



Popular Annual Financial Report

Incorporated County of Los Alamos

Fiscal Year Ended June 30, 2022



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County Manager & Chief Financial Officer Message

To the County Council and Citizens of the Incorporated County of Los Alamos:

We are pleased to submit to you this **Popular Annual Financial Report (PAFR)** for fiscal year 2022. Our goal is to ensure that the citizens are kept informed on the state of the County's finances and discover more about their County government's operations. Fiscal Year 2022 (FY2022) began on July 1, 2021 and ended on June 30, 2022.

The Finance Division of the Administrative Services Department has prepared this summary of the financial activities of Los Alamos County reported in the Annual Comprehensive Financial Report (ACFR). This **PAFR** includes condensed and selected information from the ACFR and therefore, is a Non-GAAP (Generally Accepted Accounting Principles) presentation.

The ACFR outlines the County's financial position at June 30, 2022 and the results of its operations for the fiscal year. The ACFR represents the audited information for last year, is presented in GAAP format, and contains more detailed information. The ACFR is available to all citizens at the Municipal Building (1000 Central Avenue), on the County's website and also at both the Mesa Public Library and White Rock Branch Library.

Although the County is a relatively small government in terms of resident population served, the numerous direct and indirect relationships with the Department of Energy require levels of service and complexity normally found in large metropolitan areas. We are also unique in that we are classified as a Class H County in the State of New Mexico and we operate as both a City and County government. As always, providing top-notch service is our number one priority. We work for you, the residents of Los Alamos County, and appreciate the high levels of engagement from our community.

FY2022 continued to be a challenging year for our community. Like so many other local governments, the County shifted gears with the onset of the COVID-19 pandemic to change the way we deliver services, updating on line work processing and contact less ways of interacting, and modifying work schedules for some employees to work remotely when possible. By adapting and responding quickly the County was able to keep projects moving along. We also faced a fire emergency with the Cerro Pelado Fire that began in May but responded quickly and collaborated with many other agencies to minimize threats to the public.

Sincerely,



Steven Lynne
County Manager



Helen Perraglio
Chief Financial Officer

Los Alamos County 2022 County Council



Randall Ryti
Chair



Denise Derkacs
Vice-Chair



Melanee Hand



David Izraelevitz



Keith Lepsch



David Reagor



Sara Scott

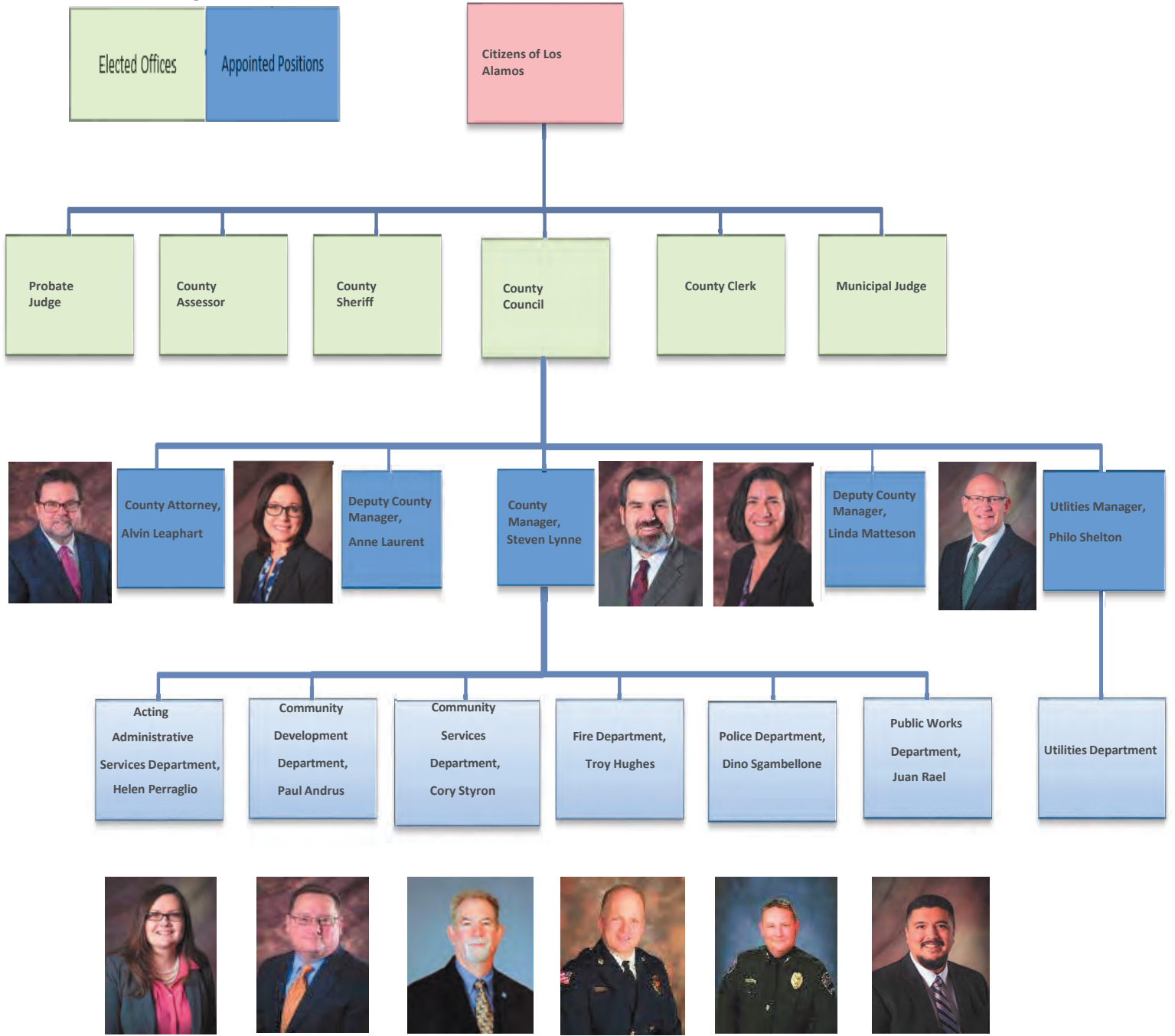
The Council of the Incorporated County of Los Alamos is the governing body of Los Alamos County and was created by the Los Alamos County Charter. The Council consists of seven members elected at large for four-year, staggered terms. Each year the Council elects a Chair and Vice-Chair from within its membership.

An incorporated county is established under a special provision of the state constitution. It has both county and municipal authority and powers. Los Alamos County Council has also adopted a home rule charter which allows the County to depart from certain statutory requirements. Under the Charter, the Council is the governing body of the County.



INCORPORATED COUNTY OF LOS ALAMOS ORGANIZATIONAL CHART

Legend:





Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Incorporated County of Los Alamos
New Mexico**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

ACCOMPLISHMENT HIGHLIGHTS

Among the numerous other accomplishments, some highlights of 2022 include:

- Fully updating and replacing Chapter 16 - Development Code and Chapter 18 - Nuisance Code.
- Successfully getting a White Rock Metropolitan Redevelopment Area Plan approved
- Rolling out ARPA COVID-19 relief funding for the county's small businesses and residents.
- Conducted an Integrated Master Community Services study and ADA survey.
- Construction of the new water resource recovery facility in White Rock began
- The Leisure Lagoon and the Canyon utility and road rehabilitation projects were completed.
- The Hilltop House was removed.



ACCOMPLISHMENT HIGHLIGHTS

- ◆ Housing initiatives continue to be a priority and we're excited to see progress being made. Along DP Road, the affordable housing project Canyon Walk Apartments is fully occupied. And just across the street, the Bluffs, senior affordable apartments are well underway. In White Rock, Mirador Subdivision is wrapping up the first phase of single-family homes and has moved forward with its mixed-use project in 2022 on the same property. These projects will bring more options and housing availability to Los Alamos County in the near future.
- ◆ The Hill apartments at the former LASO site is also under construction with expected completion in late 2023.
- ◆ The County and School Board also moved ahead in December 2020 with a Memorandum of Agreement to work together to consider a new housing project on School-owned property near the Middle School. The County has funding through a State grant to fund the infrastructure design, and the County has hired a consultant to begin the feasibility study as agreed by the County and LAPS. The feasibility study is being finalized and will be made public in the next fiscal year which will provide recommendations for a workforce housing project.
- ◆ Capital projects moved to construction for four quality of life initiatives. The Leisure Lagoon addition to the Aquatic Center began and is nearing completion; and planning for Phase 1 and Phase II of the Golf Course improvements is underway.
- ◆ The County adopted a plan to earmark its ARPA funds to primarily combat the negative economic impacts of the pandemic on small businesses by allocating \$2M for a Small Business Assistance program; along with setting aside \$600k for Social Services initiatives; and the remainder of the County's \$3.762M allotment to assist with Utilities Water/Waste Water capital infrastructure projects that have seen extremely high cost escalations from supply chain impacts.
- ◆ The County responded quickly when faced with the Cerro Pelado Fire by activating the Emergency Operations Center, and providing key communications for the "ready, set, go" guidance to the community. The County worked with FEMA and the State to account for a claim for resources and equipment acquired to keep water lines available for crews. The quick actions of setting up project accounting streamlined the claim process which is expected to be processed in early FY2023.
- ◆ Carbon Free Power Project: The Council and Board of Public Utilities (BPU) have been pursuing a project to build a nuclear generation facility in Idaho. The cost is presently estimated at \$89/ MWhr. Council and BPU will consider in February 2023 if the County should continue in or exit the project.
- ◆ The County continues its commitment to operational excellence. The Government Finance Officers Association awarded Los Alamos County with the Certificate of Achievement for Excellence in Financial Reporting (30 consecutive years) for the Annual Comprehensive Financial Report (ACFR) and the Distinguished Budget Presentation Award (29 consecutive years), and the GFOA Outstanding Achievement in Popular Annual Financial Reporting Award for the County's PAFR (5 consecutive years), all of which contributed to our GFOA Triple Crown honor.

THE COUNTY'S FINANCIAL POSITION

Los Alamos County's Changes in Net Position
For Fiscal Year Ended June 30, 2022
(in millions of \$)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
Total Revenues	<u>85.5</u>	<u>91.7</u>	<u>109.6</u>	<u>106.1</u>	<u>195.1</u>	<u>197.8</u>
Total expenses	<u>66.1</u>	<u>60.8</u>	<u>106.1</u>	<u>97.6</u>	<u>172.2</u>	<u>158.4</u>
Change in net position before transfers	19.4	30.9	3.5	8.5	22.9	39.4
Transfers	(3.3)	0.7	3.3	(0.7)	0.0	0.0
Total Change in net position	16.1	31.6	6.8	7.8	22.9	39.4
Beginning net position	309.6	278.0	160.0	153.1	469.6	431.1
Prior period adjustment	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(0.9)</u>	<u>0.0</u>	<u>(0.9)</u>
Ending net position	\$ <u>325.7</u>	<u>309.6</u>	<u>166.8</u>	<u>160.0</u>	<u>492.5</u>	<u>469.6</u>

The County as a whole, gained \$22.9 million in net position in FY22 primarily due to decreased expenses



Governmental Activities are supported by taxes and grants to provide basic services.

Business-type Activities are supported by user fees and contract revenue based on the service level used.

MORE ON THE COUNTY'S NET POSITION

Los Alamos County's Net Position
As of June 30, 2022
(in millions of \$)

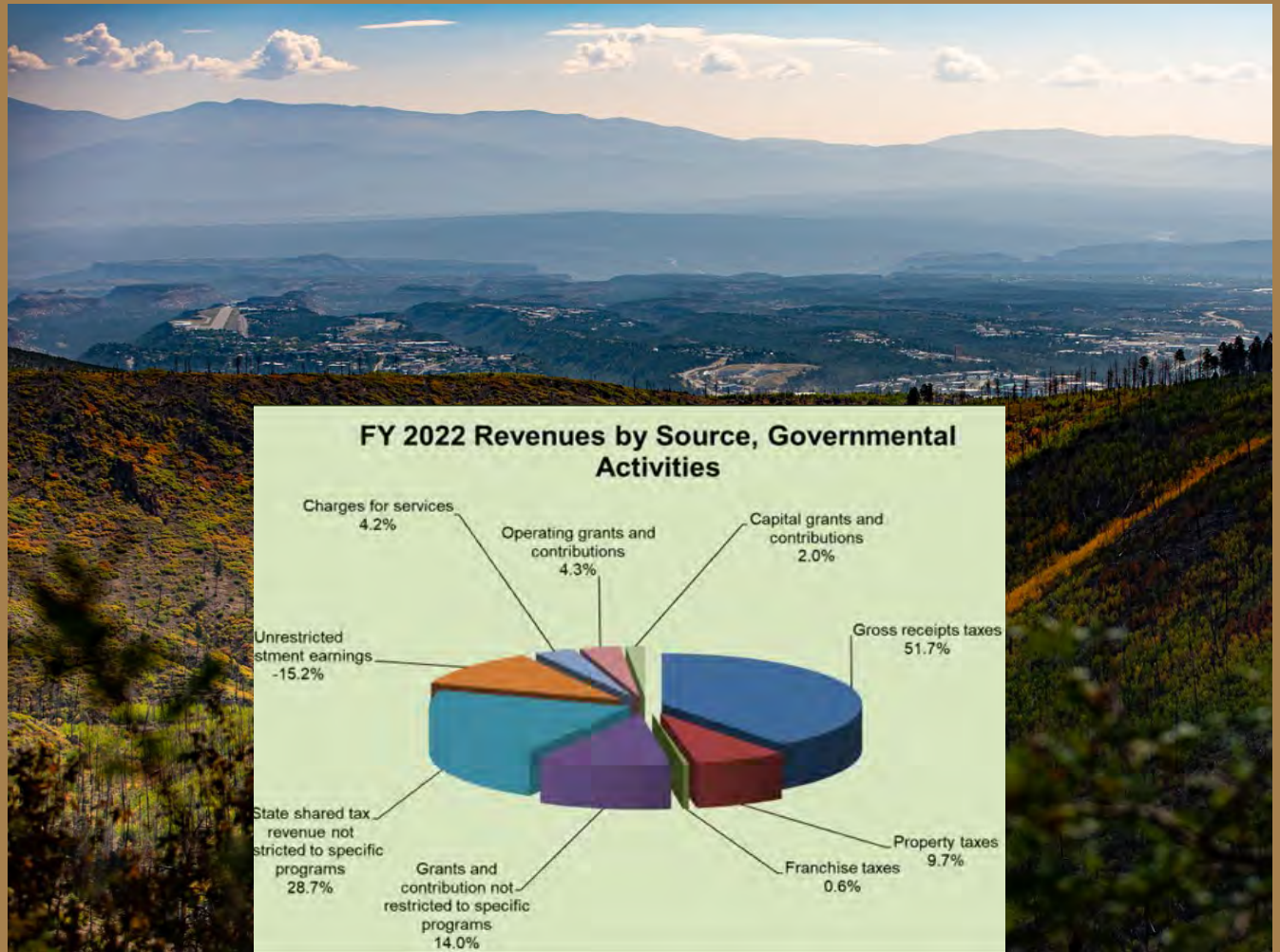
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
Assets:						
Current and other assets	\$ 167.1	139.2	84.9	78.1	252.0	217.3
Capital assets	273.7	271.3	219.5	218.9	493.2	490.2
Total assets	<u>440.8</u>	<u>410.5</u>	<u>304.4</u>	<u>297.0</u>	<u>745.2</u>	<u>707.5</u>
Deferred outflows of resources	<u>12.6</u>	<u>23.2</u>	<u>14.0</u>	<u>25.3</u>	<u>26.6</u>	<u>48.5</u>
Liabilities:						
Current and other liabilities	5.3	7.4	8.1	9.7	13.4	17.1
Long-term liabilities	78.9	106.3	117.1	136.4	196.0	242.7
Total liabilities	<u>84.2</u>	<u>113.7</u>	<u>125.2</u>	<u>146.1</u>	<u>209.4</u>	<u>259.8</u>
Deferred inflows of resources	<u>43.5</u>	<u>10.4</u>	<u>26.4</u>	<u>16.2</u>	<u>69.9</u>	<u>26.6</u>
Net position:						
Net investment in capital assets	250.2	244.7	188.4	192.2	438.6	436.9
Restricted	45.6	51.6	17.6	13.9	63.2	65.5
Unrestricted	29.9	13.3	(39.2)	(46.1)	(9.3)	(32.8)
Total net position	<u>\$ 325.7</u>	<u>309.6</u>	<u>166.8</u>	<u>160.0</u>	<u>492.5</u>	<u>469.6</u>

When you look at the County in terms of its financial statements in this way like a balance sheet, you can see that a significant amount of our net worth is invested in capital assets (our infrastructure, buildings, land, etc.) and restricted for purposes of serving the public.



The presentation of this statement is meant to look at the County as a whole. Unrestricted net position is impacted by required accounting adjustments mainly related to our long-term pension liability for participating in the State Public Employer Retirement Association (PERA).

GENERAL FUND ACTIVITIES

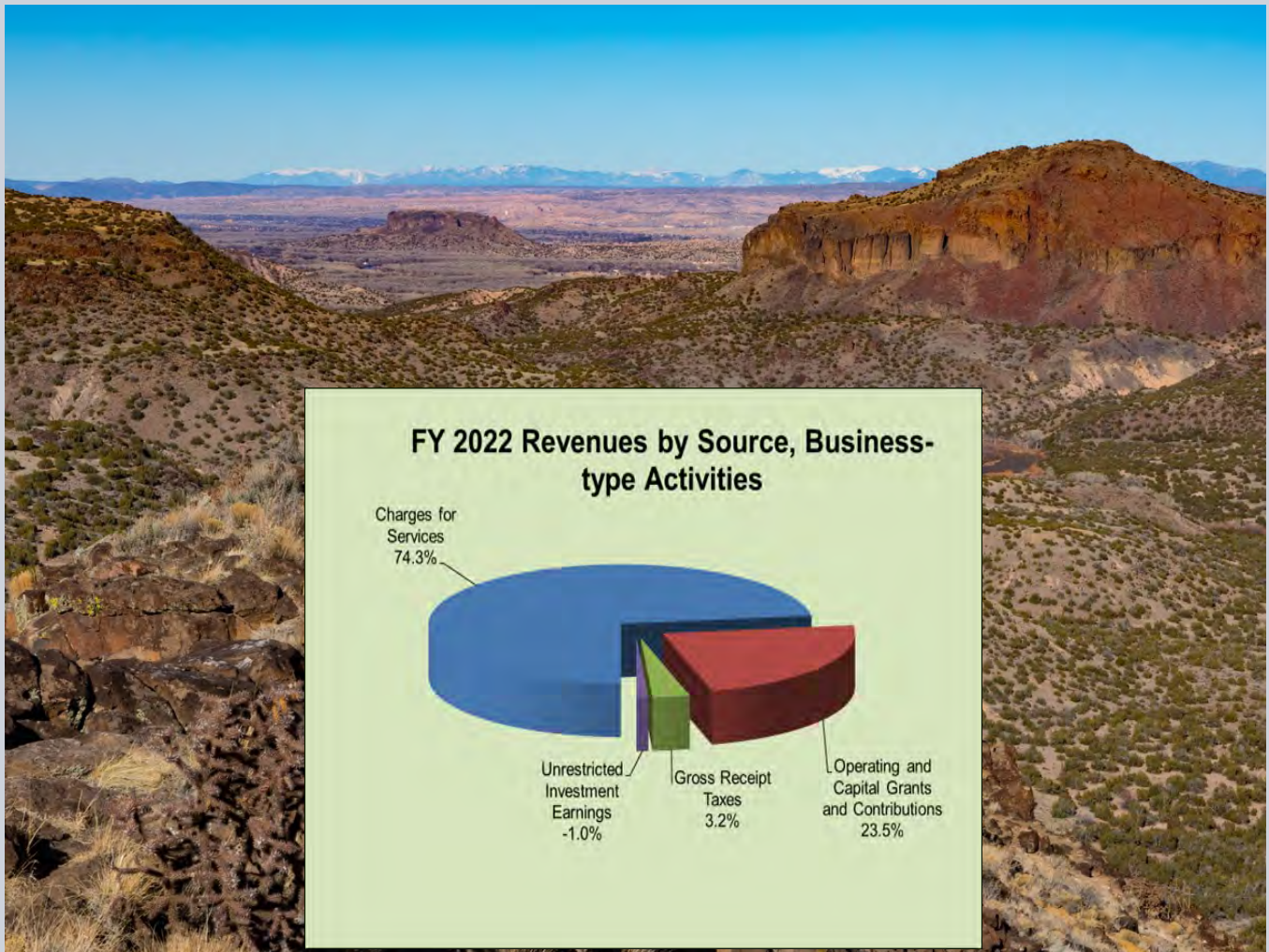


	FY2019	FY2020	FY2021	FY2022
COUNTY COUNCIL	\$ 394,776	\$ 362,077	\$ 419,664	\$ 345,534
MUNICIPAL COURT	475,235	543,063	533,238	577,306
COUNTY MANAGER	3,179,516	4,529,503	3,934,187	4,558,924
COUNTY ASSESSOR	416,237	474,885	436,040	457,493
COUNTY ATTORNEY	680,206	822,440	910,092	1,833,771
COUNTY CLERK	557,178	641,966	672,865	713,498
COUNTY PROBATE	4,540	5,310	5,004	5,606
COUNTY SHERIFF	12,204	13,731	8,361	8,804
ADMINISTRATIVE SERVICES	7,337,414	7,673,734	7,944,807	8,438,840
PUBLIC WORKS	14,547,257	10,781,374	11,451,425	11,512,218
COMMUNITY DEVELOPMENT	1,573,284	1,781,322	1,940,765	1,952,377
FIRE	5,381,751	6,338,046	7,082,624	7,898,483
POLICE	8,241,900	9,094,942	9,085,545	9,832,690
COMMUNITY SERVICES	9,941,705	10,457,991	10,529,268	11,739,657
TOTAL EXPENDITURES	\$ 52,743,203	\$ 53,520,384	\$ 54,953,885	\$ 59,875,201

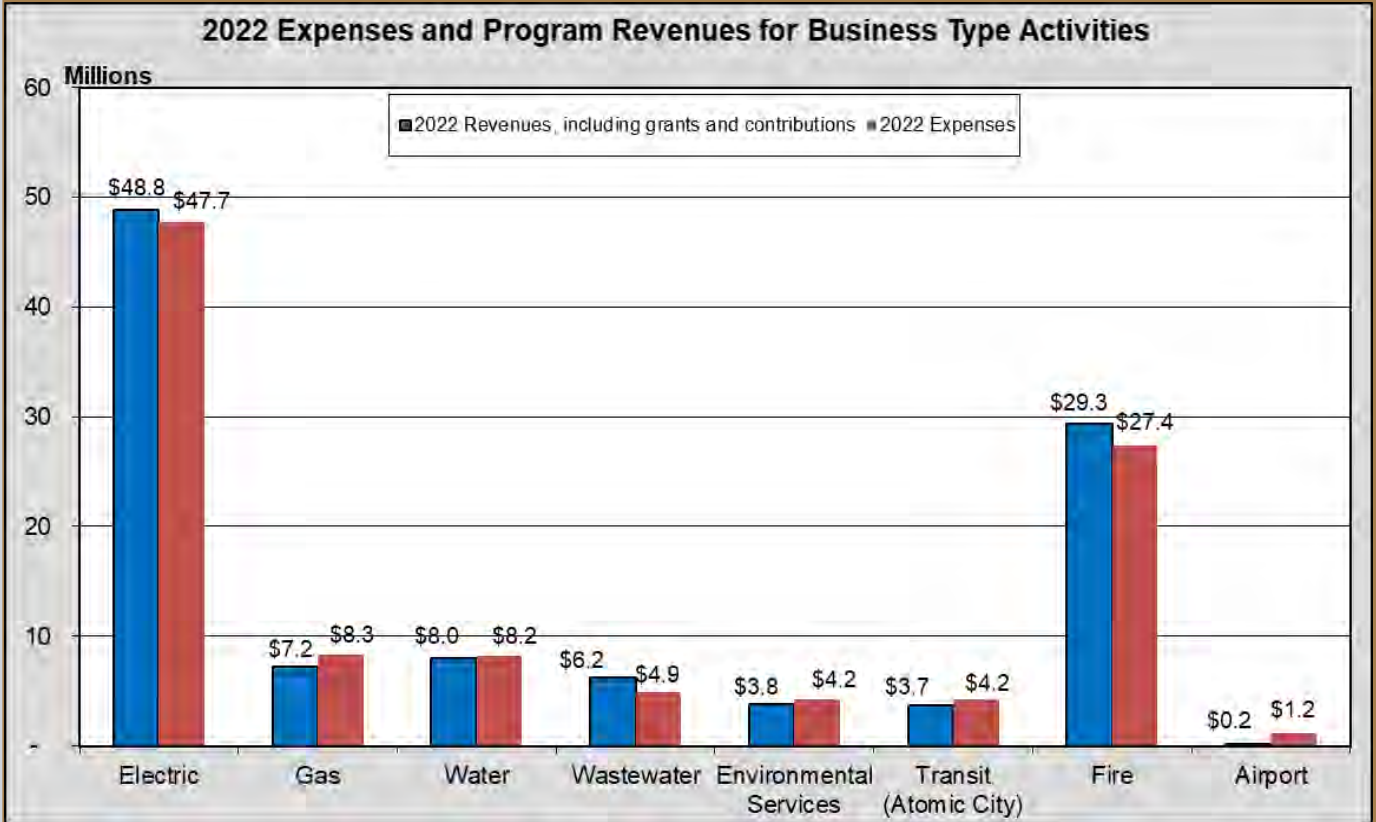
BUSINESS-TYPE ACTIVITIES

EXPENSES (in millions)

	FY2019	FY2020	FY2021	FY2022
ELECTRIC	\$ 45.10	\$ 41.90	\$ 47.30	\$ 47.70
GAS	5.10	4.30	5.90	8.30
WATER	7.00	7.20	7.40	8.20
WASTEWATER	4.20	4.50	4.50	4.90
ENVIRONMENTAL SERVICES	4.80	3.80	5.10	4.20
TRANSIT (ATOMIC CITY)	4.10	4.20	3.90	4.20
FIRE	28.10	28.00	23.60	27.40
AIRPORT	0.90	0.90	0.80	1.20
TOTAL EXPENDITURES	\$ 99.30	\$ 94.80	\$ 98.50	\$ 106.10



BUSINESS TYPE ACTIVITIES—COMPARED



DID YOU KNOW?

The Los Alamos Fire Department provides fire protection services to Los Alamos National Laboratory (LANL) under a cooperative agreement. Through this partnership, LANL and the community receives an elevated level of fire protection and ambulance services. The cost of services provided to LANL are reimbursed to the County through monthly billings.

GOVERNMENTAL FUNDS COMPARED

County-wide Results

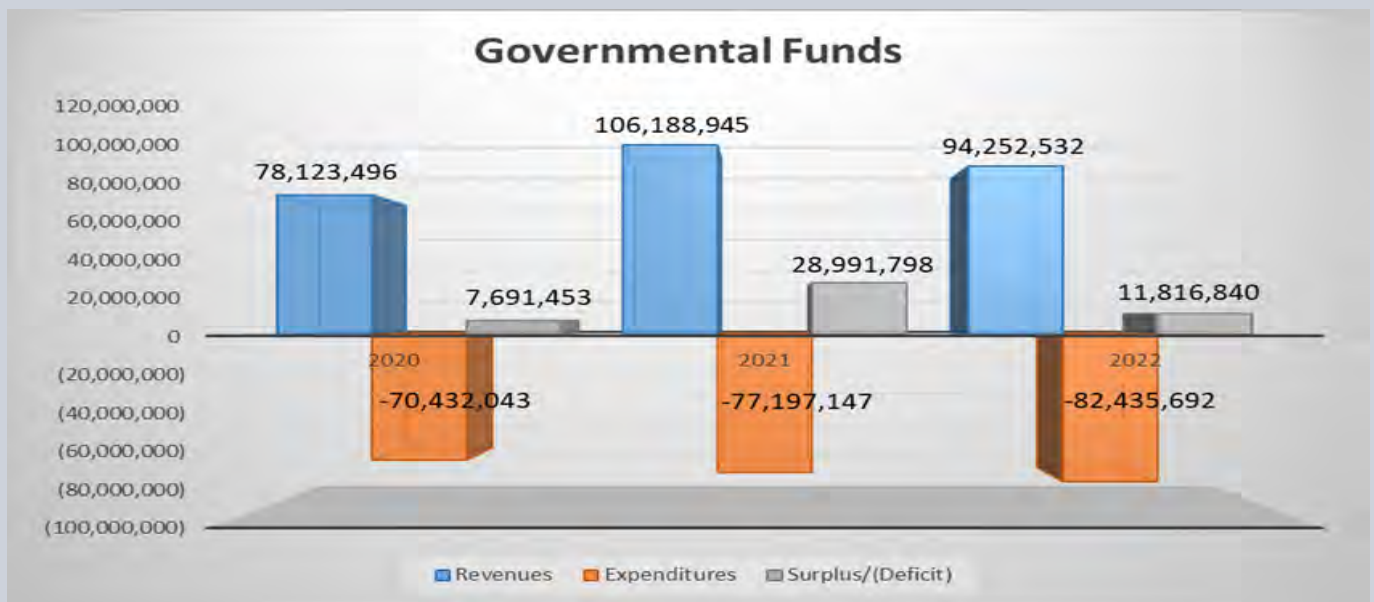
Overall, the County continues to have a strong financial position, with operating reserves and assets available to provide services to citizens.

Governmental Funds Revenues	FY2018	FY2019	FY2020	FY2021	FY2022
Taxes and special assessments	34,508,399	39,741,012	39,934,857	43,857,792	53,606,223
Licenses and permits	292,869	271,167	397,269	560,069	310,007
Intergovernmental	20,174,079	24,159,020	24,346,020	34,384,924	30,460,894
Fines forfeitures and penalties	190,910	142,993	101,454	112,718	94,880
Charges for services	1,273,973	1,023,331	1,000,884	1,385,207	1,431,273
Interfund/Interdepartmental charges	7,224,440	7,130,081	8,023,975	8,004,968	8,826,224
Investment Income	3,719,637	3,467,279	2,623,382	14,620,287	(13,043,668)
Other revenues	1,684,264	1,855,709	1,695,655	3,262,980	12,566,699
Total Revenues	69,068,571	77,790,592	78,123,496	106,188,945	94,252,532

Governmental Funds Expenditures	FY2018	2019	2020	2021	2022
General government	18,872,265	22,558,333	20,133,201	22,088,973	24,224,186
Public safety	14,813,375	14,078,315	15,020,479	17,989,556	17,954,063
Physical and economic environment	3,535,192	3,951,468	3,471,347	4,079,822	5,543,713
Transportation	3,519,442	4,907,804	4,274,507	3,957,613	3,673,960
Health and welfare	3,831,088	4,028,652	4,809,190	4,883,588	5,347,004
Culture and recreation	8,689,730	8,188,393	8,287,118	8,491,488	9,294,639
Capital Projects/Outlay	4,860,632	4,601,011	9,885,442	11,153,948	11,841,718
Debt service	6,268,597	6,265,558	4,550,759	4,552,159	4,556,409
Total Expenditures	64,390,321	68,579,534	70,432,043	77,197,147	82,435,692
Surplus (deficit)	(8,085,435)	4,678,250	9,211,058	28,991,798	11,816,840

This comparison shows the combined governmental fund totals by revenue type and expenditure category, over the past 3 years.

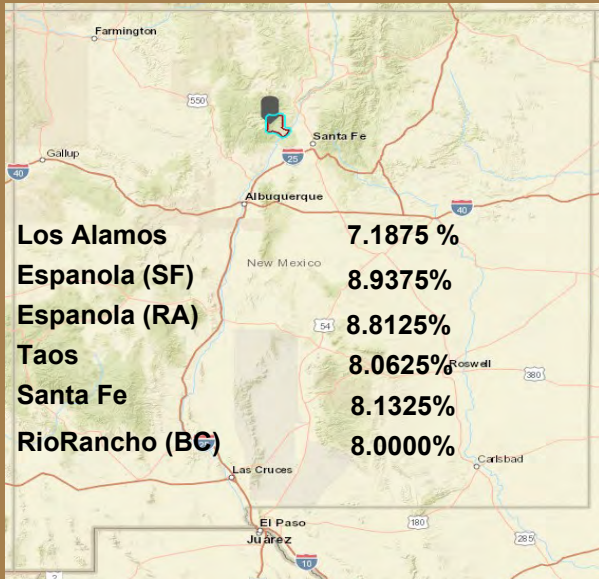
A surplus increases fund balance reserves, and a deficit indicates the potential need for tapping into those reserves.



The County maintains separate funds for its governmental activities to properly account for those revenues and expenditures that are restricted for special purposes, or to provide general services to the community that are funded by taxes.

Gross Receipts Tax (GRT) Across New Mexico

For every \$1.00 spent in Los Alamos subject to tax, we get \$.03 of the \$.07 collected back.



GRT — What is it?

Gross Receipts Tax, or GRT is a tax imposed by the State and the County for selling goods; performing services; leasing or licensing property; granting a right to use a franchise; and selling research and development services.

GRT is New Mexico's version of a sales tax.

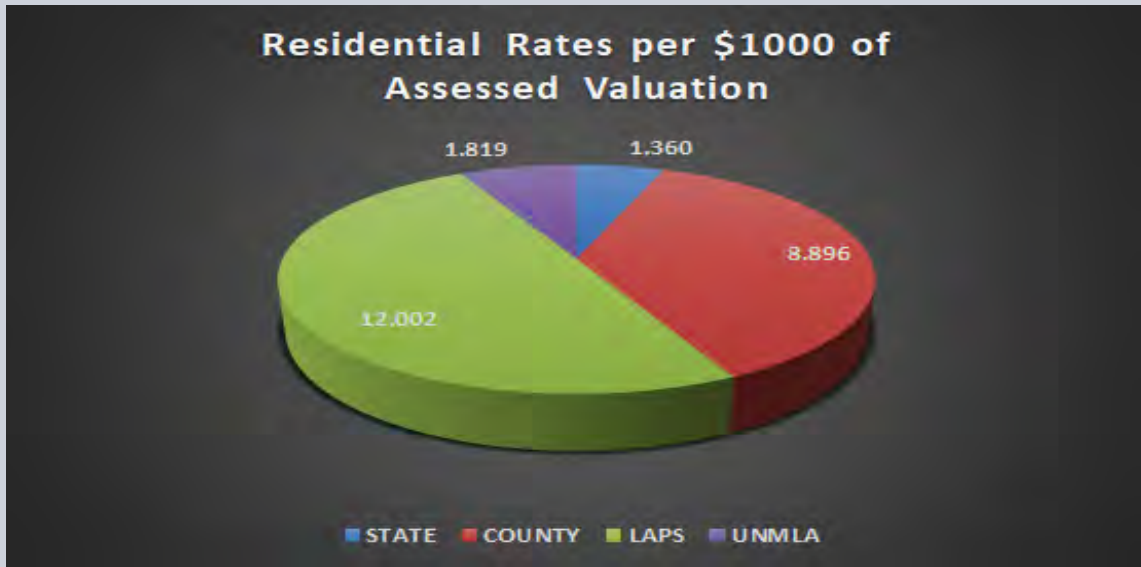


How does it work?

The County adopts tax rates in increments for general or special purposes. Every time you pay GRT on a transaction, the local business collects the tax and remits it to the State of New Mexico through CRS-1 reporting. The state retains a portion of the tax and then distributes the remainder to the individual county or municipality. Los Alamos County is unique in that we can implement both City and County increments since we're one in the same. GRT makes up 73.6% of our revenue to provide services to the community.

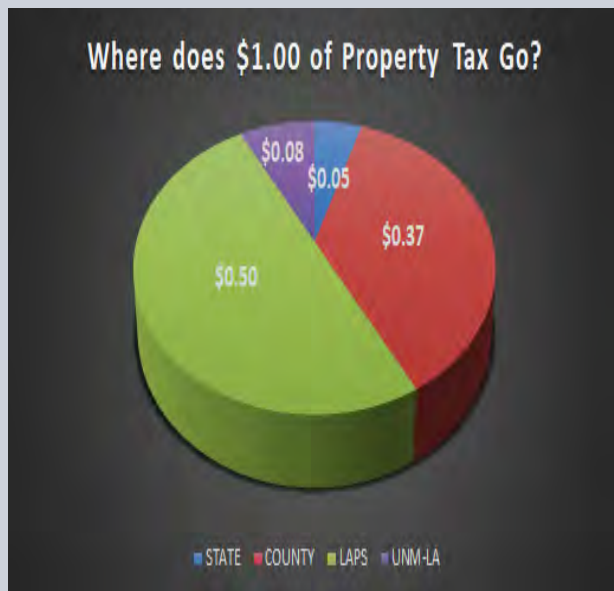
Our single largest contributor is LANL.

PROPERTY TAXES



There are many factors that go into the Property Tax Rate determined by the NM Department of Finance and Administration (DFA). The Total Net Taxable Value of the County, Total New Construction in the County, additional or expired voter imposed General Obligation Bonds, and the amount of mill rate imposed by the specific entities all play a role in the calculation of the Property Tax Rates. The residential tax rate in Los Alamos County is 24.077 mills. The non-residential tax rate is 28.712

WHERE DO YOUR PROPERTY TAX DOLLARS GO?



Ten Principal Property Tax Payers

- PHC - Los Alamos Inc.
- Central Park Square LLC
- Topvalco, Inc.
- Los Alamos Commerce & Development Corp.
- Los Alamos National Bank
- Oppenheimer Place Condo Assoc. Inc
- Smiths Food & Drug Center Inc
- Site A-19-A 1 Acquisition Group LLC
- CC&F Los Alamos Invest Co.

Top 5 Los Alamos County Employers

Los Alamos National Laboratory - 13,200
Los Alamos County - 720
N3B - 708
Los Alamos Public Schools - 621
Other Employers - 3,768

Los Alamos County

Population

19,330

School Enrollment

3713

Per Capita Personal Income

\$76,142

School Enrollment

3713

**#1 Los Alamos County
America's Healthiest Communities
US NEWS & WORLD REPORT**

#1 Best Place to live in New Mexico

Niche.com

Median Household Income

\$118,293

**#2 Places with the Best Public
Schools in New Mexico**

Niche.com



Incorporated County of Los Alamos, New Mexico
Administrative Services Department - Finance Division
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<https://www.losalamosnm.us/>