

Los Alamos County Financial Highlights Fiscal Year 2025



The ACFR Bases of Accounting – Financial Section

Government Wide F/S – Full Accrual Basis

- Includes Capital Assets, Long Term Debt, Pension & Other Post Employment Benefits (OPEB) Liability – PERA and Retiree Health Care for LAC
- Presents the County as a whole like a Business
- Similar to Enterprise Funds (included as Business-Type Activities)
- Described in the Notes to Financial Statements

Governmental Funds – Modified Accrual Basis

- Looks 60 days out to accrue revenues that can pay for expenditures that may have been encumbered as obligations (similar to checkbook accounting)
- Does not record governmental assets, debt, depreciation, pension liability, but does have some GAAP basis adjustments for inventory, liabilities, & prepaid expenses

Budgetary Statements – Modified Accrual Inclusive of Encumbrances

- Meant to show readers the variance between revised budget and actual expenditures or revenues recognized – the actual results of the plan
- Includes encumbrances in expenditure totals because these are obligated to be paid within 60 days of year end or throughout the life of a project

The County Govt-Wide F/S

GOVERNMENTAL ACTIVITIES

County's Basic Services

County Council, and Elected Officials

County Manager

PW, CDD, ASD, CSD, Police

County Attorney

Supported by general County Revenues (mainly taxes)

BUSINESS – TYPE ACTIVITIES

County's Enterprise Activities

Joint Utility System

Environmental Services

Fire

Transit

Airport

Supported by charges paid by users (rates, inter-govt'l contracts)

Government-Wide Financials – Assets, Debt, & Pension Obligations

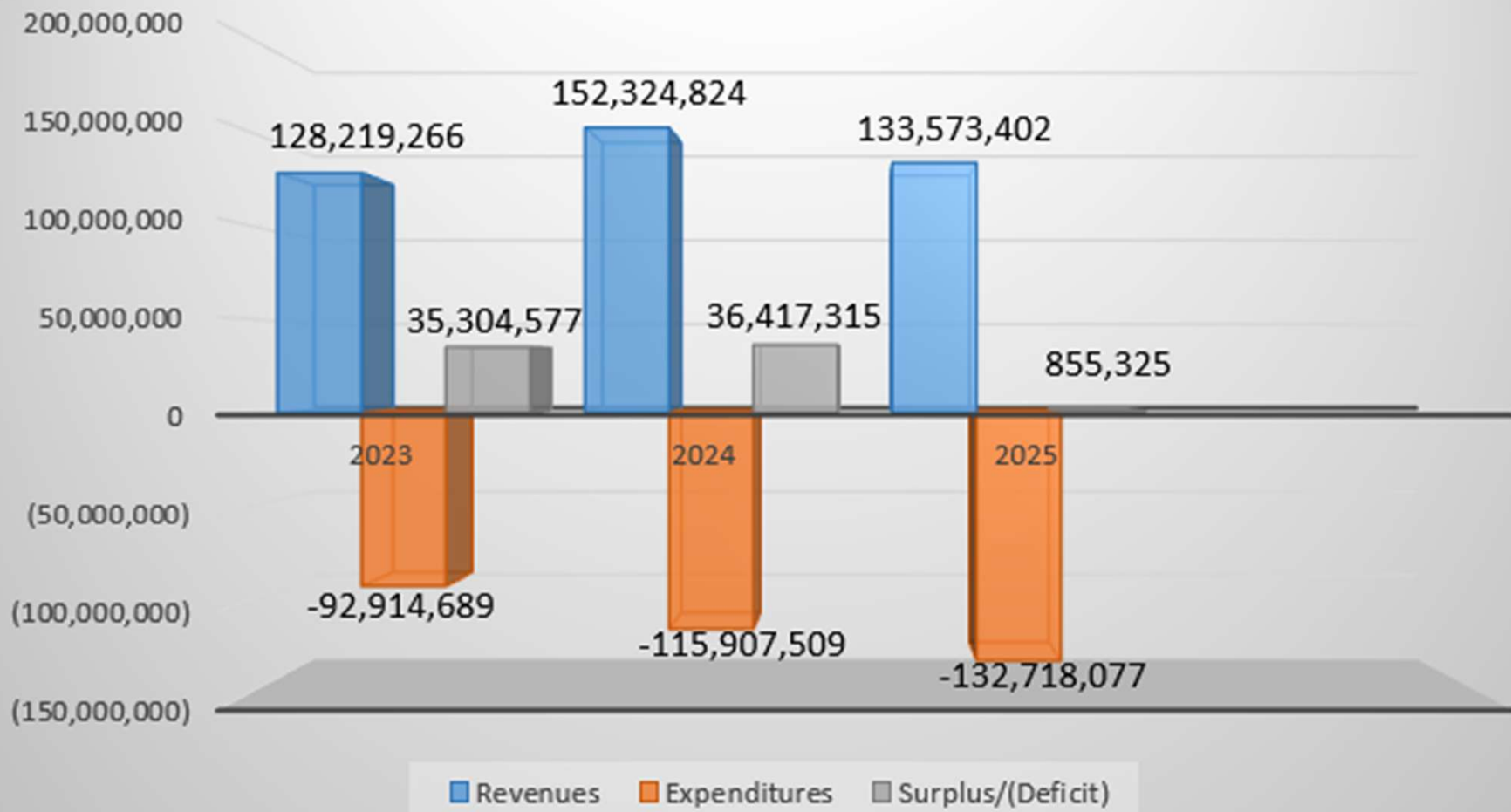
Table 2 Los Alamos County's Net Position As of June 30, 2025 (in millions of \$)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2024</u>
Assets:						
Current and other assets	\$ 243.6	241.8	147.3	142.8	390.9	384.6
Capital assets	<u>309.0</u>	<u>293.3</u>	<u>258.6</u>	<u>236.3</u>	<u>567.6</u>	<u>529.6</u>
Total assets	<u>552.6</u>	<u>535.1</u>	<u>405.9</u>	<u>379.1</u>	<u>958.5</u>	<u>914.2</u>
 Deferred outflows of resources	 <u>24.4</u>	 <u>18.7</u>	 <u>32.3</u>	 <u>22.9</u>	 <u>56.7</u>	 <u>41.6</u>
Liabilities:						
Current and other liabilities	12.8	12.5	14.0	9.5	26.8	22.0
Long-term liabilities	<u>103.4</u>	<u>93.6</u>	<u>188.3</u>	<u>164.3</u>	<u>291.7</u>	<u>257.9</u>
Total liabilities	<u>116.2</u>	<u>106.1</u>	<u>202.3</u>	<u>173.8</u>	<u>318.5</u>	<u>279.9</u>
 Deferred inflows of resources	 <u>27.4</u>	 <u>30.4</u>	 <u>9.0</u>	 <u>12.0</u>	 <u>36.4</u>	 <u>42.4</u>
Net position:						
Net investment in capital assets	291.8	272.0	200.1	181.9	491.9	453.9
Restricted	65.3	60.9	18.6	16.7	83.9	77.6
Unrestricted	<u>76.3</u>	<u>84.4</u>	<u>8.2</u>	<u>17.6</u>	<u>84.5</u>	<u>102.0</u>
Total net position	<u>\$ 433.4</u>	<u>417.3</u>	<u>226.9</u>	<u>216.2</u>	<u>660.3</u>	<u>633.5</u>

Governmental Funds Overview

Governmental Funds Revenues	FY2021	FY2022	FY2023	FY2024	FY2025
Taxes and special assessments	43,857,792	53,606,223	67,727,046	75,266,832	65,656,594
Licenses and permits	560,069	310,007	359,897	340,521	335,066
Intergovernmental	34,384,924	30,460,894	40,573,124	45,248,871	36,883,539
Fines forfeitures and penalties	112,718	94,880	62,836	66,018	41,583
Charges for services	1,385,207	1,431,273	1,448,207	1,514,854	1,388,634
Interfund/Interdepartmental charges	8,004,968	8,826,224	9,313,081	12,426,680	12,331,643
Investment Income	14,620,287	(13,043,668)	7,086,363	14,235,288	15,137,054
Other revenues	3,262,980	12,566,699	1,648,712	3,225,760	1,799,289
Total Revenues	106,188,945	94,252,532	128,219,266	152,324,824	133,573,402

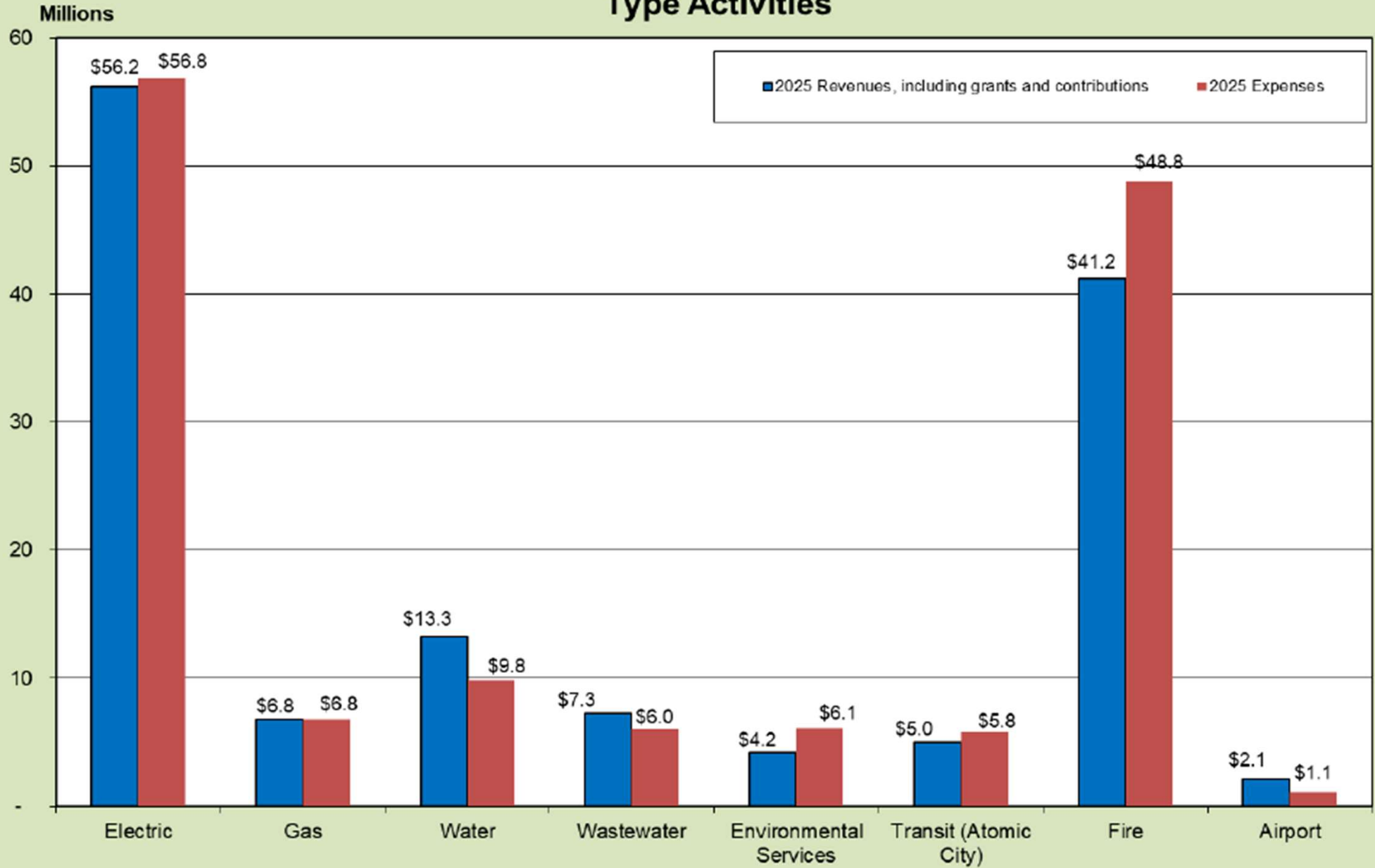
Governmental Funds Expenditures	FY2021	FY2022	FY2023	FY2024	FY2025
General government	22,088,973	24,224,186	29,496,510	32,471,422	32,051,099
Public safety	17,989,556	17,954,063	20,312,319	24,325,246	25,240,187
Physical and economic environment	4,079,822	5,543,713	3,997,229	4,315,628	7,603,136
Transportation	3,957,613	3,673,960	4,654,156	6,101,937	5,141,831
Health and welfare	4,883,588	5,347,004	5,500,430	7,144,282	8,075,978
Culture and recreation	8,491,488	9,294,639	10,009,084	11,721,383	13,064,636
Capital Projects/Outlay	11,153,948	11,841,718	14,392,552	25,277,452	36,992,051
Debt service	4,552,159	4,556,409	4,552,409	4,550,159	4,549,159
Total Expenditures	77,197,147	82,435,692	92,914,689	115,907,509	132,718,077
Surplus (deficit)	28,991,798	11,816,840	35,304,577	36,417,315	855,325

Governmental Funds

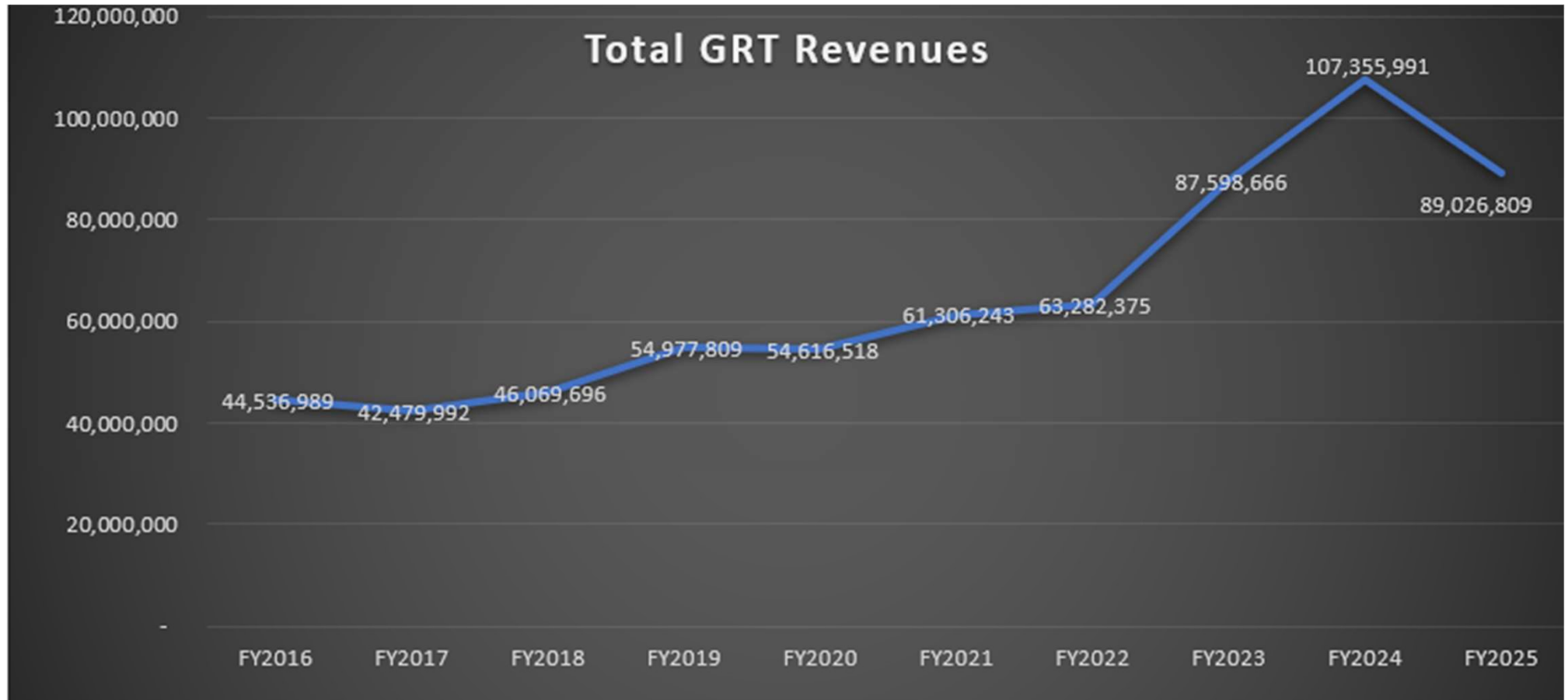


Governmental Funds Overview – Past 3 Yrs

Figure 3. 2025 Expenses and Program Revenues for Business Type Activities

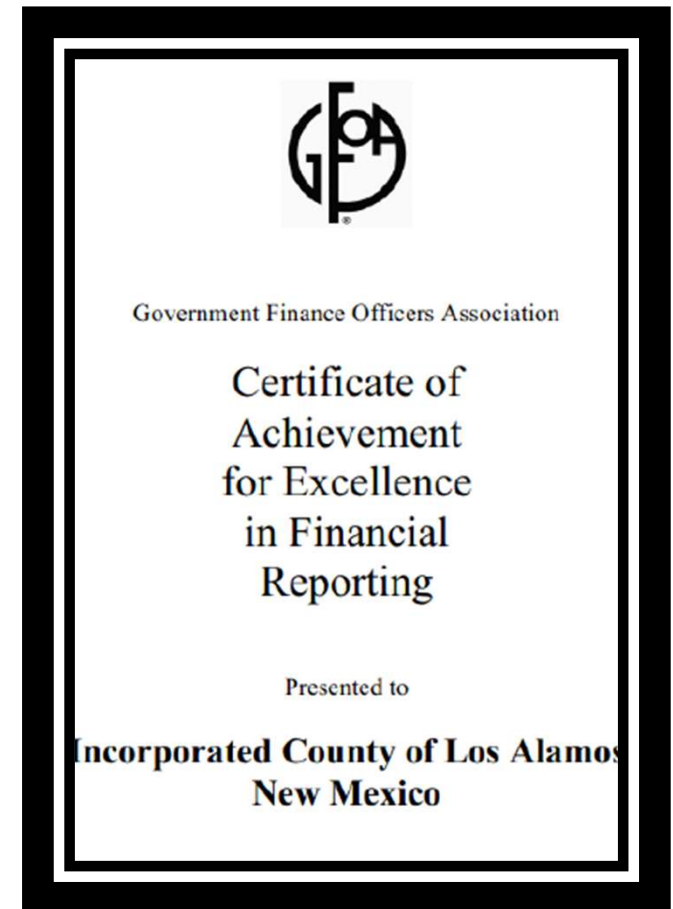


Gross Receipts Tax – Total County



What makes an ACFR Unique?

- Governmental Entity Financial Statements must contain an Introductory and Financial Section – a ACFR must also include a Statistical Section
- Our statistical section contains 26 tables of useful data about our organization, and compares 10 years of data where applicable
- Prepared In House – It takes specialized knowledge in governmental accounting to be able to perform all adjustments, calculations and reporting under GASB requirements, not commonly found in government entities, but normally provided by independent auditors
- Los Alamos County is 1 of 5 Counties in the State of NM that prepares an ACFR, and has received awards of excellence in financial reporting from the Government Finance Officers Association (GFOA) for 33 consecutive years





Perraglio, Helen
Administrative Services Director



Dadzie, Melissa
Chief Financial Officer



Odezulu, Beatrice
Deputy Chief Financial Officer



Liu, Zhengyan
Sr. Finance & Budget Analyst



Griego, David
Accounting Operations Manager



Cordova, Nicholle
Management Analyst



Avila, Nicole
Payroll Manager



Thomas, Erika
Budget and Performance Manager



Ramirez, Melanie
Finance and Budget Analyst



Pitts, Daniella
AP and P-card Administrator



Gray, Mindy
Payroll Specialist



Lerma, Alex
Accounting Operations Manager



Valdez, Catherine
Payroll Coordinator



Mariano, Tara
Senior Financial & Budget Analyst

Huge Thank you!

To all the Finance Staff – We strive for excellence and invest in continued education in our specialized field to keep up the high-quality standard; and

July-November time commitment and extensive hours worked by exempt staff for the final year end push to compile the ACFR and work with our auditors while maintaining operational workloads; and

To all County Departments/Divisions and Senior Management that work as a team in everyday operations to comply with internal controls and policies/procedures to have the successful audit and the report delivered on time.



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2025 Audit Presentation of Audit Results



LOS ALAMOS

Presented by:

Farley Vener, CPA, CFE, CGMA
President & Managing Shareholder



Today's Agenda



1

Introduction



2

**Scope of
Work**



3

**Auditor's
Communications**



4

**Results &
Findings**



5

**New
Standards**



6

Wrap-Up



Introduction (Engagement Team)

Partner
In-Charge

- Farley Vener, CPA, CFE, CGMA
President and Managing Shareholder

Audit Manager
In-Charge

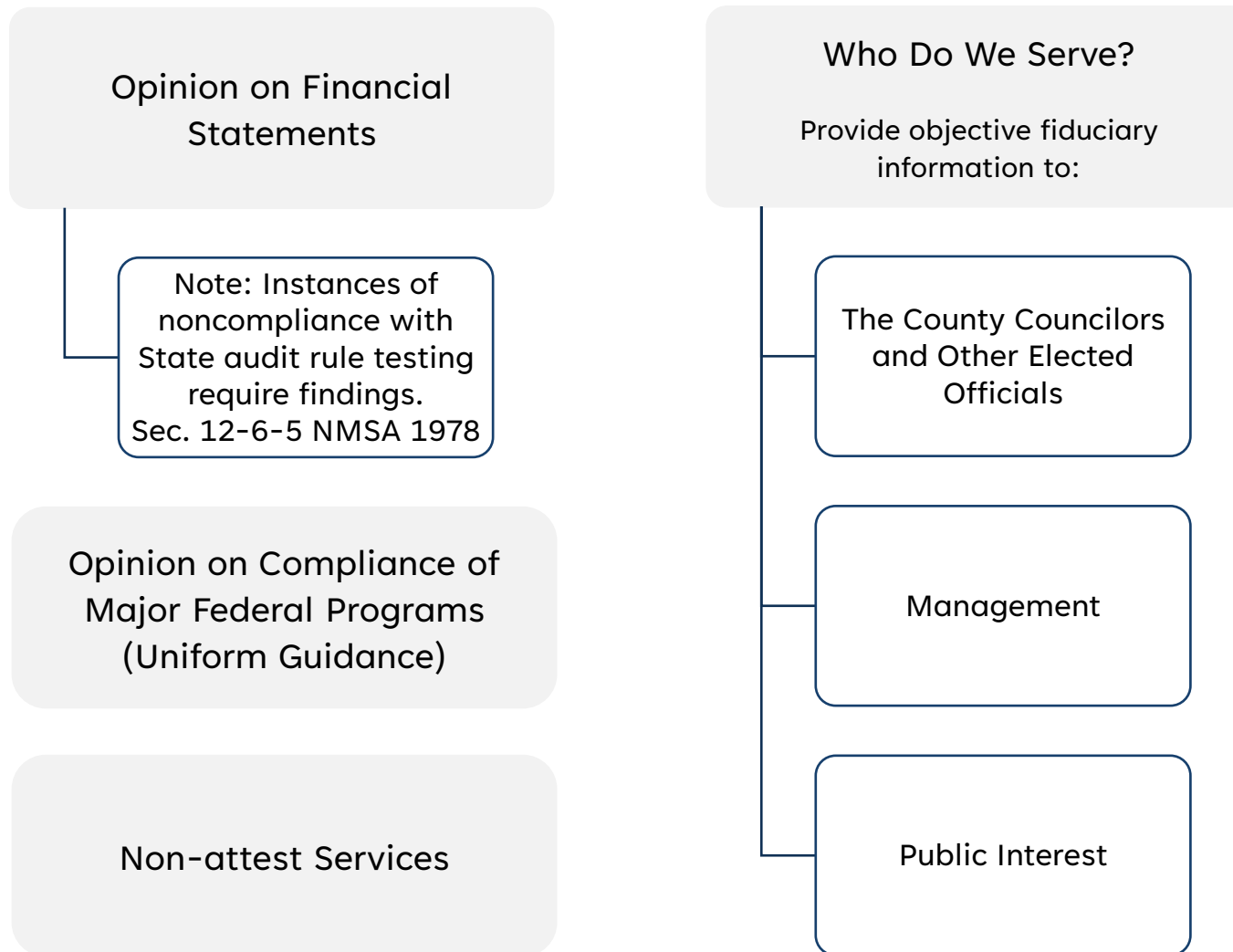
- Katelyn Constantin, CGFM, MACCT
Audit Manager

Audit Staff

- Karina Segura
Audit Staff



Scope of Work (Audit and Who We Serve)



Attachment "D"



Auditor's Communications (AU-C 260)

Required Communications

COMMUNICATIONS	CONCLUSION
Accounting Practices	Based on the audit procedures performed, significant accounting practices (policies, estimates, and disclosures) appear appropriate, transparent, and Consistent with GAAP/GASB
Proposed Adjustments	None
Adjustments Provided by Client	None
Proposed Government-wide Adjustments/Presentation	None
Passed Adjustments-Because of Immateriality	None
Disagreements with Management	None
Management's Consultations with Other Accountants	Aware of None
Discussion of Accounting Issues Prior to Retention	None
Significant Difficulties in Performing the Audit	None
Financial Statement Disclosure Highlights	Restatement due to GASB 101 implementation.



Results & Findings

Auditor's Opinion

Financial Statements – Unmodified
Federal Awards – Unmodified

Findings				
Reference #	Description	Current or Prior Year Finding	Status of Findings	Type of Finding*
<u>Section II - Financial Statement Findings</u>				
None				
<u>Section III - Major Federal Programs Findings</u>				
None				
<u>Section IV - 12-6-5 NMSA 1978 Findings</u>				
None				

*Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D. Instance of Non-compliance Material to the Financial Statements
- E. Material Weakness in Internal Control Over Compliance of Federal Awards
- F. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- G. Instance of Non-compliance related to Federal Awards
- H. Other Non-compliance Required to be Reported per Section 12-6-5 NMSA 1978



New GASB Standards (Upcoming Effective Dates)

Fiscal Years Beginning After

December 15, 2023

No. 101
Compensated Absences

June 15, 2024

No. 102
Certain Risk Disclosures

June 15, 2025

No. 103
Financial Reporting Model

No. 104
Capital Assets



New GASB Standards

GASB 101:—Compensated Absences

Effective Date: Fiscal years beginning after December 15, 2023 (FY 2025).

What's Changed from GASB 16?

- Unify the approach for different types of compensated absences under one model.
- Respond to evolving employee benefit practices (e.g., new type of leave).
- Enhance clarity and comparability in the presentation of these liabilities and related disclosures.

Changes In:	GASB 16 (Old)	GASB 101 (New)
Scope	Limited; Multiple Classifications	Unified, single model for all compensated absences
Disclosure	Gross increases & decreases required	Only net change required (must identify as net)
Recognition	Some ambiguities for non-traditional leave	Clear rules on when to recognize liabilities, expanded coverage

Expanded Coverage: Now clearly applies to additional types of paid leave, including flexible PTO arrangements.

Clarifies Non-recognition: Parental, military, and jury duty leave are not recognized until leave starts.

What Does Implementation Mean for You?

- **Review Leave Policies:** Identify all types of compensated absences applicable; update policies, if needed.
- **Update Systems & Processes:** Ensure payroll, HR, and accounting systems can track accumulating leave and calculate associated liabilities.
- **Train Staff:** Communicate new recognition, measurement, and disclosure requirements to accounting teams.

Attachment "D"



New GASB Standards

GASB 102:—Certain Risk Disclosures

Effective Date: Fiscal years beginning after June 15, 2024 (FY 2025).

Purpose of GASB 102

To help users of government financial statements understand vulnerabilities stemming from significant concentrations or constraints that may substantially affect the government's finances or service capability.

Disclosure Requirements

If disclosure is required, the note should contain enough detail for users to understand:

- The relevant concentration or constraint
- Each associated event that could cause or has caused a substantial impact
- Actions taken by the government before statements are issued to mitigate the risk (do not include future plans/actions)



New GASB Standards

GASB 102:—Certain Risk Disclosures (Continued)

Examples of Concentrations & Constraints

Common Concentrations
<ul style="list-style-type: none"> Majority of tax revenue from a single taxpayer or industry.
<ul style="list-style-type: none"> Substantial revenue from a major customer (e.g., utility relies on one city agency).
<ul style="list-style-type: none"> Workforce mostly covered by a single union.
<ul style="list-style-type: none"> Heavy dependency on a specific grantor.
<ul style="list-style-type: none"> Critical goods/services sourced from one supplier.

Common Constraints
<ul style="list-style-type: none"> State-imposed or voter-approved cap on debt.
<ul style="list-style-type: none"> Legal limits on raising specific revenues.
<ul style="list-style-type: none"> Mandated spending requirements.
<ul style="list-style-type: none"> Limitations on how funds may be used (external restrictions).
<ul style="list-style-type: none"> Budgets or appropriations limiting expenditure flexibility.

Example 1: Revenue Concentration

Situation: The County's largest property taxpayer will soon cease operations, representing 25% of property taxes.

Result: Disclosure is **required**—all three criteria are met; the impact will likely occur within 12 months.

Example 2: Workforce Constraint

Situation: A hospital's entire nursing staff is covered by a union whose collective bargaining agreement expires soon amid difficult negotiations.

Result: Disclosure is **required**—risk of a work stoppage is more likely than not within the coming year.



New GASB Standards

GASB 103:—Financial Reporting in Model Improvements

Effective Date: Fiscal years beginning after June 15, 2025 (FY 2026).

Management's Discussion and Analysis (MD&A) Enhancements Detailed Analysis Focus on emphasizing why balances and results changed. The key categories are:

- Overview of financial statements • Financial summary • Detailed analyses • Significant capital assets and long-term financing activities • Known facts, decisions, or conditions

Unusual or Infrequent Items for separate presentations include presenting individually before net change in resource flows. The disclosure requirements are:

- **UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE**

Do not net multiple items together • Disclosure related programs, functions, or activities • Indicate if within management's control

Proprietary Fund Statement Presentation Clarified Definitions as:

- Operating vs. nonoperating revenues and expenses • Noncapital subsidies

Prescribed Order: • Specifies presentation sequence in financial statements • Includes unusual or infrequent items

Major Component Unit Information for Separate Presentation:

- Present each major component unit separately in net position and activities statements.

Major Component Unit Information for Combining Statements:

- If readability is reduced, include combining statements are fund financial statements.



New GASB Standards

GASB 103:—Financial Reporting in Model Improvements (*continued*)

Budgetary Comparison Information for Supplementary Information Requirement is:

- For general funds and major special revenue funds with legally adopted budgets

	Budgeted Amounts		Variance with Original Budget— over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget— over (under) Actual Amounts
	Original	Final			
BUDGETARY REVENUES					
Taxes	\$ 157,715	\$ 157,715	\$ -	\$ 161,885	\$ 4,170
Payments in lieu of taxes	16,218	15,853	(365)	15,737	(116)
Intergovernmental	1,560	2,002	442	1,597	(405)
Charges for services	13,299	13,299	-	13,905	606
Licenses, permits, and fees	2,712	3,220	508	3,532	312
Fines and forfeitures	8,262	8,262	-	7,853	(409)
Investment earnings	5,100	5,100	-	6,792	1,692
Miscellaneous	3,313	3,313	-	2,075	(1,238)
Total budgetary revenues	208,179	208,764	585	213,376	4,612

Eliminated Option:

- Cannot present budgetary comparisons as basic financial statements

Mandatory Variance Column:

- Original vs. final budget amounts
- Final budget amounts vs. actual results

Significant Variances

- Must explain in notes to required supplementary information

Financial Trends Information in Statistical Section for Specific Governments include:

Those engaged only in business-type or fiduciary activities

Presentation Requirements:

- Revenues by major source
- Distinguish between operating, noncapital subsidy, and other nonoperating revenue expenses



New GASB Standards

GASB 104:—Disclosure Requirements for Certain Capital Assets

GASB 104 addresses two main areas:

1. **Separate disclosure of intangible capital assets within the capital asset note disclosures** (including lease assets, right-to-use public-private partnership assets, subscription-based IT arrangements, and other intangible assets.

Intangible Capital Asset Type	GASB Standard	Nature of Asset	Example
Right-to-Use Asset (RTU) – Lease	87	Control of 3rd-Party Property	Long-term building lease
RTU – Public-Private Partnership (P3)	94	Financed/Shared Infrastructure	Correctional facilities
RTU – SBITA	96	Software Access	3-year subscription to cloud-based ERP
Internally Developed Software	51	Developed In-House	Custom property tax assessment and billing system
Purchased Software	51	Purchased Outright	Perpetual license to accounting software
Other Identifiable Intangibles	51	Nonphysical Nonfinancial Asset	Water rights, easements, right-of-way

2. **New disclosure requirements for capital assets held for sale**, identify assets likely to be sold within one year.

GASB 104 introduces a new requirement to identify and disclose capital assets “held for sale.”

1. **Decision to Sell:** The government must have formally decided to pursue the sale of the asset.
2. **Probable Sale:** It must be probable that the sale will be finalized within one year after the statement date.



New GASB Standards

When assessing probability, consider:

- Asset available for immediate sale?
- Active program to find a buyer?
- Favorable current market conditions?
- All regulatory approvals in place?

The asset is still reported in its original asset class and depreciated as usual until sold.

Disclosure must include:

- Historical cost and accumulated depreciation/amortization by major asset class
- Carrying amount of any debt collateralized by held-for-sale assets

Held-for-Sale Example

- City decides to sell a building and expects to finalize the sale in 8 months.
- The building is available for sale, listed on the market, and regulatory approvals are in order.



Current GASB Projects (Subject to Change)

Project Plan Summary Timeline



Thank you

We appreciate all the support we received from
Finance and Management!

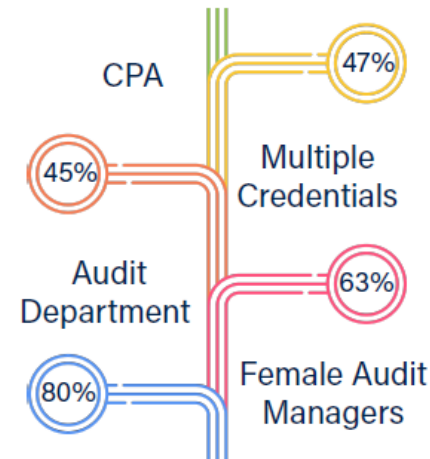




Attachment "D"

About Us

What Sets Us Apart



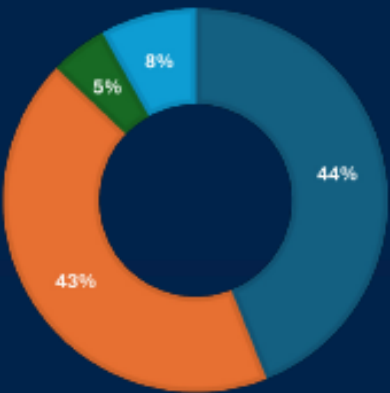
Our diverse, multicultural team brings varied perspectives, experiences, and talents to Hinkle + Landers, P.C.

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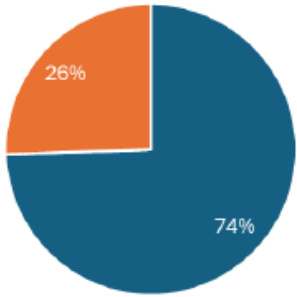


2024 Expertise Top 10 Accountants in ABQ



2024 Best Accountants in ABQ

% of Our Clients Requiring Single Audits



■ Audit ■ Single Audit



LOS ALAMOS

Contact Information

On call throughout the year



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