Comprehensive Annual Financial Report (CAFR) Acceptance

FISCAL YEAR 2018

FINANCE DIVISION

Finance Recognition

Helen Perraglio, Chief Financial Officer

Karen Kendall, Budget Manager

Reese Chavarria-Quam, Senior Budget Analyst

Margot Liberty, Senior Management Analyst

Thomas Vigil, Accounting Operations Manager

Patsy Olivas, Payroll Specialist

Julie Brothers, Senior Accountant

Beatrice Odezulu, Senior Management Analyst

David Griego, Senior Management Analyst

Yvette Atencio, Accounts Payable Coordinator

Nicholle Cordova, Accounts Payable Specialist

Zhen Liu, Accountant

Key Points

Local Government Entity

- Primary business is providing citizen services and have more than one measurement focus or accounting basis
- Notes to the Financial Statements (pages 67-118) and the Management Discussion and Analysis (pages 5-26) give a better understanding of the different measurement focuses

GASB – Government Accounting Standards

- Has issued 90 pronouncements on how we must present our financial information

GAAP – Generally Accepted Accounting Principles

- Common set of accounting principles, standards and procedures that we must follow when compiling financial statements

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

- Establishes standards of accounting and financial reporting for the County's participation in the Retiree Health Care Association of New Mexico's (RHCA) defined post-employment health care plans
- This Statement is effective for fiscal years beginning after June 15, 2017
- A prior period restatement on the face of the financial statements shows the cumulative effect on net position (page 30)

Government-wide Financial Statements

Govt-wide F/S

- Present County as a whole
- Full accrual basis of accounting

Statement of Net Position (pages 28-29)

- Includes Capital Assets, Long Term Debt, Pension & Other Post Employment Benefits (OPEB) Liability – PERA and Retiree Health Care for LAC
- Overall Net Position by categories of restrictions
- Invested in capital net of debt
- Unrestricted amounts

Statement of Activities (page 30)

- Expenses by function and the program revenues and charges for services that support them
- Governmental activities are not expected to be covered by revenues but are supported primarily by tax revenues

Other Statements and Requirements

Governmental Fund Financial Statements (page 32)

- Modified accrual basis of accounting for governmental funds
- Look 60 days out from year end to accrue revenues that can pay for expenditures that may have been encumbered as obligations
- Do not record capital assets or debt, or pension liability at the fund level
- Reconciliations from modified to full accrual statements are presented on pages 35 and 41

Budget and Actual Statements (page 42)

- Shows how the actual results compare to the final revised budget
- Key to showing compliance with our legal level of appropriated spending
- We can never spend over what was adopted by Council and approved by DFA

Requirements

- Governments are required to have financial statements prepared containing an auditor's report
- Governments are not required to produce a CAFR

Statistical Section

Statistical Section (pages 179-209)

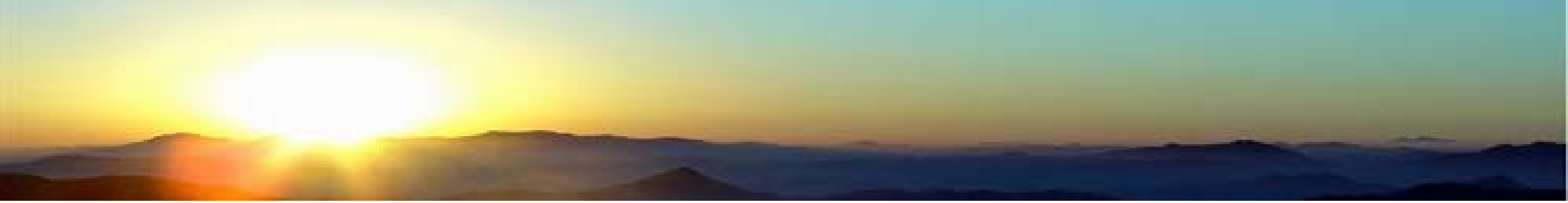
- Includes 26 tables of comparative data
- Changes in net position over the last 10 years (pages 179-181)
- County's Net Position has decreased approximately $81 million due to GASB 68 (PERA) and GASB 75 (RHCA)
- PERA and RHCA liabilities have no budget impact but must be shown on the full accrual basis of accounting
- Changes in Fund Balance for Governmental Funds (pages 183-184)
- County's legal debt limit is approximately $28.8 million in General Obligation debt of which we have $0 debt (page 201)
- Governmental direct and overlapping debt includes direct local and indirect State, LAPS, and UNMLA debts (page 200)

Incorporated County of Los Alamos, New Mexico

January 29, 2019

LOS ALAMOS
where discoveries are made

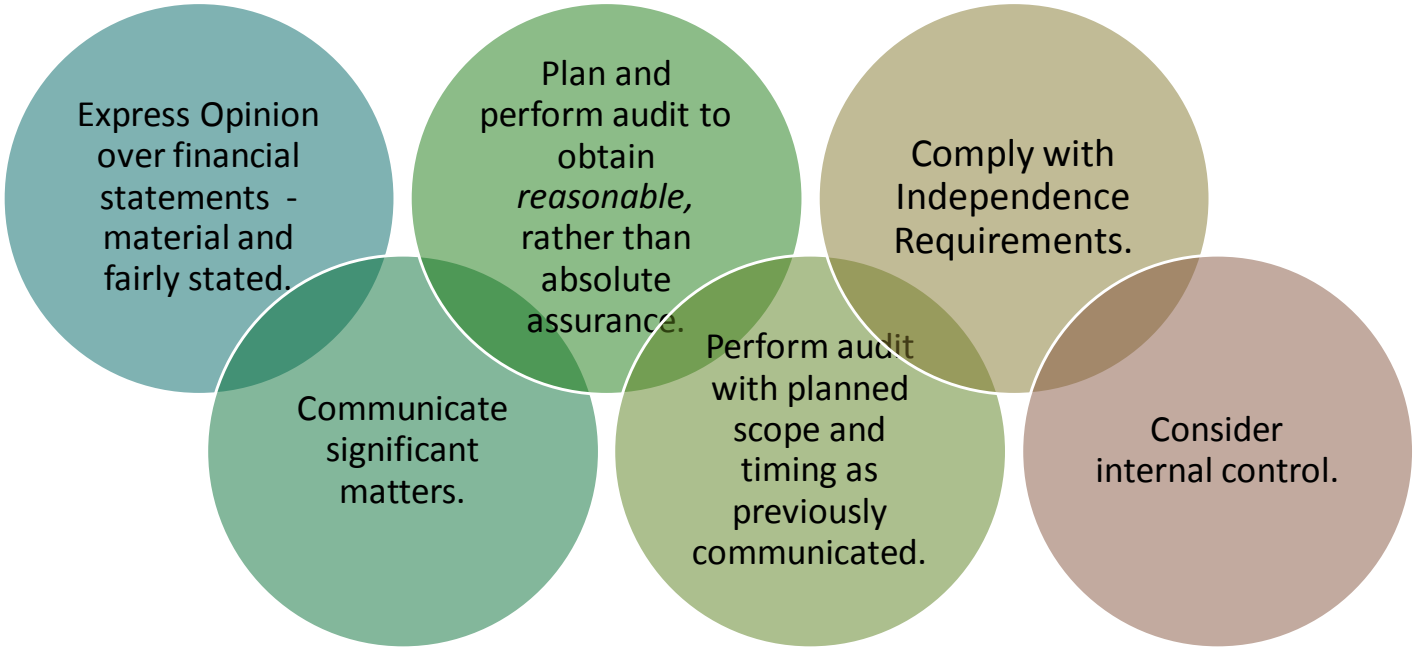
MORTON
ACCOUNTING, LLC
certified public accountants | consultants



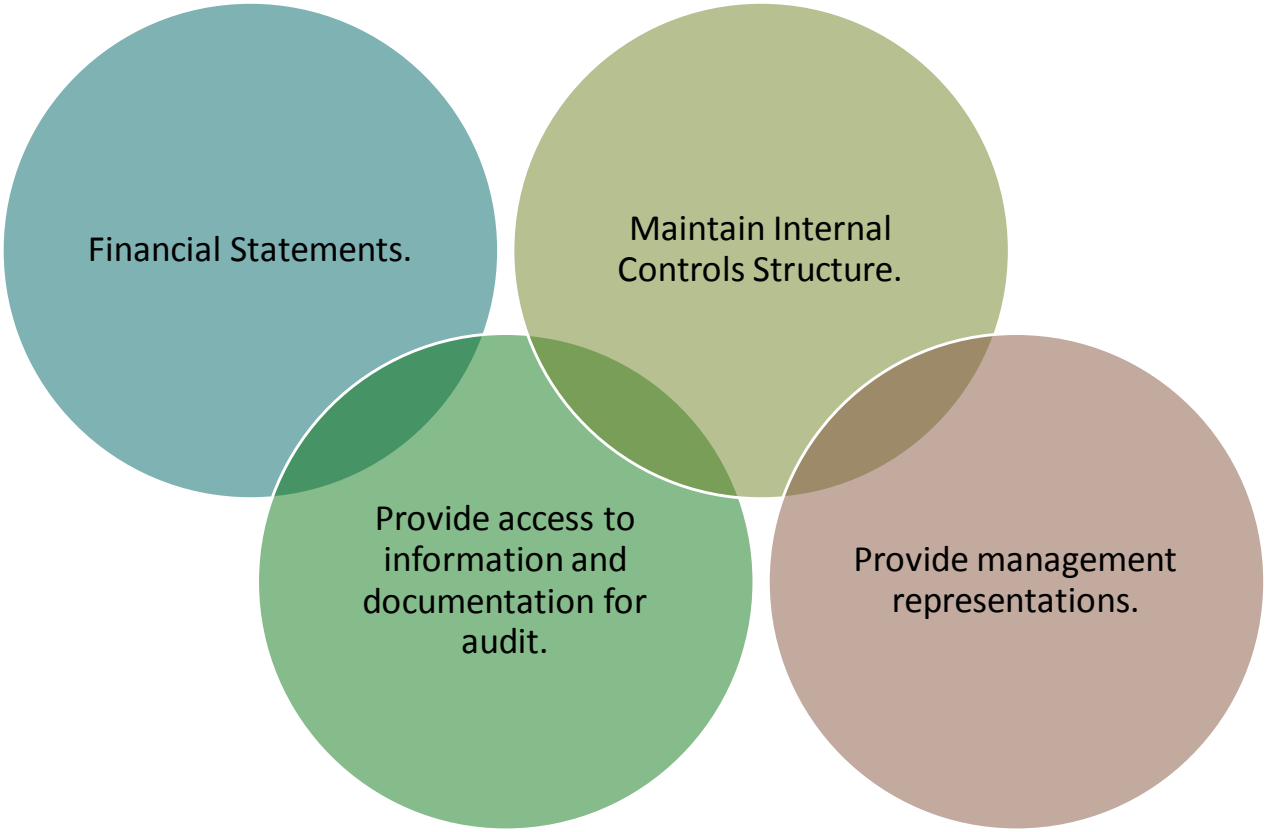
Agenda

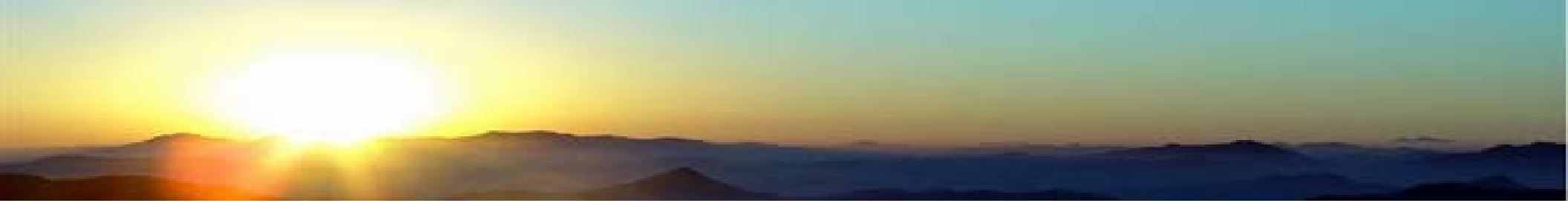
- Auditor's Responsibilities
- Management's Responsibilities
- Opinions
- Required Communications
- Schedule of Findings and Questioned Costs
- Timeline for Completion

Auditor's Responsibilities



Management's Responsibilities



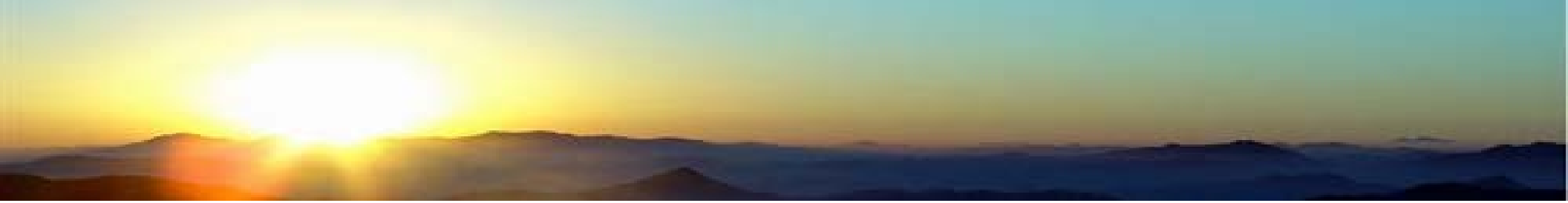


Audit Opinions

- Independent Auditor's Report - Unmodified
- Report On Compliance With Requirements That Could Have a Direct and Material Effect On Each Major Program and On Internal Control Over Compliance in Accordance with OMB Uniform Guidance - Unmodified

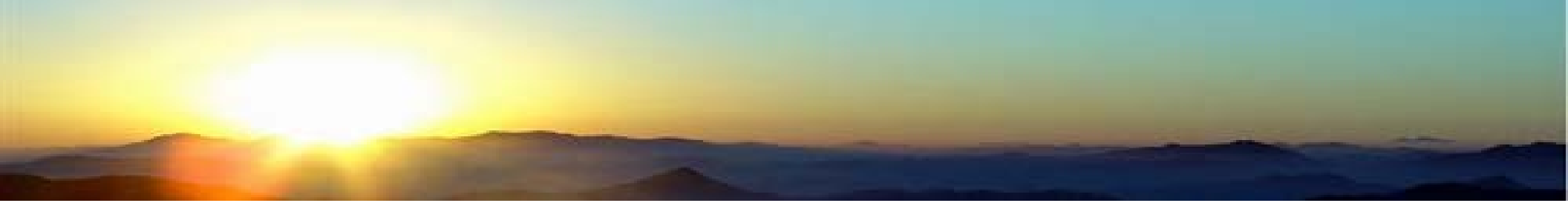
Required Communications

- Significant Accounting Policies, Note 1
- Significant Accounting Estimates –
  - Allowance for Doubtful Accounts
  - Fair Market Value, Investments
  - Lives of Capital Assets for calculating Depreciation Expense / Accumulated Depreciation
  - Accrued Compensated Absences, Short Term Portion
  - Self Insurance IBNR Reserve
  - Net Pension Liability
  - Other Post-Employment Benefits Liability
  - Special Closure Costs –
    - San Juan
    - Laramie River
    - Landfill



Required Communications

- Financial Statement Disclosures
  - Sensitive Disclosures
    - Note 16 – Economic Dependency
      - LANL Contract – Uncertainty surrounding contractor corporate status and potential impact on GRT revenue
      - Bond Rating of Aa3 affirmed (Moody's), but negative outlook due to uncertainty of contractor corporate status
  - New disclosure - Note (8) d. – Post-Employment Benefits – State Retiree Health Care Plan



Required Communications, continued

- Significant Difficulties During Audit - None
- Corrected and Uncorrected Misstatements – None
- Disagreements with Management – None
- Representations will be Requested from Management

Required Communications, continued

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

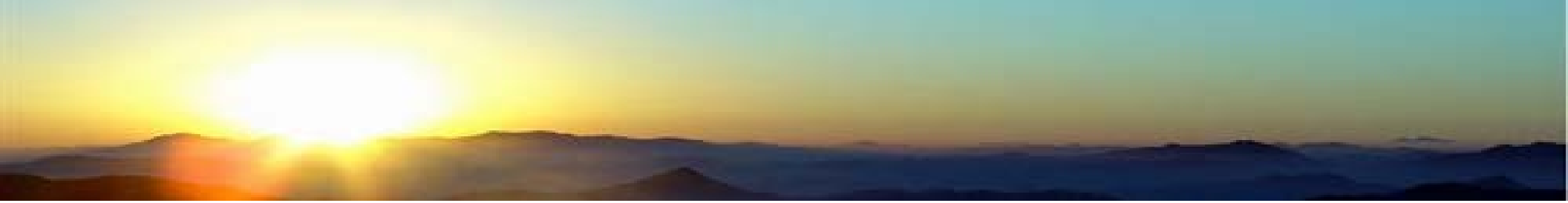
SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	
Type of auditor's report issued:	**Unmodified**
Internal control over financial reporting:	
1. Material weaknesses identified	No
2. Significant deficiencies identified	No
3. Noncompliance material to financial statements noted	No
Federal Awards	
Type of auditor's report issued on compliance for major programs:	**Unmodified**
Internal control over major programs:	
1. Material weaknesses identified	No
2. Significant deficiencies identified	No
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major program:

CFDA No.	Name of Federal Program
81.140	Fire Protection, Emergency Medical and Rescue Services - Cooperative Agreement

Dollar threshold used to distinguish between Type A and Type B Programs	$762,438
Auditee qualified as a Low-Risk Auditee	Yes



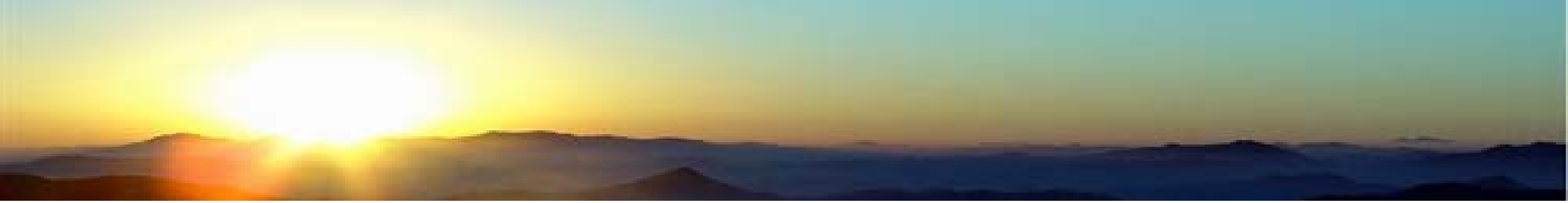
Findings

Financial Statement Findings:

- 2018-001 – Internal Control Over Payroll Disbursements
- 2018-002 – Internal Control Over Procurement

Prior Year Findings:

None



Timeline for Completion

- Final review of CAFR – November 30, 2018
- Management Representation Letter
- Submit to NM State Auditor's Office on or by December 3, 2018
- NM State Auditor's Office Review and Issuance of "Ok to Print" December 17, 2018
- NM State Auditor's Office Release Letter – December 20, 2018

Questions

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Thank You

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