35%	160.74%	26.86%		125.85%

(1) Breakout not available 2012-2015

Information gathered from the Statement of Activities.



LEA COUNTY NEW MEXICO
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government:										
General Fund										
Nonspendable								—	—	
Restricted				—	7,978,590	7,103,211	7,840,991	9,029,359	9,029,359	9,029,359
Committed	3,502,567	4,384,110	7,375,396	5,935,164				—	—	—
Assigned	35,462,997	36,408,451	43,947,978	43,674,931	42,517,258	59,179,974		—	—	—
Unassigned	18,268,817	18,755,869	22,639,868	22,499,207	12,899,246	2,251,878	52,511,554	76,296,265	94,925,623	147,422,964
Total general fund	57,234,381	59,548,430	73,963,242	72,109,302	63,395,094	68,535,063	60,352,545	85,325,624	103,954,982	156,452,323
All other governmental funds										
Nonspendable	1,353,125	1,353,125	1,353,125					—	—	—
Restricted	10,086,995	15,170,328	16,471,419	20,328,831	13,634,612	10,629,550	19,414,708	17,124,860	20,941,752	14,303,902
Committed	2,358,258	615,394	536,552	9,454,399	—	—		—	—	—
Assigned	2,545,332	—	—	264,196	1,140,059	—		—	—	—
Unassigned (deficit)	(182,833)	(203)	—	(138,124)	(312,181)	(21,290)	(129,787)	—	—	—
Total all other governmental funds	16,160,877	17,138,644	18,361,096	29,909,302	14,462,490	10,608,260	19,284,921	17,124,860	20,941,752	14,303,902
Total governmental funds fund balance	73,395,258	76,687,074	92,324,338	102,018,604	77,857,584	79,143,323	79,637,466	102,450,484	124,896,734	170,756,225

Information gathered from the Balance Sheets - Governmental Funds. (Major Funds Balance Sheet)

LEA COUNTY NEW MEXICO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property, sales, and miscellaneous taxes	46,786,728	47,866,522	58,808,460	58,888,922	45,644,492	49,463,435	66,580,156	89,964,428	101,439,287	105,224,873
Payment in lieu of taxes		—	—	—	3,267,767	3,640,614	3,056,061	4,056,216	3,026,191	3,024,065
Licenses and permits	560,635	646,441	708,096	963,352	143,733	359,680	340,286	187,393	179,831	222,169
Intergovernmental:										
Federal	3,525,488	4,147,118	2,813,181	5,414,092	2,684,440	7,709,001	3,353,010	1,845,488	2,886,352	2,807,328
State	981,009	1,233,767	1,767,863	2,171,512	4,015,893	5,577,713	3,505,332	3,895,937	4,729,312	6,330,523
Charges for services	2,773,647	3,676,149	3,304,851	3,357,304	4,060,273	3,777,587	4,931,749	5,256,969	3,976,086	3,560,104
Investment Earnings	381,830	427,108	515,110	538,025	217,366	40,763	123,055	1,947,898	1,508,323	521,104
Miscellaneous	4,162,039	5,901,743	6,154,182	4,919,276	395,961	541,034	753,745	865,668	940,138	1,222,662
Total revenues	59,171,376	63,898,848	74,071,743	76,252,483	60,429,925	71,109,827	82,643,394	108,019,997	118,685,520	122,912,828
Expenditures										
General government	20,907,153	20,402,829	21,388,999	28,235,434	19,137,935	18,704,689	14,663,575	13,985,500	20,203,716	17,395,758
Public safety	11,772,525	13,746,029	14,168,805	6,101,169	17,522,978	17,911,214	21,285,001	22,362,144	25,194,804	23,102,900
Culture and recreation	3,336,501	4,402,910	5,293,398	4,193,046	2,039,046	2,222,430	3,150,253	3,338,776	3,379,221	1,912,726
Health and welfare	3,727,007	5,621,812	4,930,881	8,894,430	10,417,007	6,928,601	6,996,124	10,621,975	13,900,835	11,015,148
Public works	5,335,932	7,854,671	5,288,394	11,115,280	6,270,880	4,849,178	5,893,882	5,842,449	4,307,717	3,916,197
Capital outlay	14,062,456	5,747,609	6,186,871	5,026,360	28,331,517	19,328,257	29,289,204	28,180,654	24,217,513	19,710,608
Debt service										
Principal	645,000	1,965,000	680,000	695,000	737,060	720,000	735,000	755,000	4,875,000	—
Interest	527,968	622,673	196,131	181,498	166,582	151,285	136,212	120,481	160,464	—
Issuance costs								—	—	—
Refunding								—	—	—
Total expenditures	60,314,542	60,363,533	58,133,479	64,442,217	84,623,005	70,815,654	82,149,251	85,206,979	96,239,270	77,053,337
Excess of revenues over (under) expenditures	(1,143,166)	3,535,315	15,938,264	11,810,266	(24,193,080)	294,173	494,143	22,813,018	22,446,250	45,859,491

LEA COUNTY NEW MEXICO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources										
(Uses)										
Bonds/debt issued/ proceeds of refunding		10,000,000			32,060			—	—	—
Bond premium (discount)								—	—	—
Payment to refunding bond escrow agent		(10,000,000)						—	—	—
Capital lease issuance								—		
Bond defeasance								—		
Transfers in	6,862,186	10,413,209	6,028,448	16,844,078	48,400,654	26,958,598	47,720,888	39,479,029	35,322,705	37,920,934
Transfers out	(6,862,186)	(10,656,709)	(6,329,448)	(18,960,078)	(48,400,654)	(25,967,032)	(47,720,888)	(39,479,029)	(35,322,705)	(37,920,934)
Total other financing sources (uses)	—	(243,500)	(301,000)	(2,116,000)	32,060	991,566	—	—	—	—
Net changes in fund balances	(1,143,166)	3,291,815	15,637,264	9,694,266	(24,161,020)	1,285,739	494,143	22,813,018	22,446,250	45,859,491
Debt service as a percentage of noncapital expenditures (2)	2.5 %	4.7 %	1.7 %	1.5 %	1.6 %	1.7 %	1.6 %	1.5 %	5.8 %	— %

(1) The capital outlay listed above is adjusted in the government-wide statement of activities for the following variances: donated assets, depreciation expense, gain or loss on disposal of assets, and capital outlay classified as operating expenditures on the fund financial statements.

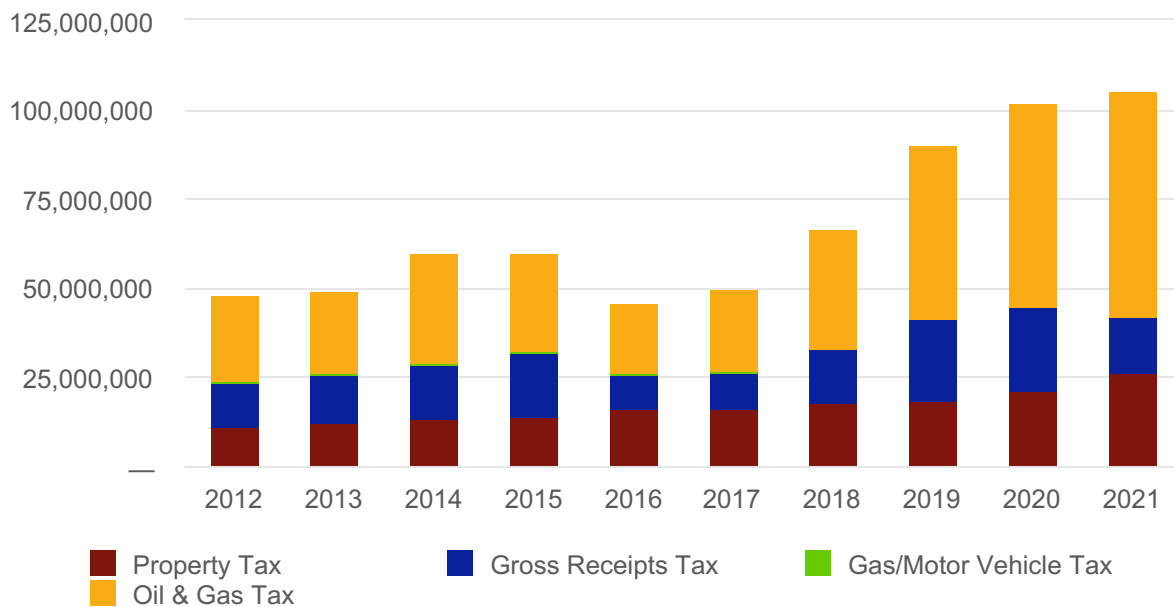
(2) The debt service as a percentage of non-capital expenditures formula for fiscal years 2006-2011 was updated to reflect only the capitalized capital outlay reported in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

**LEA COUNTY NEW MEXICO
TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

Fiscal Year	Property Tax	Gross Receipts Tax	Gas/Motor Vehicle Tax	Oil & Gas Tax	Total Taxes
2012	11,406,424	12,221,686	307,340	24,202,546	48,137,996
2013	12,238,175	13,583,359	325,180	23,038,185	49,184,899
2014	13,360,897	15,488,554	308,043	31,072,987	60,230,481
2015	14,009,757	18,093,847	348,811	27,438,261	59,890,676
2016	15,976,244	10,070,902	311,359	19,597,346	45,955,851
2017	16,258,846	10,103,026	359,764	23,101,563	49,823,199
2018	17,694,460	15,154,566	370,488	33,731,130	66,950,644
2019	18,724,133	22,534,132	369,900	48,706,163	90,334,328
2020	21,546,626	23,048,517	263,467	56,997,759	101,856,369
2021	26,487,711	15,504,127	297,959	63,106,009	105,395,806
Percent Change 2012-2021	132.22%	26.86%	-3.05%	160.74%	118.95%

TAX REVENUE BY SOURCE
(Modified Accrual)



LEA COUNTY NEW MEXICO
GROSS RECEIPTS TAX REVENUE BY INDUSTRY
LAST TEN FISCAL YEARS

Matched Taxable Gross Receipts for the County By Major Industrial Classifications

Fiscal Year Ending 6/30	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture, Forestry, Fishing and Hunting	\$ 3,569,932	\$ 4,397,523	\$ 7,368,247	\$ 7,304,153	\$ 10,236,174	\$ 13,559,567	\$ 14,651,530	\$ 10,302,683	\$ 8,790,974	\$ 8,406,158
Mining and Oil and Gas Extraction	1,192,832,081	1,325,500,930	1,584,510,770	1,972,342,583	940,421,594	968,344,203	1,717,141,243	2,628,114,774	2,468,561,866	1,766,950,941
Utilities	176,831,168	184,184,706	219,986,388	244,685,038	224,098,373	230,210,905	253,629,078	294,993,221	299,472,832	299,547,087
Construction	455,115,143	443,247,948	566,486,057	919,665,762	577,075,203	528,528,008	612,267,891	871,358,415	945,814,821	535,870,548
Manufacturing	274,916,578	309,216,417	410,409,294	397,346,079	174,188,366	101,127,401	166,852,469	241,972,706	228,877,718	248,509,220
Wholesale Trade	274,461,384	318,498,845	335,742,058	347,979,198	211,069,590	241,231,793	366,952,809	435,458,394	377,837,008	287,964,582
Retail Trade	623,355,739	679,351,375	683,958,893	731,090,746	562,251,501	526,291,129	771,162,209	944,612,144	926,500,773	695,529,045
Transportation and Warehousing	115,001,331	161,159,604	190,160,254	218,724,193	130,938,060	99,629,396	149,217,454	245,353,436	205,718,036	160,636,745
Information and Cultural Industries	68,334,376	75,701,931	88,321,730	92,424,867	87,938,635	87,222,985	89,018,114	95,942,518	104,583,465	55,490,374
Finance and Insurance	5,425,721	7,516,098	7,634,163	8,103,089	7,460,754	7,818,890	8,032,460	8,711,663	9,175,962	9,276,796
Real Estate and Rental and Leasing	62,135,205	79,284,473	93,996,093	109,635,803	74,975,037	84,410,619	156,036,199	200,140,813	189,502,779	158,187,127
Professional, Scientific and Technical Services	109,278,852	122,397,607	132,237,309	148,527,368	100,869,094	111,859,960	121,093,051	163,248,677	169,563,034	136,701,540
Admin and Support, Waste Mgt and Remed	(15,388,075)	73,285,471	51,437,518	58,450,816	46,061,550	51,009,557	89,822,974	101,116,857	111,901,879	91,852,643
Educational Services	65,386	208,885	533,771	583,800	712,847	755,160	1,046,745	1,110,320	1,000,714	1,106,173
Health Care and Social Assistance	72,960,327	69,440,341	65,686,208	73,852,181	17,600,472	65,580,278	75,166,530	83,205,587	72,922,677	86,576,860
Arts, Entertainment and Recreation	7,077,608	5,450,461	5,661,597	12,206,135	7,595,475	8,018,476	8,963,359	8,024,025	4,965,875	3,826,093
Accommodation and Food Services	115,079,893	124,619,807	131,331,067	156,190,917	123,729,727	123,159,563	161,701,766	194,453,199	163,645,831	141,348,524
Other Services (except Public Admin)	399,365,581	405,261,064	404,352,485	426,269,468	268,407,961	241,278,839	333,885,089	428,813,321	403,627,843	278,236,270
Public Administration	1,339,980	2,200,362	36,665	75,937	138,365	85,513	223,197	658,399	593,894	218,923

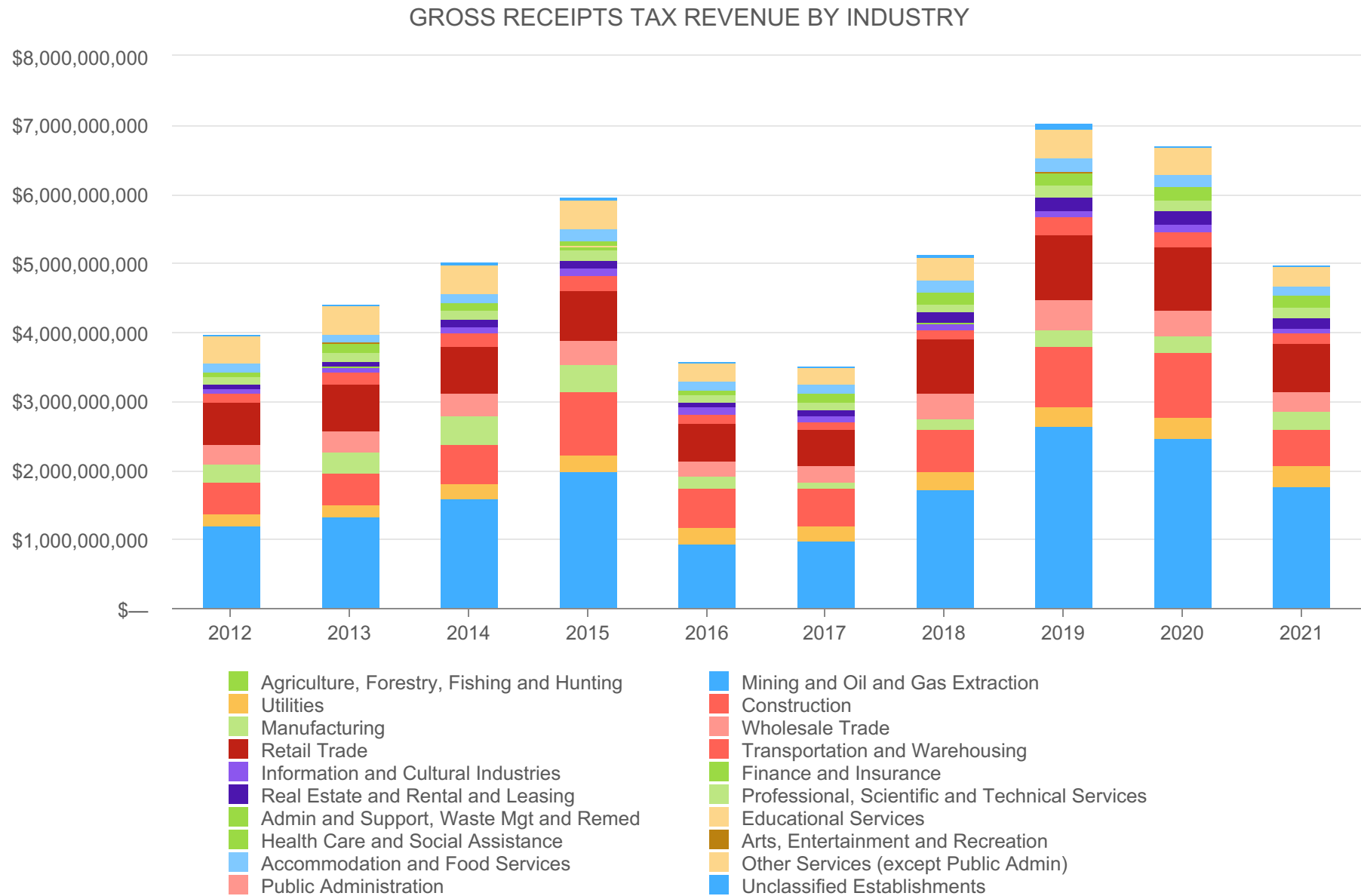
LEA COUNTY NEW MEXICO
GROSS RECEIPTS TAX REVENUE BY INDUSTRY
LAST TEN FISCAL YEARS

Fiscal Year Ending 6/30	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Unclassified Establishments	10,106,337	17,529,271	45,162,620	38,963,263	22,186,762	27,613,643	50,151,743	78,765,213	25,404,313	21,449,256
Total (1)	<u>\$3,951,864,545</u>	<u>\$4,408,453,119</u>	<u>\$5,025,013,188</u>	<u>\$5,964,421,394</u>	<u>\$3,587,955,540</u>	<u>\$3,517,735,883</u>	<u>\$5,147,015,910</u>	<u>\$7,036,356,364</u>	<u>\$6,718,462,295</u>	<u>\$4,987,684,905</u>
County Direct GRT Rate as of 06/30	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%

(1) These figures are annual totals taken from the "RP-500 - Monthly Local Government Distribution Reports by Standard Industrial Classification". These totals are for the actual business activity months in the fiscal year which differs from the month that the tax distribution is received. Also, the State suppresses revenue information in certain categories if the release of information would compromise the confidentiality of an individual taxpayer. Accordingly, the taxable gross receipts totals in this table will differ from those in the prior table.

Source: State of New Mexico, Taxation and Revenue Department (derived from Report RP-500)

LEA COUNTY NEW MEXICO
GROSS RECEIPTS TAX REVENUE BY INDUSTRY
LAST TEN FISCAL YEARS



LEA COUNTY NEW MEXICO
DIRECT AND OVERLAPPING GROSS RECEIPT TAX RATES
LAST TEN FISCAL YEARS

LEA COUNTY (06-006)

Fiscal Year	State GRT	County Direct Rate	County Unincorporated Rate	Total LC GRT
2012	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2013	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2014	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2015	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2016	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2017	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2018	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2019	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2020	5.1250 %	0.2500 %	0.1250 %	5.5000 %
2021	5.1250 %	0.2500 %	0.1250 %	5.5000 %

CITY OF HOBBS (HOB)

Fiscal Year	State GRT	HOB Share of State GRT	HOB Direct Rate	Lea County	Total HOB GRT
2012	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2013	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2014	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2015	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2016	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2017	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2018	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2019	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2020	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2021	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %

CITY OF EUNICE (EU)

Fiscal Year	State GRT	EU Share of State GRT	EU Direct Rate	Lea County	Total EU GRT
2012	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2013	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2014	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2015	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2016	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2017*	3.9000 %	1.2250 %	1.9375 %	0.2500 %	7.3125 %
2018	3.9000 %	1.2250 %	1.9375 %	0.2500 %	7.3125 %
2019	3.9000 %	1.2250 %	1.9375 %	0.2500 %	7.3125 %
2020	3.9000 %	1.2250 %	1.9375 %	0.2500 %	7.3125 %
2021	3.9000 %	1.2250 %	1.9375 %	0.2500 %	7.3125 %

CITY OF LOVINGTON (LOV)

Fiscal Year	State GRT	LOV Share of State GRT	LOV Direct Rate	Lea County	Total LOV GRT
2012	3.9000 %	1.2250 %	1.5000 %	0.2500 %	6.8750 %
2013	3.9000 %	1.2250 %	1.5000 %	0.2500 %	6.8750 %
2014	3.9000 %	1.2250 %	1.5000 %	0.2500 %	6.8750 %
2015**	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %
2016	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %
2017	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %
2018	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %
2019	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %
2020	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %
2021	3.9000 %	1.2250 %	1.8750 %	0.2500 %	7.2500 %

LEA COUNTY NEW MEXICO
DIRECT AND OVERLAPPING GROSS RECEIPT TAX RATES
LAST TEN FISCAL YEARS

LOVINGTON INDUSTRIAL PARK (LIP)

Fiscal Year	State GRT	LIP Share of State GRT	LIP Direct Rate	Lea County	Total LIP GRT
2012	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2013	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2014	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2015	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2016	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2017	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2018	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2019	3.9000 %	1.2250 %	0.0000 %	0.3750 %	5.5000 %
2020	3.9000 %	1.2250 %	0.1250 %	0.2500 %	5.5000 %
2021	3.9000 %	1.2250 %	0.1250 %	0.2500 %	5.5000 %

TATUM (TAT)

Fiscal Year	State GRT	TAT Share of State GRT	TAT Direct Rate	Lea County	Total TAT GRT
2012	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2013	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2014	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2015	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2016	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2017	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2018	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2019	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2020	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %
2021	3.9000 %	1.2250 %	1.4375 %	0.2500 %	6.8125 %

TOWN OF JAL (JAL)

Fiscal Year	State GRT	JAL Share of State GRT	JAL Direct Rate	Lea County	Total JAL GRT
2012**					
*	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2013	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2014	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2015	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2016	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2017	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2018	3.9000 %	1.2250 %	1.6875 %	0.2500 %	7.0625 %
2019	3.9000 %	1.2250 %	2.0625 %	0.2500 %	7.4375 %
2020	3.9000 %	1.2250 %	2.0625 %	0.2500 %	7.4375 %
2021	3.9000 %	1.2250 %	2.0625 %	0.2500 %	7.4375 %

* Local option taxes increase effective January 1, 2017

** Local option taxes increase effective January 1, 2015

*** Local option taxes increase effective January 1, 2012

**** Local option taxes increase effective January 1, 2018

Source: State of New Mexico Taxation and Revenue

LEA COUNTY NEW MEXICO
GROSS RECEIPTS TAX REVENUE PAYERS BY INDUSTRY
CURRENT YEAR AND TEN YEARS AGO

Fiscal Year Ending 6/30	2021				2012			
	Number of Filers	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Taxable Gross Receipts	Number of Filers	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Taxable Gross Receipts
Agriculture, Forestry, Fishing and Hunting	229	0.44%	\$8,406,158	0.17%	220	0.58%	\$3,569,932	0.09%
Mining and Oil and Gas Extraction	5,908	11.07%	1,766,950,941	35.43%	3,405	8.99%	1,192,832,081	30.18%
Utilities	420	0.79%	299,547,087	6.01%	184	0.49%	176,831,168	4.47%
Construction	4,405	8.24%	535,870,548	10.74%	3,845	10.15%	455,115,143	11.52%
Manufacturing	3,198	5.99%	248,509,220	4.98%	1,425	3.76%	274,916,578	6.96%
Wholesale Trade	3,871	7.24%	287,964,582	5.77%	1,984	5.24%	274,461,384	6.95%
Retail Trade	9,210	17.24%	695,529,045	13.94%	7,058	18.63%	623,355,739	15.77%
Transportation and Warehousing	3,063	5.73%	160,636,745	3.22%	1,461	3.86%	115,001,331	2.91%
Information and Cultural Industries	2,079	3.89%	55,490,374	1.11%	951	2.51%	68,334,376	1.73%
Finance and Insurance	511	0.96%	9,276,796	0.19%	318	0.84%	5,425,721	0.14%
Real Estate and Rental and Leasing	2,782	5.21%	158,187,127	3.17%	1,169	3.09%	62,135,205	1.57%
Professional, Scientific and Technical Services	3,843	7.19%	136,701,540	2.74%	2,394	6.32%	109,278,852	2.77%
Admin and Support, Waste Mgt and Remed	1,930	3.61%	91,852,643	1.84%	946	2.50%	(15,388,075)	-0.39%
Educational Services	298	0.56%	1,106,173	0.02%	21	0.06%	65,386	0.00%
Health Care and Social Assistance	1,182	2.21%	86,576,860	1.74%	1,124	2.97%	72,960,327	1.85%
Arts, Entertainment and Recreation	205	0.38%	3,826,093	0.08%	156	0.41%	7,077,608	0.18%
Accommodation and Food Services	2,259	4.23%	141,348,524	2.83%	1,905	5.03%	115,079,893	2.91%
Other Services (except Public Admin)	7,099	13.29%	278,236,270	5.58%	8,969	23.68%	399,365,581	10.11%
Public Administration	17	0.03%	218,923	0.00%	33	0.09%	1,339,980	0.03%
Unclassified Establishments	923	1.73%	21,449,256	0.43%	310	0.82%	10,106,337	0.26%
Total (1)	<u>53,432</u>	100.00%	<u>\$4,987,684,905</u>	100.00%	37,878	100.00%	<u>\$3,951,864,547</u>	100.00%

(1) These figures are annual totals taken from the "RP-500 - Monthly Local Government Distribution Reports by Standard Industrial Classification". These totals are for the actual business activity months in the fiscal year which differs from the month that the tax distribution is received. Also, the State suppresses revenue information in certain categories if the release of information would compromise the confidentiality of an individual taxpayer. Accordingly, the taxable gross receipts totals in this table will differ from those in the prior table.

Source: State of New Mexico, Taxation and Revenue Department (derived from Report RP-550).

LEA COUNTY NEW MEXICO
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property		Personal Property			Oil & Gas		Less: Tax- Exempt Property	Adjustment For Protested Taxes To Date	Total Taxable Assessed Value (1)
	Residential Property	Non- Residential Property	Personal Property	Agricultural	Mobile Homes	Production	Equipment			
2012	402,945,742	741,635,207	71,375,670	**	25,491,105	1,593,608,130	317,913,833	57,633,377		3,095,336,310
2013	418,035,887	814,851,459	82,778,047	**	28,215,197	1,880,085,224	375,736,964	59,877,860		3,539,824,918
2014	440,507,004	872,113,348	84,708,745	**	32,069,773	1,837,287,307	360,675,113	60,694,079		3,566,667,211
2015	477,536,350	965,520,933	87,813,417	**	36,465,393	2,237,755,897	445,096,919	60,778,728		4,189,410,181
2016	506,735,277	1,108,398,782	107,266,207	**	40,868,018	2,540,883,533	510,216,626	60,760,888		4,753,607,555
2017	553,073,187	1,118,978,036	106,728,898	**	44,057,893	1,624,198,949	329,322,764	61,286,686	(7,006,858)	3,708,066,183
2018	581,823,285	1,096,347,044	112,420,928	**	44,697,013	1,509,861,815	311,304,405	60,945,473		3,595,509,017
2019	601,865,443	1,250,225,165	113,527,559	**	44,106,001	2,357,835,690	560,642,518	60,462,816	(2,691,789)	4,865,047,771
2020	627,492,432	1,469,321,834	133,427,801	**	45,711,133	3,926,179,876	926,353,025	60,239,468	(808,106)	7,067,438,527
2021	667,216,732	1,702,313,334	139,442,300	**	46,759,702	4,798,856,847	1,103,535,232	59,995,809	(10,852,162)	8,387,276,176

Fiscal Year Ended June 30	Total Residential Direct Tax Rate	Total Nonresidential Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percentage of Actual Value
2012	7.733	10.600	9,295,304,234	33.3%
2013	7.734	10.600	10,630,104,859	33.3%
2014	7.580	10.600	10,710,712,345	33.3%
2015	7.318	10.600	12,580,811,354	33.3%
2016	7.119	10.600	14,275,097,763	33.3%
2017	6.947	10.600	11,135,333,883	33.3%
2018	6.916	10.600	10,797,324,375	33.3%
2019	7.041	10.600	14,609,753,066	33.3%
2020	7.110	10.600	21,223,539,120	33.3%
2021	7.099	10.600	25,187,015,544	33.3%

(1) Taxable assessed values are established by the Lea County Assessor for locally assessed property, and by the State of New Mexico Taxation and Revenue Department, Audit and Compliance Division (oil and gas equipment and production), and Property Tax Division (state assessed property).

Note: Total taxable assessed value is calculated as 1/3rd of estimated actual value. For additional information, refer to Note 4 - Property Taxes in the Notes to Financial Statements.

**The Personal Property - Non-Residential Agriculture is included in the Personal Property total per the Assessor's Office

**LEA COUNTY NEW MEXICO
RESIDENTIAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct Rate										
Lea County										
Operating Millage	7.734	7.580	1.360	7.119	6.947	6.916	7.041	7.110	7.099	7.011
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total County Millage	7.734	7.580	1.360	7.119	6.947	6.916	7.041	7.110	7.099	7.011
Overlapping Rates										
City of Lovington										
Operating Millage	4.324	4.199	3.998	3.853	3.709	3.699	3.733	3.800	3.759	3.719
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	4.324	4.199	3.998	3.853	3.709	3.699	3.733	3.800	3.759	3.719
City of Eunice										
Operating Millage	6.156	6.018	5.791	5.629	5.428	5.359	5.405	5.467	5.419	5.365
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	6.156	6.018	5.791	5.629	5.428	5.359	5.405	5.467	5.419	5.365
City of Hobbs										
Operating Millage	4.309	4.221	4.096	3.994	3.918	3.900	3.984	4.014	4.022	3.973
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	4.309	4.221	4.096	3.994	3.918	3.900	3.984	4.014	4.022	3.973
City of Jal										
Operating Millage	6.675	6.468	6.266	6.036	5.830	5.816	5.893	5.820	5.722	5.673
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Town Millage	6.675	6.468	6.266	6.036	5.830	5.816	5.893	5.820	5.722	5.673
Town of Tatum										
Operating Millage	3.411	3.371	3.244	3.154	3.078	3.090	3.126	3.100	3.113	3.078
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	3.411	3.371	3.244	3.154	3.078	3.090	3.126	3.100	3.113	3.078
Lovington Schools										
Operating Millage	0.266	0.259	0.248	0.239	0.231	0.230	0.232	0.236	0.235	0.232
Capital Improvements	3.861	3.934	3.759	3.844	3.711	3.924	3.944	4.000	3.974	3.959
Debt Service Millage	2.160	2.797	0.000	6.804	7.248	7.205	7.205	6.351	7.223	7.220
Total School Millage	6.287	6.990	4.007	10.887	11.190	11.359	11.381	10.587	11.432	11.411
Eunice Schools										
Operating Millage	0.295	0.289	0.279	0.272	0.260	0.258	0.262	0.266	0.264	0.261
Capital Improvements	3.778	3.702	3.574	3.482	8.000	7.929	8.000	8.000	3.984	3.979
Debt Service Millage	4.496	5.647	4.327	3.484	6.387	6.337	5.933	5.721	7.517	3.965
Total School Millage	8.569	9.638	8.180	7.238	14.647	14.524	14.195	13.987	11.765	8.205

**LEA COUNTY NEW MEXICO
RESIDENTIAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hobbs Schools										
Operating Millage	0.279	0.274	0.265	0.258	0.253	0.252	0.257	0.259	0.259	0.256
Capital Improvements	5.734	5.632	5.452	6.000	5.880	5.852	5.973	6.000	6.000	6.000
Debt Service Millage	2.177	2.940	3.117	3.981	6.845	5.816	3.918	4.043	4.512	5.108
Total School Millage	8.190	8.846	8.834	10.239	12.978	11.920	10.148	10.302	10.771	11.364
Jal Schools										
Operating Millage	0.435	0.422	0.410	0.396	0.383	0.382	0.386	0.382	0.375	0.369
Capital Improvements	1.985	1.927	1.872	1.807	1.748	2.000	1.878	1.978	1.941	1.941
Debt Service Millage	0.000	0.000	0.000	2.642	3.619	3.626	4.724	3.624	3.625	2.402
Total School Millage	2.420	2.349	2.282	4.845	5.750	6.008	6.988	5.984	5.941	4.712
Tatum Schools										
Operating Millage	0.258	0.254	0.247	0.241	0.233	0.234	0.238	0.239	0.240	0.239
Capital Improvements	1.950	2.000	1.945	1.904	1.840	1.849	1.878	2.000	2.000	2.000
Debt Service Millage	2.968	3.270	3.239	3.389	5.902	5.165	4.724	4.734	4.754	4.751
Total School Millage	5.176	5.524	5.431	5.534	7.975	7.248	6.840	6.973	6.994	6.990
New Mexico Junior College										
Operating Millage	3.941	3.862	3.729	3.628	3.540	3.524	3.588	3.623	3.618	3.573
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	3.941	3.862	3.729	3.628	3.540	3.524	3.588	3.623	3.618	3.573
Nor-Lea Hospital District										
Operating Millage	3.977	4.000	3.828	4.000	3.861	4.000	4.000	4.000	3.977	4.000
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	3.977	4.000	3.828	4.000	3.861	4.000	4.000	4.000	3.977	4.000
Eunice Hospital District										
Operating Millage	1.973	1.933	1.866	2.000	1.917	1.900	1.930	2.000	1.984	1.963
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	1.973	1.933	1.866	2.000	1.917	1.900	1.930	2.000	1.984	1.963
State of New Mexico										
Operating Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Millage	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360
Total School Millage	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360

Note: The Lea County Commission can impose a maximum of 11.85 mills for operating purposes. The yield control formula provides that no operating tax rate established by the Department of Finance and Administration, Department of Education and Commission on Higher Education on residential and nonresidential property by governmental unit shall produce revenue in excess of 5% from one year to the next solely as a consequence of property reappraisal.

**LEA COUNTY NEW MEXICO
NON-RESIDENTIAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Direct Rate</u>										
Lea County										
Operating Millage	10.600	10.600	10.600	10.600	10.600	10.6	10.600	10.600	10.600	10.600
Debt Service Millage	—	—	—	—	—	—	—	—	—	—
Total County Millage	10.600	10.600	10.600	10.600	10.600	10.600	10.600	10.600	10.600	10.600
<u>Overlapping Rates</u>										
City of Lovington										
Operating Millage	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Debt Service Millage	—	—	—	—	—	—	—	—	—	—
Total City Millage	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
City of Eunice										
Operating Millage	7.650	7.650	7.650	7.228	7.251	7.650	7.650	7.650	7.650	7.650
Debt Service Millage	—	—	—	—	—	—	—	—	—	—
Total City Millage	7.650	7.650	7.650	7.228	7.251	7.650	7.650	7.650	7.650	7.650
City of Hobbs										
Operating Millage	5.418	5.408	5.555	5.555	5.555	5.555	5.555	5.555	5.555	5.555
Debt Service Millage	—	—	—	—	—	—	—	—	—	—
Total City Millage	5.418	5.408	5.555	5.555	5.555	5.555	5.555	5.555	5.555	5.555
City of Jal										
Operating Millage	7.650	7.650	7.650	7.650	7.639	7.650	7.650	7.650	7.650	7.650
Debt Service Millage	—	—	—	—	—	—	—	—	—	—
Total Town Millage	7.650	7.650	7.650	7.650	7.639	7.650	7.650	7.650	7.650	7.650
Town of Tatum										
Operating Millage	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225
Debt Service Millage	—	—	—	—	—	—	—	—	—	—
Total School Millage	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225
Lovington Schools										
Operating Millage	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Capital Improvements	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Debt Service Millage	2.160	2.797	4.179	6.804	7.248	7.205	7.205	7.212	7.223	7.223
Total School Millage	6.660	7.297	8.679	11.304	11.748	11.705	11.705	11.712	11.723	11.723
Eunice Schools										
Operating Millage	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Capital Improvements	4.000	4.000	4.000	4.000	8.000	8.000	8.000	8.000	4.000	4.000
Debt Service Millage	4.496	5.647	4.327	3.484	6.387	6.337	5.933	5.721	7.517	7.517
Total School Millage	8.996	10.147	8.827	7.984	14.887	14.837	14.433	14.221	12.017	12.017

**LEA COUNTY NEW MEXICO
NON-RESIDENTIAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hobbs Schools										
Operating Millage	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Capital Improvements	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
Debt Service Millage	3.117	3.981	6.845	5.816	3.918	4.043	4.512	5.108	4.512	5.108
Total School Millage	9.617	10.481	13.345	12.316	10.418	10.543	11.012	11.608	11.012	11.608
Jal Schools										
Operating Millage	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Capital Improvements	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Debt Service Millage	0.000	2.642	3.619	3.626	4.724	3.624	5.625	6.627	5.625	6.627
Total School Millage	2.500	5.142	6.119	6.126	7.224	6.124	8.125	9.127	8.125	9.127
Tatum Schools										
Operating Millage	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Capital Improvements	2.000	2.000	1.999	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Debt Service Millage	3.239	3.389	5.902	5.165	4.724	4.734	4.754	4.751	4.754	4.751
Total School Millage	5.739	5.889	8.401	7.665	7.224	7.234	7.254	7.251	7.254	7.251
New Mexico Junior College										
Operating Millage	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Nor-Lea Hospital District										
Operating Millage	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Eunice Hospital District										
Operating Millage	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total School Millage	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
State of New Mexico										
Operating Millage	1.360	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Millage	0.000	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360
Total School Millage	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.360

Note: The Lea County Commission can impose a maximum of 11.85 mills for operating purposes. The yield control formula provides that no operating tax rate established by the Department of Finance and Administration, Department of Education and Commission on Higher Education on residential and nonresidential property by governmental unit shall produce revenue in excess of 5% from one year to the next solely as a consequence of property reappraisal.

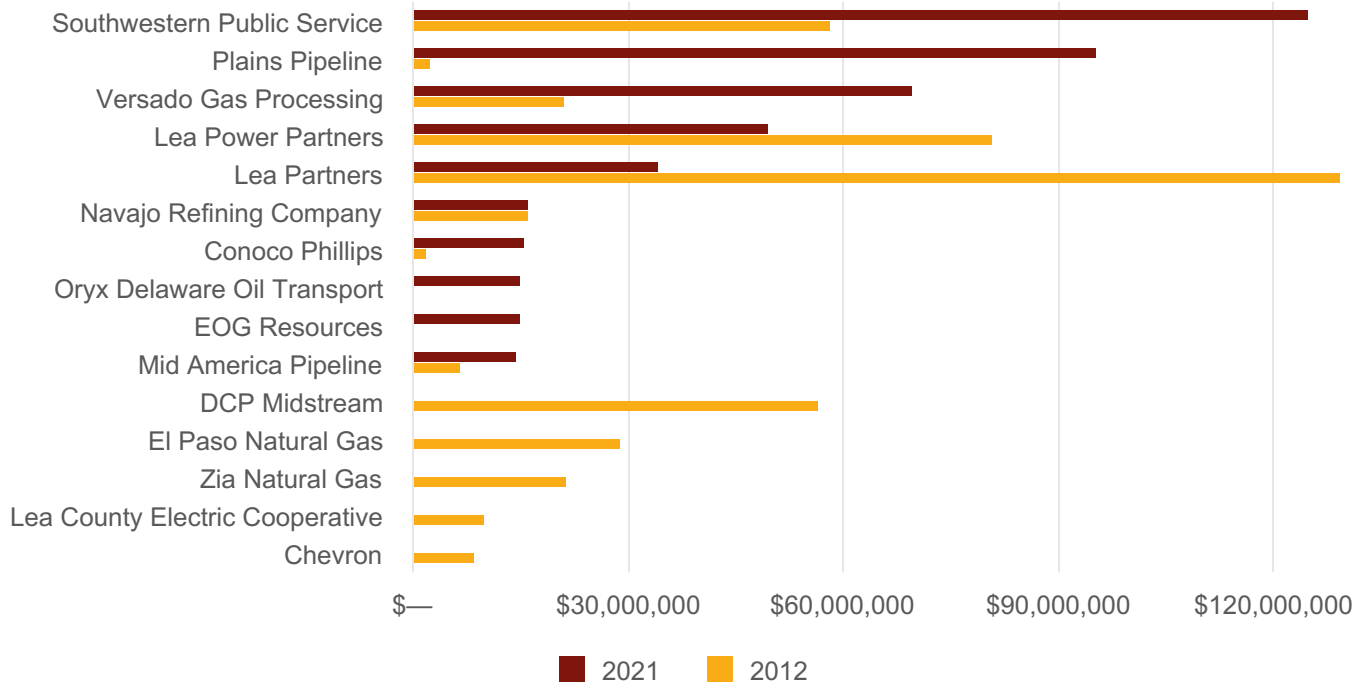
LEA COUNTY NEW MEXICO
NON-RESIDENTIAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Southwestern Public Service	\$ 124,965,362	1	4.5 %	\$ 58,222,768	3	4.9 %
Plains Pipeline	95,475,155	2	3.4 %	2,604,990		0.2 %
Versado Gas Processing	69,686,431	3	2.5 %	21,089,444	7	1.8 %
Lea Power Partners	49,608,750	4	1.8 %	81,000,000	2	6.9 %
Lea Partners	34,177,983	5	1.2 %	129,396,166	1	11.0 %
Navajo Refining Company	16,129,237	6	0.6 %	16,128,066	8	1.4 %
Conoco Phillips	15,606,166	7	0.6 %	1,968,842		0.2 %
Oryx Delaware Oil Transport	15,061,849	8	0.5 %	—		— %
EOG Resources	14,932,619	9	0.5 %	—		— %
Mid America Pipeline	14,578,150	10	0.5 %	6,651,656		0.6 %
DCP Midstream				56,666,810	4	4.8 %
El Paso Natural Gas				29,150,982	5	2.5 %
Zia Natural Gas				21,556,922	6	1.8 %
Lea County Electric Cooperative				10,041,117	9	0.9 %
Chevron				8,769,014	10	0.7 %
Totals	<u>\$ 450,221,702</u>		<u>16.1 %</u>	<u>\$ 443,246,777</u>		<u>37.6 %</u>

Source: Lea County County Assessor's Office

LEA COUNTY NEW MEXICO
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND EIGHT YEARS AGO

PRINCIPAL PROPERTY TAXPAYERS
 2021 vs. 2012



The Lea County Event Center and the Lea County Fairgrounds provide many entertainment options for citizens. The annual Lea County Fair & Rodeo is recognized as one of the top fairs in New Mexico.



LEA COUNTY NEW MEXICO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date		Uncollected Taxes
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2012	32,234,803	(1,681,585)	30,553,218	31,791,348	98.62 %	(1,241,851)	30,549,497	99.99 %	3,720
2013	34,159,959	(1,798,766)	32,361,193	33,328,246	97.57 %	(971,327)	32,356,919	99.99 %	4,274
2014	37,228,570	(1,530,508)	35,698,062	36,894,161	99.10 %	(1,201,498)	35,692,662	99.98 %	5,400
2015	41,083,147	(1,774,914)	39,308,234	39,900,878	97.12 %	(599,863)	39,301,015	99.98 %	7,219
2016	48,682,807	(2,059,195)	46,623,611	47,689,771	97.96 %	(1,079,020)	46,610,751	99.97 %	12,861
2017	54,314,143	(2,518,218)	51,795,925	50,289,565	92.59 %	1,448,172	51,737,737	99.89 %	58,189
2018	53,376,558	2,402,357	55,778,916	53,254,728	99.77 %	2,464,722	55,719,450	99.89 %	59,466
2019	56,857,535	2,545,841	59,403,375	57,277,383	100.74 %	2,037,474	59,314,857	99.85 %	88,518
2020	64,276,963	3,979,730	68,256,693	64,143,569	99.79 %	3,773,516	67,917,085	99.50 %	339,608
2021	72,018,410	6,059,593	78,078,003	76,722,529	106.53 %	—	76,722,529	98.26 %	1,355,474

LEA COUNTY NEW MEXICO
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds (3)	Capital Leases			
2012	—	11,130,000	—	11,130,000	0.416%	168
2013	—	9,165,000	—	9,165,000	0.334%	134
2014	—	8,485,000	—	8,485,000	0.297%	121
2015	—	7,790,000	—	7,790,000	0.266%	109
2016	—	7,085,000	—	7,085,000	0.158%	101
2017	—	6,365,000	—	6,365,000	0.242%	92
2018	—	5,630,000	—	5,630,000	0.178%	81
2019	—	4,875,000	—	4,875,000	0.140%	69
2020	—	—	—	—	0.000%	—
2021	—	—	—	—	0.000%	—

Notes: Lea County retired all outstanding debt in December 2019.

(1) See Schedule 20 for personal income and population data.

(2) Lea County retired all outstanding revenue bond debt in the FY19 fiscal year and not issued any as of June 30, 2021.

(3) Presented net of original issuance discounts, premiums, and adjustments beginning in FY2013.

LEA COUNTY NEW MEXICO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021

Governmental Unit	General Obligation Long-Term Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
School Districts			
Hobbs Municipal Schools	36,930,000	100.00%	36,930,000
Lovington Municipal Schools	32,910,000	100.00%	32,910,000
Eunice Public Schools	20,463,267	100.00%	20,463,267
Jal Public Schools	31,780,000	100.00%	31,780,000
Tatum Municipal Schools	1,685,000	100.00%	1,685,000
New Mexico Junior College	—	100.00%	—
Cities			
City of Hobbs	—	100.00%	—
City of Lovington	—	100.00%	—
City of Eunice	—	100.00%	—
City of Jal	—	100.00%	—
Town of Tatum	—	100.00%	—
State of New Mexico	505,295,000	3.33%	16,801,059
Debt repaid with property taxes: County			
Subtotal, overlapping debt			140,569,326
Lea County direct debt			—
Total direct and overlapping debt			140,569,326

Notes: This total represents all general obligation debt outstanding within the County as of June 30, 2021. However, no single property would be subject to taxation on this total since the cities and the school districts apply their separate tax rates to net taxable value within the boundaries.

(1) Require Note 7

Sources: Debt amounts and percentages are provided by each governmental unit.

LEA COUNTY NEW MEXICO
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value of Property	\$3,539,824,918	\$3,566,667,211	\$4,189,410,181	\$4,753,607,555	\$3,708,066,183	\$3,595,509,017	\$4,865,047,771	\$7,067,438,527	\$8,387,276,177	\$7,334,490,186
Debt Limit, 4% of Assessed Value	141,592,997	142,666,688	167,576,407	190,144,302	148,322,647	143,820,361	194,601,911	282,697,541	335,491,047	293,379,607
Total net debt applicable to limit	—	—	—	—	—	—	—	—	—	—
Legal debt margin	141,592,997	142,666,688	167,576,407	190,144,302	148,322,647	143,820,361	194,601,911	282,697,541	335,491,047	293,379,607
Total net debt applicable to the limit as a percentage of debt limit	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %

www.nmdfa.state.nm.us/Net_Taxable_Value.aspx

LEA COUNTY NEW MEXICO
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross Receipts Tax Revenue Bonds - Detention Center										
Pledged Revenue - Local Hospital GRT 1/8th of 1%	\$4,958,010	\$5,479,807	\$6,264,599	\$7,306,130	\$4,293,439	\$4,222,637	\$6,698,266	\$8,378,486	\$ —	\$ —
Debt Service										
Principal	645,000	670,000	680,000	695,000	705,000	720,000	735,000	755,000	—	—
Interest	527,968	541,230	196,131	181,498	166,652	151,285	136,212	120,481	—	—
Coverage	4.23	4.52	7.15	8.34	4.93	4.85	7.69	9.57	—	—

Notes:

Pledged revenue is reported from actual cash receipts. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Lea County refunded the outstanding bonds during the year ended June 30, 2013 to take advantage of lower interest rates. The County elected to early retire the bonds in December 2019 using excess pledged revenue.

Gross Receipts Tax: The gross receipts tax is a tax on persons engaged in business in New Mexico for both tangibles and services. The county portion is determined by the County Commission.

LEA COUNTY NEW MEXICO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population	Personal Income (1)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	65,126	2,423,126,000	37,207	31.6	12,669	5.4%
2012	66,326	2,676,248,000	40,350	31.6	13,399	4.6%
2013	68,613	2,718,089,000	39,615	31.8	14,025	4.5%
2014	70,165	2,823,564,000	40,242	31.5	14,637	4.3%
2015	71,476	2,924,164,000	40,911	31.8	15,324	6.3%
2016	70,249	2,637,398,000	37,544	31.8	15,441	9.3%
2017	69,046	2,773,636,000	40,171	31.7	15,158	6.5%
2018	69,543	3,284,525,000	47,230	31.7	15,361	4.1%
2019	71,070	3,485,193,000	49,039	31.8	16,234	4.1%
2020	74,455 (2)	— (2)	— (2)	— (2)	14,905	11.2%

Sources: Population, Per Capita Personal Income, Unemployment Rate and Median Age provided by the Federal Reserve Bank of St. Louis Economic Research. Enrollment provided by the Kidscount Datacenter.

(1) Computation of per capita personal income multiplied by population.

(2) Information not available.

LEA COUNTY NEW MEXICO
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Employer	Product/Service	2021			2015		
		Number of Employees*	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Hobbs Municipal Schools	Education	1,290	1	4.37%	1,185	1	4.34%
Nor-Lea Hospital	Healthcare	575	2	1.95%	437	4	1.60%
City of Hobbs	City Government	532	3	1.80%	473	2	1.73%
Walmart Supercenter	Retail	380	4	1.29%	384	8	1.41%
Lea County	County Government	379	5	1.29%	315	10	1.15%
GEO Group	Prison Management	312	6	1.06%	273	11	1.00%
Albertson's Market	Groceries	300	7	1.02%	167	17	0.61%
Watson Construction	Construction	280	8	0.95%			0.00%
New Mexico Junior College	Education	250	9	0.85%	215	13	0.79%
McDonald's Restaurant	Food Services	240	10	0.81%	215	14	0.79%
Urenco USA	Nuclear Energy	235	11	0.80%	350	9	1.28%
Zia Park Casino, Racetrack and Hotel	Hospitality	225	12	0.76%	260	12	0.95%
Lea Regional Medical Center	Healthcare	220	13	0.75%	420	5	1.54%
Newbourne Oil Company	Oil & Gas	175	14	0.59%			0.00%
Ferguson Construction Company	Construction	140	15	0.47%	411	6	1.51%
Lin-Mar Inc	Healthcare	—	16	0.00%	170	16	0.62%
Halliburton Energy Services	Oil & Gas	—		0.00%	469	3	1.72%
Key Energy Services	Oil & Gas	—		0.00%	387	7	1.42%
Baker Hughes	Oil & Gas	—		0.00%	183	15	0.67%
BJ Service Company	Oil & Gas	—		0.00%	164		0.60%
Totals		<u>5,533</u>		<u>18.75%</u>	<u>6,478</u>		<u>23.73%</u>
Total Employment Lea County Employment				29,489	27,302		

Total employment obtained from State of New Mexico Department of Labor.

**LEA COUNTY NEW MEXICO
GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Commissioners	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Executive	4.00	3.00	4.00	3.00	4.00	5.00	3.90	3.90	3.90	4.00
Information Technology	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	6.00
Facilities Management	6.50	12.00	12.00	12.00	12.00	12.00	13.00	17.00	15.00	17.00
County Clerk	10.00	10.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
County Assessor	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	13.00	13.00
County Treasurer	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Probate Judge	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
County Attorney	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Finance	5.00	5.30	6.30	6.30	6.40	7.60	9.00	9.00	9.00	9.00
Planning	1.00	2.00	2.00	3.00	2.00	2.00	2.00	1.00	1.50	1.50
Indigent Care	1.00	1.30	1.30	1.30	1.20	0.00	0.00	0.00	0.00	0.00
Public Safety										
County Sheriff	51.50	59.00	59.00	59.00	69.00	69.08	80.08	80.00	89.00	89.00
Drug Task Force	2.00	3.00	3.00	3.00	3.00	1.92	1.92	2.00	3.00	3.00
DWI/Misdemeanor Compliance	6.00	7.00	8.00	10.00	11.90	11.80	12.00	12.00	13.00	15.00
Emergency Management	2.00	1.95	3.95	3.95	4.50	4.50	4.95	4.70	4.70	4.70
Detention	84.00	86.00	86.00	86.00	86.00	87.00	87.00	87.00	89.00	89.00
Environmental Services	8.00	7.95	7.95	7.95	8.50	8.50	7.55	7.80	9.80	11.70
Public Works										
Road	40.00	47.50	47.50	47.50	47.50	47.50	47.50	43.50	43.50	43.50
Airports	2.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00
Water Service	0.00	0.20	0.20	0.20	0.20	0.20	0.00	0.00	0.00	0.00
Quality of Life										
Event Center	5.00	5.70	5.70	5.70	1.00	1.00	5.00	5.00	5.00	5.00
Equine Facility	0.00	0.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00
Fairgrounds	2.00	2.30	2.30	2.30	0.00	0.00	7.00	6.00	6.00	6.00
Trust & Agency										
Communications Center	24.00	26.00	27.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00
Solid Waste Authority	0.00	0.30	0.30	0.30	1.30	1.40	1.60	1.60	1.60	1.60
Total	286.00	317.00	323.00	332.00	336.00	336.00	359.00	359.00	372.00	379.00

LEA COUNTY NEW MEXICO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2016	2017	2018	2019	2020	2021
General Government						
Land	8,249,045	8,249,045	7,908,833	8,143,833	8,143,833	8,143,833
Buildings	29,354,731	28,544,467	27,608,736	26,047,954	24,797,377	64,363,291
Infrastructure	30,792	120,671	165,427	184,790	268,874	591,414
Machinery & Equipment	975,774	943,985	985,870	939,284	1,110,884	2,605,600
Other Improvements	224,142	2,865,011	2,985,393	2,827,043	2,685,670	2,556,608
Vehicles	176,307	185,654	194,239	193,618	388,021	326,594
Water Rights	575,000	575,000	575,000	575,000	575,000	575,000
	<u>39,585,790</u>	<u>41,483,832</u>	<u>40,423,499</u>	<u>38,911,522</u>	<u>37,969,659</u>	<u>79,162,340</u>
Public Safety						
Land	32,676	32,676	32,676	32,676	32,676	32,676
Buildings	4,576,378	4,348,520	4,112,910	3,877,301	3,641,692	2,106,169
Infrastructure	1,123,176	1,199,584	1,179,387	1,192,422	1,164,762	946,915
Machinery & Equipment	1,375,443	1,184,932	1,248,138	1,464,608	1,791,282	2,128,507
Other Improvements	257,075	206,022	200,912	195,801	175,376	68,948
Vehicles	2,968,995	2,868,285	3,122,771	4,156,619	4,546,403	4,254,477
	<u>10,333,744</u>	<u>9,840,020</u>	<u>9,896,794</u>	<u>10,919,427</u>	<u>11,352,191</u>	<u>9,537,691</u>
Public Works						
Land	1,173,652	1,173,652	1,173,652	1,173,652	1,173,652	1,173,652
Buildings	6,330,151	8,497,316	8,587,810	8,325,588	8,063,367	15,785,642
Infrastructure	73,331,573	79,717,086	83,492,669	87,268,765	88,247,607	91,159,393
Machinery & Equipment	2,060,328	2,252,312	2,030,199	1,862,194	2,098,575	3,216,312
Other Improvements	1,720,085	2,455,510	2,415,293	2,265,594	2,116,598	2,069,695
Vehicles	1,347,861	1,254,398	1,065,014	1,362,608	1,861,610	2,205,512
	<u>85,963,650</u>	<u>95,350,274</u>	<u>98,764,637</u>	<u>102,258,401</u>	<u>103,561,408</u>	<u>115,610,207</u>
Quality of Life						
Land	171,146	171,146	169,282	169,282	169,282	169,282
Buildings	13,225,288	12,850,475	12,454,502	13,535,566	13,746,519	18,006,985
Infrastructure	2,157,545	2,133,472	2,074,569	2,146,706	5,130,022	5,315,531
Machinery & Equipment	372,043	321,542	271,376	265,574	301,655	590,540
Other Improvements	282,034	240,733	198,875	135,909	128,054	122,841
Vehicles	44,936	27,955	14,923	48,554	43,617	35,140
	<u>16,252,993</u>	<u>15,745,325</u>	<u>15,183,526</u>	<u>16,301,591</u>	<u>19,519,148</u>	<u>24,240,319</u>
Construction in Progress	<u>8,346,286</u>	<u>10,980,896</u>	<u>31,432,169</u>	<u>46,345,430</u>	<u>57,772,396</u>	<u>11,715,628</u>
Total Capital Assets	<u>16,048,263</u>	<u>173,400,346</u>	<u>195,700,625</u>	<u>214,736,371</u>	<u>230,174,802</u>	<u>240,266,185</u>

Note: Detailed Information not available for years before 2016.

LEA COUNTY NEW MEXICO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Assessor's										
Property Transfers	3,339	3,397	N/A	N/A	N/A	2,613	3,181	3,729	2,420	2,989
County Clerk										
Number of documents recorded	13,490	14,258	15,472	14,127	15,667	17,978	17,110	16,374	11,937	14,926
Number of marriage licenses issued	676	697	1,083	773	621	600	591	607	415	511
Bureau of Elections										
Number of registered voters	30,340	31,459	32,040	30,723	34,156	32,954	34,723	35,066	37,531	33,912
Probate Judge										
Number of probates filed	168	205	186	155	149	183	183	236	190	251
County Treasurer										
Number of property tax billed	34,610	34,851	34,985	35,534	35,177	36,483	36,698	36,231	36,037	38,113
Number of 2nd half notice reminders	4,610	5,008	4,885	5,019	5,279	5,670	5,667	5,372	5,662	5,550
Dollars Distributed to State & Local Entities	45,248,874	43,489,670	51,727,756	54,888,306	53,154,160	68,025,677	77,402,428	97,695,197	111,882,481	110,821,186
Finance										
Number of Accounts Payable Checks	5,403	6,083	6,132	6,408	7,276	6,226	6,099	5,872	5,867	4,613
Number of Payroll Checks Processed	8,612	8,033	8,383	8,158	7,884	8,899	8,574	8,677	9,045	7,745
Indigent Claims Paid	8,052	6,800	7,139	6,628	4,400	5,600	5,800	7,429	8,700	9,000
Central Purchasing										
Number of purchase orders processed	9,272	11,270	11,118	11,356	18,727	10,010	7,278	6,912	7,022	6,496
Number of bids & RFP's processed	30	15	13	20	20	28	45	49	43	12
Human Resources										
Number of applicants processed	211	273	382	450	591	426	449	1,130	706	390
Risk Management										
Dollar Amount of Insurance Premiums	667,558	768,471	831,673	876,829	846,956	925,590	928,138	1,008,953	901,028	1,006,687
Dollar Amount of Worker's Compensation Premiums	281,256	271,000	285,063	284,649	287,954	310,803	356,495	391,092	448,946	258,709

LEA COUNTY NEW MEXICO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Public Safety

Corrections/Adult & Youth Detention

Number of Adults Prisoners in Custody (Average)	256	318	378	379	367	367	333	270	210	157
Number of Juveniles Prisoners in Custody (Average)	18	14	9	7	6	5	4	5	6	10
Number of Beds (Adults)	400	400	400	400	400	400	400	400	400	400
Number of Beds (Juveniles)	32	32	32	32	32	32	32	32	32	32
Per Diem Rate	57	47	44	43	49	55	59	76	109	115
Inmate Worker (trustee) hours worked	23,712	23,712	23,712	23,712	23,712	23,712	23,712	23,712	23,712	31,330

Alternative Sentencing

Individuals Treated - Adult Misdemeanor Compliance	448	547	609	825	863	728	530	564	614	665
Individuals Treated - DWI Treatment Facility	206	207	226	337	317	252	290	368	355	293

Sheriff

Arrests - Adult	240	173	198	221	235	321	1,099	1,229	715	1,015
Arrests - Juvenile	12	8	6	1	8	12	15	27	16	8
Citations	N/A	N/A	N/A	N/A	1,555	2,550	3,483	3,241	2,941	4,455

Community Development

Number of Exemptions	55	25	13	30	37	32	25	29	35	37
Number of Replats	—	—	—	1	—	3	10	5	10	5
Number of Subdivisions	7	2	5	11	10	6	7	5	6	5
Number of New Addressess Issued	N/A	89	337	161	96	80	158	133	171	113

Emergency Management

Number of Radio Towers Used By Lea County	14	14	14	14	14	14	14	14	14	14
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Floodplain Management

Number of floodplain permits issued	N/A	26	99	105	52	20	48	58	171	81
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Fire Operations

Fire Districts	8	8	8	8	8	8	8	8	8	8
Fire Stations	4	4	4	4	4	4	4	4	4	4
Volunteer Firefighters	37	36	41	44	42	36	32	38	33	43
Number of Calls Responded To	118	97	104	146	162	121	165	94	84	371

LEA COUNTY NEW MEXICO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Public Works

Airports

Number of Commercial Enplanements
(Note 2)

7,346	17,111	17,246	18,239	16,567	14,707	16,216	23,475	27,774	9,008
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Roads

Total Miles of County Roads
Maintained

1,223	1,217	1,219	1,219	1,223	1,223	1,226	1,216	1,216	1,216
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Miles of Caliche Roads

560	541	532	522	499	499	504	505	505	505
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Miles of Paved Roads

663	676	686	697	724	724	723	712	712	712
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Miles of Chip Seal Maintenance

78	21	37	19	88	60	30	119	35	33
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Miles of New Chip Seal

24	19	10	10	23	—	—	—	—	—
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Environmental

Solid Waste

Number of Convenience Centers

4	4	4	4	4	4	4	4	4	4
---	---	---	---	---	---	---	---	---	---

Tons Hauled to the Landfill

77,265	86,637	98,519	106,078	94,485	95,458	104,164	117,123	95,154	102,354
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Number of Citations Issued

212	126	197	83	151	148	155	154	233	87
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Quality of Life

Event Center

Number of Events Held

327	212	357	244	209	218	231	261	85	71
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Fairgrounds

Number of Events Held (Note 1)

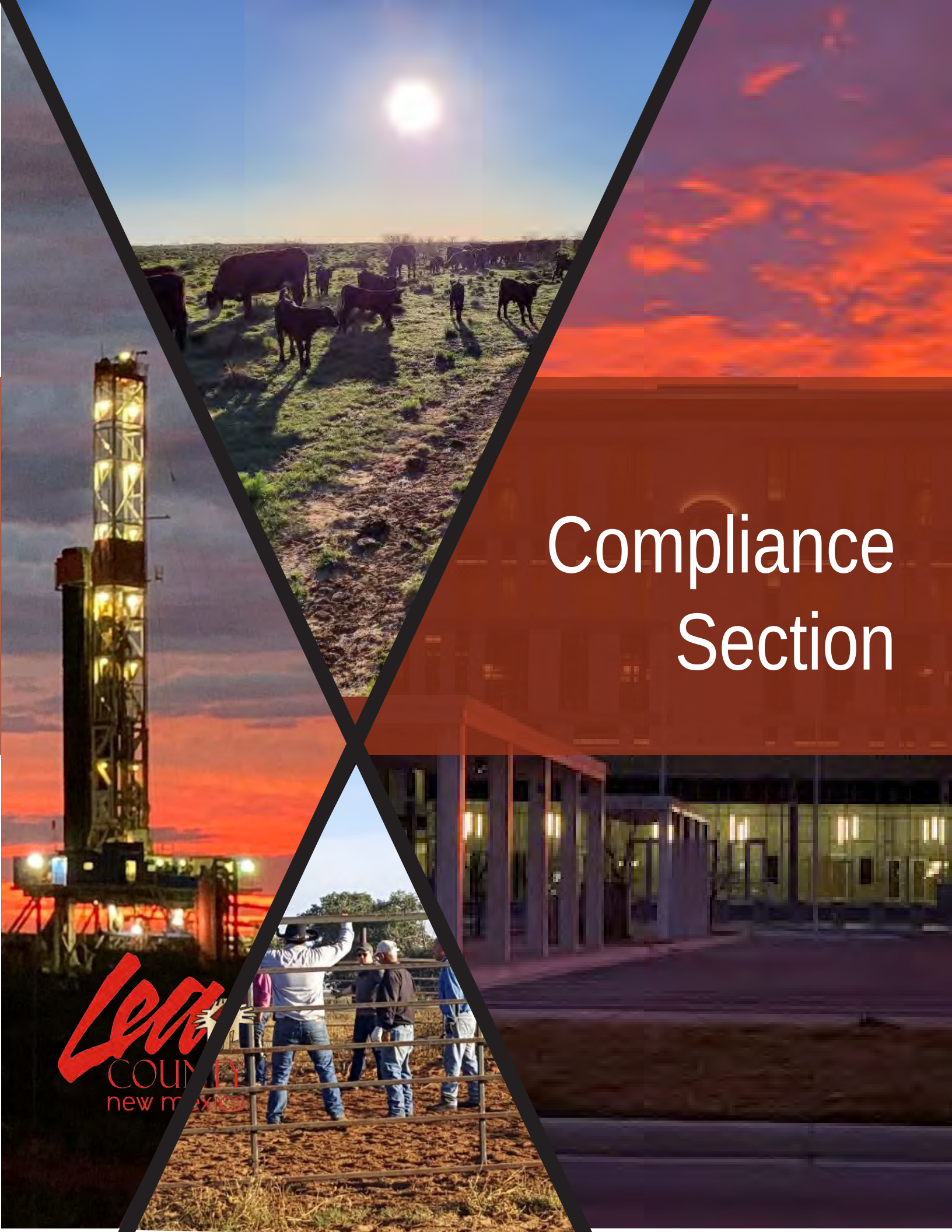
75	76	72	75	68	78	75	76	—	14
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Annual Attendance at Fair & Rodeo
(Note 1)

108,000	52,225	53,491	37,058	33,200	39,500	59,200	67,000	—	66,000
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Note 1 - All Events cancelled due to COVID-19 Outbreak

Note 2 - Commercial airline flights commenced in FY 12



Compliance Section

Leas
COUNTY
new mexico

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To Brian S. Colón, Esq.
New Mexico State Auditor

The County Commission
Lea County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Lea County, New Mexico (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
November 29, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Brian S. Colón, Esq.
New Mexico State Auditor

The County Commission
Lea County

Report on Compliance for Each Major Federal Program

We have audited Lea County, New Mexico (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Pattillo, Brown, & Hill, L.L.P.

Albuquerque, New Mexico

November 29, 2021

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor or Pass-Through Grantor/Program Title	Pass-through Grant Number	Assistance Listing Number	Federal Expenditures
Executive Office of the President			
High Intensity Drug Trafficking Areas Programs			
High Intensity Drug Trafficking Areas Program - G19SN0017A	N/A	95.001	\$ 447,521
High Intensity Drug Trafficking Areas Program - G20SN0017A	N/A	95.001	1,236,807
Total Executive Office of the President			<u>1,684,328</u>
Department of Transportation			
Airport Improvement Programs			
Lea Regional Improvement Runway Safety Area	N/A	20.106 (1)	128,819
Lea County Regional Airport Reconstruction Apron	N/A	20.106 (1)	43,768
Lea County Cares Act Airport Grant	N/A	20.106 (1)	683,310
Lea County Jal Airport Electrical Vault	N/A	20.106 (1)	33,249
Lea County Jal Airport Replace Plasi with Papi	N/A	20.106 (1)	134,483
Jal Airport Cares Act Grant	N/A	20.106 (1)	3,886
Zip Franklin Visual Guidance System Papi	N/A	20.106 (1)	111,184
Reconstruction Taxiway A	N/A	20.106 (1)	13,457
Zip Franklin Airport Cares Act Grant	N/A	20.106 (1)	10,728
End Driving While Impaired DWI	N/A	20.608	250
Total Department of Transportation			<u>1,163,134</u>
Department of Finance & Administration			
Coronavirus Relief Fund	N/A	21.019 (1)	530,750
Total Department of Finance & Administration			<u>530,750</u>
Department of Interior			
<i>Passed through State of New Mexico</i>			
Taylor Grazing Act Wildlife - 14	N/A	15.237	118,560
Total Department of Interior			<u>118,560</u>
Total Federal Financial Assistance			<u>\$ 3,496,772</u>

(1) Denotes major federal assistance program

STATE OF NEW MEXICO**LEA COUNTY****NOTE TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****JUNE 30, 2021****NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the county, it is not intended and does not present the financial position or changes in net position of the County.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients of Grant Awards

Assist Listing Number	Program Name	Subrecipient Name	Amount
95.001	High Intensity Drug Trafficking Areas Program	Chaves County	\$ 280,356
95.001	High Intensity Drug Trafficking Areas Program	Lincoln County	189,329
95.001	High Intensity Drug Trafficking Areas Program	Pecos Valley	519,780
95.001	High Intensity Drug Trafficking Areas Program	Region VI	105,450
Total Assistance Listing Number 95.001			<u>\$ 1,094,915</u>

STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued: Unmodified

Internal control over financial reporting:
Material Weakness reported? No

Significant deficiencies reported not
considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weaknesses reported? No

Significant deficiencies reported not
considered to be material weaknesses? None

Type of auditor’s report issued on
compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Uniform Guidance? No

Identification of major programs:
Coronavirus Relief Fund – #21.019
Airport Improvements – #20.106

Dollar threshold used to distinguish
Between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**STATE OF NEW MEXICO
LEA COUNTY
SCHEDULE OF FINDINGS AND QUUESTIONED COSTS
Year Ended June 30, 2021**

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

None

**SECTION IV – OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE,
SECTION 12-6-5, NMSA 1978**

None

**STATE OF NEW MEXICO
LEA COUNTY
STATUS OF PRIOR YEAR FINDINGS
Year Ended June 30, 2021**

STATUS OF PRIOR YEAR FINDINGS

Description		Status
2020-001	Property Tax Assessment (Other Non-Compliance)	Resolved

**STATE OF NEW MEXICO
LEA COUNTY
EXIT CONFERENCE
JUNE 30, 2021**

EXIT CONFERENCE

An exit conference was conducted on November 18, 2021, with the following individuals:

Lea County

Rebecca Long, County Commissioner
Dean Jackson, County Commissioner
Michael Gallagher, County Manager
Henry C. Low, Jr., CPA, Director of Finance

Pattillo, Brown & Hill, LLP

Chris Garner, CPA

Auditor Prepared Financial Statements

Pattillo, Brown & Hill, LLP prepared the GAAP-basis financial statements, related footnotes and supporting schedules from the original books and records provided to them by the management of the County. The County's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements, and the County accepts responsibility for the financial statements.