

2021

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT (ACFR)

LOS ALAMOS

# Los Alamos County Financial Highlights Fiscal Year 2021

# 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-gov't contracts)

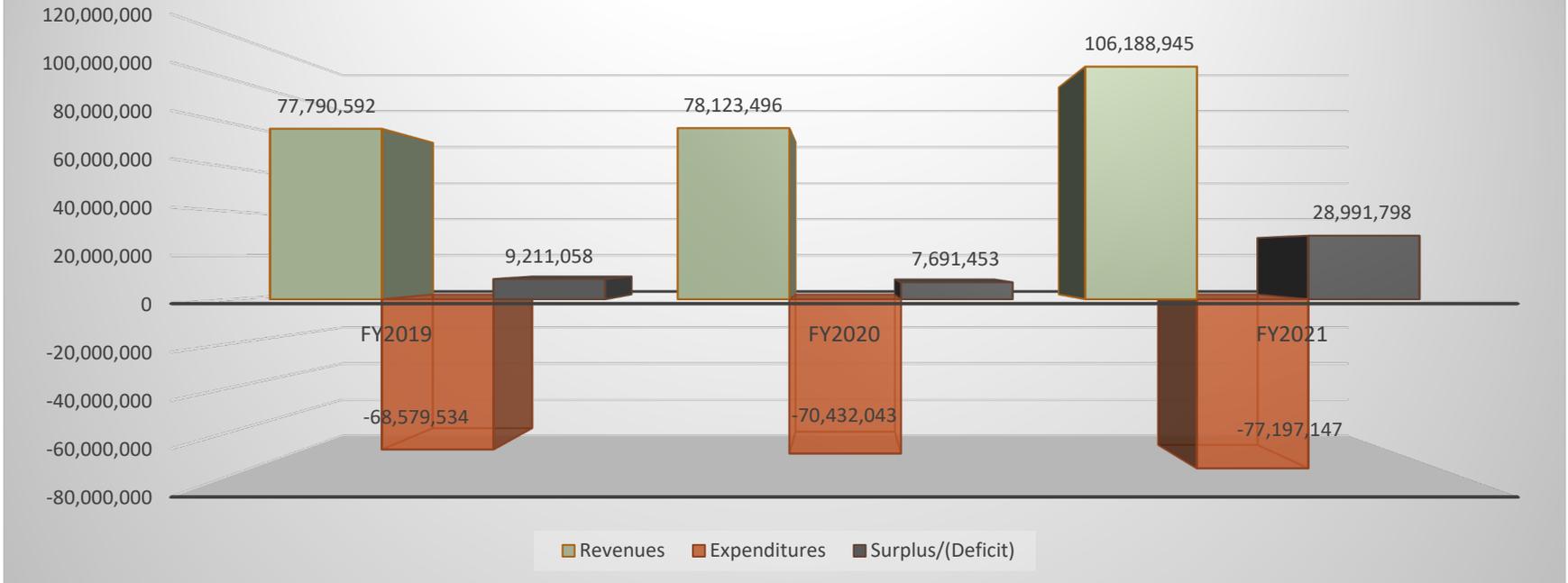
# Government-Wide Financials – Assets, Debt, & Pension Obligations

Los Alamos County's Net Position As of June 30, 2021 (in millions of \$)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
<b>Assets:</b>						
Current and other assets	\$ 139.2	110.1	78.1	69.3	217.3	179.4
Capital assets	271.3	271.6	218.9	220.2	490.2	491.8
Total assets	<u>410.5</u>	<u>381.7</u>	<u>297.0</u>	<u>289.5</u>	<u>707.5</u>	<u>671.2</u>
<b>Deferred outflows of resources</b>	<u>23.2</u>	<u>13.7</u>	<u>25.3</u>	<u>16.7</u>	<u>48.5</u>	<u>30.4</u>
<b>Liabilities:</b>						
Current and other liabilities	7.4	5.2	9.7	4.5	17.1	9.7
Long-term liabilities	106.3	98.3	136.4	129.2	242.7	227.5
Total liabilities	<u>113.7</u>	<u>103.5</u>	<u>146.1</u>	<u>133.7</u>	<u>259.8</u>	<u>237.2</u>
<b>Deferred inflows of resources</b>	<u>10.4</u>	<u>13.9</u>	<u>16.2</u>	<u>19.4</u>	<u>26.6</u>	<u>33.3</u>
<b>Net position:</b>						
Net investment in capital assets	244.7	241.8	192.2	190.3	436.9	432.1
Restricted	51.6	41.2	13.9	18.7	65.5	59.9
Unrestricted	13.3	(5.0)	(46.1)	(55.9)	(32.8)	(60.9)
Total net position	<u>\$ 309.6</u>	<u>278.0</u>	<u>160.0</u>	<u>153.1</u>	<u>469.6</u>	<u>431.1</u>

# Governmental Funds Overview

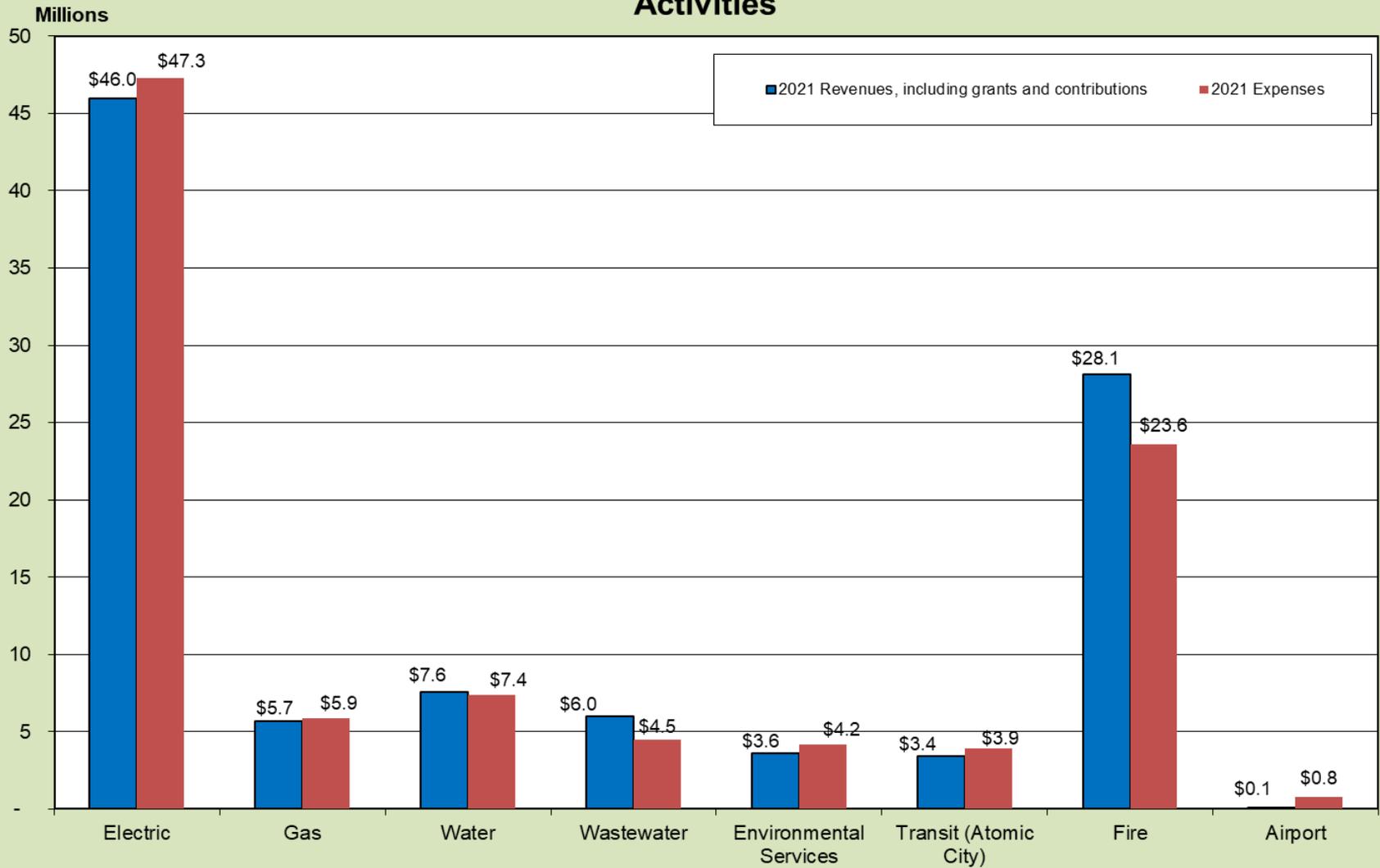
<b>Governmental Funds Revenues</b>	<b>FY2017</b>	<b>FY2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Taxes and special assessments	32,370,821	34,508,399	39,741,012	39,934,857	43,857,792
Licenses and permits	282,417	292,869	271,167	397,269	560,069
Intergovernmental	21,429,688	20,174,079	24,159,020	24,346,020	34,384,924
Fines forfeitures and penalties	208,610	190,910	142,993	101,454	112,718
Charges for services	1,282,751	1,273,973	1,023,331	1,000,884	1,385,207
Interfund/Interdepartmental charges	7,190,007	7,224,440	7,130,081	8,023,975	8,004,968
Investment Income	4,961,233	3,719,637	3,467,279	2,623,382	14,620,287
Other revenues	1,043,009	1,684,264	1,855,709	1,695,655	3,262,980
<b>Total Revenues</b>	<b>68,768,536</b>	<b>69,068,571</b>	<b>77,790,592</b>	<b>78,123,496</b>	<b>106,188,945</b>
<b>Governmental Funds Expenditures</b>	<b>FY2017</b>	<b>FY2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
General government	18,981,363	18,872,265	22,558,333	20,133,201	22,088,973
Public safety	15,115,676	14,813,375	14,078,315	15,020,479	17,989,556
Physical and economic environment	3,011,403	3,535,192	3,951,468	3,471,347	4,079,822
Transportation	3,749,900	3,519,442	4,907,804	4,274,507	3,957,613
Health and welfare	3,855,380	3,831,088	4,028,652	4,809,190	4,883,588
Culture and recreation	8,458,139	8,689,730	8,188,393	8,287,118	8,491,488
Capital Projects/Outlay	17,417,464	4,860,632	4,601,011	9,885,442	11,153,948
Debt service	6,264,646	6,268,597	6,265,558	4,550,759	4,552,159
<b>Total Expenditures</b>	<b>76,853,971</b>	<b>64,390,321</b>	<b>68,579,534</b>	<b>70,432,043</b>	<b>77,197,147</b>
<b>Surplus (deficit)</b>	<b>(3,959,931)</b>	<b>(8,085,435)</b>	<b>4,678,250</b>	<b>9,211,058</b>	<b>28,991,798</b>

## Governmental Funds

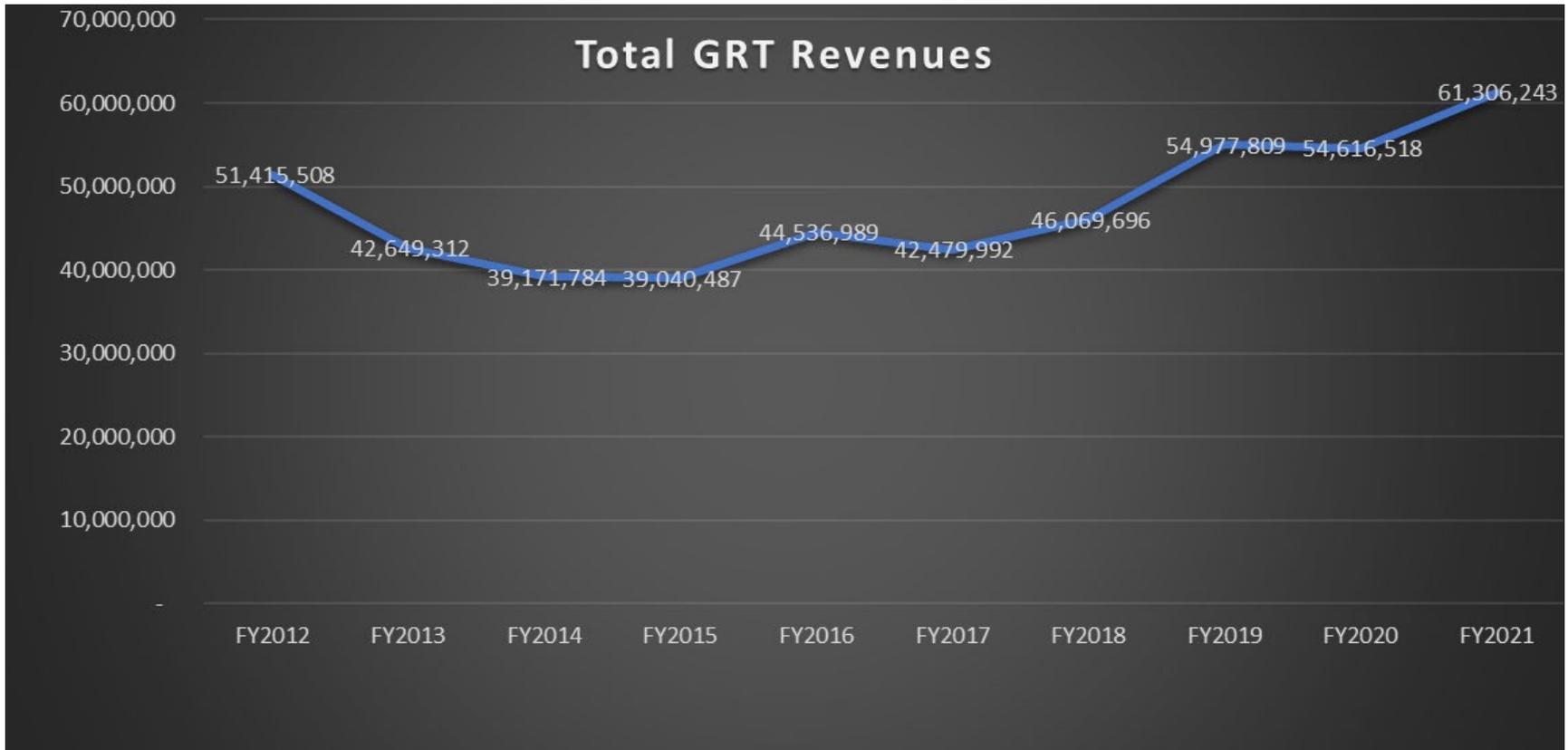


# Governmental Funds Overview – Past 3 Yrs

**Figure 3. 2021 Expenses and Program Revenues for Business Type Activities**



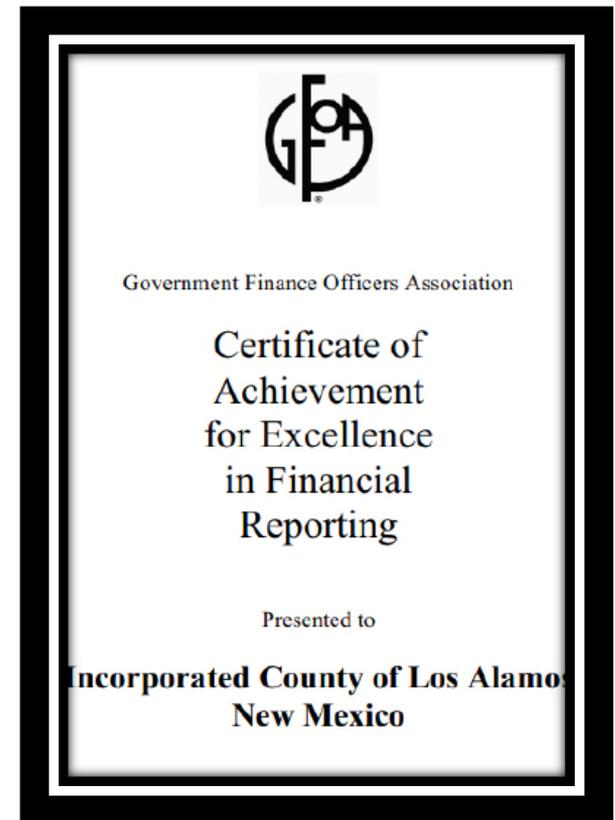
# Gross Receipts Tax – Total County



# 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 29 consecutive years





**Perraglio, Helen**  
Chief Financial Officer



**Dadzie, Melissa**  
Deputy Chief Financial Officer



**Chavarria-Quam, Mauri...**  
Accounting Operations Mana...



**Odezulu, Beatrice**  
Accounting Operations Mana...



**Liu, Zhengyan**  
Senior Accountant



**Atencio, Yvette**  
Senior Budget Analyst



**Griego, David**  
Senior Management Analyst



**Cordova, Nicholle**  
Accounts Payable & P-Card A...



**Andrus, Rebecca**  
Accounts Payable Coordinator



**Jubran, Monther**  
Budget & Performance



**Ortiz, Sonya**  
Payroll Manager



**Avila, Nicole**  
Payroll Coordinator

# 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.



LOS ALAMOS  
where discoveries are made

# Incorporated County of Los Alamos, NM

---



AUDIT EXIT CONFERENCE  
FYE JUNE 30, 2021  
November 23, 2021

And

COUNCIL MEETING  
January 4, 2022

---

Janet Pacheco-Morton  
CPA, CGFM, Principal





# Agenda

---

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

# Auditor's Responsibilities vs. Management's Responsibilities

---

## Auditor

- Express Opinion over financial statements - material and fairly stated.
- Communicate significant matters.
- Plan and perform audit to obtain *reasonable*, rather than absolute assurance.
- Perform audit with planned scope and timing as previously communicated.
- Comply with Independence Requirements.
- Consider internal control.

## Management

- Financial Statements.
- Provide access to information and documentation for audit.
- Maintain Internal Controls Structure.
- Provide management representations.

# 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
- 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 Mine Reclamation
  - Laramie River Plant Decommissioning
  - Landfill Closure

# Required Communications

---

- Financial Statement Disclosures – Implementation of GASB Statement No. 84 – Fiduciary Activities
- Significant Difficulties During Audit – None
- Corrected and Uncorrected Misstatements – Landfill Closure Cost Liability \$929,000, restating beginning net position and increasing liabilities
- Disagreements with Management – None
- Representations will be Requested from Management



# Schedule of Findings and Questioned Costs

---

## SUMMARY OF AUDITOR'S RESULTS

### Financial Statements

Type of auditor's report issued:

**Unmodified**

Internal control over financial reporting:

- |   |     |
|---|-----|
| 1. Material weakness identified                       | Yes |
| 2. Significant deficiencies identified                | No  |
| 3. Noncompliance material to the financial statements | No  |

# Schedule of Findings and Questioned Costs, continued

## SUMMARY OF AUDITOR'S RESULTS, continued

### Federal Awards

Type of auditor's report issued on compliance over  
Major programs

**Unmodified**

Internal control over financial reporting

- |   |    |
|---|----|
| 1. Material weakness identified   | No |
| 2. Significant deficiencies identified  | No |
| 3. Any findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |

# Schedule of Findings and Questioned Costs, continued

## SUMMARY OF AUDITOR'S RESULTS, continued

### Federal Awards, continued

#### Identification of Major Programs

<u>CFDA No.</u>	<u>Name of Federal Program</u>	
81.140	Fire Protection, Emergency Medical and Rescue Services=Cooperative Agreement	
21.019	American Rescue Plan Act and CARES Act Funding	
20.205	Highway Planning and Construction	
Dollar threshold used to distinguish between Type A and Type B Programs		\$921,211
Auditee qualified as a low-risk auditee		Yes

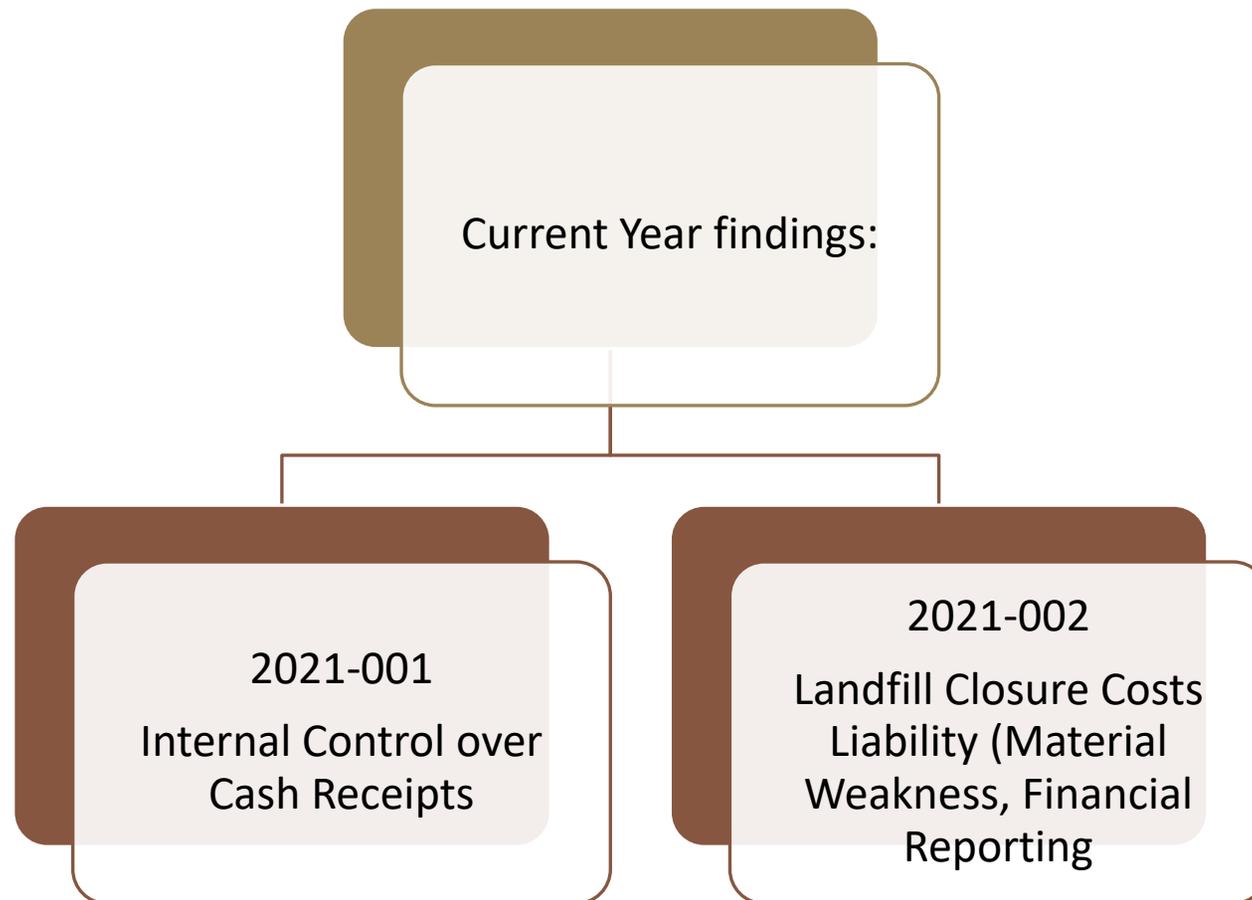
# Findings

---



# Findings, continued

---





## **Finding 2021-001 Internal Control over Cash Receipts**

### **Condition:**

We tested a sample of twenty-five cash receipts during internal control test work. One of the receipts in the sample was not deposited within the period of time required by the County's cash management policy. The receipt was deposited to the bank six weeks from the date the transaction received and recorded on the general ledger. The amount for this receipt was \$1,169.32.

### **Recommendation:**

We recommend that the County perform closing procedures, i.e., review the balanced drawers at the end of each work shift and tie to the totals in the settlement report in each department to make sure each deposit is completed.



## **2021-002 Landfill Closure Costs Liability (Material Weakness, Financial Reporting)**

### **Condition:**

During management's midyear review, management re-visited assumptions for the calculations of landfill closure costs long-term liability and determined that there was an error in how the estimate should have been recorded on the general ledger at June 30, 2020, resulting in a restatement decreasing beginning net position and increasing long-term liability in the amount of \$929,237.

### **Recommendation:**

We recommend that the County implement additional review and approval of significant estimates and underlying calculations, specifically at fiscal year end, to ensure accurate financial reporting.



# Timeline for Completion

- Finalizing audit programs and final procedures - COMPLETED
- Review of ACFR – COMPLETED
- Management Representation Letter - OBTAINED
- Submit to NM State Auditor’s Office on or by December 1, 2021 - DONE
- NM State Auditor’s Office Review and Issuance of “Ok to Print” – DONE
- NM State Auditor’s Office Release Letter - RELEASED



# Questions





*Thank You*